Poundland Group plc
Annual Report
& Financial Statements
for period ended 27 March 2016

Value

...Every week
...Every month
...Every year

STOCK CODE: PLND

OPERATIONAL HIGHLIGHTS

60

NET NEW STORES

190 converted 99p Stores to Poundland growing the estate in UK & Ireland to

896 stores

(2015: 588)

GROUP SALES AREA

grew by

66%

to

5.3 million sq ft

RETAIL PARK STORES

NOW TOTAL 139

IN THE UK AND IRELAND (2015: 87)

7 MILLION

customers served each week, including over

300,000

in Ireland

10th Dealz store opened in Spain

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OUR GOAL

At Poundland we deliver amazing value to our customers every day. We will be famous for our wide range of great products and top brands, offering many exciting new lines every week. Poundland will always be fun and friendly with something for everyone.

OUR VALUES

WE PUT CUSTOMERS FIRST	KEEP IT SIMPLE
INDIVIDUAL RESPONSIBILITY TEAM DELIVERY	RESPECT EACH OTHER
TREAT EVERY £ AS YOUR OWN	RECOGNISE & CELEBRATE SUCCESS

Who we are

Poundland Group plc joined the premium segment of the London Stock Market in March 2014. From the opening of its first store in Burton-on-Trent in 1990, Poundland is now Europe's largest single price value general merchandise retailer – everything for a £1!

Poundland operates nearly 900 stores in the UK and the Republic of Ireland, with a further 10 stores opened in Spain as p of a trial. From this network of carefully selected sites in convenient locations, typically with high footfall, we are able to s top brands and great quality own brand products, providing customers with amazing value every day since 1990.

Serving 7 million customers every week, Poundland offers an irresistible shopping experience where shoppers are guaranteed to find thousands of quality products in each store, including over 1,000 well-known brands, across 17 shopping categories including household, health and beauty, food and drink, gardening, DIY, pet, stationery, books, DVDs and toys.

In the financial year end ending March 2016, Poundland opened 60 net new stores creating approximately 1,600 additional jobs and converted 190 stores acquired from 99p Stores Limited by the end of the financial year.

Poundland is winner of the 2015 Retail Industry Awards for Discount Retailer of the Year, and winner of Own Label Range of the Year at the 2015 Grocer Gold Awards for its Make Up Gallery cosmetics line.

What we do

Poundland is a price driven, volume-led business offering an extensive and varied range of products across 17 categories. A typical Poundland store carries approximately 3,500 core range SKU's containing over 1,000 branded products. These brands include Cadbury, Mars, Heinz, Nestle, Colgate, Coca Cola, Walkers, McVities, Proctor & Gamble and Unilever and include well known High Street products such as Fairy washing liquid, Duracell, Pantene, Dettol, Oral B, Domestos, Lynx, Dove and Surf.

In 2014 our own branded products were boosted by our first, extremely successful celebrity endorsed products range, 'Jan Asher's Kitchen'. We followed this in 2015 with the launch in April of celebrity builder and renowned DIY expect Tommy Wlash's 'DIY Time' range. In February 2016 we launched our 'In the Garden' range, a new and exclusive selection of gardening products with celebrity gardener, Charlie Dimmock. These recent celebrity launches have proved extremely popular and have helped expand our range of own brand products.

How we do it

Poundland operates from headquarters in Willenhall in the West Midlands and, at the end of the financial year employed over 18,000 colleagues. To ensure products are available in our stores to meet customer demands an extensive distribution system has been developed. This capacity will be further extended in the summer of 2016 with the opening of a new purpose built warehouse in Wigan in the North West of England.

Major events in 2016 financial year	
2015	
June	Grocer Award – Own Label range of the Year winner for Make Up Gallery
	Opened 600th store in Bilston, West Midlands.
September	Retail Industry Awards - Discount Retailer of the Year
	Completed acquisition of 99p Stores Limited
	Launched our own E-commerce transactional website
October	Commenced conversion of 99p Stores
November	Interim trading for 6 months ended 27 September 2015 see sales of £561.1 million up 6.2% on the previous year.
	Opening of our tenth store in Islazul, Madrid, Spain.
2016	
February	100th 99p store conversion completed

The growth of Poundland	
1990	First store opened in Burton-upon-Trent
Financial year ending;	
2000	Sales £116 million, number of stores 62
2005	Sales £239 million, number of stores 121
2010	Sales £510 million, number of stores 263
2015	Sales £1,111 million, number of stores 588
2016	Sales £1,326 million, number of stores 896

MARKET OVERVIEW

Poundland operates in a dynamic and intensely competitive sector of the UK economy, value general merchandise retailing. We trade from a wide variety of retail locations across high streets, shopping centres and retail parks. Our sales of £1.3 billion are generated across 17 different food and non-food product categories. This breadth of product offer means that we compete with a broad range of large and sophisticated competitors in a wide range of retailing sectors. Firstly we compete directly with the national grocery multiples (Asda, Morrisons, Sainsbury's and Tesco) and other large national retailers (e.g. Aldi, the Co-op, Costcutter, Iceland, Lidl and Spar). Secondly we compete with specialist retailers that focus on certain segments (e.g. Boots, Superdrug and WH Smith). Lastly we compete with the newer and faster growing retailers in the value general merchandise sector (e.g. B&M, Home Bargains, Wilkinsons).

Last September, we completed the acquisition of 99p Stores Ltd ("99p Stores") for £55 million and we have now converted all of its stores to the winning Poundland format. This transaction adds 40% to our store base and takes our annual turnover to over £1.5 billion.

Our recent brand launches include 'DIY time with Tommy Walsh' last year and, most recently Charlie Dimmock's 'In the Garden' range. These, together with our amazing value every day offer across many household necessities, help to create an exciting shopping environment which drives on average 7 million shoppers through our doors every week.

We are pleased that our share of the total retail market is growing, but at just 0.3% of £375 billion, we believe that we have plenty of opportunity to grow our business as we move towards our 1,300 store target for the UK.

The key trends and features of the UK value general merchandise market are listed below:

- one of the fastest growing sectors within UK retail, having grown at a CAGR of approximately 15% since 2007, predominantly driven by rapid store roll out
- an established sector that continues to benefit from a structural shift in consumer behaviour towards value retailing
- significant long-term growth potential with the market forecast by PwC to grow at a CAGR of approximately 9.3% per year between 2012 and 2017, driven by a combination of supply and demand factors, and also supported by evidence in the more mature US value general merchandise market
- while the value general merchandise market has primarily appealed to less affluent customers, there is now an increasing penetration by a broad social economic group.

While many new consumers entered the discount retail market during difficult economic times, we have seen the majority of these customers continue to use value retailers, even as the economy has improved. We think this will continue to benefit us and the discount market as a whole, as its addressable market increases.

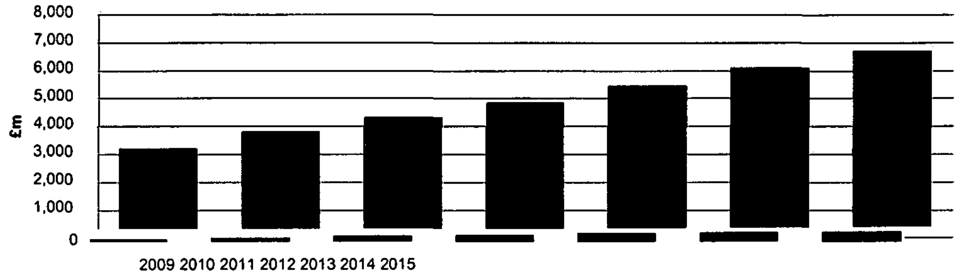
KPI PERFORMANCE

Key Performance Indicator performance

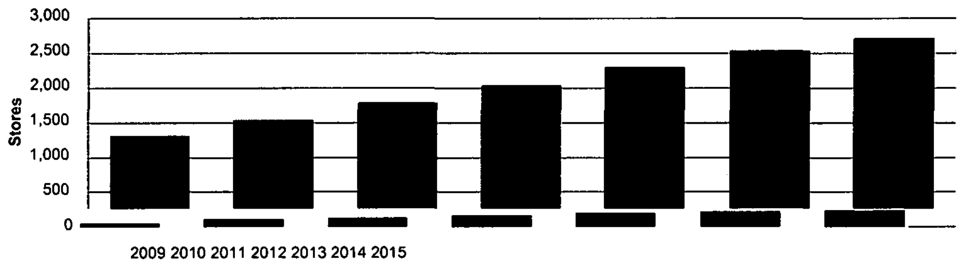
	2016	2015	Change
Number of stores: UK & Republic of Ireland	896	588	+52.4%
Number of new stores: UK & Republic of Ireland (net)	60	60	
Total Sales in UK & Republic of Ireland (£m)	1,310.5	1,111.5	+17.9%
Underlying gross margin excluding converted 99p Stores (%)	37.3	37.1	up 14 bp
Underlying EBITDA (£m)	56.9	59.4	-4.1%
Underlying comparable EBITDA* (£m)	53.8	59.4	-9.4%
Underlying comparable EBITDA margin* (%)	4.6	5.3	Down 72 bp
Underlying profit for the period (£m)	30.3	32.8	-7.5%
Net (debt)/cash (£m)	(12.0)	13.9	-£25.9m

*Before converted 99p Stores

VALUE GENERAL MERCHANDISE SALES REVENUE



VALUE GENERAL MERCHANDISE UK STORE ESTATE



WORKING TOGETHER

Poundland has been in partnership with Macmillan Cancer Support for over seven years and thanks to the incredible enthusiasm and commitment of colleagues and customers, to date over £1.5 million has been raised for people affected by cancer.

In addition to the amount raised, over £670,000 has been donated to Macmillan from the sale of the single use carrier bag, following the legislation which was introduced in the UK requiring retailers to charge 5p per plastic bag. This incredible amount of money brings the total amount raised to over £2 million.

The year has been busy celebrating the seven year partnership and lots of great fundraising events. To mark the seven year of our partnership a '7 Year, 7 Day' social media campaign was launched and was led by a celebration video. The video was featured in the Third Sector charity magazine online and won 'Digital Campaign of the Week'.

We celebrated Poundland's 25th year with a fundraiser, colleagues dressed up in retro 90's gear and at CSC, 25 balloons were released and a time capsule of 1990 memorabilia, pictures and items from 2015 were buried at the front of CSC. A commemorative plaque marks where the time capsule is buried along with a 'Macmillan Nurse' Rose which was kindly presented to Poundland from Macmillan.

Fundraisers have taken place for key events, including Easter, Halloween and Christmas and a stocking pin badge campaign was launched in November and December. Colleagues have also been busy with their own fundraising too, including taking part in Marathons, walks and cycle rides.

The amazing amount of money raised by Poundland colleagues and customers will help fund vital Macmillan services to help ensure that no one has to face cancer alone.

Changing lives with every £1!

SUPPLY

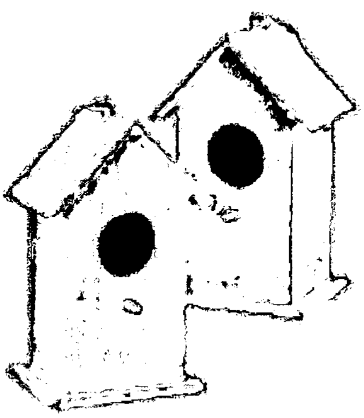
HOW WE SOURCE PRODUCTS

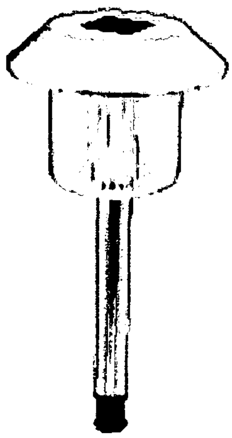
We source from around 900 suppliers across the world and have an office in Hong Kong which oversees our sourcing from areas such as China, India and Turkey. We feel this dedicated resource gives us a competitive advantage over our competition in terms of sourcing for general merchandise.

