

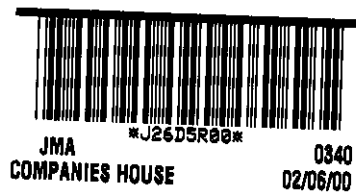
B & M RETAIL LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

26 FEBRUARY 2000

Company Number : 01357507



B & M RETAIL LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 FEBRUARY 2000

Company registration number: 01357507

Registered office: Unit 1G
Squires Gate Industrial Estate
Squires Gate Lane
Blackpool

Directors: D P A Gravells
S A Greenwood
P L Taylor
T Alston

Secretary: T Alston

Bankers: Bank of Scotland
19/21 Spring Gardens
Manchester
M2 1FB

Solicitors: Eversheds
Cloth Hall Court
Infirmary Street
Leeds
LS1 2JB

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Heron House
Albert Square
Manchester
M60 8GT

B & M RETAIL LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 FEBRUARY 2000

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B & M RETAIL LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the 52 weeks ended 26 February 2000.

Principal activity

The principal activity of the company is that of general retailers.

Business review

The profit for the period after taxation amounted to £1,777,000 (1999 : loss £3,013,000). The directors do not recommend a dividend (1999 : Nil). The retained profit of £1,777,000 (1999 : loss £3,013,000) has been transferred to reserves.

Directors

The directors in office during the period and their interests in the shares of the company are shown below :

	Ordinary shares	
	26 February 2000	28 February 1999
S A Greenwood	-	-
D P A Gravells	-	-
P L Taylor	-	-
T Alston (appointed on 29 September 1999)	-	-
J Chester (appointed on 1 March 1999 and resigned on 10 March 2000)	-	-
R Scott (resigned 3 July 1999)	-	-

D P A Gravells, S A Greenwood and P L Taylor were directors during the period of Firesource Limited, the ultimate parent undertaking. Their interests in the share capital of Firesource Limited are disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to :

- i select suitable accounting policies and then apply them consistently;
- ii make judgements and estimates that are reasonable and prudent;
- iii state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

B & M RETAIL LIMITED

REPORT OF THE DIRECTORS

Employees

The company has continued its practice of keeping staff informed of matters affecting them as employees through local meetings, company newsletters and notice boards.

The company seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill and are not discriminated against on the grounds of their disability.

Year 2000

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

Auditors

A resolution to reappoint Grant Thornton as auditors in accordance with Section 385 of the Companies Act 1985 will be proposed at the Annual General Meeting.

By order of the Board



T Alston
Secretary

25 May 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

B & M RETAIL LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

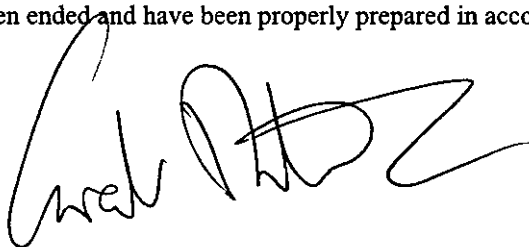
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 26 February 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER**

25 May 2000



B & M RETAIL LIMITED

PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies of the company remain unchanged from the previous period. The principal accounting policies are set out below.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets, excluding freehold land, as follows :

Freehold buildings	2% straight line
Leasehold land and buildings	Life of lease
Plant and equipment, fixtures and fittings and motor vehicles	10%-25% straight line

Revenue expenditure incurred on new units prior to opening for business is written off as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Leased assets

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful life. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Contributions to pension funds

Defined contribution schemes

The pension costs charged against profits represent the amounts of the contributions payable to the schemes in respect of the accounting period.

B & M RETAIL LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 26 FEBRUARY 2000**

	Note	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
Turnover	1	41,142	37,855
Cost of sales		<u>(30,647)</u>	<u>(30,302)</u>
Gross profit		10,495	7,553
Administrative expenses		(8,588)	(9,146)
Store opening costs		(43)	(144)
Exceptional administrative items	2	<u>105</u>	<u>(321)</u>
Total administrative expenses		<u>(8,526)</u>	<u>(9,611)</u>
Operating profit/(loss)		1,969	(2,058)
Net interest payable and similar charges	3	<u>(364)</u>	<u>(664)</u>
Profit/(loss) on ordinary activities before taxation	1	1,605	(2,722)
Tax on profit/(loss) on ordinary activities	5	172	(291)
Retained profit/(loss) transferred to reserves	14	<u><u>1,777</u></u>	<u><u>(3,013)</u></u>

There were no recognised gains or losses other than the profit/(loss) for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.

