Financial statements B&M Retail Limited

For the period from 29 March 2015 to 26 March 2016

Company Number: 01357507

Company information

Company registration number	01357507
Country of incorporation	England and Wales
Registered office	The Vault Dakota Drive Estuary Commerce Park Speke Liverpool Merseyside L24 8RJ
Directors	S Arora B Arora R Arora P McDonald
Secretary	S Arora
Bankers	Barclays Bank Plc 3 Hardman Street Spinningfields Manchester M3 3HF
Solicitors	Gordons LLP Forward House 8 Duke Street Bradford West Yorkshire BD1 3QX
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report together with the financial statements for the period from 29 March 2015 to 26 March 2016. The accounts are presented under the International Financial Reporting Standards as adopted by the European Union.

The ultimate parent of the company is B&M European Value Retail S.A., a company which has been listed on the London Stock Exchange since June 2014.

Principal activity

The principal activity of the company is that of discount retailer, based in the UK.

Directors

The directors in office during the period are shown below. All directors served on the board throughout the period:

S Arora
B Arora
R Arora
P McDonald

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors, the strategic report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

The directors confirm that:

- so far as each director is aware there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Disabled employee policy

In the event of an employee becoming disabled, every effort is made to continue their employment and having due regard to their aptitude and abilities, opportunities are given for retaining or deployment wherever possible.

Equal opportunities policy

The company is committed to ensuring equal opportunities in the workplace for all its employees. One of the key aims of the policy is that the company can provide a working environment in which employees feel comfortable and assured that they will be treated with dignity and respect.

We are committed to ensuring all employees are treated equally and fairly irrespective of their sex, race, colour, creed, marital status, sexual orientation, age or disability.

This equal opportunities policy applies to the company recruitment and selection procedures, employees' terms and conditions of employment including pay, opportunities for promotion, transfer and training, general treatment at work, disciplinary and grievance procedure and termination of employment.

All employees have a responsibility to apply this principle in practice.

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.

Financial risk management

Financial risk disclosures have been reported within the strategic report as they are considered to be of strategic significance.

Dividends

In March 2016 dividends were declared totalling £32,000k, and following the year end, in June 2016, dividends were declared totalling £41,000k. See notes 23 and 24.

Report of the directors

Future developments

The company is expected to continue adopting the strategy as outlined in the following Strategic Report.

Auditors

As a result of a Group audit tender, Grant Thornton UK LLP will resign at the next annual general meeting, and KPMG LLP will be appointed in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

S. Arora
Director
14 July 2016

Strategic report

Business review

During the period under review the company has continued to deliver a strong financial performance. The directors believe that B&M stores offer a compelling customer proposition, combining leading brand, fast-moving consumer goods at attractive prices with a strong non-grocery product offering that together deliver sensational value to our customers.

The UK retail market is broadly split into two main segments, grocery retailers and specialist retailers and the company's positioning allows it to compete across both segments. The company has several core categories that it focuses on within each segment including ambient grocery products, home products and seasonal product areas such as gardening and toys.

We have continued to make good progress on our three main strategic priorities:

- Continuous improvement in the product proposition in terms of quality, price and the development of enhanced ranges. Despite this the like for like sales grew by only 0.3%, however this was significantly affected by cannibalisation, where we have opened stores within the catchment area of existing stores to the overall benefit of the business, but to the detriment of the like for like estate. Our underlying like for like which excludes the impact of cannibalisation and only includes like for like stores which have traded for at least 14 months, was a healthy +2.4%.

- Expansion of the store estate. The company has a strong commitment to continue to roll out new stores in the UK. In the period ending 26 March 2016 we have opened a net 74 stores and at the end of this period the company now trades from 499 stores. B&M has a proven track record of being able to identify new and profitable store locations across a wide geographical base in England, Scotland, Wales and Northern Ireland, and the directors plan to continue this roll out and believe that the current property market continues to present attractive opportunities to expand the number of stores.

- Continued investment and development of our infrastructure. During the period under review we have invested in the store environment via £11.7m of maintenance capital expenditure and we have opened two new warehouses increasing capacity by 800,000 sq. ft. Additionally, the business has continued to invest in the strength of its management teams and improvements have been made in training and development for store colleagues.

Financial performance

The directors consider a range of performance indicators, including revenue growth, like-for-like revenue, gross margin percentage, EBITDA, net new store openings and stock turn. As EBITDA is a non-IFRS measure, we have provided a reconciliation below.

	52 weeks to 26 Mar-16 £'000	52 weeks to 28 Mar-15 £'000
Operating profit	168,002	151,095
Depreciation	17,460	12,601
Amortisation	308	258
EBITDA	185,770	163,954

Revenues for the period to 26 March 2016 were £1,902.6m and for the period to 28 March 2015 were £1,526.2m, an increase of 24.7%. This was driven by the growth of the estate, both through the cannibalisation of new stores opened in the prior year and the net 74 stores opened in the current year, as well as the 0.3% like for like growth.

Strategic report

The gross profit for the period to 26 March 2016 was £652.8m and for the period to 28 March 2015 was £525.5m, an increase of 24.2%. The gross margin percentage declined marginally in the current year to 34.3% from 34.4%. The company maintains a diversified product mix in stores to avoid excessive reliance on any particular product category, which helps maintain the gross profit stability.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for 2016 was £185.8m and for 2015 was £164.0m, an increase of 13.3%.

The business focuses on the management of working capital in order to effectively manage its cash flows, with particular focus on the control of inventory levels and rigorous controls are applied to ensure appropriate inventory levels are maintained. The level of stock days decreased slightly to 92 days at 26 March 2016 (2015: 93 days). Note that the prior year figure for this KPI has been restated (see below).

Capital expenditure in the period to 26 March 2016 was £51.8m (prior 52 week period: £34.2m). Significant investments were made supporting the new store roll out programme with the addition of a net 74 stores (73% of capital expenditure) (2015: 52 and 59%) and on the infrastructure investments including on the new warehouses.

Restatements
As explained more fully in the basis of preparation (within note 1), goods in transit from overseas suppliers are now reflected in the statement of financial position as from 29 March 2014. The comparative figures in the statements of financial position as at 28 March 2015 have, accordingly, been restated. These restatements have no impact whatsoever on the statements of comprehensive income, nor on net equity in the current financial year or in prior years.