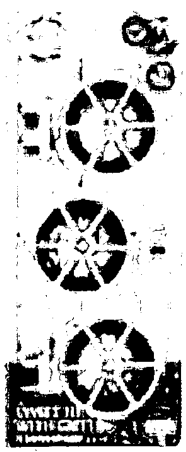
No one supplier generates more than 5% of our sales. We aim to buy and sell our products responsibly – so our customers know that everything they buy is produced under fair conditions. We regularly visit (through planned and unannounced visits) suppliers to ensure the ethical and social standards Poundland aspires to are maintained and upheld. We have a clear social and ethical accountability policy, relating to employment, work conditions and product sourcing that we ask all our suppliers to comply with.

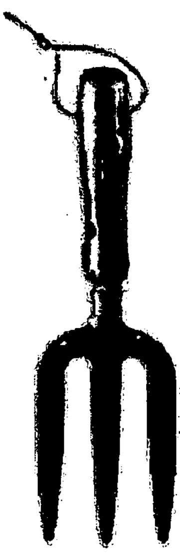
Our customer proposition is enhanced by our strong track record of product *innovation and range development. We work closely with our suppliers in* developing exclusive products and pack sizes. We also have strong in-house product development capabilities, offering over 50 own label brand families. During this year we have further enhanced this range by the launch of Tommy Walsh's 'DIY Time' followed by a new gardening range, championed by the celebrity gardener Charlie Dimmock. Both Charlie Dimmock and Tommy Walsh have worked closely with our buyers and design team to make sure we offer quality that they both support. We want our customers to be amazed at the price and the quality of our products.

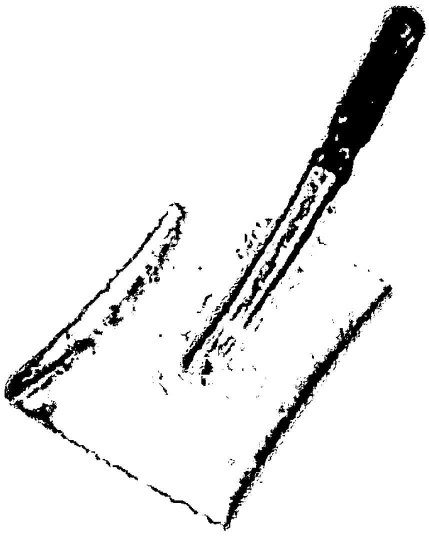
We believe that Poundland's own label offering in Fast Moving Consumer Goods ('FMCG') categories, as well as its strength in developing new product ranges, typically non-consumable, general merchandise products, are key differentiators versus other retailers in the UK.

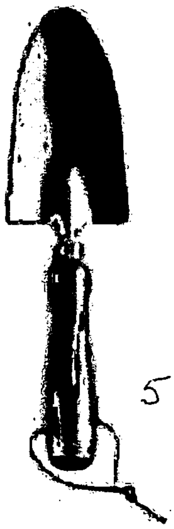












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DISTRIBUTION

HOW WE MANAGE OUR DISTRIBUTION ACROSS UK, IRELAND AND SPAIN

We operate from four distribution centres, including three regional distribution centres located in the Midlands and South East England (Springvale (Bilston), Northampton and Harlow respectively), and one national distribution centre located in the Midlands (Willenhall). Almost 90% of products are delivered into one of our distribution centres before onwards distribution to our stores. A limited range of chilled food is delivered direct to stores by a third-party supplier. The Springvale, Harlow, Northampton and Willenhall distribution centres have capacities of approximately 300,000 square feet, 350,000 square feet, 380,000 square feet and 200,000 square feet, respectively. The regional distribution centres cater mostly for Fast Moving Consumer Goods ('FMCG') and Seasonal products and the national distribution centre caters predominantly for imported products such as DIY and Stationery.

Our Northampton site was added to our distribution network following the acquisition of 99p stores and has been successfully integrated into the Poundland Network, including implementing the Poundland Warehouse Management System.

Harlow continues to provide initial support to the business as we trial Dealz stores in Spain, although we have also set up a small Distribution Centre just outside Madrid to handle some locally sourced product.

The combined distribution centres have increased our total distribution capacity so we are now able to operate the existing portfolio of over 900 stores in the UK, Ireland and Europe.

Our distribution management team have concentrated on achieving gains in efficiency, including enhanced route efficiency and productivity through increased use of low ride double-decker trailers. These trailers have the dimensions of a standard trailer, but have 50% more capacity and enable us to access stores that conventional Double Decker Trailers cannot access.

We also have four cross-docking facilities, located in Scotland (Coatbridge), the North East of England (Spennymoor), Ireland (Dublin) and Northern Ireland (Larne). The cross-docking facilities in Scotland and the North East of England are operated by our logistics partner, DHL. Northern Ireland and Ireland are serviced by AM Nexday, a transportation services company based in Belfast. We provide our own transportation services for our Harlow, Springvale and Willenhall distribution centres.

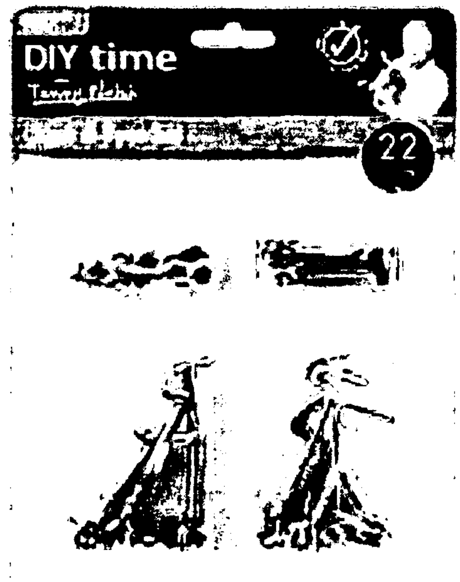
We are also currently in the process of building a purpose built 350,000 square feet DC facility in Wigan to enable future store growth, we will also implement a new Warehouse Management System into this facility which will bring further efficiencies. The Wigan DC is expected to open in the 2nd Quarter of FY2017.


undland®
G VALUE
YDAY!
www.poundland.com

OUR BUSINESS MODEL

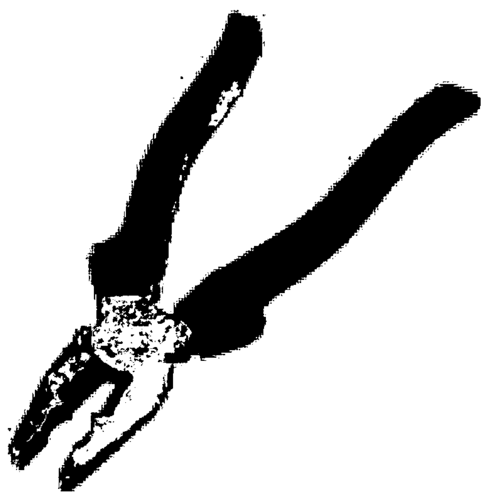
RETAIL

OUR STORES AND PRODUCT RANGE



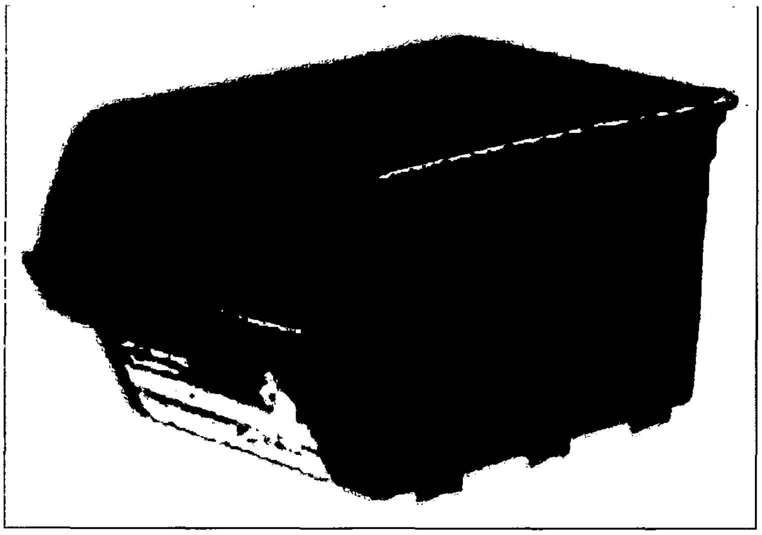
We have established our market-leading position in the UK by focusing on delivering amazing value to our customers every day. We believe that this is achieved by selling a wide range of great products and top brands, offering many new exciting lines each week, at a clear, consistent price point which offers our customers amazing value for money. The same commitment to delivering amazing value is met in Ireland and Spain under our Dealz brand.

We sell a wide range of products across 17 product categories including general merchandise, household goods, grocery, impulse and health and beauty, with all products in our stores in the UK selling for £1. Some of the most recognised consumer brands in the world are sold in our stores, including Coca Cola, Cadbury, Colgate, Heinz, Mars, McVities, Nestlé, Walkers, Proctor & Gamble and Unilever. This branded product offering drives footfall to stores, and of the approximately 3,500 core range SKUs in our average Poundland store, over 1,000 SKUs are third-party branded. Our own label, typically higher margin brands, provide our customers with even greater choice and value.



Over the course of the year, our product offer is refreshed continuously, with around 10,000 new products introduced each year. This drives footfall to the stores, as our customers in the UK, Ireland and mainland Spain.

We believe that the single price point in the UK provides us with a competitive advantage to other retailers as it sets a clear and consistent base for price comparison. Customers are able to compare prices on identical products across retailers knowing that at Poundland, product will always be on sale for £1.



OUR GROUP STRATEGY

1. Continued focus on delivering amazing value to our customers every day

Through our long track record of profitable growth, we have demonstrated our ability to maintain and strengthen our position as the market-leading, single price value general merchandise retailer in the UK. To continue to drive improved business performance, we will remain true to our goal of delivering amazing value to our customers every day.

We believe that product innovation and exclusive product ranges, including carefully selected celebrity endorsed offers, provide a key competitive advantage and therefore we remain committed to refreshing and developing our offer to meet consumer demands. We will also, where appropriate, continue to focus on targeting store marketing with tailored offers and third-party promotions, vouchers and marketing activity.

