Registered number: SC285031

PEACOCKS STORES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 MARCH 2019

COMPANY INFORMATION

DIRECTORS	Philip Day Carmel Leigh Steve Simpson John Herring David Houston Lauren Day Robert Edmonds (resigned 7 June 2019)
COMPANY SECRETARY	June Carruthers
REGISTERED NUMBER	SC285031
REGISTERED OFFICE	Waverley Mills Langholm Dumfriesshire DG13 0EB
INDEPENDENT AUDITOR	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX

PEACOCKS STORES LIMITED

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STRATEGIC REPORT
FOR THE 27-WEEK PERIOD ENDED 2 MARCH 2019

Introduction

The directors present their strategic report for the 27-week period ended 2 March 2019.

Business review and principal activities

The principal activity of the company is fashion retail of clothes and accessories. The main customer profile is the cost conscious mum shopping for herself and her family. There has been no significant change in the nature of this activity during the period and the directors do not expect this to change significantly throughout the next financial period.

The challenges in the UK high street have been widely reported and whilst the EWM Group has not been immune to the market trends of lower footfall and the continually increasing consumer appetite for on-line shopping solutions the board is confident that the business is well placed to make the best of the current trading environment given its diversified portfolio of store formats, covering a wide demographic.

As the consumer looks increasingly for good quality yet affordable clothing the group's Peacocks brand is clearly well positioned. An emphasis on building the product quality, whilst remaining price competitive, has been the management team's strategy now for some time. The company has resisted the escalating discount culture that has been seen to be increasingly prevalent in the High Street and continues to believe that its customers understand its "first price, right price" strategy and recognise the value that this delivers.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors believe that the risks and uncertainties are integrated with those of the EWM (Topco) group and we have therefore set these out below for the EWM (Topco) group:

- **Foreign currency**. The Group purchases many products from overseas suppliers in non-sterling denominated currencies giving rise to potential currency movements risk.

  In order to provide a degree of certainty and to allow accurate costing of products, the Group hedges a percentage of the forward purchase orders by means of derivatives, being mainly forward foreign exchange contracts and currency options.

- **Major disruptive events**. The Group operates on-going Business Continuity planning which is reviewed and updated on a regular basis. A formal Business Continuity Plan exists and an external Disaster Recovery contract is in place with a reputable third party provider. These plans are simulated in a 'real' environment at least once a year, in order to ensure that in the case of a disaster to a key area of the business, the systems environment can be re-established within pre-defined timeframes.

- **Impact of legislation/other regulatory requirements.** The Group monitors current and forthcoming legislation on a regular basis and operates policies and procedures within the business which are consistent with such requirements. As well as utilising third party professionals, the Group employs considerable in house expertise in order that these developments are adequately assessed and policies and procedures developed to ensure that any implications are addressed and that risks arising are minimised.

  Such policies and procedures are incorporated into a Policies & Procedures Manual which is made available to all employees by various means (hard copy, intranet, etc), supported by specific notices drawing key developments to the attention of staff and promoting the importance of adherence.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- **Pension funding risk.** The Group operated a Defined Benefit pension scheme which has been closed to new members for many years and which ceased pension accrual for active members effective 6 April 2011. The scheme had become increasingly mature with the majority of the scheme members either retired or within 10 years of retirement.

  The scheme showed an actuarial deficit in the triennial valuation as at 5 April 2018 which has resulted in the creation of a revised Recovery Plan designed to bring the scheme back into surplus over a 10-year period. In accordance with the recovery plan, the first of these payments will be made in July 2019 and payments will continue annually from December 2020 over that period.

  The scheme trustees and the sponsoring employer, The Edinburgh Woollen Mill Limited, communicate on a regular basis to ensure that the most appropriate investment strategy is adopted, after taking into account the funding position and the level of risk which is acceptable to the employer.

  The Group is also subject to funding risk in relation to increased longevity of the members, poor investment performance and reducing interest yields, which could have the effect of reducing the assets while increasing the liabilities of the scheme. These areas are monitored by the company, the trustees and their professional advisers with appropriate actions being undertaken to counter any adverse developments. As at 2 March 2019 the scheme had a deficit on an IAS 19 funding basis of £1,650,000, which is an improved position than the £1,736,000 deficit as at 25 August 2018. The pension liability is included in the financial statements of The Edinburgh Woollen Mill Limited.

