

Poundland Group Holdings Limited

**Annual report and financial
statements**

Registered number 7036164

For the 52 week period ended 29 March
2015

MONDAY



A4JB48MY

A07

02/11/2015

#200

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditor's report to the members of Poundland Group Holdings Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 March 2015 (*52 weeks ended 30 March 2014*).

Principal activity and business review

The principal activity of the Company is that of an investment holding company.

In August 2014, the group undertook a series of steps to offset intra group balances and reorganise the group structure to help prevent the erosion of profit and loss reserves between the subsidiaries (the Post Admission steps referred to in the initial public offering pathfinder prospectus for Poundland Group plc, the company's parent). As a result of this exercise, dividends were paid through the group. The Company's reported profit for the period is therefore partly the result of the dividend income received.

The Company released its subsidiary undertakings from various debtor balances, recognising an equivalent increase in the cost of its investment in subsidiaries. Ownership of Poundland Holdings Limited was transferred to the Company.

The Company made a profit before tax for the 52 week period of £3.9 million (*52 weeks ended 30 March 2014: £19.9 million*). In both periods, this profit was largely a result of dividend income received from its subsidiary undertaking.

Principal risks and uncertainties

As an investment holding company, the principal risks are those faced by its main indirect investment, Poundland Limited, details of which are disclosed in the annual report of Poundland Group Plc.

Results and dividends/return of capital to shareholders

The results for the period are set out in the profit and loss account on page 6. In August 2014, the Company paid a dividend of £0.6m as part of the group restructure steps. In January 2015 the Company paid dividends totalling £3.8m, facilitating the payment of an interim dividend by its parent, Poundland Group plc (*52 weeks ended 30 March 2014: £Nil*). During the prior period the Company redeemed 14,563,747 preference shares at a premium, representing a return of capital to shareholders of £20.0 million.

Policy and practice on payment of creditors

Provided that a supplier is complying with the relevant terms and conditions, including prompt and complete submission of all specified documentation, payment will be made in accordance with these agreed terms. Company policy is to ensure that suppliers know the terms on which payment will take place at the time of entering a transaction. The Company does not follow any code or standard on payment practice.

Employees

The Company is an equal opportunity employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disabilities. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

Employees are kept informed regarding the Company's affairs and are consulted on a regular basis through meetings wherever feasible and appropriate.

Directors

The directors who held office during the period were as follows:

JJ McCarthy	
NR Hateley	
A Higginson	(resigned 30 July 2014)
SJ Coates	(resigned 31 January 2015)
P Best	(resigned 17 June 2015)

Other than disclosed above, there have been no changes to the directors since the period end.

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



NR Hateley
Director

Wellmans Road
Willenhall
West Midlands
WV13 2QT

29 July 2015

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Poundland Group Holdings Limited

We have audited the financial statements of Poundland Group Holdings Limited for the 52 week period ended 29 March 2015 set out on pages 6 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 page 3, 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 29 March 2015 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 Directors' report for the 52 week period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Poundland Group Holdings Limited *(continued)*

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Graham Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 July 2015

Profit and loss account

for the 52 week period ended 29 March 2015

	<i>Note</i>	52 weeks 2015 £000	52 weeks 2014 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Distribution costs		-	-
Administrative expenses		(9)	(60)
		<hr/>	<hr/>
Operating loss	2	(9)	(60)
Interest receivable and similar income	3	-	4
Income from shares in Group undertakings		3,919	20,000
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,910	19,944
Tax on profit on ordinary activities	5	(40)	(1)
		<hr/>	<hr/>
Profit for the financial period	10,11	3,870	19,943
		<hr/>	<hr/>

There were no recognised gains and losses in the period other than those reported in the profit and loss account.

All activities were continuing throughout the current and preceding period.

The notes on pages 8 to 11 form part of these financial statements.

Balance sheet
at 29 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Fixed assets			
Investments	6	165,215	164,768
Current assets			
Debtors	7	-	628
Cash		19	492
		<u>19</u>	<u>1,120</u>
Creditors: amounts falling due within one year	8	<u>(75)</u>	<u>(252)</u>
Net current (liabilities) / assets		(56)	868
Total assets less current liabilities, being net assets		165,159	165,636
Capital and reserves			
Called up share capital	9	-	13,716
Capital redemption reserve	10	-	151,594
Share premium account	10	48	48
Profit and loss account	10	165,111	278
Shareholders' funds	11	165,159	165,636

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 29 July 2015] and were signed on its behalf by:



NR Hateley
Director

Company registered number: 7036164

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historic cost convention. The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts.

Going concern

The Group has considerable financial resources together with a strong, ongoing trading performance. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Directors' report.

Investments

Shares in subsidiary undertakings are stated at cost less any provision for impairment where in the opinion of the directors there has been a diminution in the value of the investment.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account deferred tax balances. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except where otherwise required by FRS 19 "Deferred Tax".

