

**B & M RETAIL LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 1999

**Company Number : 1357507**



**B & M RETAIL LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 1999**

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Company registration number:

1357507

Registered office:

Unit 1G  
Squires Gate Industrial Estate  
Squires Gate Lane  
Blackpool

Directors:

D P A Gravells  
S A Greenwood  
P L Taylor  
J Chester  
T Alston

Secretary:

T Alston

Bankers:

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

Solicitors:

Eversheds  
Cloth Hall Court  
Infirmary Street  
Leeds  
LS1 2JB

Auditors:

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

**B & M RETAIL LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 1999**

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## **B & M RETAIL LIMITED**

### **REPORT OF THE DIRECTORS**

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The directors present their report together with the financial statements for the year ended 28 February 1999.

#### **Principal activity**

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

#### **Business review**

The loss for the year after taxation amounted to £3,013,000 (1998 : £579,000). The directors do not recommend a dividend (1998 : Nil). The retained loss of £3,013,000 (1998 : £579,000) has been transferred from reserves.

#### **Directors**

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

	<b>Ordinary shares</b>	
	<b>28 February 1999</b>	<b>1 March 1998</b>
S A Greenwood (appointed 9 November 1998)	-	-
D P A Gravells (appointed 12 November 1998)	-	-
P L Taylor (appointed 23 November 1998)	-	-
G M Brown (resigned 12 March 1998)	-	-
R D Scott (resigned 28 June 1999)	-	-
P H Moore (resigned 27 February 1999)	-	-
P I A Murray (resigned 8 December 1998)	-	-

D P A Gravells, S A Greenwood, P L Taylor, G M Brown, R D Scott, P H Moore and P I A Murray 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.

J Chester and T Alston were appointed directors on 1 March 1999 and 29 September 1999 respectively.

## **B & M RETAIL LIMITED**

### **REPORT OF THE DIRECTORS**

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#### **Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- i select suitable accounting policies and then apply them consistently;
- ii make judgements and estimates that are reasonable and prudent;
- iii state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Employees**

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

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

#### **Year 2000**

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of our customers and suppliers.

The company is continuing the process of assessing the risks resulting from this issue. The company has considered the likely impact on the business, and has developed action plans to deal with the key risks, and the costs to be incurred.

#### **Auditors**

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

By order of the Board



T Alston  
Secretary

10 December 1999

## **REPORT OF THE AUDITORS TO THE MEMBERS OF**

### **B & M RETAIL LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 4.

#### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at year ended 28 February 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton*

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
MANCHESTER**

*10 Dec 1999*

## **B & M RETAIL LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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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. The principal accounting policies are set out below.

#### **Turnover**

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

#### **Fixed assets and depreciation**

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

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

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

#### **Stocks**

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

#### **Deferred taxation**

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

#### **Leased assets**

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

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

#### **Contributions to pension funds**

##### **Defined contribution schemes**

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

**B & M RETAIL LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 28 FEBRUARY 1999**

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	Note	1999 £000	1998 £000
<b>Turnover - continuing operations</b>	1	37,855	42,489
Cost of sales		<u>(30,302)</u>	<u>(33,303)</u>
<b>Gross profit</b>		7,553	9,186
Administrative expenses		<u>(9,146)</u>	<u>(7,652)</u>
<b>Trading (loss)/profit</b>		(1,593)	1,534
Store opening costs		(144)	(180)
Exceptional administrative expenses	2	<u>(321)</u>	<u>(1,655)</u>
<b>Operating loss - continuing operations</b>		(2,058)	(301)
Net interest payable and similar charges	3	<u>(664)</u>	<u>(439)</u>
<b>Loss on ordinary activities before taxation</b>	1	(2,722)	(740)
Tax on loss on ordinary activities	5	(291)	161
<b>Retained loss</b>	14	<u><u>(3,013)</u></u>	<u><u>(579)</u></u>