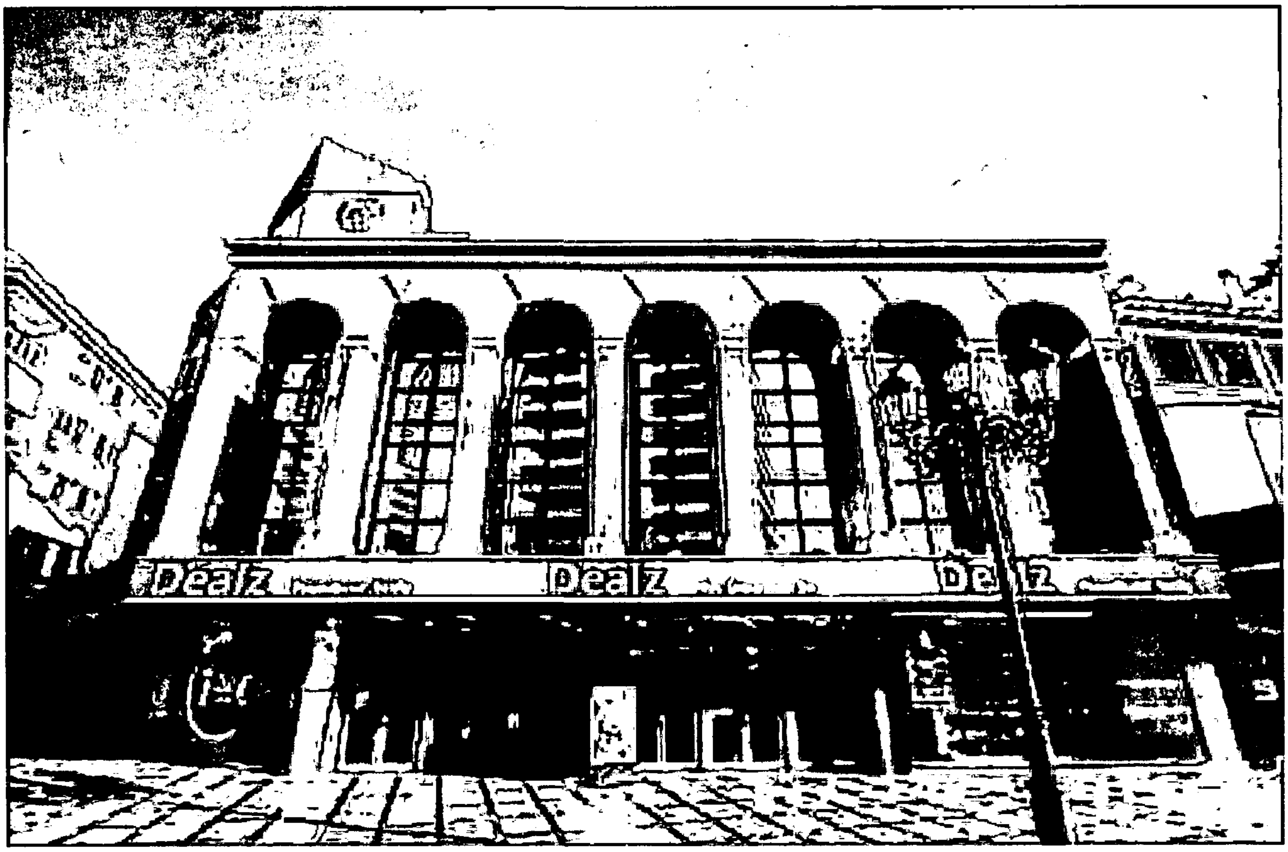
2. Continued store roll out

Our track record of rapid store roll out in the UK and Ireland continues, enhanced during the year by our growth in Spain, where we now have 10 stores.

Our acquisition of the 99p Stores' property portfolio is complementary to our store roll out strategy and takes our total store count in the UK & Ireland to nearly 900.

The value general merchandise market is forecast to continue its exciting growth. We expect to remain one of the winners in this sector. We generate strong cash pay backs from our new stores in the UK and Ireland, so it makes sense to continue to add to our store base, but only in sustainable shopping venues, so that we create a strong platform for future cash generation. We believe, supported by external research conducted by the Javelin Group, that there is potential for more than 1,300 Poundland stores in the UK. In addition, we believe that there is potential for more than 100 Dealz stores in Ireland.

However, because in the last financial year, we added over 300 stores to our portfolio, in the current financial year, we will open only a net 20 to 30, in order to digest this significant level of growth. We plan to revert to a more normal level of growth in future years. We believe that there are opportunities to add stores throughout the UK and Ireland, as the Poundland and Dealz business model is robust across a wide variety of store sizes (between 1,700 and 20,000 square feet), formats (high street, shopping centre, retail park) and market demographics (22% of Poundland's UK customers are from the affluent AB socio-demographic group, based on a survey



conducted by Poundland in 2013). We are also increasingly focused on retail park stores as part of the overall new store mix and also upon opening stores in the South of England. The acquisition of 99p Stores has helped us in furthering both of these goals.

3. Optimisation of existing store portfolio

We will continue to seek to drive growth in both average transaction value and in number of transactions. We see opportunities to drive this through

- continued innovation and development of our exclusive product range both with branded suppliers as well as our own brands
- better category management and improved micro marketing
- selective use of multi-price products

We also expect, over the long term, as the consumer recovery builds, to sell more general merchandise products and will continue to improve our product range in these categories.

Around 165 of our stores are smaller than 4,000 square feet. While some of these stores are appropriately sized for their location and competitor set, we see opportunities to resite and/or expand a number of these stores, which should enhance both their performance and their long term sustainability.

4. Planned expansion into continental Europe

We looked at the expansion prospects in continental Europe in great detail, considering our opportunities related to market size, price differentials, brand overlap with the UK, supplier considerations, logistics and site availability. We decided that Spain was the market that gave us the most opportunity and we opened our first store there in Torremolinos in July 2014. In addition to favourable market conditions for Dealz in Spain, we identified high interest in the concept through consumer surveys.

As planned, we opened 10 stores over a two-year period, supported by our UK distribution centres and a small local facility operated by DHL. The Spanish operations are staffed by a core local team with extensive Spanish retail experience and are supported by a UK-based senior management team. We have fine-tuned and developed both our offer and our store model and are pleased with the progress that we are making in developing a long term economic model.

5. Format and channel development

We will continue to explore new growth opportunities and in September last year, we launched our transactional website to access new customers and fulfil different shopping missions. We are also trialling a multi price format, using the Family Bargains stores acquired in the 99p Stores' acquisition as a platform.

As demonstrated by our acquisition of 99p Stores Limited, we will continue to explore opportunities for consolidation as and when they arise.

CHAIRMAN'S STATEMENT

Darren Shapland

Chairman

Trading and financial performance

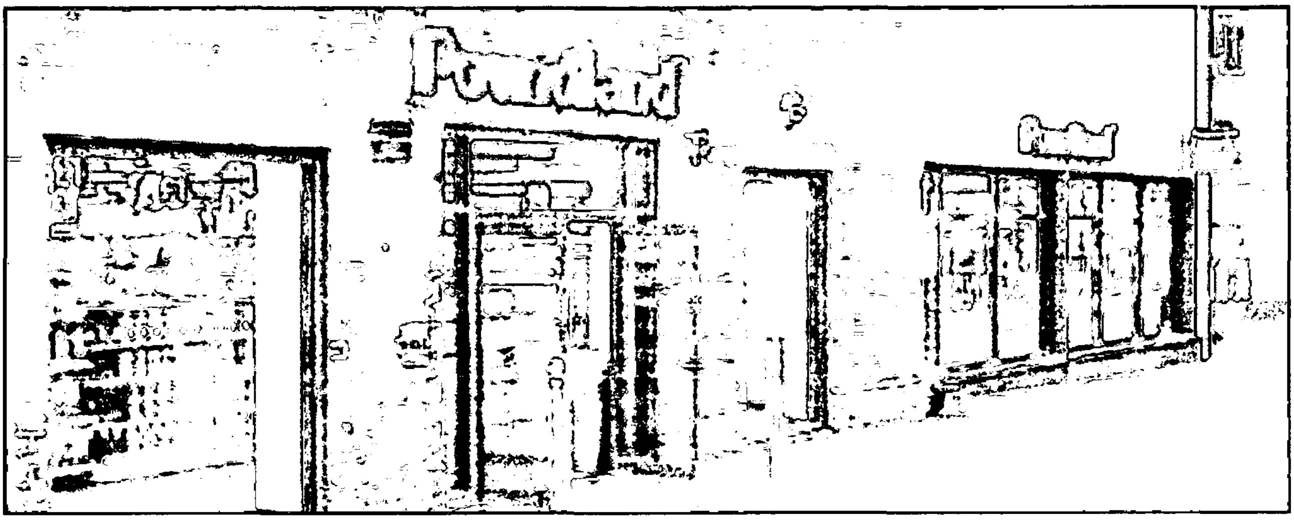
Our trading and financial performance was undoubtedly disappointing during the year, but ultimately it was a year which has laid the foundations for future growth, given that we were successful in acquiring and integrating the 99p Stores' property portfolio.

Our results were impacted, as expected, by strong first half comparables, but also by highly competitive market conditions, the effect of the Black Friday shopping event upon consumers' shopping behaviour in our important Q3 trading period and by disruption caused by the accelerated 99p Stores' conversion programme. This meant that, while sales increased by 18.7% during the financial year, due to our strong opening programme and the impact of the acquisition of the 99p Stores' property portfolio, our underlying EBITDA fell by 4.1% to £56.9 million and our underlying pretax profits fell by 7.0% to £39.3 million.

Further details of the Trading Performance are given in the Chief Financial Officer's Report beginning on page 18.

Strategy

The acquisition of 99p Stores Ltd. ("99p Stores") was the most important strategic development of the year, taking us to nearly 900 stores across the UK & Ireland, as well as substantially increasing our scale and giving us the opportunity to generate significant incremental EBITDA.



Now that the 99p Stores' property portfolio is fully converted to Poundland, management is fully focussed upon generating maximum benefits from our much larger scale and ensuring that we get a good return upon the acquisition.

This financial year will see slightly fewer net new stores than usual open in the UK & Republic of Ireland – at around 20 to 30 – as we bed down the much larger group. There will however be a continued focus on retail parks and the South of England, but also a shift in emphasis towards Ireland, where we will look to open 20 stores, compared with 10 in FY 2016. We will also add a small number of stores in Spain, as we extend our trial, carefully selecting sustainable shopping venues, as we further develop the Dealz concept and dilute our cost base further.

The Board and Corporate Governance

On 2 March 2016, we announced that our Chief Executive Officer, Jim McCarthy was to retire from the Board in September and was to be replaced by Kevin O'Byrne, who joined the Board on 4 April 2016 as Chief Executive Designate and is to become Chief Executive Officer on 1 July 2016.

Jim will leave Poundland after a decade as CEO, having joined the Company in August 2006. Under his leadership Poundland has grown from 146 stores with sales of £310 million to a business with over 900 stores in the UK, Ireland and Spain, adding an additional £1 billion of sales in the process and serving over 7 million customers every week.

I am delighted that Kevin O'Byrne has agreed to join our team. He is an experienced international retailer. During his career he has been a Director of both Dixons Retail plc and Kingfisher plc. His most recent role at Kingfisher was CEO of B&Q UK and Ireland, the market leader in home improvement. Kevin is also the senior independent director of Land Securities plc.

Full details of the Board, the Committees and their duties are contained within pages 34 and 41 and the reports from the Audit and Risk Committee, Remuneration Committee and Governance and Nominations Committee beginning on pages 42, 43 and 46 respectively.

Our People

I know that, after a year in which we absorbed nearly six years' of growth in one, I speak for the whole Board when I say that I am immensely proud of our management teams and colleagues across the business whether in our stores, distribution centres or the Customer Support Centre, for the dedication that they have shown and continue to show to the Group and the great service that they give to our customers.

