



B & M RETAIL LIMITED

FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED
2 MARCH 2002

Company Number : 01357507

B & M RETAIL LIMITED

FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

Company Registration Number : 01357507

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 53 WEEKS ENDED 2 MARCH 2002

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B & M RETAIL LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the 53 weeks ended 2 March 2002.

Principal activity

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

Business review

The profit for the year after taxation amounted to £1,376,000 (2001 : £1,593,000). The directors do not recommend a dividend (2001 : £Nil). The retained profit of £1,376,000 (2001 : £1,593,000) has been transferred to reserves.

Directors

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

	Ordinary shares of £1 each	
	2002	2001
D P A Gravells	—	—
S A Greenwood	—	—
P L Taylor	—	—
T C Alston	—	—

D P A Gravells, S A Greenwood, P L Taylor and T C Alston were directors during the year 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 year. 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.

The directors are also responsible for ensuring that the directors report is prepared in accordance with company law in the United Kingdom.

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 be 'T C Alston', written over a horizontal line.

T C Alston
Secretary

20 May 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

B & M RETAIL LIMITED

We have audited the financial statements of B & M Retail Limited for the 53 weeks ended 2 March 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 22. These financial statements have been prepared in accordance with under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

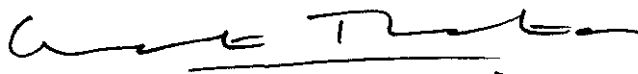
Basis of opinion

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 as at 2 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER**

22 May 2002

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 year, with the exception of that relating to deferred taxation, and 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 recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. 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.

B & M RETAIL LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 year.

B & M RETAIL LIMITED**PROFIT AND LOSS ACCOUNT**

FOR THE 53 WEEKS ENDED 2 MARCH 2002

	Note	2002 £000	2001 £000
Turnover – continuing activities	1	57,896	45,942
Cost of sales		<u>(42,345)</u>	<u>(33,698)</u>
Gross profit		15,551	12,244
Administrative expenses		(12,888)	(9,976)
Store opening costs		(172)	(214)
Exceptional administrative costs	2	<u>(200)</u>	<u>–</u>
Total administrative expenses		<u>(13,260)</u>	<u>(10,190)</u>
Operating profit – continuing activities		2,291	2,054
Net interest	3	<u>(239)</u>	<u>(359)</u>
Profit on ordinary activities before taxation	1	2,052	1,695
Tax on profit on ordinary activities	5	(676)	(102)
Retained profit transferred to reserves	17	<u>1,376</u>	<u>1,593</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 2 MARCH 2002**

	Note	2002 £000	2001 £000
Fixed assets			
Investments	6	7	–
Tangible assets	7	<u>7,481</u>	<u>6,472</u>
		7,488	6,472
Current assets			
Stocks	8	5,329	4,847
Debtors	9	817	371
Cash at bank and in hand		<u>2,146</u>	<u>2,524</u>
		8,292	7,742
Creditors: amounts falling due within one year	10	<u>(7,093)</u>	<u>(5,993)</u>
Net current assets		<u>1,199</u>	<u>1,749</u>
Total assets less current liabilities		8,687	8,221
Creditors : amounts falling due after more than one year	11	(4,199)	(5,339)
Provisions for liabilities and charges	13	<u>(452)</u>	<u>(222)</u>
		<u>4,036</u>	<u>2,660</u>
Capital and reserves			
Called up share capital	15	1,905	1,905
Profit and loss account	16	<u>2,131</u>	<u>755</u>
Equity shareholders' funds	17	<u>4,036</u>	<u>2,660</u>

The financial statements were approved by the Board of Directors on 20 May 2002.



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 53 WEEKS ENDED 2 MARCH 2002

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.

	2002 £000	2001 £000
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	[20]	19
Remuneration to auditors for other services	[14]	4
Depreciation	842	645
Hire of plant and machinery	156	106
Other operating lease payments	1,149	545
Profit on sale of tangible fixed assets	(6)	(7)

2 EXCEPTIONAL ADMINISTRATIVE COSTS

	2002 £000	2001 £000
Stock damage caused by third party	94	—
Liquidation of insurance provider	32	—
Refinancing and other professional costs	74	—
	200	—

3 NET INTEREST

	2002 £000	2001 £000
Group interest payable	297	372
Interest payable on bank loans and overdrafts	—	4
Finance charges in respect of finance leases	37	20
	334	396
Interest receivable	(95)	(37)
	239	359

4 DIRECTORS AND EMPLOYEES

	2002 £000	2001 £000
Staff costs during the year were as follows :		
Wages and salaries	7,031	5,763
Social security costs	449	380
Pension costs	101	87
	7,581	6,230

	2002 Number	2001 Number
The average number of employees during the year was :		
Sales staff	787	706
Administration	49	33
	836	739

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

DIRECTORS AND EMPLOYEES (Continued)

Remuneration in respect of directors was as follows :

	2002 £000	2001 £000
Management remuneration	306	347
Contributions to money purchase pension schemes	41	37
Payments to third parties for directors' services	33	41
	<u>380</u>	<u>425</u>

The highest paid director :

	2002 £000	2001 £000
Management remuneration	138	150
Contributions to money purchase pension schemes	19	18
	<u>157</u>	<u>168</u>

During the year 3 directors (2001 : 3) participated in money purchase pension schemes.