Cash flow

Under FRS 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published financial statements.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Operating loss

Auditor's remuneration is borne by Poundland Limited, another Group undertaking.

3 Interest receivable and similar income

	52 weeks 2015 £000	52 weeks 2014 £000
Bank interest receivable	-	4

Notes (continued)

4 Staff numbers and costs

Excluding directors, no persons were employed by the Company during the 52 week period (52 weeks ended 30 March 2014: None). Directors' emoluments were paid by another Group undertaking.

5 Taxation

Analysis of tax charge in the period

	52 weeks 2015 £000	52 weeks 2014 £000
UK corporation tax		
Current tax charge for the period	40	1

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than (52 weeks ended 30 March 2014: lower than) the standard rate of corporation tax in the UK of 21% (52 weeks ended 30 March 2014: 23%).

	52 weeks 2015 £000	52 weeks 2014 £000
Current tax reconciliation		
Profit on ordinary activities before tax	3,910	19,944
Current tax at 21% (52 weeks ended 30 March 2014: 23%)	821	4,587
Effects of:		
Expenses not deductible for tax purposes	-	14
Prior period adjustments	42	-
Non-taxable receipts	(823)	(4,600)
Total current tax charge (see above)	40	1

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

6 Fixed asset investments

	Investment in subsidiary undertakings £000
Cost	
At beginning of the period	164,768
Additions (elimination of intercompany balances)	447
At end of period	165,215

Notes (continued)

6 Fixed asset investments (continued)

The Company's subsidiary undertakings at the period end are:

Name	Country of incorporation	Principal activity	Percentage of ordinary shares held
Poundland Value Retailing Limited *	England	Investment company	100%
Poundland Retail Limited	England	Investment company	100%
Poundland Willenhall Limited	England	Investment company	100%
Poundland Holdings Limited **	England	Investment company	100%
Poundland Trustee Limited	England	Investment company	100%
Poundland Limited	England	Single price value retailer	100%
M&O Business Systems Limited	England	Dormant	100%
Bargain Limited	England	Dormant	100%
Homes & More Limited	England	Dormant	100%
Poundland Stores Limited	England	Dormant	100%
Poundland International Limited	England	Investment company	100%
Sheptonview Limited	England	Dormant	100%
Poundland Far East Limited	Hong Kong	Product sourcing	100%
Dealz Espana SL	Spain	Value Retailer	100%
Dealz Retailing Ireland Limited	Republic of Ireland	Value Retailer	100%

* Directly owned by the Company

** Directly owned by the Company from 15 August 2014

In August 2014, the group undertook a series of steps to offset intra group balances and reorganise the group structure to help prevent the erosion of profit and loss reserves between the subsidiaries (the Post Admission steps referred to in the initial public offering pathfinder prospectus for Poundland Group plc, the company's parent).

The Company released its subsidiary undertakings from various debtor balances, recognising an equivalent increase in the cost of its investment in subsidiaries. Ownership of Poundland Holdings Limited was then transferred to the Company.

7 Debtors

	2015 £000	2014 £000
Amounts owed by Group undertakings	-	602
Called up share capital not paid	-	26
	<u>-</u>	<u>628</u>

8 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to Group undertakings	35	117
Corporation tax	40	1
Accruals and deferred income	-	134
	<u>75</u>	<u>252</u>

Notes (continued)

9 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
1 (2014: 250,914,689) ordinary shares of 5.5p each	-	13,716

On 14 May 2014 the Company reduced its share capital via a court approved process. The company cancelled 250,914,688 ordinary shares. Following the reduction, the nominal value of share capital is 5.5p.

The Company also transferred the capital redemption reserve to retained earnings.

10 Reserves

	Share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At beginning of period	48	151,594	278	151,920
Transfer	-	(151,594)	151,594	-
Profit for period	-	-	3,870	3,870
Dividends payable	-	-	(4,347)	(4,347)
Cancellation of ordinary shares	-	-	13,716	13,716
At end of period	48	-	165,111	165,159

11 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Profit for the period	3,870	19,943
New shares issued	-	145
Redemption of preference shares	-	(20,000)
Dividends payable	(4,347)	-
Net (decrease) / increase in shareholders' funds	(477)	88
Opening shareholders' funds	165,636	165,548
Closing shareholders' funds	165,159	165,636

12 Transactions with related parties

Under FRS 8 'Related Party Disclosures', the Company is exempt from the requirement to disclose transactions with subsidiaries that are part of the Group on the grounds that all companies within the Group are wholly owned by a parent undertaking and the consolidated financial statements of the parent are publicly available.

13 Ultimate parent company

The Company is a direct subsidiary of Poundland Group Plc, which is registered in England and Wales.