Dividend

I am pleased to announce that the Directors have recommended a final dividend of 2.00p, giving a total for the year of 3.65p, which represents dividend cover of 3.0 times, in line with our promise in the prospectus to pay a dividend that would be covered between 2.5 times and 3.5 times by earnings.

Looking Forward

The acquisition and full integration of the 99p Stores' portfolio represents a step change for the business and leaves us well-placed to continue to exploit the opportunity of being the largest single price retailer in Europe. I look forward to our management team extracting the scale benefits of trading from nearly 900 stores across the UK & Ireland.

Darren Shapland
Chairman
16 June 2016

CHIEF EXECUTIVE OFFICER'S REVIEW

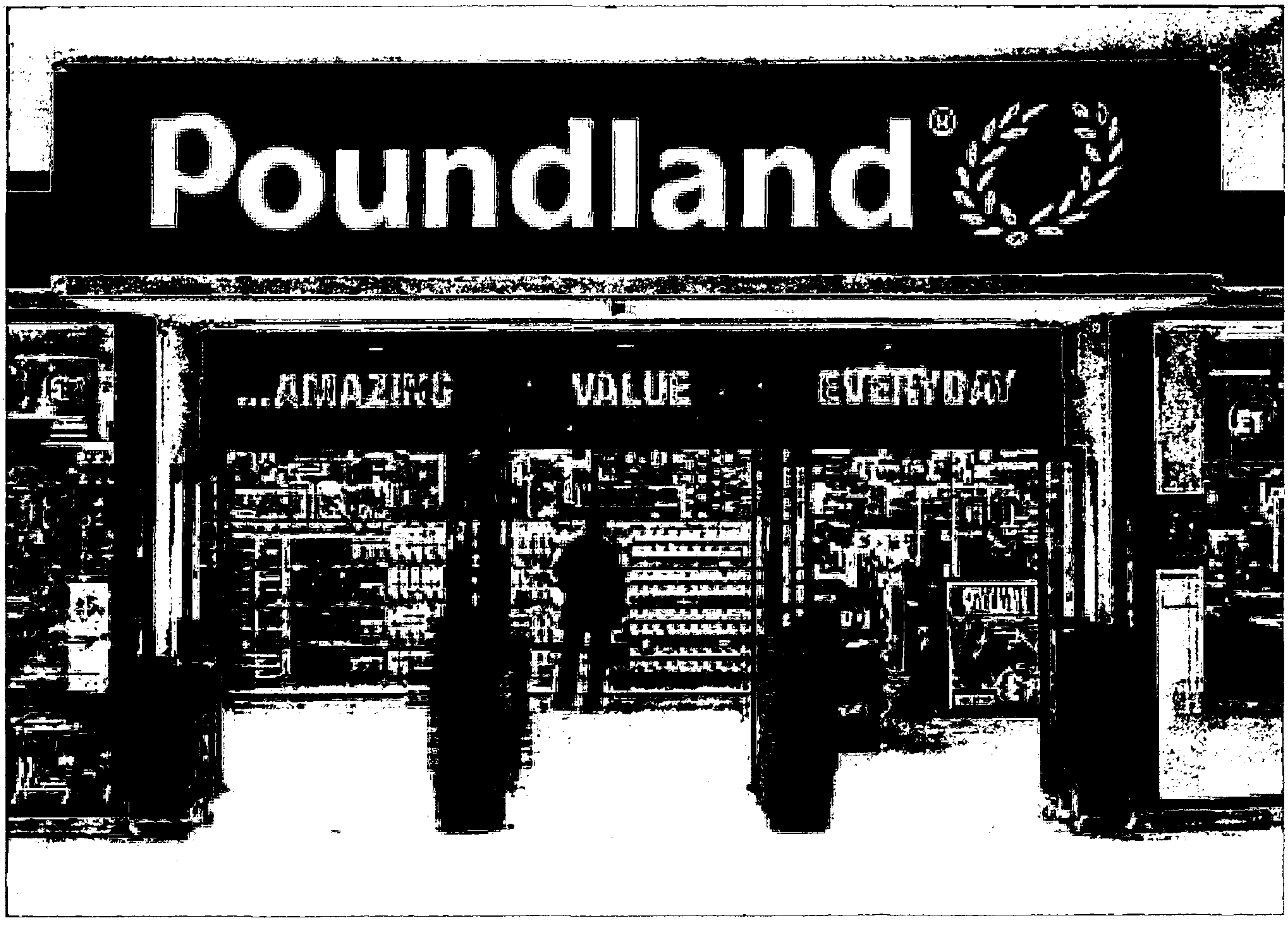
Jim McCarthy
Chief Executive Officer

Overview

The highlight of the 2016 financial year was the transformational acquisition of 99p Stores. The protracted CMA review process , however, significantly impacted the 99p Stores' business before we completed the acquisition. We therefore decided to accelerate our conversion plans in order to reverse its declining performance and to capture the benefits of scale as quickly as possible. This was completed at unprecedented pace, in just four months, with 190 stores converted to the Poundland format by the end of March 2016 and a further 45 stores converted by the end of April 2016.

We look forward to maximizing the incremental EBITDA opportunity from trading nearly 900 Poundland and Dealz stores across the UK & Republic of Ireland. Now that we have finished the conversion programme, our management team can focus upon running and extracting the full benefits from our much enlarged portfolio. During the year, in addition to the purchase of the 252 stores in the 99p Stores' portfolio, which added 40% to our store numbers in one move, we expanded our presence in the UK & Republic of Ireland with the opening of 79 stores in total which, after store closures, normally associated with the end of leases and the disposal of temporary stores, resulted in 60 net new stores. Including the acquisition of 99p Stores, we grew our overall estate in the UK & Republic of Ireland at year end by 308, or by 52%, to 896 stores, with total trading space expanding by 64% to 5.2 million sq ft.

We added a net 50 new stores in the UK and, in line with our property strategy, we grew our presence in both retail parks and in



the South of England. We now operate from 139 retail park stores – including 16 acquired from the 99p Stores' portfolio - up by nearly 60 per cent year on year. In the Republic of Ireland, we opened 10 stores, including four retail parks, taking our store estate – including stores acquired with the 99p Stores portfolio - to a total of 53 stores and our total number of retail park stores to eight.

Our weekly customer numbers at core Poundland grew by 3.9%. Our average basket size increased slightly by 1.7% to £4.76. Growth would have been higher were it not for a combination of changing shopping behaviour and a reduction in high street footfall, as well as availability issues experienced in Q4, due to the disruption from the 99p Stores' conversion programme.

We continued to develop exceptional new product ranges, including Tommy Walsh's 'DIY Time' and, more recently, we have launched the Charlie Dimmock 'In the Garden' range. We have also continued to invest in our existing offer, most notably in reading glasses, which was relaunched at the end of April 2016, with upgraded frame and lens quality, offering even more amazing value. With our increased scale, we expect to have further opportunities to increase value in our own label ranges and this will continue to be a clear point of differentiation for us.

The UK retail landscape is constantly evolving and it is management's job to respond to market conditions. As we have already reported, the impact of increased competition, falling high street footfall, and changing consumer shopping behaviour impacted our Q3 sales performance. We believe, however, that the plans we have in place will result in an improved performance during the course of the current financial year.

In Spain, we opened five more stores, ending the year with our target of 10 stores. We have developed the offer considerably, in line with Spanish consumers' shopping requirements and tastes, driven like-for-like sales growth and developed a new store model concept. We are making progress in developing our supply chain, local sourcing and Spanish ranges.

In light of the appointment of Kevin O'Byrne as CEO from 1 July 2016, we have decided to extend the trial until November and will open a small number of new stores in the three location types that we have found are best suited to the Dealz retail format (high street, shopping centre and tourist).

Continued investment to support growth

The continuing expansion of our retail estate within the UK, Republic of Ireland and Spain – together with our growth plans for the future – means that we have invested in a fourth, purpose built 350,000 sq.ft. distribution centre at Wigan, which becomes operational this month. This facility supports our store growth in the UK and in the Republic of Ireland and will deliver efficiency savings across our enlarged store network, improve product availability, overall stock holding and reduce Poundland's operational costs.

Spain

Our financial performance in FY 2016 was disappointing. Underlying profitability fell, despite close control of gross margin and costs, due mainly to negative like-for-like sales and the impact in the year of the weak Euro upon our Dealz business in Ireland. Stripping out 99p Stores' trading losses, underlying EBITDA declined by around 9% to £54 million and underlying pretax profits fell by 13.5% to £37.8 million.

Our like for like sales performance was impacted adversely by difficult market conditions, the accelerated 99p Stores' conversion programme in Q4, along with changes to consumer shopping behaviour and tough comparables in the first half of our financial year. In my view, much of the sales shortfall was the result of the inevitable distraction from core activities that the accelerated 99p stores integration programme required. Substantial core resources were allocated in a very short period to stem losses and prepare the ground for future positive returns. Nevertheless, with the benefit of the acquisition of 99p Stores and a strong organic opening programme, we generated constant currency revenue growth in the UK & Ireland of 18.4%, and total underlying sales of over £1.3 billion.

Despite pressures upon our like-for-like sales momentum and therefore upon our profitability, we continued to invest in our offer. This investment will provide the base for a return to growth. The benefit from our increased scale and a return to basic discount disciplines, focussing on delivering amazing value from our core competencies under one company will ensure that we are well set to grow profitably in future years.

Suppliers

Our customers expect us to deliver amazing value on brands every day, week, month and year. Whilst all supplier partners are important to us, branded product suppliers are particularly so given the halo effect that value differential has from branded products upon the rest of the assortment. We offer over 3,500 products with around 1,000 of these being well known brands. We will complement this going forward with more new and exclusive products being offered to customers than ever before. The volume that the substantially enlarged group can offer all suppliers augurs well for future growth.

Our customer proposition is enhanced by our strong track record of product innovation and range development in own brand product. We work closely with our suppliers in developing exclusive products and pack sizes. We also have strong in-house product development capabilities, offering over 50 own label brands. Our buyers continue to source product globally, seeking the best value possible. We have operated a far East sourcing centre in Hong Kong since 1999, which enables us to continuously develop high quality own label ranges delivering amazing value consistent with value conscious consumers.

Our successful partnership with Jane Asher, the actress and celebrity baker, gave us the confidence to further develop exclusive ranges with other well-loved celebrities. During the year we have enhanced this retail by launching the Tommy Walsh (DIY) range followed by a gardening range, endorsed and developed by celebrity gardener Charlie Dimmock. Both Charlie and Tommy work closely with our buyers and design team to make sure we offer value and quality that they are proud of and that appeals to customers across a wide spectrum.

I take this opportunity to thank all of our supplier partners for their support during the year. They recognise that Poundland will become even more relevant to their future growth as value conscious consumers continue to demonstrate their appetite for a bargain.

Colleagues

Our achievements would not be possible without the hard work and dedication of our colleagues throughout our business. I am immensely proud of their commitment and passion in delivering amazing value every day to our customers. I especially appreciate the enormous effort that my colleagues demonstrated in the accelerated integration of 99p stores. The programme was delivered in around four months against the original plan of over one year. This was truly remarkable and whilst there was the inevitable impact on core business capability during this time, the fast track implementation creates one Poundland family that can once again concentrate its energy on what we do best namely, "creating amazing value every day".

We are proud of our diverse colleague base and support the investment in the development and training needs of almost 20,000 colleagues. Details regarding our programmes can be found on page 29 of the report and accounts. I am proud that our colleagues have again demonstrated that they operate at the heart of our communities.