B & M RETAIL LIMITED**BALANCE SHEET****AT 26 FEBRUARY 2000**

	Note	2000 £000	1999 £000
Fixed assets			
Tangible assets	6	<u>5,654</u>	<u>5,659</u>
Current assets			
Stocks	7	4,386	4,962
Debtors	8	249	431
Cash at bank and in hand		<u>553</u>	<u>67</u>
		5,188	5,460
Creditors: amounts falling due within one year	9	<u>(4,374)</u>	<u>(6,684)</u>
Net current assets/(liabilities)		<u>814</u>	<u>(1,224)</u>
Total assets less current liabilities		6,468	4,435
Creditors : amounts falling due after more than one year	10	(5,223)	(4,945)
Provisions for liabilities and charges	12	<u>(178)</u>	<u>(200)</u>
		<u>1,067</u>	<u>(710)</u>
Capital and reserves			
Called up share capital	13	1,905	1,905
Profit and loss account	14	<u>(838)</u>	<u>(2,615)</u>
Shareholders' funds	15	<u>1,067</u>	<u>(710)</u>

The financial statements were approved by the Board of Directors on 25 May 2000.

S A Greenwood

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

B & M RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 26 FEBRUARY 2000****1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover and profit/(loss) on ordinary activities before taxation are attributable to the principal activity of the company.

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
The profit/(loss) on ordinary activities is stated after charging/(crediting) :		
Auditors' remuneration	19	15
Remuneration to auditors for other services	4	7
Depreciation	512	485
Hire of plant and machinery	106	57
Other operating lease payments	523	565
Loss on sale of tangible fixed assets	1	11

2 EXCEPTIONAL ADMINISTRATIVE ITEMS

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
Compensation for variation on lease	(105)	-
Senior management, staff and other reorganisation costs	-	321
	<u>(105)</u>	<u>321</u>

3 NET INTEREST

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
Interest payable		
Group interest	341	529
On bank loans and overdrafts	56	149
Finance charges in respect of finance leases	11	6
	<u>408</u>	<u>684</u>
Interest receivable	(44)	(20)
	<u>364</u>	<u>664</u>

B & M RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 26 FEBRUARY 2000****4 DIRECTORS AND EMPLOYEES**

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
Staff costs during the period were as follows :		
Wages and salaries	4,964	5,611
Social security costs	337	316
Other pension costs	72	47
	<u>5,373</u>	<u>5,974</u>

The average number of employees, excluding directors, during the period was as follows :

	52 weeks ended 26 February 2000 Number	52 weeks ended 28 February 1999 Number
Sales staff	558	596
Administration	28	30
	<u>586</u>	<u>626</u>

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
Remuneration in respect of directors was as follows :		
Management remuneration	344	337
Contributions to money purchase pension schemes	41	29
Compensation for loss of office	10	45
	<u>395</u>	<u>411</u>

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
The highest paid director :		
Management remuneration	115	105
Contributions to money purchase pension schemes	15	15
	<u>130</u>	<u>120</u>

During the period 5 directors (1999 : 3) participated in money purchase pension schemes.

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 FEBRUARY 2000

5 TAX (CREDIT)/CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	52 weeks ended 26 February 2000 £000	52 weeks ended 28 February 1999 £000
United Kingdom corporation tax at 31% based on the profit/(loss) for the period		
Adjustment in respect of prior years	(172)	-
Deferred taxation		
Adjustment in respect of prior years	-	291
	<u>(172)</u>	<u>291</u>

The tax credit relates to tax relief in respect of a pension contribution paid in prior years which has been agreed as an allowable tax deduction.

6 TANGIBLE FIXED ASSETS

	Land and buildings £000	Motor vehicles £000	Plant, fixtures and equipment £000	Total £000
Cost				
At 1 March 1999	4,745	540	2,125	7,410
Additions	21	94	449	564
Disposals	-	(121)	-	(121)
At 26 February 2000	<u>4,766</u>	<u>513</u>	<u>2,574</u>	<u>7,853</u>
Depreciation				
At 1 March 1999	500	321	930	1,751
Charge for the period	130	92	290	512
Disposals	-	(64)	-	(64)
At 26 February 2000	<u>630</u>	<u>349</u>	<u>1,220</u>	<u>2,199</u>
Net book value				
At 26 February 2000	<u>4,136</u>	<u>164</u>	<u>1,354</u>	<u>5,654</u>
At 28 February 1999	<u>4,245</u>	<u>219</u>	<u>1,195</u>	<u>5,659</u>

Included within land and buildings is land with a cost of £1,158,000 which is not depreciated.

The net book value of land and buildings comprises:

	2000 £000	1999 £000
Freehold	3,680	3,736
Short leasehold improvements	456	509
	<u>4,136</u>	<u>4,245</u>

B & M RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 26 FEBRUARY 2000****TANGIBLE FIXED ASSETS (continued)**

The figures stated above include assets held under finance leases as follows :

	Motor vehicles £000	Plant fixtures and equipment £000
Net book value at 26 February 2000	<u>71</u>	<u>42</u>
Depreciation provided in the period	<u>34</u>	<u>17</u>

7 STOCKS

	2000 £000	1999 £000
Goods for resale	<u>4,386</u>	<u>4,962</u>

8 DEBTORS

	2000 £000	1999 £000
Trade debtors	64	136
Other debtors	6	-
Amounts due from group undertakings	10	10
Prepayments and accrued income	169	178
Corporation tax recoverable	-	107
	<u>249</u>	<u>431</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £000	1999 £000
Bank overdraft	-	1,131
Trade creditors	2,866	3,855
Social security and other taxes	804	517
Other creditors	94	151
Accruals and deferred income	560	1,000
Amounts due under finance leases	50	30
	<u>4,374</u>	<u>6,684</u>

B & M RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 26 FEBRUARY 2000****10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2000	1999
	£000	£000
Amounts owed to group undertakings	5,165	4,883
Amounts due under finance leases	58	62
	<u>5,223</u>	<u>4,945</u>

11 BORROWINGS

Finance leases due after more than one year are repayable as follows :

	2000	1999
	£000	£000
Finance leases		
Within one year	50	30
After one and within two years	58	62
	<u>108</u>	<u>92</u>

No amounts are due after more than five years.