- **Litigation.** The Group adopts a strategy of focussed risk management in order to reduce the likelihood of third party actions arising and also utilises various forms of insurance to protect and mitigate the impact of any potential litigation against the Group, primarily in the areas of public and employer liability.

- **Brexit.** The Group continues to monitor the UK's exit from the European Union (EU). While it is not exempt from the potential impacts, the Group considers itself well prepared and has taken steps to contain risk.

  As the Group imports the vast majority of its products from outside of the EU it has relatively limited exposure to EU imports. The Group also benefits from a robust, experienced supply chain infrastructure that predominantly routes container traffic through Southampton rather than the busy ferry port of Dover, which is forecast to experience potential disruption and delays.

  The key area of tangible risk is the price of sterling, as a significant proportion of its overseas supplies are denominated in US dollars. During the review period the Group has worked closely with its foreign exchange advisors to evaluate opportunities to purchase US dollars at favourable points in the cycle. This strategy has proven to be very successful, and it is one that the Group will continue to follow.

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL KEY PERFORMANCE INDICATORS (continued)

The EWM (Topco) group utilises a number of Key Performance Indicators (KPI's) in order to monitor and assess the performance of the business and compares these with targets which are set at the beginning of each fiscal year. The main KPI's of Peacocks Stores Limited are as follows:

	27 week period to 2 March 2018	*78 week period to 25 August 2018*
Operating Profit % (Operating Profit of continuing operations as a % of turnover)	**10.69%**	*11.62%*
Working Capital % (Net current assets as a % of turnover)	**83.69%**	*25.38%*
Return on Capital Employed (Profit before tax as a % of Shareholder's Funds)	**12.84%**	*44.95%*
Operating Profit per employee (Operating Profit/average number of employees)	**£3,248**	*£10,540*

This report was approved by the board and signed on its behalf.

Steve Simpson
Director

Date: 30 July 2019

DIRECTORS' REPORT
FOR THE 27-WEEK PERIOD ENDED 2 MARCH 2019

The directors present their report and the financial statements for the 27-week period ended 2 March 2019.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £17,008,000 *(2018 - £53,492,000)*.

Dividends of £Nil *(2018 - £99,825,000)* were declared and approved in the period.

DIRECTORS

The directors who served during the period and to the date of this report were:

Philip Day
Carmel Leigh
Steve Simpson
John Herring
David Houston
Lauren Day
Robert Edmonds (resigned 7 June 2019)

FUTURE DEVELOPMENTS

The company's underlying performance is expected to continue throughout the next financial period.

EMPLOYEE INVOLVEMENT

The directors are committed to ensuring genuine and effective employee involvement in the company's activities. It is recognised that training and development of employees is an essential investment. The company believes that by providing regular updates to all staff as to the company's progress, taking cognisance of staff feedback and by involving staff where possible in decisions, the overall effectiveness of the business through this team work is enhanced and further that the morale of the work force is positively impacted.

Considerable emphasis is placed on employee development and in particular improving their awareness of the importance of the customer whether internal or external to the company.

DISABLED EMPLOYEES

The company gives full and fair consideration to all applications for employment having regard to each applicant's aptitude and ability for the position available. Physical disability is not a bar to the provision of training for career development, or to promotion which is encouraged wherever possible.

DISCLOSURE OF INFORMATION TO AUDITOR

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf.

June Carruthers
Secretary

Date: 30 July 2019

Waverley Mills
Langholm
Dumfriesshire
DG13 0EB

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 MARCH 2019

The directors are responsible for preparing the Strategic Report, 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), including FRS 101 Reduced Disclosure Framework.

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 the profit or loss of the company for that period. In preparing these 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Peacocks Stores Limited ("the company") for the period ended 2 March 2019 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment of stock, impairment of non-financial assets and provisions for onerous leases and dilapidations together with related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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.

Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

2 August 2019

PROFIT AND LOSS ACCOUNT
FOR THE 27-WEEK PERIOD ENDED 2 MARCH 2019

	Note	**Period ended 2 March 2019 £000**	*Period ended 25 August 2018 £000*
Turnover	3	**192,421**	*564,266*
Cost of sales (including an impairment credit of £936,000 (2018: charge of £2,149,000) relating to stock obsolescence and net realisable value and a credit to the onerous lease provision of £837,000 (2018: charge of £4,801,000))	4, 13	**(161,239)**	*(466,085)*
GROSS PROFIT		**31,182**	*98,181*
Distribution costs		**(8,598)**	*(23,366)*
Administrative expenses (including a net impairment of tangible fixed assets of £741,000 (2018: £4,933,000))	4	**(2,005)**	*(9,233)*
OPERATING PROFIT	4	**20,579**	*65,582*
Interest receivable and similar income	8	**606**	*924*
PROFIT BEFORE TAX		**21,185**	*66,506*
Tax on profit	9	**(4,177)**	*(13,014)*
PROFIT FOR THE PERIOD		**17,008**	*53,492*

There was no other comprehensive income for 2019 or 2018, other than the result shown above.

BALANCE SHEET
AS AT 2 MARCH 2019

	Note		2 March 2019 £000		*25 August 2018 £000*
FIXED ASSETS					
Intangible assets	11		**1,442**		*1,460*
Tangible assets	12		**18,412**		*20,209*
			19,854		*21,669*
CURRENT ASSETS					
Stocks	13	**36,233**		*31,458*	
Debtors: amounts falling due within one year	14	**9,151**		*2,167*	
Cash at bank and in hand		**168,860**		*205,267*	
		214,244		*238,892*	
Creditors: amounts falling due within one year	15	**(53,213)**		*(95,655)*	
NET CURRENT ASSETS			**161,031**		*143,237*
TOTAL ASSETS LESS CURRENT LIABILITIES			**180,885**		*164,906*
Creditors: amounts falling due after more than one year	16		**(7,801)**		*(8,142)*
			173,084		*156,764*
PROVISIONS FOR LIABILITIES					
Other provisions	18		**(8,123)**		*(8,811)*
NET ASSETS			**164,961**		*147,953*
CAPITAL AND RESERVES					
Called up share capital	19		**5,000**		*5,000*
Profit and loss account			**159,961**		*142,953*
SHAREHOLDERS' FUNDS			**164,961**		*147,953*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Steve Simpson
Director
Date: 30 July 2019

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 MARCH 2019

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 25 February 2017	**5,000**	**189,286**	**194,286**
Total comprehensive income			
Profit for the year	-	53,492	53,492
Transactions with owners recorded directly in equity			
Dividends: Equity capital	-	(99,825)	(99,825)
At 25 August 2018	**5,000**	**142,953**	**147,953**
Total comprehensive income			
Profit for the period	-	17,008	17,008
At 2 March 2019	**5,000**	**159,961**	**164,961**

1. Accounting policies

1.1 Basis of preparation of financial statements

Peacocks Stores Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is SC285031 and the registered address is Waverley Mill, Langholm, Dumfriesshire, DG13 0EB.company incorporated and domiciled in the UK.

These financial statements are drawn up for the 27-week period ended 2 March 2019. The comparative figures are for the 78-week period ended 25 August 2018.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company have been applied consistently throughout the period.

The Company applies for the first time IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments". Refer to note 1.19 for details of the transition to these standards.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The company's ultimate parent undertaking, The Edinburgh Woollen Mill (Group) Limited, includes the company in its consolidated financial statements. The consolidated financial statements of The Edinburgh Woollen Mill (Group) Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of The Edinburgh Woollen Mill (Group) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 'Fair Value Measurement'; and
- The disclosures required by IFRS 7 'Financial Instrument Disclosures'.

1.3 Going concern

The directors have considered trading forecasts based on estimated future market conditions, the availability of ongoing funding and the underlying operational performance of the business in the context of its principal business activities and the risks and uncertainties which are applicable. In particular, the directors note that the company has recorded a profit of £17,008,000 *(2018: £53,492,000)* and has net current assets of £161,031,000 *(2018: £143,237,000)*. After making suitable enquiries and on the basis of their assessment of the company's financial position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern assertion in the preparation of these financial statements.

1.4 Turnover

Turnover represents the fair value of amounts received or receivable for goods and services sold in the period, stated net of discounts, returns and value added tax. Turnover is shown net of returns and vouchers. Turnover is recognised when the significant risks and rewards of goods and services have been passed to the buyer and can be measured reliably. The risk and rewards are considered to have been passed to the buyer at the point of sale in a shop. Sale of goods on-line are recognised when the customer has accepted delivery.