I am proud that our colleagues have again demonstrated that they operate at the heart of our communities. Macmillan Cancer Care has, for the seventh consecutive year, been chosen by our colleagues as their preferred charity. To date well over £1.5 million has been raised by customers and colleagues for this worthy cause. In our Republic of Ireland Dealz stores we support 'Make-A-Wish' as our chosen charity. Make-A-Wish has one simple aim, to grant the wishes of children and young people living with life-threatening medical conditions. In due course we will choose a broad appeal charity in Spain.

Following Admission to the London Stock Exchange in March 2014, Poundland has introduced four new employee share plans, the Poundland Performance Share Plan, the Poundland Restricted Share Plan, the Poundland Company Share Option Plan and a Poundland Save As You Earn Plan. Details of the plans are contained in the Directors' Remuneration Report starting on page 46.

Appointment of New Chief Executive

Following my decision to retire, the Board has chosen Kevin O'Byrne as the company's new Chief Executive Officer and he will take over from me on 1 July.

Poundland is a strong business, which I am privileged to have had the opportunity to lead over the last ten years through a period of significant growth and change. During that time, the company has grown from 146 stores to over 900 stores today. We have increased sales by £1 billion in the same period and delivered increasing returns, culminating in the IPO on the London Stock Exchange in March 2014.

I leave the business in the hands of a very experienced leadership team who I know will give Kevin their full support and I wish Poundland, its dedicated colleagues and supplier partners, the very best for the future.

Outlook

It's been a challenging yet transformative year for Poundland. Accelerating the 99p Stores conversion programme, combined with our own organic growth, naturally placed a strain on the core business. However, we expect to see some improvement, now that all 99p Stores have been converted to the Poundland banner.

The structural change in consumer shopping behaviour has driven growth in the discount sector in the UK and the Republic of Ireland. The emergence of Black Friday as a durable online shopping event in the last financial year means that in future we are planning for two trading peaks during the Christmas shopping period and ensure that our availability, our offer, our service and our value continues to improve. We are placing even greater focus on both communicating this more effectively and becoming even more famous for our highly attractive general merchandise offer. This will help, over time, to drive higher footfall and average basket size. With our newly enlarged store portfolio, greater scale and ability of management to fully focus upon achieving this, we are well placed to capture those opportunities in the year ahead.

Poundland launched its transactional website last September and we have learnt a great deal from it. It is important that the company takes advantage of the incremental opportunity that this channel to market allows. Black Friday is in itself an incremental opportunity and the multi price experience we are gaining through our Dealz brand and the six trial larger multi price stores in the old 99p estate afford us a rich seam of data from which to select round pound deals that are of even greater value and can be offered to a wider audience online.

There has been much attention paid to a number of other challenges for employers, including the National Living Wage and the Apprentice Levy. These are likely to cause new cost pressures for most businesses. However, Poundland has a history of successfully mitigating such cost increases. The most recent of which was the mitigation of the last VAT increase from 17.5% to 20%. This would have added, at the time, around £13 million pounds to our cost base annually. We fully mitigated the increase and I am confident that we can do the same with the challenge presented to us by the introduction of the National Living Wage, which is far less than the VAT challenge was annually.

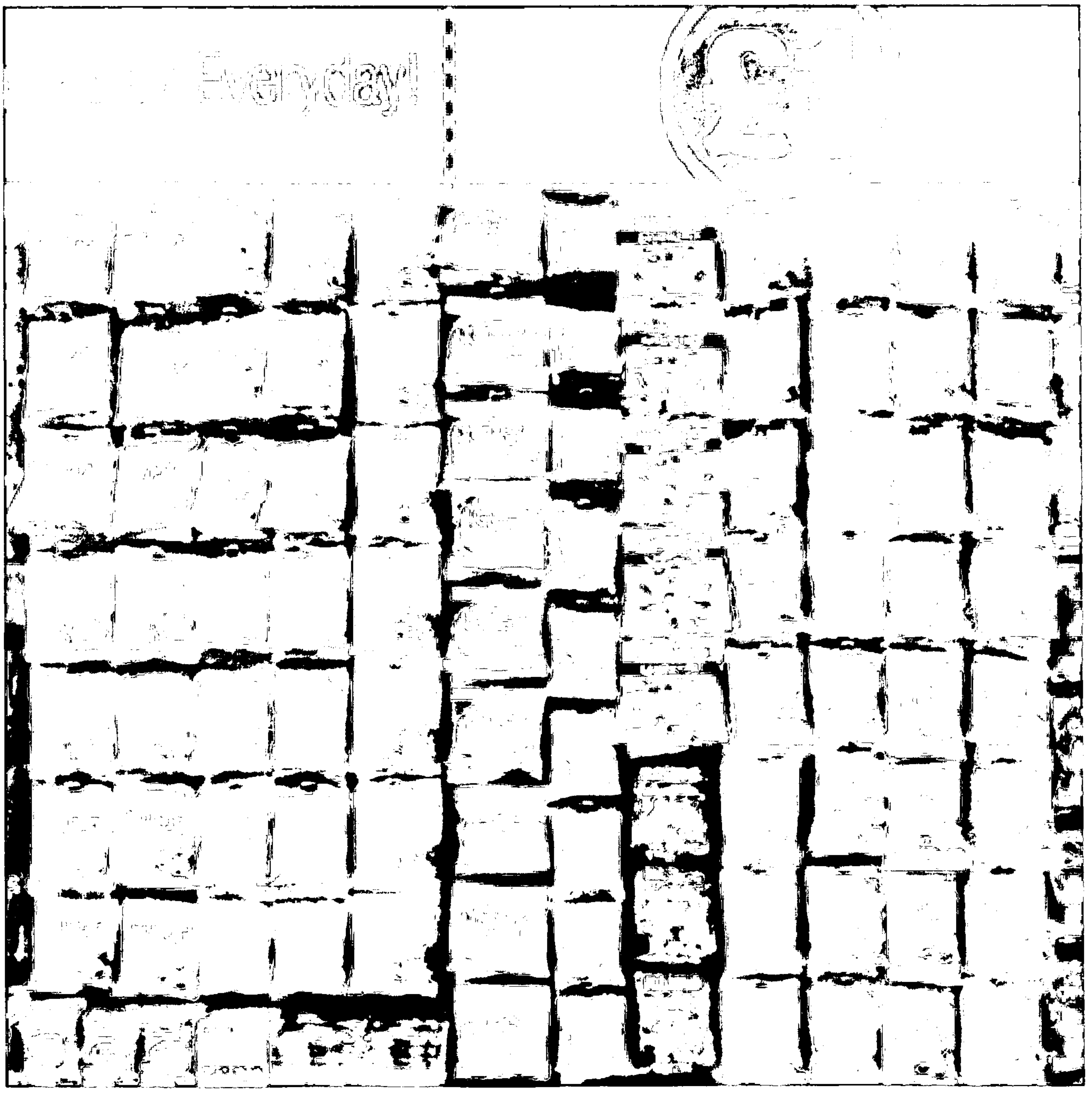
We are testing self-checkout tills in a dozen or so stores with encouraging results. In addition, time and attendance software is being tested in a number of stores that will help not only reduce costs, but assist our store management in the scheduling of their colleague work rota's, thereby driving efficiency and better service. Many retailers already have these efficiencies in place and therefore do not have the same potential to mitigate the National Living Wage as Poundland. In my view, that ultimately means price inflation and a further enhancement of our value differential.

In the last financial year, combining our organic growth and the 99p Stores' acquisition, we added over 330 stores under the Poundland and Dealz fascia. This is equivalent to nearly six years' of growth in one and, although it was strategically a transformational year for us, this has unsurprisingly placed a strain on the core business. In order to ensure that we deliver amazing value every day consistently across all of our stores, we have decided that this will be a year of consolidation in the UK, with 100% focus on the core business. We will therefore open fewer new UK stores in the current financial year. We plan to open around 30 net new stores, before returning to a more normal rate of growth in future years. We will also open several Dealz stores in Spain.

This pause for breath will allow management to focus their efforts upon delivering our amazing value retail proposition consistently across all of our estate, restoring the solid foundations from which to drive future growth.

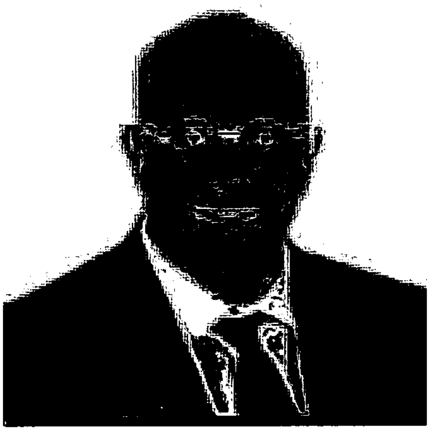
In summary, I believe that the year just ended has been a transformational one in the development of the Poundland growth story. Through the acquisition of 99p Stores and a strong roll out programme, we have increased our portfolio across the UK and Ireland by a net 308 shops to 896. We have increased the number of retail parks within our portfolio by 52 to 139 and we have increased our presence in the under-represented South of England considerably, to around 350 stores. The Poundland brand remains a strong one and is loved by customers. We have also developed a strong brand in Dealz in Ireland and we are in the process of doing so in Spain.

Jim McCarthy
Chief Executive Officer
16 June 2016



CHIEF FINANCIAL OFFICER'S REVIEW

Nick Hateley
Chief Financial Officer



Dear Shareholder

I am pleased to be able to present our financial performance for the year ended 27 March 2016, our second full year as a public company. The table below shows how we performed against our Key Performance Indicators (KPIs) as set out in our IPO prospectus.

The table below shows how we performed against our Key Performance Indicators (KPIs) as set out in our IPO prospectus.

Key Performance Indicator performance

	2016	2015	Change
Number of stores: UK & Republic of Ireland	896	588	+52.4%
Number of new stores: UK & Republic of Ireland (net)	60	60	
Total Sales in UK & Republic of Ireland (£m)	1,310.5	1,111.5	+17.9%
Underlying gross margin excluding converted 99p Stores (%)	37.3	37.1	up 14 bp
Underlying EBITDA (£m)	56.9	59.4	-4.1%
Underlying comparable EBITDA* (£m)	53.8	59.4	-9.4%
Underlying comparable EBITDA margin* (%)	4.6	5.3	Down 72 bp
Underlying profit for the period (£m)	30.3	32.8	-7.5%
Net (debt)/cash (£m)	(12.0)	13.9	-£25.9m

*Before converted 99p Stores

CHIEF FINANCIAL OFFICER'S REVIEW continued

OTHER OPERATING METRICS

The IPO prospectus also identified a number of other key operating metrics and the table below shows how we performed in the 2016 financial year.

	2016	2015	Growth (%)
Average net store size (sq.ft.)	5,322	5,328	-0.1
Average number of transactions per week (millions)	5.5	5.3	+3.4
Average transaction value (£)	4.76	4.72	+0.8
Underlying comparable gross sales (£m)	1,355	1,294	+4.7

IMPACT ON FY2016 FINANCIALS OF THE 99P STORES' PORTFOLIO

ACCOUNTING TREATMENT OF 99P STORES' ACQUISITION

The performance of 99p Stores prior to conversion is treated as non-underlying and their performance post-conversion as underlying. This is because the performance of the stores prior to conversion is not a guide to future performance. Wherever possible, however, we refer to FY 2016's comparable underlying financial performance, excluding contributions from converted 99p Stores.