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Reverse lease premium £000
At 26 February 1999	200
Inception of new reverse lease premium	87
Release to the profit and loss account	(109)
At 26 February 2000	<u>178</u>

13 CALLED UP SHARE CAPITAL

	2000 and 1999 £000
Authorised	
905,000 "A" ordinary shares of £1 each	905
95,000 "B" ordinary shares of £1 each	95
1,810,000 "C" ordinary shares of 50p each	905
	<u>1,905</u>
Allotted and fully paid	
905,000 "A" ordinary shares of £1 each	905
95,000 "B" ordinary shares of £1 each	95
1,810,000 "C" ordinary shares of 50p each	905
	<u>1,905</u>

B & M RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 26 FEBRUARY 2000

14 PROFIT AND LOSS ACCOUNT

	£000
At 1 March 1999	(2,615)
Profit for the period	1,777
At 26 February 2000	<u>(838)</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £000	1999 £000
Profit/(loss) for the financial period	1,777	(3,013)
Opening shareholders' (deficit)/funds	(710)	2,303
Closing shareholders' funds/(deficit)	<u>1,067</u>	<u>(710)</u>

16 CAPITAL COMMITMENTS

	2000 £000	1999 £000
Contracted	<u>115</u>	<u>108</u>

Annual commitments under non cancellable operating leases are as follows :

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	-	-	25	-
In the second to fifth year inclusive	-	26	-	26
Over five years	545	79	545	79
	<u>545</u>	<u>105</u>	<u>570</u>	<u>105</u>

17 PENSION SCHEME

The company operates defined contribution schemes for employees and for directors. The pension cost for the period represents contributions payable by the company to each of the employees and directors funds.

18 ULTIMATE PARENT UNDERTAKING

The directors consider that at 26 February 2000 the ultimate parent company was Firesource Limited, registered in England and Wales.

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 FEBRUARY 2000

19 RELATED PARTY TRANSACTIONS

The company is exempt under the provisions of Financial Reporting Standard 8 from disclosing transactions with other group companies.

During the period purchases from Paraclete Limited, which is 100% owned by D P A Gravells, a director of B&M Retail Limited, amounted to £5,500 (1999 : £Nil).

B & M RETAIL LIMITED**TRADING ACCOUNT**

FOR THE PERIOD ENDED 26 FEBRUARY 2000

	2000	2000	1999	1999
	£000	£000	£000	£000
Sales		41,142		37,855
Cost of sales				
Raw materials				
Opening stock	4,962		4,804	
Purchases	30,071		30,460	
Closing stock	<u>(4,386)</u>		<u>(4,962)</u>	
Cost of sales		<u>(30,647)</u>		<u>(30,302)</u>
Gross profit		10,495		7,553
Direct costs				
Wages	3,570		3,590	
Rent and rates	724		573	
Heat and light	111		111	
Waste disposal and cleaning	134		175	
Repairs and renewals	21		60	
Telephone	16		41	
Security	159		111	
Sundries	<u>56</u>		<u>60</u>	
		<u>(4,791)</u>		<u>(4,721)</u>
Contribution		5,704		2,832
Distribution		(189)		(188)
Indirect overheads				
Directors' remuneration	334		445	
HO & warehouse wages	1,426		1,664	
Training and recruitment	6		49	
Staff pension	57		57	
Telephone, postage and fax	46		48	
Stationery, printing and advertising	71		94	
Motor vehicle expenses	50		58	
Legal and professional	104		44	
Audit and accountancy	4		28	
Cleaning	8		12	
Rent and rates	311		290	
Heat and light	40		30	
Insurance	1		157	
Repairs and renewals	45		60	
Sundry	53		107	
Equipment hire	88		103	
Computer maintenance	132		85	
Cash collection/handling	58		84	
Marketing initiative	20		94	
Waste disposal	9		16	
Travel/subsistence	53		46	
Depreciation	512		485	
Fixed asset disposal	1		11	
Bad debt expense	71		-	
Consultancy	39		57	
Bank and credit card charges	99		155	
Rental and other income	<u>(30)</u>		<u>(42)</u>	
		<u>(3,608)</u>		<u>(4,237)</u>
Trading profit/(loss)		1,907		(1,593)
Store opening costs		(43)		(144)
Exceptional items		105		(321)
Operating profit/(loss)		<u>1,969</u>		<u>(2,058)</u>

THIS PAGE DOES NOT FORM PART OF THE FINANCIAL STATEMENTS.