

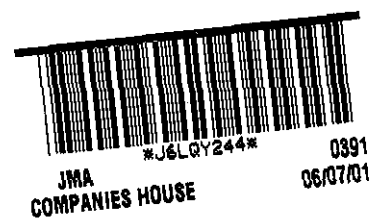
B & M RETAIL LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

24 FEBRUARY 2001

Company Number : 01357507



B & M RETAIL LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 FEBRUARY 2001

Company Registration Number :

03157507

Registered Office :

Unit 1G
Squires Gate Industrial Estate
Squires Gate Lane
Blackpool
Lancashire
FY4 3RN

Directors :

D P A Gravells
S A Greenwood
P L Taylor
T C Alston

Secretary :

T C 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 24 FEBRUARY 2001

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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 24 February 2001.

Principal activity

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

Business review

The profit for the period after taxation amounted to £1,593,000 (2000 : £1,777,000). The directors do not recommend a dividend (2000 : £Nil). The retained profit of £1,593,000 (2000 : £1,777,000) 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 of £1 each	
	2001	2000
S A Greenwood	-	-
D P A Gravells	-	-
P L Taylor	-	-
T C Alston	-	-
J Chester (resigned 10 March 2000)	-	-

D P A Gravells, S A Greenwood, P L Taylor and T C Alston 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 year 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 :

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

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

A handwritten signature in black ink, appearing to read 'T C Alston', written over a horizontal line.

T C Alston
Secretary

19 June 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF

B & M RETAIL LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of the 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.

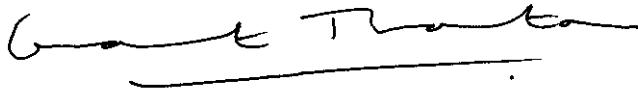
Basis of opinion

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 24 February 2001 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**

19 June 2001

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 24 FEBRUARY 2001

	Note	2001 £000	2000 £000
Turnover – continuing activities	1	45,942	41,142
Cost of sales		<u>(33,698)</u>	<u>(30,647)</u>
Gross profit		12,244	10,495
Administrative expenses		(9,976)	(8,588)
Store opening costs		(214)	(43)
Exceptional administrative items	2	<u>-</u>	<u>105</u>
Total administrative expenses		<u>(10,190)</u>	<u>(8,526)</u>
Operating profit – continuing activities		2,054	1,969
Net interest payable and similar charges	3	<u>(359)</u>	<u>(364)</u>
Profit on ordinary activities before taxation	1	1,695	1,605
Tax on profit on ordinary activities	5	(102)	172
Retained profit transferred to reserves	15	<u>1,593</u>	<u>1,777</u>

There were no recognised gains or losses other than the profit for the financial year.

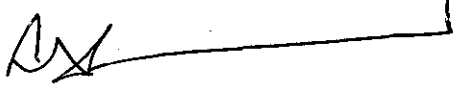
The accompanying accounting policies and notes form an integral part of these financial statements.

B & M RETAIL LIMITED

BALANCE SHEET AT 24 FEBRUARY 2001

	Note	2001 £000	2000 £000
Fixed assets			
Tangible assets	6	6,472	5,654
Current assets			
Stocks	7	4,847	4,386
Debtors	8	371	249
Cash at bank and in hand		2,524	553
		<u>7,742</u>	<u>5,188</u>
Creditors: amounts falling due within one year	9	(5,993)	(4,374)
Net current assets		<u>1,749</u>	<u>814</u>
Total assets less current liabilities		8,221	6,468
Creditors : amounts falling due after more than one year	10	(5,339)	(5,223)
Provisions for liabilities and charges	12	(222)	(178)
		<u>2,660</u>	<u>1,067</u>
Capital and reserves			
Called up share capital	14	1,905	1,905
Profit and loss account	15	755	(838)
Equity shareholders' funds	16	<u>2,660</u>	<u>1,067</u>

The financial statements were approved by the Board of Directors on 19 June 2001.


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 24 FEBRUARY 2001

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

The profit on ordinary activities before taxation is stated after charging/(crediting) :

	2001	2000
	£000	£000
Auditors' remuneration	19	19
Remuneration to auditors for other services	4	4
Depreciation	645	512
Hire of plant and machinery	106	106
Other operating lease payments	545	523
(Profit)/loss on sale of tangible fixed assets	(7)	1

2 EXCEPTIONAL ADMINISTRATIVE ITEMS

	2001	2000
	£000	£000
Compensation for variation on lease	-	(105)

3 NET INTEREST

	2001	2000
	£000	£000
Interest payable		
Group interest	372	341
On bank loans and overdrafts	4	56
Finance charges in respect of finance leases	20	11
	<u>396</u>	<u>408</u>
Interest receivable	(37)	(44)
	<u>359</u>	<u>364</u>

4 DIRECTORS AND EMPLOYEES

	2001	2000
	£000	£000
Staff costs during the period were as follows :		
Wages and salaries	5,763	4,964
Social security costs	380	337
Pension costs	87	72
	<u>6,230</u>	<u>5,373</u>

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 FEBRUARY 2001

DIRECTORS AND EMPLOYEES (Continued)

	2001 Number	2000 Number
The average number of employees during the year was :		
Sales staff	706	558
Administration	33	28
	<u>739</u>	<u>586</u>

Remuneration in respect of directors was as follows :

	2001 £000	2000 £000
Management remuneration	347	338
Contributions to money purchase pension schemes	37	41
Compensation for loss of office	-	10
Payments to third parties for directors' services	41	6
	<u>425</u>	<u>395</u>

The highest paid director :

	2001 £000	2000 £000
Management remuneration	150	115
Contributions to money purchase pension schemes	18	15
	<u>168</u>	<u>130</u>

During the period 3 directors (2000 : 5) participated in money purchase pension schemes.