1. ACCOUNTING POLICIES (continued)

1.4 Turnover (continued)

The Company uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amounts of variable consideration to which the Company will be entitled. A separate right of return asset is recognised on the face of the Balance Sheet which represents the right to recover product from the customer. The refund liability due to customers on return of their goods is recognised either as a component of trade payables and other liabilities (for cash payments) or as a deduction from customer receivables. In both the current and prior periods, the right of return asset and the refund liability are not material.

1.5 Concessions

The commission earned on concessionaires' sales is included in Turnover and Gross Profit.

1.6 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The intellectual property rights are amortised on a straight line basis over the directors' estimate of their useful economic life of 10 years.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10%	per annum (or the life of the lease if shorter)
Plant and machinery	- 25%	per annum
Motor vehicles	- 25%	per annum
Fixtures and fittings	- 12.5%	per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1. Accounting policies (continued)

1.8 Impairments excluding stock and deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Deferred Income- Capital contributions & reverse premiums

Capital sums received from landlords as inducements to enter into lease agreements are credited to deferred income and amortised to the profit and loss account on a straight line basis over the lease term.

1.10 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1. Accounting policies (continued)

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.12 Foreign currencies

The company's functional and presentational currency is pounds sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The company utilises forward currency contracts with another group company in order to reduce any exposure to the fluctuation in foreign exchange rates.

1.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.14 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1. **Accounting policies (continued)**

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.17 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- the Company's business model for managing the assets; and
- whether the instruments' contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the "SPPI criterion").

1. Accounting policies (continued)

1.17 Financial instruments – initial recognition and subsequent measurement (continued)

A summary of the Company's financial assets is as follows:

Financial assets Classification under IFRS 9

Derivatives not designated as hedging instruments	Fair value through profit or loss
Customer and other receivables	Amortised cost – hold to collect business model and SPPI met
Cash and short term deposits	Amortised cost

Under IFRS 9 the Company initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transactional costs of financial assets carried at FVPL are expensed in the Income Statement.

Investments

Investments in subsidiary undertakings are held at cost less provision for impairment where the directors consider that an impairment in the value has occurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits.

Subsequent measurement

A summary of the subsequent measurement of financial assets is set out below.

Financial assets at FVPL - Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - Subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in profit or loss.

Derecognition

A financial asset is derecognised primarily when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment – financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Company are its trade receivables, which are referred to as "customer and other receivables". ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

1. Accounting policies (continued)

1.17 Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities and equity

Initial recognition and measurement

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Financial liabilities Classification under IFRS 9

Derivatives not designated as hedging instruments	Fair value through profit or loss
Interest-bearing loans and borrowings:	
Bank loans and overdrafts	Amortised cost
Trade and other payables	Amortised cost

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Subsequent measurement

A summary of the subsequent measurement of financial liabilities is set out below.

Financial liabilities at FVPL - Subsequently measured at fair value. Gains and losses are recognised in the Income Statement.

Loans and borrowings - Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Income Statement.

1. Accounting policies (continued)

1.17 Financial instruments – initial recognition and subsequent measurement (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.18 Customer and Other Receivables

Customer receivables represent outstanding customer balances less an allowance for impairment. Customer receivables are recognised when the Company becomes party to the contract which happens when the goods are despatched. They are derecognised when the rights to receive the cash flows have expired e.g. due to the settlement of the outstanding amount or where the Company has transferred substantially all the risks and rewards associated with that contract. Other trade receivables are stated at invoice value less an allowance for impairment. Customer and other receivables are subsequently measured at amortised cost as the business model is to collect contractual cash flows and the debt meets the Solely Payment of Principal and Interest (SPPI) criterion.

In accordance with the accounting policy for impairment of financial assets, the company recognises an allowance for Expected Credit Losses (ECLs) for customer and other receivables. IFRS 9 requires an impairment provision to be recognised on origination of a customer advance, based on its ECL.

1.19 Adoption of new accounting standards, interpretations and amendments

For the financial period ended 2 March 2019 the Company has adopted IFRS 15 "*Revenue from contracts with customers*" and IFRS 9 "*Financial instruments*" for the first time. The nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

IFRS 15 *"Revenue from contracts with customers"*

IFRS 15 supersedes IAS 11 "*Construction contracts*", IAS 18 "*Revenue*" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The company has adopted IFRS 15 using the fully retrospective method of adoption, thereby restating comparatives, and did not apply any optional practical expedients. The key considerations along with the impact of adopting IFRS 15 are described below. There was no impact on profit after tax or retained earnings on the adoption of IFRS 15.