Corporate social responsibility

The company recognises that it has a responsibility to ensure that its business is conducted in a socially responsible manner, resulting in a high standard of social and environmental behaviour. At the heart of this and underpinning our aim to deliver value for money to our customers day-in, day-out is a passion for reducing waste and unnecessary consumption wherever we can, to keep costs down and at the same time ensure that we have as sustainable and environmentally friendly business as possible.

Our Corporate Social Responsibility strategy focuses on the following areas; the environment, our suppliers, health and safety and our colleagues and members of the executive management team have responsibility for each of these areas and they form regular agenda items at our board meetings.

Environment
As a retailer we recognise that our supply chain and operations will impact the environment and that we have a corporate responsibility to minimise impacts both now and in the future. Our business model is relatively simple and we focus on the recycling of product packaging, minimising the overland deliveries of our direct imported products, reducing our electricity usage and improving our fuel efficiencies to help minimise the impact of our business on the environment.

In terms of waste recycling we self-sort over 60% of all waste produced by our warehouses and store network, with over 99% being recycled. We have also seen a reduction of carrier bag usage by 27% during the year following the introduction of the carrier bag levy and we have set up internal processes to distribute the cash proceeds from the levy to charitable organisations.

In terms of emissions, we monitor and report our Greenhouse gas emissions through our Group consolidated accounts. In the UK we measure an intensity ratio (Tonnes of CO_2 per £'m revenue) for our emissions which showed a 3% increase over the year (54.8 against 50.5), largely due to a 5.8% increase in the intensity ratio on electricity and gas usage. This was caused by the opening of the two new warehouses during the year, which has no direct impact on revenue, the intensity ratio on fuel for our distribution fleet improved by 5.1%.

Strategic report

We have a number of on-going initiatives to reduce our carbon footprint;

- As we purchase new cars for our company car fleet, we are moving to hybrid cars. 40% of our fleet are now hybrid models.
- On our directly imported merchandise from the Far East we use slow steamer container ships given that they are more environmentally friendly.
- Our warehouses are based in the North West of England and approximately 70% of goods are shipped to the Port of Liverpool reducing the need to have overland transport from the more traditional ports in the South of England.
- In our stores we continue to invest in energy efficient LED lighting.
- We continue to upgrade our transport fleet and we have introduced new HGV tractor units that have the latest fuel efficient engines.
- Similarly we have been investing in a fleet of double deck trailers to maximise transport utilisation and therefore minimise distribution mileage travelled.

Suppliers

We aim to have long standing relationships with our suppliers, treat them with respect and keep our dealings with them as simple as possible since we believe that it is in our commercial interests to operate in this manner. We like to have simple, transparent net prices and minimise the use of rebates and retrospective discounts and we only account for any income once the agreement period has ended. We operate using a standard set of terms and conditions and provided the goods meet relevant quality and safety standards we will pay the supplier within the agreed payment terms. In 2016 our UK suppliers were paid on average 23.3 days after delivery (2015: 24.2 days) and the import suppliers are usually paid in advance of the goods arriving into the UK.

Additionally our reputation is important both in terms of ensuring our products are safe and fit for sale and that the factories we use comply with local laws and regulations so that our customers can rely upon the safety, quality and integrity of the products they buy from us.

We support ethical business practices and policies to protect workers from any kind of abuse or exploitation in relation to our business and supply chain. More details on these can be found in the Corporate Social Responsibility statement made by our ultimate parent company in the Group consolidated accounts available online at www.bandmretail.com.

Health and safety

The Board has responsibility for ensuring health and safety compliance. There are a number of key performance indicators which form part of our regular Board reporting pack, including reporting the number of accidents and those that are subsequently reported to the Health and Safety Executive the latter being 46 in 2016 at an average of 0.1 per store in 2016 (2015: 112, 0.3), which should be seen in the context of 174 million shopper visits per annum.

We have a dedicated health and safety team of qualified professionals who are responsible for ensuring that we comply with the current statutory requirements and that our health and safety policy is communicated to all our colleagues. In the last 12 months the team has been working on ensuring that there is a standardised health and safety audit process across all our warehouses.

We take the welfare of our customers and employees very seriously at all times. We are therefore committed to ensuring that our business has appropriate health and safety standards across our store estate, as well as our warehouses and offices, such that our customers and employees can shop and work in a safe environment.

The company is committed to a policy of equal opportunities for staff at all levels and provides direct employment and career development to thousands of employees across the UK. We are dedicated to training and development, and have invested significant amounts in training programmes. The company also provides opportunities for large numbers of people seeking flexible or part-time hours.

Strategic report

Colleagues

Our people and our teams make the difference within our business and our stores are popular and busy places to work. Working at our stores is demanding but we try to make it a fun and enjoyable experience for all our colleagues. We strive to ensure that all colleagues are treated fairly and with respect, that no colleague is discriminated against on grounds of gender, race, colour, religion, disability, or sexual orientation and that B&M is recognised as a great place to work.

As a result of our new store opening programme, this year we have created 2,812 new jobs in our stores and 674 as a result of opening our two new warehouses. Given our planned roll out in FY2017 we will continue to create jobs in the communities in which we trade.

Our apprenticeship programme across our UK stores now has over 600 colleagues enrolled. Due to this success we are now rolling-out a distribution centre apprenticeship scheme. We also have a successful initiative focused on getting the long-term unemployed back into work. In 2016, 652 long term unemployed people secured a role within B&M.

We develop our own talent from within whenever we can, under our Step-Up programme. In this programme we encourage our store colleagues to put themselves forward to progress to deputy and store manager positions. In the last year over 70% of our Step-Up delegates have been promoted to their next role in B&M.

We actively encourage the benefits of having a diverse workforce across our business, with the overall level of female staff at 54%, and 22% of senior management.

	Directors	Senior Management	All Staff
Male	4	14	10,308
Female	0	4	12,179

Strategic report

Risk management objectives and policies

The responsibility for risk management and the internal control environment resides with the board of directors and the senior management team implements and maintains the control systems adopted by the board.

The risks detailed below are the principal risks and uncertainties that may impact the company achieving its strategic objectives, the list does not include all of the risks faced by the company nor does it list the risks in any order of priority.

Business interruption - the distribution and IT systems infrastructure is key to ensuring continuity of supply and trading in the store estate and if a major incident were to happen then this could have a detrimental impact on the company's ability to operate effectively.

In order to mitigate this risk the company has developed IT continuity and recovery plans and invested in the creation of a remote IT disaster recovery site which is now fully operational.