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2002 £000	2001 £000
The tax charge represents :		
United Kingdom corporation tax at 30% (2001 : 30%)		
– current year	622	71
– prior year	15	–
Deferred tax		
– current year	60	461
– prior year	(21)	(430)
	<u>676</u>	<u>102</u>

Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 30% (2001 : 30%). The differences are explained as follows :

	2002 £000	2001 £000
Profit on ordinary activities before taxation	<u>2,052</u>	<u>1,695</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2001 : 30%)	616	509
Effect of:		
Expenses not deductible for tax purposes	66	30
Capital allowances for the period in excess of depreciation	(21)	(431)
Movement in provisions	15	–
Marginal relief	–	(6)
	<u>676</u>	<u>102</u>

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

6 INVESTMENTS

	2002 £000
Cost and net book value	
At 25 February 2001	—
Additions	7
At 2 March 2002	<u>7</u>

7 TANGIBLE FIXED ASSETS

	Land and buildings £000	Motor vehicles £000	Plant, fixtures and equipment £000	Total £000
Cost				
At 25 February 2001	4,883	662	3,698	9,243
Additions	124	149	1,592	1,865
Disposals	—	(55)	—	(55)
Reclassification	—	(156)	—	(156)
At 2 March 2002	<u>5,007</u>	<u>600</u>	<u>5,290</u>	<u>10,897</u>
Depreciation				
At 25 February 2001	766	381	1,624	2,771
Charge for the year	150	110	581	841
Disposals	—	(40)	—	(40)
Reclassification	—	(156)	—	(156)
At 2 March 2002	<u>916</u>	<u>295</u>	<u>2,205</u>	<u>3,416</u>
Net book amount				
At 2 March 2002	<u>4,091</u>	<u>305</u>	<u>3,085</u>	<u>7,481</u>
Net book amount				
At 24 February 2001	<u>4,117</u>	<u>281</u>	<u>2,074</u>	<u>6,472</u>

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

	2002 £000	2001 £000
The net book value of land and buildings comprises:		
Freehold land and buildings	3,567	3,623
Short leasehold improvements	524	494
	<u>4,091</u>	<u>4,117</u>

	Motor vehicles £000	Plant, fixtures and equipment £000
The figures stated above include assets held under finance leases as follows :		
Net book value at 2 March 2002	<u>131</u>	<u>381</u>
Net book value at 24 February 2001	<u>279</u>	<u>25</u>
Depreciation provided in the year	<u>40</u>	<u>58</u>

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

8 STOCKS

	2002 £000	2001 £000
Goods for resale	<u>5,329</u>	<u>4,847</u>

9 DEBTORS

	2002 £000	2001 £000
Trade debtors	132	63
Other debtors	30	18
Amounts due from group undertakings	26	26
Prepayments and accrued income	<u>629</u>	<u>264</u>
	<u>817</u>	<u>371</u>

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £000	2001 £000
Trade creditors	4,750	4,261
Corporation tax	622	71
Social security and other taxes	832	853
Other creditors	180	89
Accruals and deferred income	512	589
Amounts due under finance leases	<u>197</u>	<u>130</u>
	<u>7,093</u>	<u>5,993</u>

11 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £000	2001 £000
Amounts owed to group undertakings	3,965	5,165
Amounts due under finance leases	<u>234</u>	<u>174</u>
	<u>4,199</u>	<u>5,339</u>

12 BORROWINGS

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

	2002 £000	2001 £000
Finance leases		
Within one year	197	130
After one and within two years	155	104
After two and within five years	<u>79</u>	<u>70</u>
	<u>431</u>	<u>304</u>

No amounts are due after more than five years.

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation (note 13) £000	Reverse lease premium £000	Total £000
At 25 February 2001	31	191	222
Inception of new reverse lease premium	–	307	307
Charge for the year	39	–	39
Release to the profit and loss account	–	(116)	(116)
At 2 March 2002	<u>70</u>	<u>382</u>	<u>452</u>

14 DEFERRED TAXATION

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

	2002 £000	2001 £000
Accelerated capital allowances	137	96
Other timing differences	<u>(67)</u>	<u>(65)</u>
	<u>70</u>	<u>31</u>

15 SHARE CAPITAL

	2002 and 2001 £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	<u>905</u>
	<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	<u>905</u>
	<u>1,905</u>

16 PROFIT AND LOSS ACCOUNT

	£000
At 25 February 2001	755
Profit for the year	<u>1,376</u>
At 2 March 2002	<u>2,131</u>

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £000	2001 £000
Profit for the financial year	1,376	1,593
Opening shareholders' funds	2,660	1,067
Closing shareholders' funds	4,036	2,660

18 CAPITAL COMMITMENTS

	2002 £000	2001 £000
Contracted	399	100

Annual commitments under non cancellable operating leases are as follows :

	2002		2001	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	34	17	34	—
In the second to fifth year inclusive	—	55	215	26
Over five years	1,125	—	594	79
	1,159	72	843	105

19 CONTINGENT LIABILITIES

There were no contingent liabilities as at 2 March 2002 or 24 February 2001.

20 PENSION SCHEME

The company operates defined contribution schemes for employees and for directors. The pension cost for the year represents contributions payable by the company to each of the employees and directors funds. There were no amounts outstanding at either year end.

21 ULTIMATE PARENT UNDERTAKING

The directors consider that at 2 March 2002 the ultimate parent company was Firesource Limited, registered in England and Wales.

B & M RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 MARCH 2002

22 RELATED PARTY TRANSACTIONS

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

During the year purchases from Paraclete Limited, which is 100% owned by D P A Gravells, a director of B&M Retail Limited, amounted to £33,000 (2001 : £33,000). On 2 March 2002 there was an outstanding balance of £Nil (2001 : £3,231).