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

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

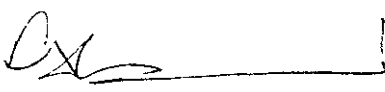


**B & M RETAIL LIMITED****BALANCE SHEET**

AT YEAR ENDED 28 FEBRUARY 1999

	Note	1999 £000	1998 £000
<b>Fixed assets</b>			
Tangible assets	6	<u>5,659</u>	<u>5,315</u>
<b>Current assets</b>			
Stocks	7	4,962	4,804
Debtors	8	431	758
Cash at bank and in hand		<u>67</u>	<u>1,031</u>
		5,460	6,593
<b>Creditors: amounts falling due within one year</b>	9	<u>(6,684)</u>	<u>(5,372)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,224)</u>	<u>1,221</u>
<b>Total assets less current liabilities</b>		4,435	6,536
<b>Creditors : amounts falling due after more than one year</b>	10	(4,945)	(4,088)
<b>Provisions for liabilities and charges</b>	12	<u>(200)</u>	<u>(145)</u>
		<u>(710)</u>	<u>2,303</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,905	1,905
Profit and loss account	14	<u>(2,615)</u>	<u>398</u>
<b>Shareholders' funds</b>	15	<u>(710)</u>	<u>2,303</u>

The financial statements were approved by the Board of Directors on 10 December 1999.

  
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 YEAR ENDED 28 FEBRUARY 1999**

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### **1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
The loss on ordinary activities is stated after :		
Auditors' remuneration	15	15
Remuneration to auditors for other services	7	13
Depreciation and amortisation:		
Intangible fixed assets	-	1
Tangible fixed assets	486	351
Hire of plant and machinery	57	39
Other operating lease payments	565	370
Loss/(profit) on sale of tangible fixed assets	<u>11</u>	<u>(8)</u>

### **2 EXCEPTIONAL ADMINISTRATIVE EXPENSES**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Fixed asset write down	-	214
Senior management, staff and other reorganisation costs	321	455
Year 2000 compliance costs	-	180
Stock provisions	-	657
Dilapidations	-	149
	<u>321</u>	<u>1,655</u>

### **3 NET INTEREST**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Interest payable		
Group interest	529	506
On bank loans and overdrafts	149	-
Finance charges in respect of finance leases	<u>6</u>	<u>4</u>
	684	510
Interest receivable	<u>(20)</u>	<u>(71)</u>
	<u>664</u>	<u>439</u>

**B & M RETAIL LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 1999****4 DIRECTORS AND EMPLOYEES**

Staff costs, excluding directors, during the year were as follows :

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>

Wages and salaries	5,229	4,365
Social security costs	316	397
Other pension costs	18	18
	<u>5,563</u>	<u>4,780</u>

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

	<b>1999</b>	<b>1998</b>
	<b>Number</b>	<b>Number</b>

Sales staff	596	470
Administration	30	29
	<u>626</u>	<u>499</u>

Remuneration in respect of directors was as follows :

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>

Management remuneration	337	334
Contributions to money purchase pension schemes	29	27
Compensation for loss of office	45	166
	<u>411</u>	<u>527</u>

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>

The highest paid director :

Management remuneration	105	52
Contributions to money purchase pension schemes	15	5
Compensation for loss of office	-	87
	<u>120</u>	<u>144</u>

During the year 3 directors (1998 : 6) participated in money purchase pension schemes.

# B & M RETAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

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

	1999 £000	1998 £000
United Kingdom corporation tax at 31% based on the loss for the year		
Current year	-	(372)
Deferred taxation (note 12)		
Current year	-	180
Prior year	291	31
	<u>291</u>	<u>(161)</u>

### 6 TANGIBLE FIXED ASSETS

	Land and buildings £000	Motor vehicles £000	Plant, fixtures and equipment £000	Total £000
<b>Cost</b>				
At 1 March 1998	4,361	520	1,745	6,626
Reclassification	350	-	(350)	-
Additions	34	92	733	859
Disposals	-	(72)	(3)	(75)
At 28 February 1999	<u>4,745</u>	<u>540</u>	<u>2,125</u>	<u>7,410</u>
<b>Depreciation</b>				
At 1 March 1998	333	266	712	1,311
Reclassification	36	-	(36)	-
Charge for the year	131	99	256	486
Disposals	-	(44)	(2)	(46)
At 28 February 1999	<u>500</u>	<u>321</u>	<u>930</u>	<u>1,751</u>
<b>Net book value</b>				
At 28 February 1999	<u>4,245</u>	<u>219</u>	<u>1,195</u>	<u>5,659</u>
At 28 February 1998	<u>4,028</u>	<u>254</u>	<u>1,033</u>	<u>5,315</u>

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

The net book value of land and buildings comprises:

	1999 £000	1998 £000
Freehold	3,736	3,793
Short leasehold improvements	509	235
	<u>4,245</u>	<u>4,028</u>