Product quality - we are aware that if we fail to deliver to our customer's satisfaction the expected standards of safety in our products then this has the potential to harm and damage our business reputation, which could have an adverse impact on our market share and financial results.

The company has both an ethical sourcing policy and rigorous quality assurance procedures to ensure that the products that the company sells are safe and comply with relevant legislation.

Suppliers - the failure of a key supplier would impact the service that the company can provide to its customer and any sustained cost price increases from key suppliers may place risks on the company's trading margins.

The company manages this risk by working with suppliers and ensuring that they are stable and ensuring that the company has alternative supply sources where possible and that there is no over reliance on a single supplier.

Property - the company is growing its retail space through acquisition of new sites and modernising its existing store estate. If the company fails to grow space profitably then the company may lose market share and profitability may suffer.

The company manages this by having a clear property strategy and rigorously appraises the profitability of new retail space and the capital expenditure involved in a new store opening to ensure any risk is minimised

Financial risk

The company uses various financial instruments, these include derivatives such as foreign exchange contracts and fuel swaps, cash, equity investment and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. In order to manage the company's exposure to those risks, in particular the company's exposure to currency risk, the company enters into forward foreign currency forward contracts. No transactions in derivatives are undertaken of a speculative nature.

The main risks arising from the company's financial instruments are market risk, currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses two types of risk, being currency risk and commodity price risk. Commodity price risk is not considered material to the business as the company is able to pass on pricing changes to its customers. Despite this the company mitigate the risk on fuel costs specifically via the use of swap deals.

Strategic report

The company operates in a highly competitive market and the outlook of the UK and world economy and customer confidence may impact on the company's ability to deliver growth.

The company constantly reviews performance and revisits strategy accordingly to ensure that the management team is always focused on the key priorities of the company to minimise this risk.

Credit risk

The company's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the counterparty is a UK clearing bank with a high credit rating (A- Long term and A-2 short term (standard & poor), A, A-1 in the prior year). The principal credit risk arises therefore from the company's trade receivables.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Currency risk

The company is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers. There has been some volatility in currency markets over the past 12 months and in particular following the EU referendum vote. We will continue to closely monitor currency markets and to manage our risks accordingly.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for these financial statements.

All of the company's external sales are to customers in the UK and there is no currency exposure in this respect. For the proportion of the company's purchases transacted in US Dollars forward currency contracts are used to minimise the risk associated with that exposure.

Liquidity risk

Any impact on available cash and therefore the liquidity of the company could have a material effect on the business as a result.

Short term flexibility is achieved by the company's overdraft facility. The company has rolling forecasts that enable the directors to ensure that the company has sufficient liquidity and headroom against this facility and that the Group operates with comfortable levels of headroom against its banking covenants.

ON BEHALF OF THE BOARD

S Arora
Director
14 July 2016

Grant Thornton

Independent auditor's report to the members of B&M Retail Limited

We have audited the financial statements of B&M Retail Limited for the period from 29 March 2015 to 26 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on pages 4 - 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 March 2016 and of the company's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors and the Strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent auditor's report to the members of B&M Retail Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
15 July 2016

Statement of Comprehensive Income

	Note	52 weeks to 26 March 2016 £'000	52 weeks to 28 March 2015 £'000
Revenue	2	**1,902,557**	1,526,181
Cost of sales		**(1,249,782)**	(1,000,684)
Gross profit		**652,775**	525,497
Administrative expenses		**(484,773)**	(374,402)
Operating profit	3	**168,002**	151,095
Finance costs	4	**(51)**	(113)
Finance income	4	**170**	81
Profit before tax		**168,121**	151,063
Income tax expense	7	**(27,887)**	(19,194)
Profit and total comprehensive income for the period		**140,234**	131,869

There was no other comprehensive income for either period presented.

All of the activities of the company are classed as continuing.

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

Statement of Financial Position

	Note	26 March 2016 £'000	28 March 2015 £'000
Non-current assets			
Intangible assets	8	**2,000**	539
Property, plant and equipment	9	**116,047**	84,071
Other receivables	11	**2,771**	-
Deferred tax asset	7	**13**	9
		120,831	84,619
Current assets			
Cash and cash equivalents	12	**87,620**	56,733
Inventories	10	**315,462**	255,352
Trade and other receivables	11	**174,067**	149,969
Other financial assets	14	**4,769**	1,145
		581,918	463,199
Total assets		**702,749**	547,818
Equity			
Share capital	16	**(1,905)**	(1,905)
Retained earnings		**(440,467)**	(332,233)
		(442,372)	(334,138)
Non-current liabilities			
Provisions	15	**(1,881)**	(1,430)
Other payables	13	**(65,533)**	(51,173)
Deferred tax liabilities	7	**(1,559)**	(1,077)
		(68,973)	(53,680)
Current liabilities			
Trade and other payables	13	**(175,004)**	(146,937)
Other financial liabilities	14	**(370)**	(323)
Income tax payable		**(11,261)**	(7,064)
Provisions	15	**(4,769)**	(5,676)
		(191,404)	(160,000)
Total Liabilities		**(260,377)**	(213,680)
Total equity and liabilities		**(702,749)**	(547,818)

As explained more fully in the basis of preparation within note 1 and notes 10, 11, 13 and 20, goods in transit from overseas suppliers are now reflected in the statement of financial position as from 29 March 2014. The comparative figures in the statements of financial position as at 28 March 2015 have, accordingly, been restated. These restatements have no impact whatsoever on the statements of comprehensive income, nor on net equity in the current financial year or in prior years.

The financial statements were approved by the Board of Directors and authorised for issue on 14 July 2016 and signed on their behalf by:

S Arora
Director
Company registration number: 01357507

Statement of Changes in Equity

	Share capital £'000	Retained earnings £'000	Total Shareholders' equity £'000
Balance at 29 March 2014	1,905	279,930	281,835
Total comprehensive income for the 52 weeks to 28 March 2015	-	131,869	131,869
Dividends paid to owners of the company	-	(79,566)	(79,566)
Balance at 28 March 2015	1,905	332,233	334,138
Total comprehensive income for the 52 weeks to 26 March 2016	-	**140,234**	**140,234**
Dividends paid to owners of the company	-	**(32,000)**	**(32,000)**
Balance at 26 March 2016	**1,905**	**440,467**	**442,372**

