

# **EWM (IP) Limited**

## **Annual Report and Financial Statements**

**Year ended 27 February 2010**

***Registered Number : SC285031***

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**EWM (IP) LIMITED**  
**Registered Number: SC285031**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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# **EWM (IP) LIMITED**

**Registered Number: SC285031**

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## **DIRECTORY**

### **DIRECTORS**

P E Day  
D O Houston  
A Whitaker

### **SECRETARY**

J Carruthers

### **AUDITORS**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

### **BANKERS**

Barclays Bank plc  
77 Albion Street  
Leeds  
LS1 5LD

### **SOLICITORS**

Maclay Murray & Spens LLP  
151 St Vincent Street  
Glasgow  
G2 5NJ

### **REGISTERED OFFICE**

Waverley Mills  
Langholm  
Dumfriesshire  
DG13 OEB

# **EWM (IP) LIMITED**

**Registered Number: SC285031**

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## **DIRECTORS' REPORT**

The directors present their report and financial statements for the 52 weeks ended 27 February 2010.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is to manage, maintain, protect, develop and enhance the intellectual property of group companies.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The directors consider the results for the year to be satisfactory. The intellectual property agreements with a fellow subsidiary company, The Edinburgh Woollen Mill Limited, were cancelled on 27 February 2010 (note 7).

The directors are considering alternative opportunities that may be available to the company to complement its existing activities.

### **RESULTS AND DIVIDENDS**

The profit for the period after taxation amounted to £14,000 (year to 28 February 2009 - £22,000). The directors do not recommend the payment of a dividend.

### **DIRECTORS**

The directors holding office during the period were as follows:


P E Day  
D O Houston  
A Whitaker

In accordance with the Articles of Association, no director retires by rotation.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the necessary steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of such information.

By order of the Board



J Carruthers  
Secretary

4 June 2010

## **EWM (IP) LIMITED**

**Registered Number: SC285031**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EWM (IP) LIMITED**

We have audited the financial statements of EWM (IP) Limited for the year ended 27 February 2010 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Audit Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 February 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**L Bennett (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

4 June 2010

**EWM (IP) LIMITED****Registered Number: SC285031****PROFIT AND LOSS ACCOUNT****For the Year Ended 27 February 2010**

		<i>Discontinued Operations 2009/10 £000</i>	<i>Continuing Operations 2009/10 £000</i>	<i>Total Year 2009/10 £000</i>	<i>Discontinued Operations 2008/09 £000</i>	<i>Continuing Operations 2008/09 £000</i>	<i>Total Year 2008/09 £000</i>
	<i>Notes</i>						
<b>TURNOVER</b>	1	4,331	-	4,331	4,358	-	4,358
Cost of sales		(2,593)	(105)	(2,698)	(2,593)	(14)	(2,607)
<b>GROSS PROFIT/(LOSS)</b>		1,738	(105)	1,633	1,765	(14)	1,751
Selling and administrative expenses		-	-	-	-	(4)	(4)
Amortisation of goodwill		-	(57)	(57)	-	(49)	(49)
<b>OPERATING PROFIT/(LOSS)</b>		1,738	(162)	1,576	1,765	(67)	1,698
Net interest payable and similar charges	5			(273)			(669)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3			1,303			1,029
Tax on profit on ordinary activities	6			(1,289)			(1,007)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	11			14			22

There were no gains or losses recognised in the period other than those dealt with in the profit and loss account above.

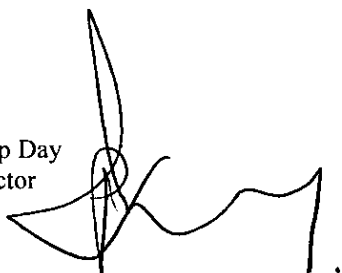
**EWM (IP) LIMITED**  
**Registered Number: SC285031**

**BALANCE SHEET**  
**At 27 February 2010**

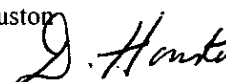
	Notes	27 February 2010 £000	28 February 2009 £000
<b>FIXED ASSETS</b>			
Intangible assets	7	834	17,942
<b>CURRENT ASSETS</b>			
Debtors	8	14,650	223
CREDITORS: amounts falling due within one year	9	(9,413)	(12,108)
NET CURRENT ASSETS/(LIABILITIES)		5,237	(11,885)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,071	6,057
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	5,000	5,000
Profit and loss account	11	1,071	1,057
SHAREHOLDERS' FUNDS	11	6,071	6,057

These financial statements were approved by the board of directors on 4 June 2010 and were signed on its behalf by:

Philip Day  
 Director



David Houston  
 Director



# **EWM (IP) LIMITED**

**Registered Number: SC285031**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 27 February 2010**

### **1. ACCOUNTING POLICIES**

#### ***Financial year***

These financial statements are drawn up for the year to 27 February 2010.

#### ***Basis of preparation of accounts***

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary of The Edinburgh Woollen Mill (Group) Limited and its cash flows are included within the consolidated cash flows of that company.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Turnover***

Turnover represents services supplied net of value added tax. All turnover derives from discontinued activities in the UK and relates to one class of business.

#### ***Intangible assets***

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### ***Capital instruments***

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of the raising of capital instruments other than equity shares, is allocated to periods over the term of each individual instrument on a basis consistent with the level of the carrying amount.