**B & M RETAIL LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 1999****TANGIBLE FIXED ASSETS (continued)**

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

	<b>Motor vehicles £000</b>	<b>Plant fixtures and equipment £000</b>
Net book amount at 28 February 1999	<u>32</u>	<u>-</u>
Net book amount at 1 March 1998	<u>20</u>	<u>9</u>
Depreciation provided in the year	<u>9</u>	<u>9</u>

**7 STOCKS**

	<b>1999 £000</b>	<b>1998 £000</b>
Goods for resale	<u>4,962</u>	<u>4,804</u>

**8 DEBTORS**

	<b>1999 £000</b>	<b>1998 £000</b>
Trade debtors	136	209
Other debtors	-	-
Amounts due from group undertakings	10	-
Prepayments and accrued income	178	151
Corporation tax recoverable	107	107
Deferred taxation recoverable (note 12)	-	291
	<u>431</u>	<u>758</u>

**B & M RETAIL LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 1999****9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft (note 18)	1,131	-
Trade creditors	3,855	3,709
Amounts owed to group undertakings	-	625
Corporation tax	-	-
Social security and other taxes	517	455
Other creditors	151	215
Accruals and deferred income	1,000	350
Amounts due under finance leases	30	18
	<u>6,684</u>	<u>5,372</u>

The bank overdraft is secured by fixed charges over the company's freehold and leasehold land and buildings, a fixed charge over book debts and a floating charge over other assets.

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	4,883	4,081
Amounts due under finance leases	62	7
	<u>4,945</u>	<u>4,088</u>

**11 BORROWINGS**

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

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
<b>Finance leases</b>		
Within one year	30	18
After one and within two years	62	7
	<u>92</u>	<u>25</u>

No amounts are due after more than five years.

**B & M RETAIL LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 1999****12 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred taxation £000</b>	<b>Reverse lease premium £000</b>
At 28 February 1998	(291)	145
Additions	-	133
Charge/(credit) to the profit and loss account	291	(78)
At 28 February 1999	<u>-</u>	<u>200</u>

The amount of deferred taxation provided in the financial statements, calculated at 31% is set out below. There are no amounts unprovided.

	<b>Amount provided 1999 £000</b>	<b>1998 £000</b>
Accelerated capital allowances	63	56
Other timing differences	(63)	(347)
	<u>-</u>	<u>(291)</u>

**13 CALLED UP SHARE CAPITAL**

	<b>1999 and 1998 £000</b>
<b>Authorised</b>	
905,000 "A" ordinary shares of £1 each	905
95,000 "B" ordinary shares of £1 each	95
1,810,000 "C" ordinary shares of 50p each	905
	<u>1,905</u>
<b>Allotted and fully paid</b>	
905,000 "A" ordinary shares of £1 each	905
95,000 "B" ordinary shares of £1 each	95
1,810,000 "C" ordinary shares of 50p each	905
	<u>1,905</u>

**14 PROFIT AND LOSS ACCOUNT**

	<b>£000</b>
At 1 March 1998	398
Loss for the year	(3,013)
At 28 February 1999	<u>(2,615)</u>

## B & M RETAIL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

#### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £000	1998 £000
Loss for the financial year	(3,013)	(579)
Opening shareholders' funds	2,303	2,882
Closing shareholders' funds	<u>(710)</u>	<u>2,303</u>

#### 16 CAPITAL COMMITMENTS

	1999 £000	1998 £000
Contracted	<u>108</u>	<u>75</u>

Annual commitments under non cancellable operating leases are as follows :

	1999		1998	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	25	-	58	12
In the second to fifth year inclusive	-	26	-	26
Over five years	545	79	353	-
	<u>570</u>	<u>105</u>	<u>411</u>	<u>38</u>

#### 17 PENSION SCHEME

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

#### 18 CONTINGENT LIABILITY

The company is party to an unlimited guarantee with its holding company in favour of that company's bankers to secure its bank facilities which at 28 February 1999 amounted to £5,238,000 (1998 : £4,080,000) and is secured by a fixed and floating charge over the assets of the company.

#### 19 ULTIMATE PARENT UNDERTAKING

The directors consider that at 28 February 1999 the ultimate parent company was Firesource Limited, registered in England and Wales.



**B & M RETAIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 1999**

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**20 RELATED PARTY TRANSACTIONS**

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