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

Statement of Cash Flows

Period ended	Note	26 March 2016 £'000	28 March 2015 £'000
Cash flows from operating activities			
Cash generated from operations	21	**167,257**	149,075
Movement in intercompany balances		**(29,799)**	6,609
Income tax paid		**(23,212)**	(10,985)
Net cash flows from operating activities		**114,246**	144,699
Cash flows from investing activities			
Purchase of property, plant and equipment	9	**(49,991)**	(34,056)
Purchase of intangible assets	8	**(1,769)**	(190)
Proceeds from sale of property, plant and equipment		**520**	2,420
Interest received		**51**	81
Net cash flows from investing activities		**(51,189)**	(31,745)
Cash flows from financing activities			
Interest paid		**(170)**	(113)
Dividends paid to owners of the company	24	**(32,000)**	(79,566)
Repayment of finance lease		**-**	(22)
Net cash flows from financing activities		**(32,170)**	(79,701)
Net increase in cash and cash equivalents		**30,887**	33,253
Cash and cash equivalents at the beginning of the period		**56,733**	23,480
Cash and cash equivalents at the end of the period		**87,620**	56,733
Cash and cash equivalents comprise:			
Cash at bank and in hand	12	**87,620**	56,733
		87,620	56,733

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

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs as adopted by the European Union.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the company are set out below and have been applied consistently throughout the financial statements.

On 17 June 2014 B&M European Value Retail S.A. acquired control of B&M European Value Retail Holdco 1 S.à r.l. and has therefore become the ultimate parent undertaking of the company. On the same date B&M European Value Retail S.A. was listed on the London Stock Exchange.

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

Restatements

At 26 March 2016, the level of imported goods in transit was £58.2m. Following a detailed review of the terms and conditions under which these goods were shipped they have been recognised within inventory at the period end reflecting that the risks and rewards of ownership are transferred to the company at the point of shipment and not at the UK port as previously concluded.

The level of imported goods in transit has increased significantly in recent years and as a consequence of recognising these in inventory at the year end, it has been necessary to revise the recognition of imported goods in transit in previous periods also. These changes have no impact on the statements of comprehensive income or on net equity in the current period or in any of the earlier periods affected. The restatements are simply reclassifications within working capital.

In accordance with IAS 8, the 2015 statement of financial position has been restated to reclassify payments on account with suppliers to inventories and to increase trade creditors and inventories to recognise the respective period end positions.

The reclassifications result in:

- Decreases in deposits on account with suppliers of £29.7m in 2015 and £24.6m in 2014, including those held by related parties (£15.9m, £10.8m respectively);
- Increases in trade creditors of £17.5m in 2015 and £8.5m in 2014;
- Increases in inventory of £47.2m in 2015 and £33.1m in 2014.

Further information is contained in the relevant notes on inventory (10), receivables (11), payables (13) and related parties (20).

Notes to the financial statements

Going concern

As a discount retailer, the company is well placed to withstand any volatility in economic conditions including the direct and indirect impacts emanating from the proposed British exit from the European Union that will unfold over the coming months. The company's forecasts and projections, taking into account reasonably possible changes in trading performance for the forseeable future, show that the company will trade within its current banking facilities, which are held by the Group as a whole and expire in 2019 and 2020.

After making enquiries, the directors are confident that the company has adequate resources to continue its successful growth. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The company is the significant trading entity within the B&M European Value Retail S.A. Group, and as such the viability statement contained within the consolidated accounts of that entity, published in June 2016, remains valid for this company and further supports the use of the going concern principle.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is the total amount receivable by the company for goods supplied, in the ordinary course of business excluding VAT and trade discounts, returns and relevant vouchers and offers. Store retail turnover is recognised at the initial point of sale of goods to customers, when the risks and rewards of the ownership of the goods have been transferred to the buyer.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the company. The board is responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Intangible assets

Intangible assets acquired separately, comprising computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	-	4 years

Amortisation is included in administrative expenses.

Notes to the financial statements

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows.

Depreciation

Depreciation is provided on all other items of property, plant and equipment and the effect is to write off the carrying value less their residual values of items by equal instalments over their expected useful economic lives. It is applied at the following rates.

Leasehold land and buildings	-	Life of lease
Freehold buildings	-	2% Straight line
Plant, fixtures, fittings and equipment	-	10% - 25% straight line
Motor Vehicles	-	20% - 25% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets of the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement, i.e. whether the risks and rewards of ownership have been transferred.

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset, or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of comprehensive income over the period of the lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the financial statements

All other leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease and are referred to in our accounts as reverse lease premiums.

Onerous Leases

The company carries a property provision which is recognised on specific sites within the company's leasehold property portfolio where an exit can be reasonably expected to occur, and a lease is considered onerous.

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

The amount held covers any costs expected to accrue before the end of the contract, netted against any income, as well as a portion related to any dilapidation expense which may arise.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. An average cost methodology is used to measure the cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the UK. Tax is recognised in the income statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The company had £9k (2014: £233k) of deferred tax assets at the period end. Management has determined that when these items become available for tax purposes the company will have sufficient profit to be able to enable them to be used. Therefore the deferred tax assets have been recognised. See note 7.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the financial statements

Financial assets

Initial recognition and measurement
The classification of financial instruments is determined at initial recognition. The company has the following types of financial assets; Trade and other receivables and cash, which are classified within the IAS 39 definition of loans and receivables, and derivative contracts which are classified within the IAS 39 definition of fair value through profit and loss. All financial assets are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs other than for financial assets carried at fair value through profit or loss.

The company does not have any held-to-maturity or available-for-sale financial assets.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in profit and loss.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss comprise derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment, such as an adverse external valuation, or a significant diminution in measurable output, as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Notes to the financial statements

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments is determined by reference to mark-to-market quotations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Derivative financial instruments

The company uses derivative financial instruments such as forward currency contracts and fuel swaps to reduce its foreign currency risk, price risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Interest

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.

- "Retained earnings" represents retained profits.

Foreign currency translation

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The company operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

Notes to the financial statements

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

Property provision

In respect of leased properties, where economic benefits from occupying the leased properties are less than the obligations payable under the lease, a provision is made for the present value of the estimated future cash outflows for each lease. The provision unwinds on a systematic basis. The provision is reviewed on a regular basis. See note 15.

Insurance Liability Claims

The company has a number of small items relating to disputes over insurance liability claims. Advice has been sought from the company's insurers as to the potential outcome in each case and management has taken the view that it is prudent to provide for this amount in the accounts. There are no claims which could be considered individually significant and the average claim is for £8.3k (2014: £9.1k). See note 15.