We acquired net liabilities of £95.4 million which, after a cash and equity consideration of £8.0 million paid to the equity holders, means that we have established goodwill of £103.4 million upon our balance sheet. This goodwill is mainly attributable to the locational and purchasing synergies expected to be achieved from integrating 99p Stores into the Group's existing business and upon transferring the stores to Poundland Limited.

SALES AND PROFIT CONTRIBUTION OF 99P STORES' PORTFOLIO

We have previously described the impact upon the 99p Stores' business of the protracted CMA process. We inherited a business with falling sales, little stock and a weak brand. Because of this, we accelerated the planned conversion programme and recruited around 900 store colleagues to help to deliver the Poundland offer to our customers. The 99p Stores' portfolio contributed sales of £146.0 million to our second half results. The stores contributed a trading loss of £7.8 million to EBITDA, in line with guidance given at our interim results. At the pretax profit level, the 99p Stores' portfolio contributed a loss of £9.8 million.

The sales contribution from the 99p Stores' portfolio prior to conversion would have been higher, if not for the fact that we closed each store for a week prior to conversion and we prepared the store for re-branding for a number of weeks before that. We expect the net effect of the conversion programme and store closures at both Poundland and 99p Stores, will be to add around £350 million to our turnover in FY 2017.

PORTFOLIO CONVERSION AT PACE (AS AT APRIL 2016)

Acquired portfolio		Converted portfolio	
99p Stores	225	Poundland	229
Family Bargains	27	Poundland & More	6
Total	252	Total	235
		Closures or disposals	17
		Total	252

*Our new trial multi price format

By the end of March, we had converted 190 99p Stores, closed four and closed 10 overlapping Poundland stores. By the end of April, we had converted a further 45 stores to Poundland and Poundland & More.

Because we converted the acquired assets to the Poundland format in just four months, ahead of plan, we are now in a strong position to generate the incremental EBITDA that we have identified from the asset purchase. The rapid integration of the 99p Stores' portfolio has caused some disruption to our core business, but management is now wholly focussed upon generating the benefits from the greater scale of the Group.

COSTS OF CONVERSION

As previously guided, there were restructuring costs associated with the conversion of the 99p Stores' portfolio to Poundland, including capital expenditure on converting the stores and the costs associated with establishing an integration team, the costs of re-branding, support costs and lease write-downs. Total costs remain in line with guidance at £25 million.

Also, because we have converted more stores than we had previously planned and because we took the opportunity to invest in improving both the fabric of the stores and installing CCTV and LED lighting, capital expenditure will be higher in total. We estimate that the total capital cash costs of conversion will be around £24.1 million.

The table below summarises the phasing of the costs and the expected benefits of the 99p Stores acquisition.

The 99p Stores numbers	2016	2017	Total
Sales (£m)	146.0	350.0	> 350.0
Costs of acquisition			
Acquisition payment to equity holders(£m)	8.0		8.0
Acquisition costs	2.5		2.5
Debt repayment	24.6		24.6
Capital expenditure (£m)	20.1	4.0	24.1
Trading losses	9.8		9.8
Non-underlying conversion P&L costs (£m)	15.0	10.0	25.0
Cost before working capital (£m)			94.0
Working capital injection	c35.0		c35.0
Incremental EBITDA (£m)			At least 25.0
Cash payback			Four to five years

GROUP REVENUE

		2016			2015	
Sales (£m)	Underlying	Non-Underlying	Total	Underlying	Non-Underlying	Total
Comparable Poundland	1,164.5		1,164.5	1,111.5		1,111.5
99p Converted Stores	50.3		50.3			
99p Stores		95.7	95.7			
UK & Republic of Ireland	1,214.8	95.7	1,310.5	1,111.5		1,111.5
Spain		15.5	15.5		5.4	5.4
Group	1,214.8	111.2	1,326.0	1,111.5	5.4	1,116.9

Group underlying revenue in the 2016 financial year, which includes sales from the Poundland core estate and the sales from converted 99p stores, was £1,214.8 million (2015: £1,111.5 million), which represents growth on the prior year of 9.3%, or of 9.7% on a constant currency basis. Like-for-like sales fell during the year by 3.9% on a constant currency basis (2015: +2.4%), due to a combination of difficult markets, falling high street footfall, tough first half comparables, changing shopping behaviour in the third quarter of the year and disruption from the accelerated 99p Stores' conversion programme.

The 99p Stores' portfolio contributed £95.7 million to sales prior to conversion and £50.3 million after conversion to Poundland. In total, the acquired stores therefore contributed sales of £146.0 million to our 2016 financial year.

Total sales in the UK & Republic of Ireland were £1,310.5 million (2015: £1,111.5 million), which represents total growth of 17.9%, reflecting our strong opening programme and the half year contribution from the 99p Stores' portfolio acquisition.

We opened 52 stores in the first half of the financial year, including 30 in September, which meant that the contribution of our new store opening programme was weighted to the second half of the year. We opened 79 gross new stores during the year as a whole.

Total non-underlying revenue in Spain was £15.5 million during the period (2015: £5.4 million), with constant currency growth of 196.1% and actual currency growth of 184.8%. We opened five stores in Spain, taking the total to 10 (2015: 5).

UNDERLYING GROSS MARGIN

Underlying gross profits in the 2016 financial year, which includes the Poundland core estate and the converted 99p Stores, increased by 9.7% to £452.7 million (2015: £412.7 million). Underlying gross margins therefore increased by 14 basis points to 37.3% (2015: 37.1%).

CHIEF FINANCIAL OFFICER'S REVIEW continued

OPERATING COSTS UNDERLYING EBITDA AND EBIT

	2016			2015		
Operating costs	Underlying	Non-Underlying	Total	Underlying	Non-Underlying	Total
Distribution costs	373.0	56.0	429.0	332.1	4.0	336.1
Administrative expenses	40.0	14.7	54.7	37.4	3.9	41.3
Total	413.0	70.7	483.7	369.5	7.9	377.4
Increase (%)	11.8		28.2			
% of sales	34.0		36.5	33.2		33.8

Underlying administrative expenses for the year increased by 6.8% to £40.0 million (2015: £37.4 million) and underlying distribution expenses increased by 12.3% to £373.0 million (2015: £332.1 million). Underlying operating costs in the 2016 financial year therefore increased by 11.8% to £413.0 million (2015: £369.5 million) and by 80 basis points as a percentage of sales.

This increase in the cost base in the period was primarily due to the acquisition of 99p Stores, together with our strong opening programme, whilst the increase in underlying operating costs as a percentage of sales was driven by the effect of the decline in like-for-like sales on our fixed costs, as well as continued investment in the business.

We report non-underlying items in our income statement to show one-off items and to allow investors to better understand the underlying performance of the business. In relation to the 2016 financial year, these included the trading losses from unconverted 99p Stores (£12.1 million), costs in respect of the acquisition (£2.5 million) and the subsequent integration of 99p Stores (£15.0 million) and the trading losses in our trial in Spain (£3.3 million).

Underlying EBITDA (which includes a contribution from converted 99p Stores) fell by 4.1% to £56.9 million (2015: £59.4 million). Comparable Poundland's EBITDA fell by 9.4% to £53.8 million.

	2016			2015		
EBIT	Underlying	Non-Underlying	Total	Underlying	Non-Underlying	Total
Poundland	38.6	(8.4)	30.2	44.4	(3.8)	40.6
99p converted stores	2.3		2.3			
99p stores		(21.3)	(21.3)			
Spain		(3.3)	(3.3)		(2.2)	(2.2)
Brand amortisation	(1.1)		(1.1)	(1.1)		(1.1)
Total	39.8	(33.0)	6.8	43.3	(6.0)	37.2

The EBIT margin implied from the contribution of converted 99p Stores is 4.5%. This includes the 'halo' effect from the first few weeks' trading and we also converted the stores where we saw the likely best returns early in the process. Nevertheless, we are confident that, together with the benefits of being part of a larger group, the acquisition of the 99p Stores' portfolio will add at least an incremental EBITDA of £25 million by FY 2018.

NET FINANCE COSTS

In the 2016 financial year, the Group saw its underlying net finance cost reduce to £ 0.5 million (2015: £1.1 million), due to lower borrowing costs and movement in the ineffective portion of the hedge.

STATUTORY PROFIT BEFORE TAX

	2016			2015		
Pretax profit	Underlying	Non-Underlying	Total	Underlying	Non-Underlying	Total
Poundland	37.8	(8.8)	29.0	43.7	(3.8)	39.8
99p converted stores	2.3		2.3			
99p Stores		(21.3)	(21.3)			
Spain		(3.3)	(3.3)		(2.2)	(2.2)
Brand amortisation	(1.1)		(1.1)	(1.1)		(1.1)
Financial instruments	0.3		0.3	(0.3)		(0.3)
Total	39.3	(33.4)	5.9	42.2	(6.1)	36.2

Underlying comparable profit before tax, before converted 99p Stores, was £37.8 million, which represented a decline of 13.5% on last year (2015: £43.7 million). Underlying profit before tax was £39.3 million, representing a decline of 7.0% (2015: £42.2 million). Statutory profit before tax fell by 83.7% to £5.9 million (2015: £36.2 million), due to higher non-underlying charges, including the trading losses associated with unconverted 99p Stores.

TAXATION

The underlying tax charge for the period was £8.9 million (2015: £9.4 million). The full year underlying effective tax rate was 22.7% (2015: 22.3%), with the increase primarily due to higher disallowables and lower prior year adjustments, which offset the fall in UK corporation tax rates to 20%.

STATUTORY PROFIT AFTER TAX

Underlying profit after tax was £30.3 million, which represented a decline of 7.5% on last year (2015: £32.8 million). Statutory profit after tax fell by 94.4% to £1.6 million (2015: £28.4 million), due to the trading losses associated with unconverted 99p Stores and higher non-underlying charges, primarily related to the acquisition and integration of 99p Stores.

ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share (p)	2016	2015	Increase (%)
Basic earnings per ordinary share	0.61	11.36	-94.6%
Diluted earnings per ordinary share	0.61	11.34	-94.6%
Basic earnings per ordinary share before non-underlying items	11.69	13.12	-10.9%
Diluted earnings per ordinary share before non-underlying items	11.68	13.10	-10.8%

Underlying fully diluted earnings per share fell by 10.8% to 11.68p per share (2015: 13.10p per share). Including non-underlying items, diluted earnings per share fell by 94.6% to 0.61p per share (2015: 11.34p per share). The weighted average number of shares in issue during the period was 259.5 million and the weighted average number of fully diluted shares was 259.8 million.

IMPACT OF FOREIGN EXCHANGE

Our exposure to changes in foreign exchange rates is twofold. First, we source products overseas, primarily in US dollars. This relates primarily to the sourcing of our own label products. Because we are a single price retailer, and therefore cannot pass on price increases, we seek to mitigate changing exchange rates by hedging our exposure 12 to 18 months ahead.

Our second exposure is a consequence of our growing European business, Dealz in the Republic of Ireland and in Spain. Besides the obvious translational risk, we also have transactional risk because we mostly buy in Sterling and sell in Euros, although we are making progress in sourcing products from European markets. In our 2015 financial year, the € to £ ratio averaged €1.27, whereas in our 2016 financial year the € to £ ratio averaged €1.37. The weakness in the €, after mitigating factors, such as a significant increase in our € purchases, negatively impacted EBITDA by around £3 million.