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

	2001 £000	2000 £000
The tax charge/(credit) represents :		
United Kingdom corporation tax at 30% (2000 : 31%)		
- current year	71	-
- prior year	-	(172)
Deferred tax		
- current year	461	-
- prior year	(430)	-
	<u>102</u>	<u>(172)</u>

The tax charge for the year has been reduced as a result of losses brought forward.

The tax credit in 2000 relates to tax relief in respect of a pension contribution paid in prior years which has been agreed as an allowable tax deduction.

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 FEBRUARY 2001

6 TANGIBLE FIXED ASSETS

	Land and buildings £000	Motor vehicles £000	Plant, fixtures and equipment £000	Total £000
Cost				
At 27 February 2000	4,766	513	2,574	7,853
Additions	117	301	1,124	1,542
Disposals	-	(152)	-	(152)
At 24 February 2001	<u>4,883</u>	<u>662</u>	<u>3,698</u>	<u>9,243</u>
Depreciation				
At 27 February 2000	630	349	1,220	2,199
Charge for the year	136	105	404	645
Disposals	-	(73)	-	(73)
At 24 February 2001	<u>766</u>	<u>381</u>	<u>1,624</u>	<u>2,771</u>
Net book amount				
At 24 February 2001	<u>4,117</u>	<u>281</u>	<u>2,074</u>	<u>6,472</u>
Net book amount				
At 24 February 2000	<u>4,136</u>	<u>164</u>	<u>1,354</u>	<u>5,654</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:

	2001 £000	2000 £000
Freehold land and buildings	3,623	3,680
Short leasehold improvements	494	456
	<u>4,117</u>	<u>4,136</u>

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

	Motor vehicles £000	Plant, fixtures and equipment £000
Net book value at 24 February 2001	<u>279</u>	<u>25</u>
Net book value at 26 February 2000	<u>71</u>	<u>42</u>
Depreciation provided in the period	<u>50</u>	<u>18</u>

7 STOCKS

	2001 £000	2000 £000
Goods for resale	<u>4,847</u>	<u>4,386</u>

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 FEBRUARY 2001

8 DEBTORS

	2001 £000	2000 £000
Trade debtors	63	64
Other debtors	18	6
Amounts due from group undertakings	26	10
Prepayments and accrued income	264	169
	<u>371</u>	<u>249</u>

9 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £000	2000 £000
Trade creditors	4,261	2,866
Corporation tax	71	-
Social security and other taxes	853	804
Other creditors	89	94
Accruals and deferred income	589	560
Amounts due under finance leases	130	50
	<u>5,993</u>	<u>4,374</u>

10 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £000	2000 £000
Amounts owed to group undertakings	5,165	5,165
Amounts due under finance leases	174	58
	<u>5,339</u>	<u>5,223</u>

11 BORROWINGS

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

Finance leases	2001 £000	2000 £000
Within one year	130	50
After one and within two years	104	58
After two and within five years	70	-
	<u>304</u>	<u>108</u>

No amounts are due after more than five years.

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

FOR THE PERIOD ENDED 24 FEBRUARY 2001

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation (note 13) £000	Reverse lease premium £000	Total £000
At 27 February 2000	-	178	178
Inception of new reverse lease premium	-	125	125
Charge in the year	31	-	31
Release to the profit and loss account	-	(112)	(112)
At 24 February 2001	31	191	222

13 DEFERRED TAXATION

Deferred taxation, which has been provided in full, is set out below :

	2001 £000	2000 £000
Accelerated capital allowances	96	-
Other timing differences	(65)	-
	31	-

14 SHARE CAPITAL

	2001 and 2000 £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
	1,905
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
	1,905

15 PROFIT AND LOSS ACCOUNT

	£000
At 27 February 2000	(838)
Profit for the period	1,593
At 24 February 2001	755

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 FEBRUARY 2001

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £000	2000 £000
Profit for the financial year	1,593	1,777
Opening shareholders' deficit	1,067	(710)
Closing shareholders' funds	<u>2,660</u>	<u>1,067</u>

17 CAPITAL COMMITMENTS

	2001 £000	2000 £000
Contracted	<u>100</u>	<u>115</u>

Annual commitments under non cancellable operating leases are as follows :

	2001		2000
	Land and buildings £000	Other £000	Land and buildings £000
Operating leases which expire:			Other £000
Within one year	34	-	-
In the second to fifth year inclusive	215	26	26
Over five years	594	79	79
	<u>843</u>	<u>105</u>	<u>545</u>

18 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.

19 ULTIMATE PARENT UNDERTAKING

The directors consider that at 24 February 2001 the ultimate parent company was Firesource Limited, registered in England and Wales.

20 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 £33,000 (2000 : £5,500). On 24 February 2001 there was an outstanding balance of £3,231 (2000 : £Nil).