**EWM (IP) LIMITED**  
**Registered Number: SC285031**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 27 February 2010**

**2. DIRECTORS' EMOLUMENTS**

There were no directors emoluments paid in the period (2008/09 £Nil). All directors during both years were members of a group defined benefit pension scheme. Their remuneration is disclosed in the accounts of the parent company.

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**  
**Profit on ordinary activities before taxation is stated after charging:**

	<i>2009/10</i> <i>£000</i>	<i>2008/09</i> <i>£000</i>
Amortisation of intangible fixed assets	2,755	2,656
Auditors' remuneration – audit services	2	2
	<hr/>	<hr/>

**4. STAFF COSTS**

There were no employees of the company in either period.

**5. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	<i>2009/10</i> <i>£000</i>	<i>2008/09</i> <i>£000</i>
Interest payable on bank borrowings	238	669
Other interest	35	-
	<hr/>	<hr/>
	273	669
	<hr/>	<hr/>

**EWM (IP) LIMITED****Registered Number: SC285031****NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended 27 February 2010****6. TAX ON PROFIT ON ORDINARY ACTIVITIES****a. Analysis of charge for the period**

	2009/10 £000	2008/09 £000
<i>Current tax</i>		
UK corporation tax on profits of the period	1,098	1,007
Adjustment in respect of prior periods	191	-
	<u>1,289</u>	<u>1,007</u>

**b. Factors affecting the tax charge for the period**

	2009/10 £000	2008/09 £000
Profit on ordinary activities before taxation	<u>1,303</u>	<u>1,029</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28.19%)	365	290
Disallowable expenses and non-taxable income	742	726
Adjustment to tax charge in respect of prior periods	191	-
Marginal relief	(2)	(2)
UK transfer pricing	(7)	(7)
	<u>1,289</u>	<u>1,007</u>

**EWM (IP) LIMITED**  
**Registered Number: SC285031**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 27 February 2010**

**7. INTANGIBLE ASSETS**

	<i>Intellectual Property £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
Cost:			
At 1 March 2009	26,541	531	27,072
Additions	-	-	-
Disposals	(26,000)	-	(26,000)
	<hr/>	<hr/>	<hr/>
At 27 February 2010	541	531	1,072
	<hr/>	<hr/>	<hr/>
Amortisation:			
At 1 March 2009	9,081	49	9,130
Provided during the period	2,698	57	2,755
Disposals	(11,647)	-	(11,647)
	<hr/>	<hr/>	<hr/>
At 27 February 2010	132	106	238
	<hr/>	<hr/>	<hr/>
Net book value at 27 February 2010	409	425	834
	<hr/>	<hr/>	<hr/>
Net book value at 28 February 2009	17,460	482	17,942
	<hr/>	<hr/>	<hr/>

The intellectual property rights are being amortised on a straight line basis over the directors' estimate of their useful economic life of 10 years.

The goodwill is being amortised on a straight line basis over the directors' estimate of its useful economic life of 10 years.

**8. DEBTORS**

	<i>27 February 2010 £000</i>	<i>28 February 2009 £000</i>
Amounts owed by group undertakings	14,650	223
	<hr/>	<hr/>

The amounts owed by group undertakings are all due after one year.

# **EWM (IP) LIMITED**

**Registered Number: SC285031**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 27 February 2010**

**9. CREDITORS: amounts falling due within one year**

	<i>27 February 2010 £000</i>	<i>28 February 2009 £000</i>
Bank overdraft	8,745	11,905
UK corporation tax	626	154
Other creditors and accruals	42	49
	<u>9,413</u>	<u>12,108</u>

The bank overdraft facility is secured by means of standard securities, legal charges, debentures, floating charges and cross guarantees over all the assets of the company, the company's ultimate parent, The Edinburgh Woollen Mill (Group) Limited, and certain obliger group companies.

**10. CALLED UP SHARE CAPITAL**

	<i>27 February 2010 £000</i>	<i>28 February 2009 £000</i>
Authorised		
5,000,000 Ordinary Shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
5,000,000 Ordinary Shares of £1 each	<u>5,000</u>	<u>5,000</u>

**11. RESERVES AND RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS**

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>2009/10 Total £000</i>	<i>2008/09 Total £000</i>
At beginning of period	5,000	1,057	6,057	6,035
Profit for the period	-	14	14	22
	<u>5,000</u>	<u>1,071</u>	<u>6,071</u>	<u>6,057</u>

**12. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions allowed under FRS 8 not to disclose transactions with other Group companies.

## **EWM (IP) LIMITED**

**Registered Number: SC285031**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 27 February 2010**

#### **13. CONTINGENT LIABILITIES**

In conjunction with certain other companies in the Group, the company has granted guarantees to secure the loans, overdrafts and committed revolving credit facilities of the companies in the group banking arrangements as follows:

	<i>27 February 2010 £000</i>	<i>28 February 2009 £000</i>
Committed Revolving Credit and Ancillary Facilities	44,000	52,250

#### **14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's ultimate parent company is The Edinburgh Woollen Mill (Group) Limited which is incorporated in Scotland. The only group in which the results of the Company are consolidated is that headed by The Edinburgh Woollen Mill (Group) Limited. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.