Standards and Interpretations applied and not yet applied by the company

New and amended standards and interpretations adopted by the company

IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The adoption of IFRIC 21 does not have a significant impact for the company.

Annual improvements 2011–2013. The amendments include changes from the 2011–13 cycle of the annual improvements project that affects four standards: IFRS 1, "First time adoption", IFRS 3 "Business combination", IFRS 13, "Fair value measurement" and IAS 40, "Investment property". The application of these amendments had no significant impact for the company

Annual improvements 2010–2012. These amendments include changes from the 2010–12 cycle of the annual improvements project, that affect several standards: IFRS 2, "Share-based payment", IFRS 3, "Business Combinations", IFRS 8, "Operating segments", IFRS 13, "Fair value measurement", IAS 16, "Property, plant and equipment", IAS 38, "Intangible assets", IAS 37, "Provisions, contingent liabilities and contingent assets", and IAS 39, "Financial instruments – Recognition and measurement". The application of these amendments had no significant impact for the company.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the company

The following new standards and amendments have been published but are not effective for the company's accounting period beginning on 29 March 2015. All these standards and amendments have not yet been endorsed by the European Union.

"Disclosure Initiative (Amendments to IAS 1)" – applicable for reporting periods beginning on or after 1 January 2016 to encourage companies to apply professional judgement in determining the information to disclose in their financial statements;

Notes to the financial statements

Amendments to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" on depreciation and amortisation – effective from 1 January 2016. IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, past the headline is a rebuttable presumption, and revenue-based amortisation is permitted when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;

Amendment to IAS 27, "Separate financial statements", on equity method on separate financial statements – applicable for reporting periods beginning on or after 1 January 2016;

Amendment to IFRS 10, "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28, "Associates and joint ventures" on sale or contribution of assets and on investment entities applying the consolidation exception – applicable for reporting periods beginning on or after 1 January 2016;

Annual improvements 2012–2014 – applicable for reporting periods beginning on or after 1 January 2016;

IFRS 9, "Financial instruments" – applicable for reporting periods beginning on or after 1 January 2018. The IASB has published the complete version of IFRS 9 which replaces IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today and redefine the guidance regarding the hedge accounting;

IFRS 15, "Revenue from contracts with customers" applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and introduces a five-step process that the Group will have to follow. The new Standard goes beyond just "commercial effect", "fair value" and "risk and rewards" and will also result in a significant increase in the volume of disclosures related to revenue. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2018.

IFRS 16 "Leases" provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The standard is effective for annual periods beginning on or after January 1st, 2019, subject to EU adoption. The Group is yet to assess the impact of IFRS 16.

Notes to the financial statements

2 Segmental information

For management purposes, the company has one reportable operating segment, being the retail segment. The corporate balances have been included below to allow reconciliation to the primary statements. No operating segments have been aggregated to form the reportable operating segment.

The executive directors monitor the operating results of the retail segment for the purpose of making decisions about resource allocation and performance assessment. The segment includes all of the company's store activity and inventory, although the property plant and equipment are considered to be managed centrally and are therefore excluded.

The company's financing (including finance costs and finance income) and income taxes are managed on a company wide basis.

52 week period ended 26 March 2016	**Retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**1,902,557**	**-**	**1,902,557**
Gross profit	**652,775**	**-**	**652,775**
EBITDA	**299,819**	**(114,049)**	**185,770**
Interest received	**-**	**170**	**170**
Interest expense	**-**	**(51)**	**(51)**
Income tax expense	**-**	**(27,887)**	**(27,887)**
Segment profit	**299,819**	**(159,585)**	**140,234**
Total assets	**335,610**	**367,139**	**702,749**
Total liabilities	**(94,519)**	**(165,858)**	**(260,377)**
Other disclosures:			
Capital expenditure (including intangible assets)	**-**	**(51,760)**	**(51,760)**
Depreciation	**-**	**(17,460)**	**(17,460)**
Amortisation	**-**	**(308)**	**(308)**

52 week period ended 28 March 2015	Retail £'000	Corporate £'000	Total £'000
Revenue	1,526,181	-	1,526,181
Gross profit	525,497	-	525,497
EBITDA	245,406	(81,452)	163,954
Interest received	-	81	81
Interest expense	-	(113)	(113)
Income tax expense	-	(19,194)	(19,194)
Segment profit	245,406	(113,537)	131,869
Total assets	268,631*	279,187*	547,818*
Total liabilities	(78,786)	(134,894)*	(213,680)*
Other disclosures:			
Capital expenditure (including intangible assets)	-	(34,246)	(34,246)
Depreciation	-	(12,601)	(12,601)
Amortisation	-	(258)	(258)

* These figures have been restated as explained more fully in the basis of preparation within note 1.

Notes to the financial statements

3 Operating profit

The following items have been included in arriving at operating profit:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Auditor's remuneration of the company and other Group entity accounts borne by the company	**196**	179
Payments to auditors in respect of non-audit services		
Other assurance services	**3**	48
Inventories:		
Cost of inventories recognised as an expense	**1,264,499**	1,009,840
Loss/(profit) on sale of property, plant and equipment	**37**	(61)
Depreciation of property, plant and equipment:		
Owned assets	**17,460**	12,593
Leased assets	**-**	8
Amortisation (included within administrative expenses)	**308**	258
Operating lease rentals	**99,239**	69,453
Loss on foreign exchange	**94**	1

4 Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the statement of comprehensive income for the reporting periods presented:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Interest on debt and borrowings	**51**	113
Total finance costs	**51**	113

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Interest income on loans and bank accounts	**170**	81
Total finance income	**170**	81

Notes to the financial statements

5 Employee remuneration

The expense recognised for employee benefits is analysed below:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Wages and salaries	207,784	169,396
Social security costs	9,186	7,258
Pensions - defined contributions plans	829	630
	217,799	177,284

There are £70k of outstanding defined contribution pension liabilities held by the company at the year end (2015: £47k).

The average monthly number of persons employed by the company during the period was:

	Period ended 26 March 2016	Period ended 28 March 2015
Sales staff	21,320	17,973
Administration	364	343
	21,684	18,316

6 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Directors' remuneration		
Short term employee benefits	1,554	386
	1,554	386
Key management expense (includes directors)		
Short term employee benefits	1,765	438
	1,765	438
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	576	248
	576	248

Directors and key management have also been remunerated by other Group companies. The employees included within the definition of key management are directors of other group companies.