CHIEF FINANCIAL OFFICER'S REVIEW continued

CAPITAL EXPENDITURE

(£m)	2016	2015
EBITDA	27.3	54.7
Change in net working capital	-15.2	-1.0
Operating cashflow	12.1	53.8
Tax paid	-7.8	-10.9
Net cash from operating activities	4.4	42.9
Acquisition of intangible assets	-1.8	-19.1
Capital expenditure	-37.1	-0.7

During the 2016 financial year, we invested £45.4 million in capital expenditure, primarily related to the conversion programme of 99p Stores, but also to our strong opening programme, as we continued to roll out the Poundland format in the UK and the Dealz format in the Republic of Ireland. We converted 190 99p Stores to Poundland and we opened a total of 79 stores in the UK & Republic of Ireland in the 2016 financial year, or 60 net of closures. We also opened 5 stores in our trial in Spain.

We ended the year with 906 stores (2015: 593), including 841 stores in the UK and 65 Dealz stores, including 53 in Republic of Ireland, 2 in the Isle of Man and Orkney and 10 in Spain. We plan to open around 10 net new stores in the current financial year in the UK; 20 in the Republic of Ireland and a small number in Spain.

We continued to invest in our infrastructure to support our planned growth and our new purpose-built 350,000 square feet distribution centre in Wigan becomes operational this month.

NET DEBT AND CASHFLOW

(£m)	2016	2015
EBITDA	27.3	54.7
Change in net working capital	-15.2	-1.0
Operating cashflow	12.1	53.8
Tax paid	-7.8	-10.9
Net cash from operating activities	4.4	42.9
Acquisition of intangible assets	-1.8	-19.1
Capital expenditure	-37.1	-0.7
Acquisition of subsidiary	-2.8	
Net cash from investing activities	-41.7	-19.8
Proceeds from the issue of new share capital	49.1	
Drawdown/(repayment) of credit facility	52.0	
Repayment of borrowings	-24.6	-28.0
Dividend paid	-11.9	-3.8
Net financial expenses paid	-1.1	-0.6
Net cash from financing activities	63.4	-32.4
Net decrease in cash and cash equivalents	26.1	-9.3
Cash and cash equivalents at start of period	15.9	25.3
Cash and cash equivalents at end of period	42.0	15.9
Other interest bearing loans and borrowings	-54.0	-2.0
Net (debt)/cash	-12.0	13.9

Net debt at the end of the year was £12.0 million (2015: net cash of £13.9 million) reflecting the impact of the costs of converting the 99p Stores' property portfolio and the losses associated with the stores prior to conversion. Because of the timing of Easter, rent payments which would otherwise have been paid in our 2016 financial year, were paid at the beginning of our 2017 financial year. Including these payments, net debt would have been £32 million.

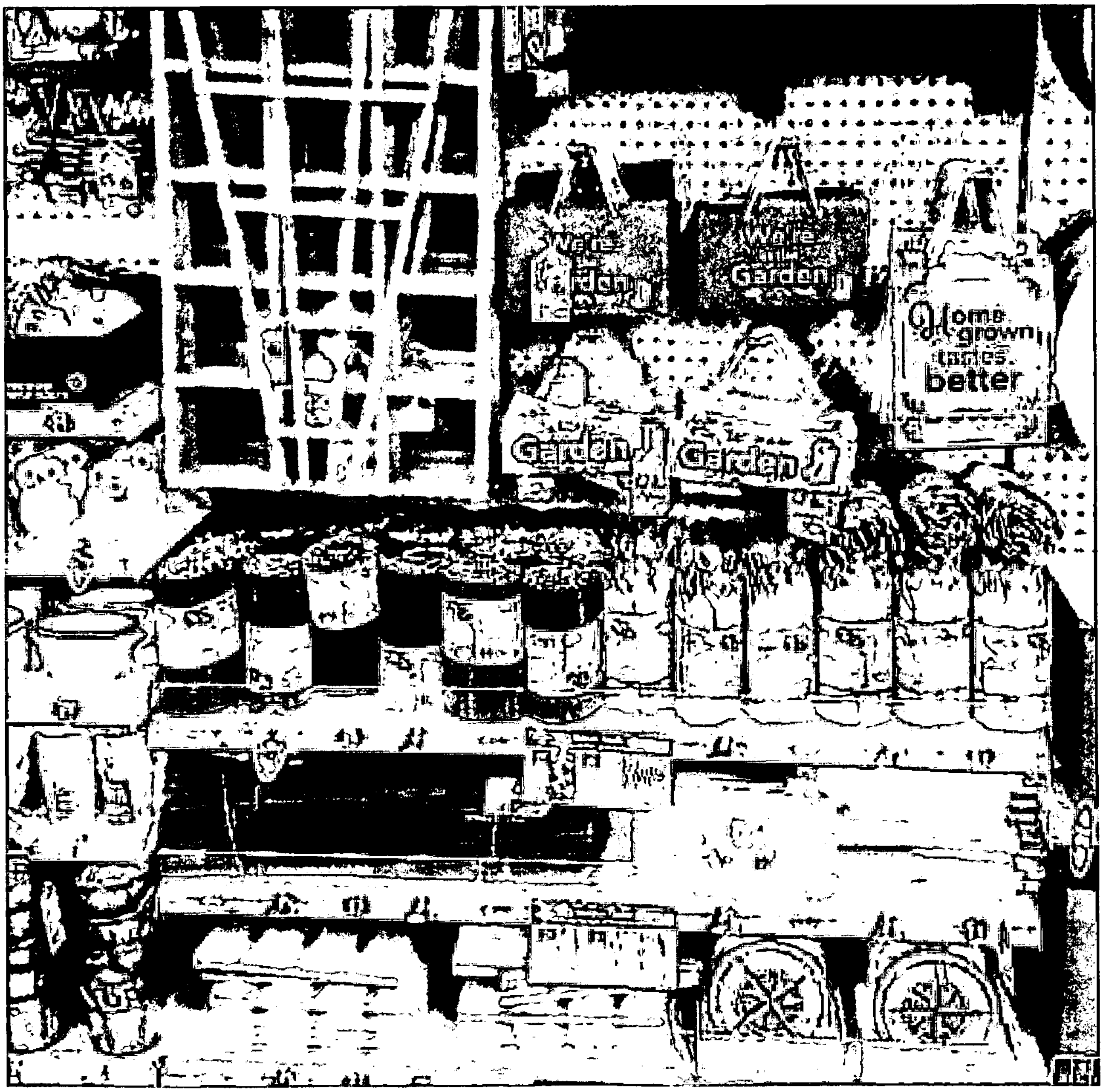
DIVIDEND

The Directors are proposing a final dividend of 2.00p (2015: 3.0p), which will be paid on 7 October 2016 to shareholders whose names are on the Register of Members at the close of business on 10 September 2016. The ordinary shares will be quoted ex dividend on 15 September 2016. Together with the previously announced interim dividend of 1.65p per share, this would give a total dividend for the year of 3.65p (2015: 4.50p). This represents maintained cover for the year of 3.0 times earnings on comparable Poundland's underlying EPS before converted 99p Stores. This is in the middle of our targeted range of 2.5 times to 3.5 times cover.

FINANCIAL CALENDAR

The table below summarises our planned reporting dates for the current financial year.

Event	Date
AGM and Q2 sales	15 September 2016
Interim results	17 November 2016
Q3 sales	5 January 2017
Year end update	Early April 2017



RISKS AND UNCERTAINTIES

Like all businesses, our Group faces risks and uncertainties which could impact the Group Strategy. The Group risk register is reported formally to the Audit & Risk Committee twice a year and focused risk reporting on selected themes occurs on a quarterly basis. Detailed controls and any relevant action plans are prepared for the Audit & Risk Committee as part of the formal half-yearly reporting process. Additionally, we have established a procedure to monitor risks, including any changes to known risks, across the Group. Any relevant information arising from such monitoring is also reported to the Audit & Risk Committee.

This section describes the current material and operational risks and uncertainties facing the Group. In addition to summarising the material risks and uncertainties, the table below gives examples of how we mitigate those risks. The Group has a formal risk management framework embedded within the business to support the identification and effective management of risk across the Group. Each directorate within the Group is responsible for managing and reporting risk in accordance with the Group's risk management policy and standards that have been approved by the Audit & Risk Committee. The risks are then consolidated into a Group risk register which provides an overview of the Group risk profile.

Risks and uncertainty	Description and examples of mitigation
Strategic risk Maintaining our status as Europe's leading value general merchandise retailer while keeping the value differential against other retailers adopting the £1 price point.	The retail industry, including the value general merchandise retail market, is highly competitive, particularly with respect to price, product selection and quality, store location and design, inventory, customer service and advertising. The Group competes at national, local and international levels with a diverse group of retailers of varying sizes and covering different product categories and geographic markets. These competitors include other single price value general merchandise retailers, multi-price value general merchandise retailers, supermarkets and certain high street retailers in particular categories, such as health and beauty. Poundland works extremely hard to ensure that it responds adequately to these multiple sources and types of competition, including online competition whether from existing retailers or new entrants, to ensure that competition does not have a material adverse effect on the Group's business, results of operations and financial condition. We listen to and respond to our customers to enhance their shopping experience and to expand our product range, for instance we currently have three exclusive celebrity endorsed product lines. Jane Asher endorses our home baking lines under the Jane Asher's Kitchen brand; Tommy Walsh endorses our DIY lines under the DIY Time with Tommy Walsh brand and Charlie Dimmock recently launched our 'In the Garden with Charlie Dimmock' range. The Group's store growth following the integration of the 99p Stores estate under the Poundland brand combined with improved store and product presentation will benefit our customers and help maintain our status as Europe's leading value general merchandise retailer The Group's move to a measured rollout in Spain will further expand the Group's reach across Europe.
Business interruption The Group's success is dependent on its logistics and distribution infrastructure and its IT processes.	The success of the Group's business depends on its ability to transport goods from its four (soon to be five) distribution centres to its stores throughout the UK and Ireland, and to a lesser extent, Spain in a timely and cost-effective manner. Any unexpected delivery delays, such as due to severe weather or disruptions to the national or international transportation infrastructure, or increases in transportation costs, such as due to increased fuel costs, could materially adversely affect the Group's business. Poundland operates from four distribution centres, including three regional distribution centres located in the Midlands and South East England, and one national distribution centre located in the Midlands. A new distribution centre is currently being built in Wigan. All products are taken to one of Poundland's distribution centres before onwards distribution to Poundland's stores, with the exception of a small number of products including chilled which are delivered direct to stores by the supplier or a third-party. Any significant failure in the IT processes of our retail operations in stores or in our supply chain could impact our ability to trade. The Group has detailed recovery plans in place in the event of a significant failure.
Stock/inventory management The Group's cash flows from operations may be negatively affected if it is not successful in managing its inventory balances or level of stock.	Poundland has been successfully maintaining sufficient inventory levels throughout its 25 year history and continues to employ the good habits that it has gained through this extensive experience. Poundland, like other retailers, experiences inventory shrinkage, and employs measures that will reduce the problem.