1. Accounting policies (continued)

1.19 Adoption of new accounting standards, interpretations and amendments (Continued)

Sale of goods

The Company's contracts with customers for the sale of product generally include one performance obligation. The Company has concluded that revenue from the sale of product should be recognised at the point in time when control of the asset is transferred to the customer i.e. on the delivery of the product. This does not represent a material change to the Company's accounting policy and therefore, the adoption of IFRS 15 does not have an impact on the timing of revenue recognition.

Variable consideration

Product sales provide customers with a right of return within a specified period and are therefore deemed to be variable under IFRS 15.

Under IFRS 15, the Company uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amounts of variable consideration to which the Company will be entitled. Under the old standard, IAS 18, expected returns were estimated using a similar approach and therefore no adjustment to the value of variable consideration was required on transition to IFRS 15.

IFRS 9 *"Financial instruments"*

IFRS 9 replaces IAS 39 "*Financial instruments: recognition and measurement*" for annual periods beginning on or after 1 January 2018, which covers the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Company applied IFRS 9 retrospectively. The impact of the application of IFRS 9 was not material to the net assets or profit for the period or prior period. Prior period balances have not been restated for IFRS 9.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Provisions

Provisions have been made for onerous leases and dilapidations. These provisions are estimates, in particular the assumptions relating to market rents and vacant periods, and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. Details of provisions are set out in note 18.

Inventories

An inventory provision is booked for cases where the realisable value from sale of the inventory is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with slow moving inventory items (note 13).

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to sell. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance as disclosed in note 10.

3. Analysis of turnover

Turnover arose from sales of goods of £192,421,000 (*2018: £564,266,000*). All turnover is recognised when the customer obtains control at a point in time.

The analysis of turnover by country of destination was as follows:

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
United Kingdom	**191,227**	*560,693*
Rest of Europe	**1,194**	*3,573*
	192,421	*564,266*

4. Operating profit

The operating profit is stated after charging:

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Depreciation of tangible fixed assets	**2,793**	*7,456*
Amortisation of intangible assets	**257**	*486*
Impairment of tangible fixed assets (note 12)	**741**	*4,933*
(Impairment reversal)/Impairment of intangible fixed assets (note 11)	**(70)**	*70*
Operating lease charge	**22,017**	*60,410*
Loss on disposal of fixed assets	**231**	*418*
(Impairment credit)/Impairment of stock (note 13)	**(936)**	*2,149*
(Decrease)/Increase in onerous lease provision (note 18)	**(837)**	*4,801*

In the period ended 25 August 2018, the UK retail sector experienced extremely challenging trading conditions. As a consequence, the directors believed that the retail sector as a whole would experience a greater than normal level of stock obsolescence and sale activity where the net realisable value of some individual units of inventory will be less than cost. Lower sales and the resulting reduction in store profitability would also mean the sector would have to consider carefully the carrying value of fixed assets and the burden of future lease costs in stores that may no longer be able to deliver sufficient cash flows to recover these costs.

The directors increased the level of stock provision in recognition of market conditions during the period ended 25 August 2018. In calculating the recoverable amounts, the directors considered the following factors: stock levels; stock aging; rate of sale; general market demand; and competitor promotional activity.

The directors also conducted a full review of all stores to consider whether future store cash flows would be sufficient to cover both minimum occupancy costs and recover the carrying value of fixed assets used within each store. Where stores were forecast to be loss making, a provision was recorded in the balance sheet representing the onerous lease costs. Where cash flows would not recover the carrying value of fixed assets an impairment was calculated and recorded within fixed assets.

These uncertain conditions continued in the period ended 2 March 2019. Further movements in these provisions in 2019 are detailed above.

5. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements:

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Fees for the audit of the company	**39**	*102*

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the ultimate parent company.

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Wages and salaries	**30,557**	*85,384*
Social security costs	**1,558**	*4,370*
Cost of defined contribution pension scheme	**288**	*593*
	32,403	*90,347*

The average number of employees, including the directors, during the year was as follows:

	Period ended 2 March 2019 No.	*78 weeks ended 25 August 2018 No.*
Retail	**5,588**	*5,516*
Office and management	**748**	*706*
	6,336	*6,222*

The average monthly number of full time equivalent employees, based on contracted hours, during the period was 3,054 *(2018: 2,968)*.