Notes to the financial statements

7 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 20% (2015: 21%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Current tax expense	**27,409**	17,893
Deferred tax expense	**478**	1,301
Total tax	**27,887**	19,194
Total tax:		
Profit for the period before tax	**168,121**	151,063
Expected tax expense at tax rate of 20% (2015: 21%)	**33,624**	31,723
Effect of :		
Expenses not deductible for tax purposes	**1,131**	-
Income not taxable	**(842)**	-
Adjustment in respect of prior periods	**(1,828)**	(235)
Temporary differences	**7**	727
Effect of change of rate	**(74)**	(37)
Group relief received for nil consideration	**(4,131)**	(12,984)
Actual total tax charge	**27,887**	19,194

The tax charge for the period has been reduced by £4,131k (2015: £12,984k) because of losses surrendered by one Group company to another. No payment for this surrender is to be made. See note 20 for more details.

Deferred taxation

	Statement of financial position (as at)		**Statement of comprehensive income (period ended)**	
	26 March 2016 £'000	28 March 2015 £'000	**26 March 2016 £'000**	28 March 2015 £'000
Accelerated tax depreciation	**(553)**	(913)	**360**	(1,127)
Disregarded financial assets or liabilities	**(880)**	(164)	**(716)**	(164)
Rolled over gains on capital assets	**(126)**	-	**(126)**	
Other temporary differences	**13**	9	**4**	(10)
Net deferred tax liability	**(1,546)**	(1,068)		
Total deferred tax asset	**13**	9		
Total deferred tax liability	**(1,559)**	(1,077)		
Net deferred tax expense			**(478)**	(1,301)

There were no tax movements within other comprehensive income in the period.

Notes to the financial statements

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

8 Intangible assets

	Software £'000
Cost	
At 30 March 2014	1,584
Additions	190
At 28 March 2015	1,774
Additions	1,769
At 26 March 2016	3,543
Accumulated amortisation	
At 30 March 2014	977
Charge for the period	258
At 28 March 2015	1,235
Charge for the period	308
At 26 March 2016	1,543
Net book value at 26 March 2016	**2,000**
Net book value at 28 March 2015	539

9 Property, plant and equipment

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost				
30 March 2014	15,782	4,732	87,940	108,454
Additions	5,533	708	27,815	34,056
Disposals	(2,113)	(696)	-	(2,809)
28 March 2015	19,202	4,744	115,755	139,701
Additions	4,166	1,056	44,769	49,991
Disposals	(270)	(1,119)	-	(1,389)
26 March 2016	23,098	4,681	160,524	188,303
Accumulated depreciation				
30 March 2014	8,301	2,869	32,308	43,478
Charge for the year	1,975	768	9,858	12,601
Disposals	(4)	(445)	-	(449)
28 March 2015	10,272	3,192	42,166	55,630
Charge for the year	2,390	675	14,395	17,460
Disposals	-	(834)	-	(834)
26 March 2016	12,662	3,033	56,561	72,256
Net book value at 26 March 2016	**10,436**	**1,648**	**103,963**	**116,047**
Net book value at 28 March 2015	8,930	1,552	73,589	84,071

There were no assets held under finance leases at either year end date, with total depreciation on such assets being £nil in the year to 28 March 2016 (2015: £8k).

Notes to the financial statements

Under the terms of the loan facility in place at the year end dates, a fixed charge existed over £4.6m of the net book value of land & buildings, £0.4m of the net book value of motor vehicles and £41.9m of the net book value of the plant, fixtures and equipment (2015: £6.2m, £1.1m and £50.7m respectively). A floating charge was held over all the other assets.

For both balance sheet dates, included within land and buildings is land with a cost of £100k which is not depreciated and has not been impaired.

	26 March 2016	28 March 2015
The net book value of land and buildings comprises:	**£'000**	£'000
Freehold land and buildings	**1,398**	746
Short leasehold improvements	**9,038**	8,184
	10,436	8,930

10 Inventories

	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Goods for resale	**315,462**	255,352	203,475

The 2015 inventory balance has been restated from £208.1m to £255.4m to reflect the agreed shipping terms in place with certain overseas suppliers. This restatement reflects the reclassification of certain prepayments to overseas suppliers of £29.7m and the recognition of an increase to trade creditors of £17.5m. The 2014 figures were restated from £170.4m to £203.5m.

In the period to 26 March 2016 £1,264.5m (2015: £1,009.8m, 2014: £1,008.7 (65 weeks)) was recognised as an expense for inventories carried at net realisable value. Included in this amount was a £0.1m gain (2015: £0.8m gain, 2014: £0.3m loss) related to net inventory write down.

11 Trade and other receivables

	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Non-current			
Lease Premiums	**2,771**	-	-
	2,771	-	-
Current			
Trade receivables	**1,338**	2,642	6,074
Payments on account	**2,850**	8,589	-
Provision for impairment	**(24)**	(9)	(2)
Net trade receivables to non-related parties	**4,164**	11,222	6,072
Prepayments	**19,745**	17,411	12,018
Related party receivables	**797**	2,921	2,859
Non-interest bearing intergroup funding	**148,531**	117,464	124,926
Interest bearing intergroup funding	**-**	806	-
Lease Premiums	**586**	-	-
Other receivables	**244**	145	287
	174,067	149,969	146,162

Notes to the financial statements

Trade and other receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

The 2015 deposits on account and related party receivable balances have been restated from £22.3m to £8.6m and £18.9m to £2.9m respectively as a result of a reclassification to inventories. This adjustment has been made to reflect the agreed shipping terms in place with certain overseas suppliers. The 2014 deposits on account and related party receivable balance are also disclosed and have been restated from £13.8m and £13.6m to £nil and £2.9m respectively

Where interest has been charged on intergroup funding, this has been done on an arms-length basis.

The following table sets out an analysis of provisions for impairment of trade and other receivables. The main consideration when making a provision is managements perception of the recoverability of the receivable.

	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Balance brought forward	**(9)**	(2)	-
Impairment during the year	**(21)**	(9)	(2)
Utilised/released during the period	**6**	2	-
Balance at the period end	**24**	(9)	(2)

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

At the period end there were no external significant balances. In the prior year a significant balance (£2.8m; 2014: £2.9m) was held within related party receivables with Multi-lines International Company Ltd. Multi-lines are a supplier with whom the company carries a large deposit, they are also an associate of the Group and due to this and the long trading history between the companies, including no history of issues regarding recovery of the deposit balance, the management do not believe this balance to be at risk.

At the 2014 period end a significant balance (£3.8m) was held with Barclays Mercantile Business Finance Limited in respect of a sale and leaseback transaction. This was settled in April 2014.

There are no significant balances within the remaining debtors and as such there is no specific concentration of credit risk.

The following table sets out a maturity analysis of total trade and other receivables, including those which are past due but not impaired:

	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Neither past due nor impaired	**173,253**	149,142	145,831
Past due less than one month	**286**	-	203
Past due between one and three months	**221**	704	128
Past due for longer than three months	**307**	123	-
Total trade and other receivables	**174,067**	149,969	146,162

Notes to the financial statements

12 Cash and cash equivalents

	26 March 2016 £'000	28 March 2015 £'000
Cash at bank and in hand	**87,620**	56,733

13 Trade and other payables

	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Non-current			
Reverse lease premium	**65,533**	51,173	34,857
	65,533	51,173	34,857
Current			
Trade payables	**130,743**	96,918	67,561
Other tax and social security payments	**5,995**	17,276	19,225
Accruals and deferred income	**26,109**	24,595	18,847
Related party trade payables	**2,181**	1,332	858
Non-interest bearing intergroup funding	**462**	-	47
Reverse lease premium	**8,718**	6,816	4,923
Finance leases	**-**	-	22
Other payables	**796**	-	31
	175,004	146,937	111,514

The 2015 trade payables balance has been restated from £79.4m to £96.9m to reflect the recognition of inventories in transit in accordance with the agreed shipping terms in place with certain overseas suppliers. The 2014 trade payables balance is also disclosed and has been restated from £59.2m to £67.6m

Trade payables are generally on 30 day terms and are not interest bearing. The directors consider that the carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 20.

14 Other financial assets and liabilities

Other financial assets

	26 March 2016 £'000	28 March 2015 £'000
Financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**4,769**	1,145
Total current other financial assets	**4,769**	1,145

Other financial liabilities

	26 March 2016 £'000	28 March 2015 £'000
Financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**307**	-
Fuel swap contracts	**63**	323
Total current other financial liabilities	**370**	323

Notes to the financial statements

Financial assets and liabilities at fair value through profit or loss reflect the positive or negative fair value of those foreign exchange forward contracts and fuel swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting date, the company held the following financial instruments carried at fair value on the balance sheet:

	26 March 2016 £'000	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
Foreign exchange contracts	**4,462**	-	**4,462**	-
Fuel swap contract	**(63)**	-	**(63)**	-

	28 March 2015 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Foreign exchange contracts	1,145	-	1,145	-
Fuel swap contract	(323)	-	(323)	-

These instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The company's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

Notes to the financial statements

15 Provisions

	Property provision £'000	Other £'000	Total £'000
At 30 March 2014	4,626	4,497	9,123
Provided in the period	1,542	2,016	3,558
Utilised / released during the period	(3,167)	(2,408)	(5,575)
At 28 March 2015	3,001	4,105	7,106
Provided in the period	1,219	2,259	3,478
Utilised / released during the period	(1,784)	(2,150)	(3,934)
At 26 March 2016	**2,436**	**4,214**	**6,650**
Current liabilities 2016	**555**	**4,214**	**4,769**
Non-current liabilities 2016	**1,881**	-	**1,881**
Current liabilities 2015	1,571	4,105	5,676
Non-current liabilities 2015	1,430	-	1,430

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms with an insignificant level of uncertainty over this.

The other provisions principally relate to disputes concerning insurance liability claims. A prudent amount has been set aside for each claim as per legal advice received by the company. These claims are individually non-significant and average £7.5k per claim (£8.3k in 2015). The timing of payments is dependent upon the conclusion of each individual case and is therefore uncertain, although immaterial to the cash flow of the company.

16 Share capital

	26 March 2016 £'000	28 March 2015 £'000
Authorised, allotted, called up and fully paid		
905,000 "A" ordinary shares of £1 each	**905**	905
95,000 "B" ordinary shares of £1 each	**95**	95
1,810,000 "C" ordinary shares of 50p each	**905**	905
	1,905	1,905

The shares of each class are equity shares and rank pari passu in respect of the other shares.

17 Commitments

Operating leases
The vast majority of the company's operating lease commitments relate to the property comprising our store network. At the year-end over 90% of these leases expire in the next 15 years (2015: over 95%). The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The company was not subject to material contingent rent agreements at the year end date. The following table sets out the total future minimum lease payments, taking account of lease incentives, under non-cancellable operating leases.

Notes to the financial statements

	26 March 2016 £'000	28 March 2015 £'000
Not later than one year	103,810	81,956
Later than one year and not later than five years	403,838	319,526
Later than 5 years	447,156	383,411
	954,804	784,893

The lease and sublease payments recognised as an expense in the periods were as follows:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Lease payments	99,426	59,672
Sublease receipts	(187)	(219)
	99,239	69,453

Finance leases
At both year-ends the company held no outstanding finance leases.

Capital commitments
There were £3.0m of contractual capital commitments not provided within the company financial statements as at 26 March 2016 (2015: £5.1m).

18 Group information and ultimate parent undertaking

The directors of the company consider the ultimate parent undertaking and the controlling related party of this company to be B&M European Value Retail S.A., registered in Luxembourg. The directors consider the entity's parent undertaking to be EV Retail Limited a company registered in England and Wales.

19 Financial risk management

The company uses various financial instruments, these include finance company loans, related party loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are market risk, currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. In order to manage the exposure to those risks, in particular the exposure to currency risk, the company enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

Market risk
Market risk encompasses two types of risk, being currency risk and commodity price risk. Commodity price risk is not considered material to the business as the company is able to pass on pricing changes to its customers.

Notes to the financial statements

Despite the impact of price risk not being considered material, the company engages in a swap contract over the cost of fuel in order to minimise the impact of any volatility.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows:

	Change in fuel price	26 March 2016 £'000	28 March 2015 £'000
Effect on profit before tax	+5%	64	52
	-5%	(64)	(50)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

Currency risk
The company is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for these financial statements.

All of the company's sales are to customers in the UK and there is no currency exposure in this respect, proportion of the company's purchases are priced in US Dollars and the company uses forward currency contracts to minimise the risk associated with that exposure.

Foreign currency sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant.