7. Directors' remuneration

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Directors' emoluments	**126**	*351*
Company contributions to pension schemes	**12**	*33*
	138	*384*

During the period retirement benefits were accruing to 3 directors *(2018 - 3)* in respect of defined contribution pension schemes and to 2 directors (*2018* - 2) in respect of a defined benefit pension scheme.

Not all directors provided material qualifying services to the Company. The disclosures above only represent qualifying services provided to the company.

8. Interest receivable and similar income

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Bank interest receivable	**606**	*924*

9. Taxation

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Corporation tax		
Current tax on profits for the period	**3,684**	*14,034*
Adjustments in respect of previous periods	**702**	*(157)*
Foreign tax on income for the period	**-**	*-*
Total current tax	**4,386**	*13,877*
Deferred tax		
Origination and reversal of timing differences	**518**	*(853)*
Adjustments in respect of prior periods	**(727)**	*(10)*
Total deferred tax	**(209)**	*(863)*
Tax on profit	**4,177**	*13,014*

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19% *(2018 – 19.06%)*. The differences are explained below:

	Period ended 2 March 2019 £000	*78 weeks ended 25 August 2018 £000*
Profit for the period	**17,008**	*53,492*
Total tax expense	**4,177**	*13,014*
Profit before tax	**21,185**	*66,506*
Profit multiplied by standard rate of corporation tax in the UK of 19% *(2018 – 19.06%)*.	**4,025**	*12,676*
Effects of:		
Expenses not deductible for tax purposes	**272**	*686*
Adjustments to tax charge in respect of prior periods	**(25)**	*(168)*
Overseas PE exemption	**(75)**	*(144)*
Transfer pricing adjustments	**(20)**	*(36)*
Total tax charge for the period	**4,177**	*13,014*

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax at the balance sheet date has been calculated based on these rates.

10. Dividends

Dividends of £Nil were declared and approved for the period (*2018: £99,825,000*).

11. Intangible assets

	Intellectual Property £000	Computer Software £000	Total £000
Cost			
At 26 August 2018	268	2,248	2,516
Additions	-	169	169
At 2 March 2019	268	2,417	2,685
Amortisation			
At 26 August 2018	101	955	1,056
Charge for the period	14	243	257
Reversal of Impairment	-	(70)	(70)
At 2 March 2019	115	1,128	1,243
Net book value			
At 2 March 2019	153	1,289	1,442
At 25 August 2018	*167*	*1,293*	*1,460*

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

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12. Tangible fixed assets

	Short-term leasehold property	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 26 August 2018	3,655	786	36,367	547	41,355
Additions	202	-	1,768	-	1,970
Disposals	(47)	-	(373)	-	(420)
At 2 March 2019	3,810	786	37,762	547	42,905
Depreciation					
At 26 August 2018	2,629	648	17,869	-	21,146
Charge for the period	221	13	2,559	-	2,793
Disposals	(37)	-	(150)	-	(187)
Impairment	(115)	-	856	-	741
At 2 March 2019	2,698	661	21,134	-	24,493
Net book value					
At 2 March 2019	1,112	125	16,628	547	18,412
At 25 August 2018	*1,026*	*138*	*18,498*	*547*	*20,209*

See note 1 for details of when an impairment review is completed.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2 March 2019	*25 August 2018*
	£000	*£000*
Furniture, fittings and equipment	-	45

13. Stocks

	2 March 2019	*25 August 2018*
	£000	*£000*
Finished goods and goods for resale	36,233	*31,458*
Finished goods and goods for resale recognised in cost of sales for the period	89,147	*256,829*
(Reversal)/write down of stock to net realisable value (note 4)	(936)	*2,149*

14. Debtors

	2 March 2019 £000	*25 August 2018 £000*
Trade debtors	**412**	*732*
Amounts owed by group undertakings	**1,232**	*227*
Prepayments and accrued income	**6,796**	*706*
Deferred tax (note 17)	**711**	*502*
	9,151	*2,167*

15. Creditors: Amounts falling due within one year

	2 March 2019 £000	*25 August 2018 £000*
Trade creditors	**17,780**	*24,750*
Trade creditors – reverse factoring	**3,935**	*2,659*
Amounts owed to group undertakings	**-**	*40,504*
Corporation tax	**6,283**	*4,315*
Taxation and social security	**8,065**	*7,867*
Accruals and deferred income	**17,150**	*15,560*
	53,213	*95,655*

The company has a bank overdraft facility which 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 parent, EWM (Topco) Limited, and certain obligor group companies.

The company's standard payment terms with trade suppliers are 60 to 90 days. The company encourages its suppliers to take advantage of the early payments terms available under an arrangement with Tradewind GmbH. Under this arrangement, suppliers sell their receivables due from the company to Tradewind and the company in turn pays Tradewind direct in settlement of these liabilities. These amounts have therefore been separately disclosed as trade payables under reverse factoring arrangements as above.

16. Creditors: Amounts falling due after more than one year

	2 March 2019 £000	*25 August 2018 £000*
Other accruals	**7,801**	*8,142*

Other accruals represent rent free and lease incentives, the balances of which unwind over the term of the lease.

17. Deferred taxation

	2 March 2019	25 August 2018
	£000	£000
At beginning of period	(502)	361
(Credited)/Charged to the profit or loss	(209)	(863)
At end of period	**(711)**	*(502)*

The deferred tax asset is made up as follows:

	2 March 2019	25 August 2018
	£000	£000
Accelerated capital allowances	(687)	(491)
Other timing differences	(24)	(11)
	(711)	(502)

18. Provisions

	Dilapidations	Onerous Leases	Total
	£000	£000	£000
At 26 August 2018	**4,010**	**4,801**	**8,811**
Charged/(credited) to the profit and loss account	240	(837)	(597)
Utilised in the period	(3)	(88)	(91)
At 2 March 2019	**4,247**	**3,876**	**8,123**
Current	3,437	1,265	4,702
Non-current	810	2,611	3,421
	4,247	3,876	8,123

Dilapidations

A provision is recognised for repairing obligations arising under the terms of property operating lease agreements. Provision is made where repairs are required and a schedule of dilapidations has been served by the landlord, or where there is a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are expected to be utilised over a range of 1 to 10 years.

Onerous Leases

A provision is recognised for present obligations under certain onerous property operating leases where the unavoidable costs of meeting the obligations under them exceed the economic benefits expected to be received from them. These are expected to be utilised over a range of 1 to 10 years.

19. Share capital

	2 March 2019 £000	*25 August 2018 £000*
Allotted, called up and fully paid		
5,000,000 Ordinary shares of £1 each	**5,000**	*5,000*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

20. 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:

	2 March 2019 £000	*25 August 2018 £000*
Total Group Revolving Credit and Ancillary Facilities	**140,000**	*60,000*
Contingent liability to the company based on group utilisation of facilities at period end	**141,595**	*151,195*

21. Pension commitments

The Group Personal Pension Plan provides money purchase benefits for employees of the Company based on the accumulated contributions paid on behalf of each member.

The charge to the company for the period was £288,000 (*2018 - £593,000*).

The unpaid contributions outstanding at the period end were £98,000 (*2018 - £99,000*).

22. Commitments under operating leases

The company had future minimum lease payments under non-cancellable operating leases as follows:

	2 March 2019 £000	*25 August 2018 £000*
Land and buildings		
Not later than 1 year	**27,639**	*6,573*
Later than 1 year and not later than 5 years	**74,072**	*77,281*
Later than 5 years	**36,288**	*40,710*
Total	**137,999**	*124,564*

	2 March 2019 £000	*25 August 2018 £000*
Other		
Not later than 1 year	**330**	*416*
Later than 1 year and not later than 5 years	**333**	*811*
Total	**663**	*1,227*

23. Controlling party

The company's ultimate parent company is The Edinburgh Woollen Mill (Group) Limited which is incorporated in Scotland and prepares group financial statements in which the company is consolidated. The registered office address of the ultimate parent company is Waverley Mill, Langholm, Dumfriesshire, DG13 0EB.

The company's immediate parent company is EWM (Topco) Limited having a registered office at Global House, 5 Castle Street, Carlisle, Cumbria, CA3 8SY.

By virtue of his shareholding in the ultimate parent company P. Day is the ultimate controlling party.