The impact on the company's profit before tax is largely due to changes in the fair value of the FX forward contracts

	Change in USD rate	26 March 2016 £'000	28 March 2015 £'000
Effect on profit before tax	+2.5%	(1,836)	(1,292)*
	-2.5%	1,930	1,358*

* These figures have been restated as explained more fully in the basis of preparation within note 1.

The company also has balances denominated in Euros, however the sensitivity to these balances is highly immaterial in the period under consideration.

Notes to the financial statements

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the counterparty is a UK clearing bank with a high credit rating (A- Long term and A-2 short term (standard & poor) (A, A-1 in the prior year). The principal credit risk arises therefore from the company's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity risk
Any impact on available cash and therefore the liquidity of the company could have a material effect on the business as a result.

Liquidity risk is managed by producing short and long term cash forecasts, and on a Group level by managing of the debt facilities available.

The following table shows the liquidity risk maturity of the debt:

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
26 March 2016					
Fuel swap contract	**63**	**-**	**-**	**-**	**63**
Forward foreign exchange contracts	**307**	**-**	**-**	**-**	**307**
Intragroup funding	**462**	**-**	**-**	**-**	**462**
Trade payables	**132,924**	**-**	**-**	**-**	**132,924**
28 March 2015					
Fuel swap contract	323	-	-	-	323
Trade payables	98,250*	-	-	-	98,250*

* These figures have been restated as explained more fully in the basis of preparation within note 1.

Fair Value
The fair value of the financial assets and liabilities of the company are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss.

	26 March 2016	28 March 2015
Financial assets	**£'000**	£'000
Fair value through profit and loss		
Forward foreign exchange contracts	**4,769**	1,145
Loans and receivables		
Cash and cash equivalents	**87,620**	56,733
Trade receivables	**4,961**	14,143*
Intragroup funding	**148,531**	118,270
Other receivables	**244**	145

Notes to the financial statements

Financial liabilities	26 March 2016 £'000	28 March 2015 £'000
Fair value through profit and loss		
Forward foreign exchange contracts	307	-
Fuel price swap	63	323
Other financial liabilities		
Trade payables	132,924	98,250*
Intragroup funding	462	-
Other payables	796	-

* These figures have been restated as explained more fully in the basis of preparation within note 1.

20 Related party transactions

The company has transacted with the following related parties over the period:

- Multi-lines International Company Limited, a supplier, and Home Focus Group, a customer, have been associates of the Group since the purchase of SBR Europe on 6 March 2013.
- Ropley Properties Ltd, Triple Jersey Ltd, Rani Investments and Speke Point Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts.

The following table sets out the total amount of trading transactions with related parties included in the combined income statement:

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Sales to related parties:		
Home Focus Group Limited	770	737
	770	737
Purchases from related parties:		
Multi-lines International Company Ltd	94,628	72,371
Rani Investments	191	191
Ropley Properties Ltd	2,811	2,632
Speke Point Ltd	-	2,125
Triple Jersey Ltd	7,176	2,925
	104,806	80,244

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the debtors balance held by Multi-lines International is a deposit on account. The Multi-lines balances in 2014 and 2015 were restated to £2.8m and £2.9m from £18.8m and £23.3m respectively, in line with the adjustment discussed in notes 1 and 11.

	26 March 2016 £'000	28 March 2015 £'000
Trade receivables from related parties:		
Home Focus Group Ltd	251	79
Multi-Lines International Company Ltd	546	2,842
	797	2,921

Notes to the financial statements

	26 March 2016 £'000	28 March 2015 £'000
Trade payables to related parties:		
Rani Investments	**39**	39
Ropley Properties Ltd	**852**	727
Triple Jersey Ltd	**1,290**	566
	2,181	1,332

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at either period end. This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

Tax has been group relieved within the company for nil consideration. The receipt and provision of group relief between the UK group companies as per the accounting provision is as follows;

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Receipt / (Provision) of Group Relief		
B&M European Value Retail 2 Limited	-	(1,842)
B&M European Value Retail 3 Limited	-	3,642
B&M European Value Retail 4 Limited	**(4,131)**	(14,784)
B&M Retail Limited	**4,131**	12,984

During the period ended 26 March 2016 key management of the company were remunerated £80k (2015: £480k) by the Group company B&M European Value Retail Holdco 4 Limited.

21 Reconciliation of profit before tax to cash generated from operations

	Period to 26 March 2016 £'000	Period to 28 March 2015 £'000
Profit before tax	**168,121**	151,063
Adjustments for:		
Net interest expense	**119**	32
Depreciation	**17,460**	12,601
Amortisation of intangible assets	**308**	258
Loss/(profit) on disposal of property, plant and equipment	**37**	(61)
Change in inventories	**(60,110)**	(48,789)*
Change in trade and other receivables	**3,392**	(2,092)*
Change in trade and other payables	**41,963**	40,350*
Change in provisions	**(456)**	(2,017)
Profit on fair value of financial derivatives	**(3,577)**	(2,270)
Cash generated from operations	**167,257**	149,075

* These figures have been restated as explained more fully in the basis of preparation within note 1.

Notes to the financial statements

22 Capital management

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the company's capital management, amongst other things, aims to ensure that it is able to provide the internal funding such that the Group members which hold the Group's external interest-bearing loan balances are able to meet the relevant financial covenants attached to these. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

In terms of monitoring the company's ability to meet the overall funding requirement the directors monitor the overall Group's net debt statistic as defined as follows:

Interest bearing loans and borrowings less cash and short-term deposits.

The overall Group position at each period end was as follows;

As at	**26 March 2016 £'000**	28 March 2015 £'000
Interest bearing loans and borrowings	**445,371**	445,984
Less: Cash and short term deposits	**(91,148)**	(64,943)
Net debt	**354,223**	381,041

23 Subsequent events

On 22 June 2016 the company declared a dividend of £41,000,000 to its parent company EV Retail Ltd.

24 Dividends

In March 2016 the company declared dividends totalling £32,000k payable to the sole shareholder EV Retail Ltd.

For the prior year; the company declared dividends of £48,250k in June 2014 and £31,316k in January 2015. Both dividends were payable to the sole shareholder, EV Retail Ltd.

25 Contingent liabilities and guarantees

As at both period ends, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd, B&M Retail Ltd, Meltore Ltd and Opus Homewares Ltd were all guarantors to the loan agreement which was formally held within B&M European Value Retail SA. The amount outstanding as at the period end was £440.0m, with the balance in B&M European Value Retail Holdco 4 Ltd.

The companies named above are all fully within the Group containing B&M Retail.