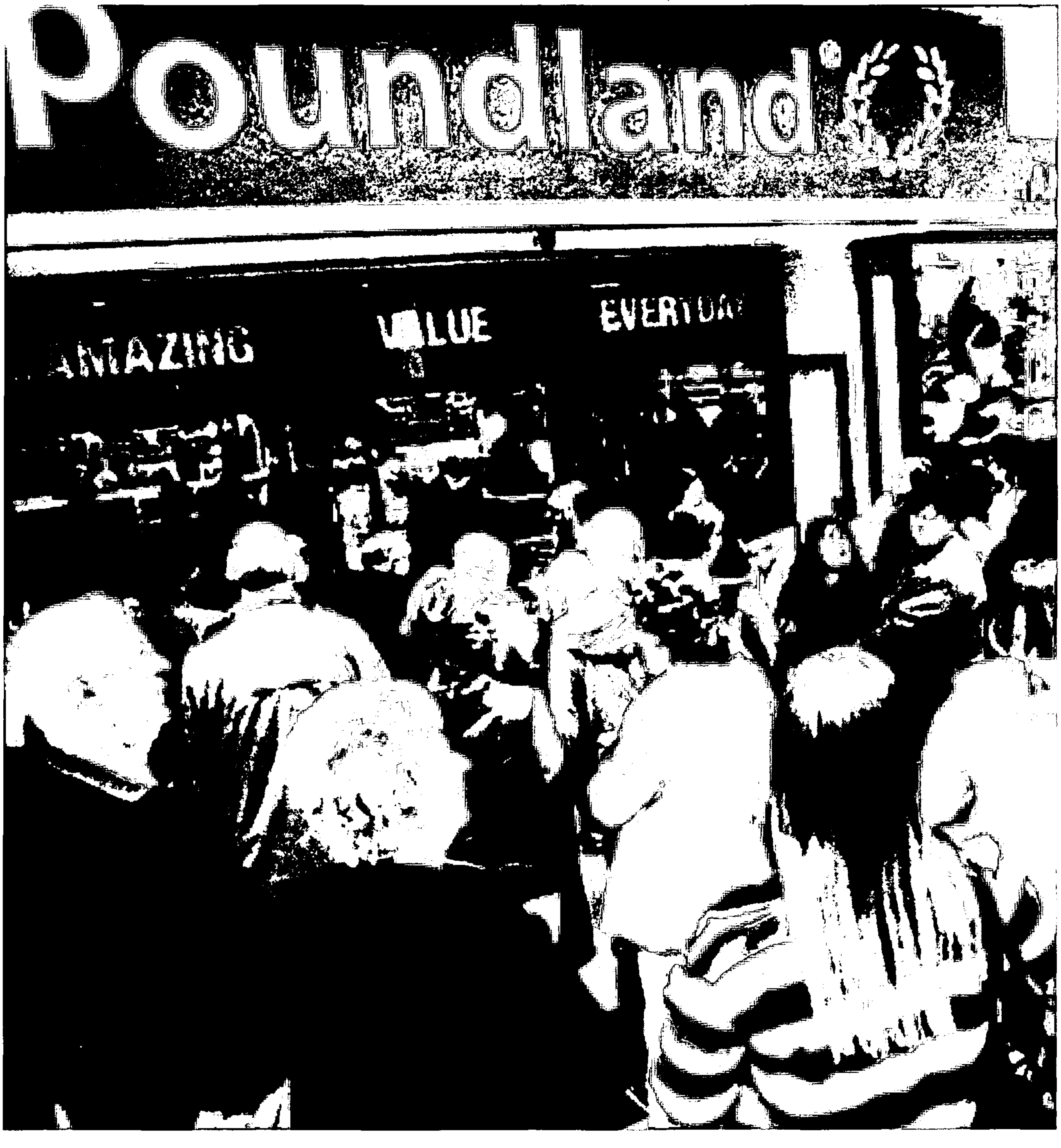
Risks and uncertainty	Mitigation
Sourcing, product safety and quality Poundland relies on third-party suppliers and needs to identify, develop and maintain relationships with a significant number of qualified suppliers.	Like many retailers, Poundland is dependent on being able to source suitable products from suppliers in sufficient quantities, at sufficiently low cost and in a timely manner. Poundland is proud that, on a value basis, over 80% of our products are sourced from UK suppliers. However, whenever necessary, we have the ability to source and develop product on a global basis. Poundland has good, long-term relationships with its suppliers which continue to improve as an overwhelming number of primary manufacturers supply us on a direct basis. The safety and quality of our products is very important to the Group. We have established product testing processes in place and all suppliers are required to sign up to the Group's Code of Conduct. Our standard terms and conditions set out clear lines of responsibility and any relevant legal or regulatory requirements that suppliers must comply with.
Trading environment Inflation or other factors may affect Poundland's ability to keep its current pricing strategy in the UK and beyond.	Poundland's current pricing strategy is predicated on providing a wide range of merchandise for profitable resale at a single price point of £1 in the UK or €1.50 for the vast majority of products in Ireland and Spain. Poundland has been able to profitably maintain its current UK £1 single price strategy for over 25 years by managing its product range (such as by introducing new higher margin branded and own label products or discontinuing low margin products, moving sources of supply to lower cost economies, re-engineering pack sizes and renegotiating with suppliers. It will continue to apply this strategy whilst closely monitoring any factors which may affect the Group's single price point strategy. The Group pays certain suppliers overseas in US dollars; however, Poundland's customers pay for products in sterling in the UK and Euros in Ireland. Consequently, the Group bears the risk of disadvantageous changes in exchange rates. The Group's policy allows these exposures to be hedged for up to 18 months forward in order to fix the cost in pounds sterling. Hedging is performed through the use of foreign currency bank accounts and forward foreign exchange contracts. These contracts are put in place as part of the Group's gross margin strategy. It enables buyers to be given targeted buying rates for products, which are set lower than the hedged rate.
Regulatory and political	The Group may be impacted by legal and regulatory changes, such as the introduction of the National Living Wage, VAT changes and consumer policy changes. The Group holds membership of industry representative bodies such as the British Retail Consortium, to ensure the Group's voice and that of its customers and colleagues can be heard. Good governance practices are important to the Group and we actively monitor important developments to offset any impact wherever possible.
Colleague retention The Group depends on the Executive Team and other highly qualified employees to manage its business and brands.	The success of Poundland's strategy depends on the continuing services of the Executive Team and the Group's ability to continue to attract, motivate and retain other highly qualified employees. Retention of the Executive Team and other highly qualified employees is especially important in the Group's business due to the limited availability of experienced and talented retail executives. A number of new senior appointments have been made during this financial year which demonstrates the success of the remuneration policy and succession planning. The Group operates a remuneration policy the aim of which is to attract, retain and motivate high calibre senior management and to focus them on the delivery of the Group's strategic and business objectives, to promote a strong and sustainable performance culture, to incentivise high growth and to align the interests of Executive Directors and members of the Executive Committee with those of Shareholders through encouraging equity ownership. In promoting these objectives the policy aims to ensure that no more than is necessary is paid and has been structured so as to adhere to the principles of good corporate governance and appropriate risk management.

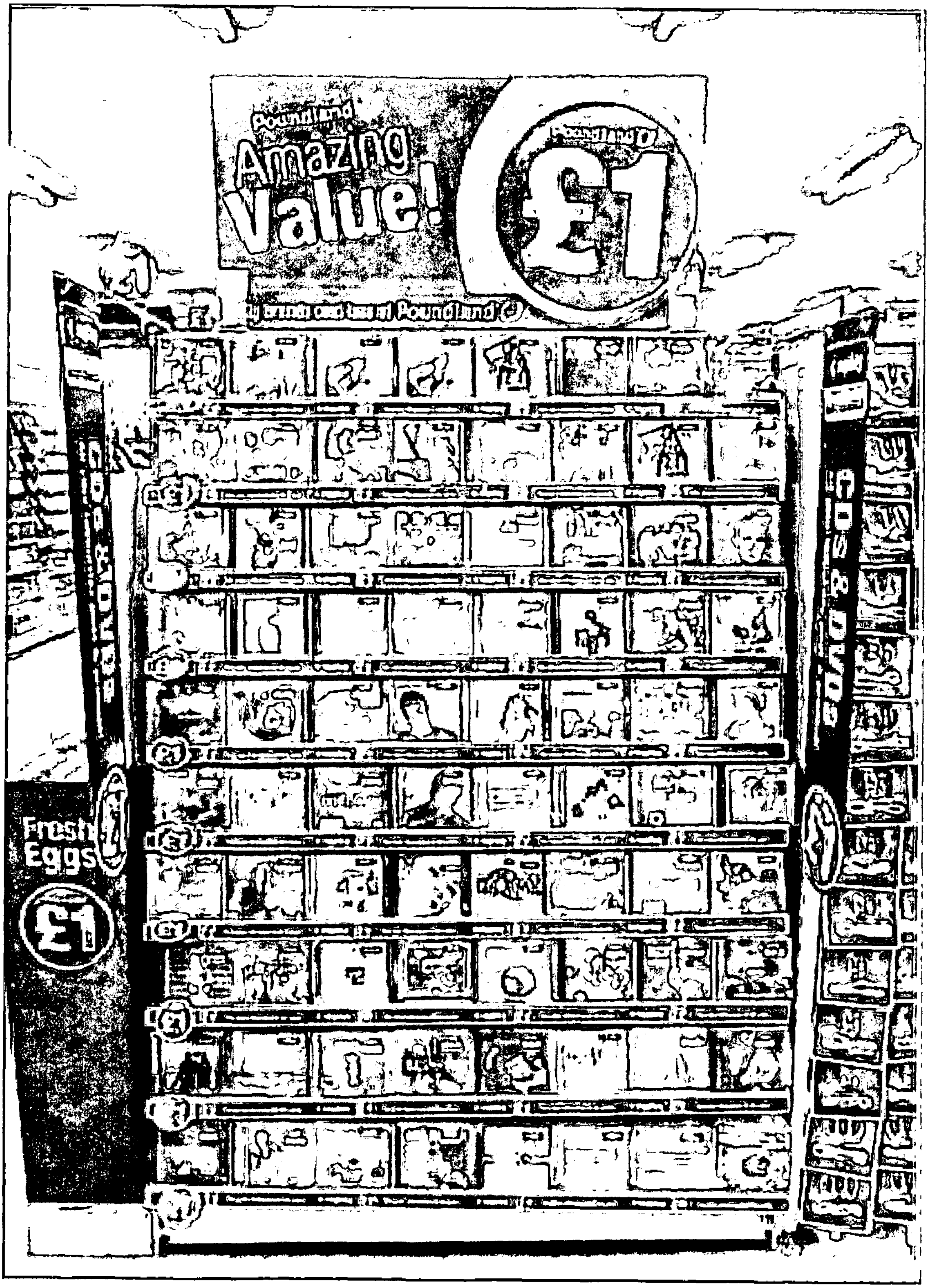
VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2014 revision of the UK Corporate Governance Code, the board has assessed the prospects of the group over a period in excess of the 12 months required by the 'Going Concern' provision, selecting instead a three year period which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 26 to 27.

Based on this assessment, the board confirms it has a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the three year period from 29 May 2016, the month end date closest to the approval of the 2015/16 annual results.

The Board has determined that three years constitutes an appropriate period over which to provide its viability statement. This is the period detailed in our Strategic Plan which we approve each year as part of the strategic review. Whilst the board have no reason to believe the group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report with a reasonable degree of confidence while still providing a medium term perspective.




Poundland
Amazing
Value!
£1
Fresh
Eggs
£1

CORPORATE AND SOCIAL RESPONSIBILITY REPORT

Our Goal

At Poundland we deliver amazing value to our customers every day. We are famous for our wide range of great products and top brands, offering many exciting new lines every week. Poundland will always be fun and friendly with something for everyone.

Our Values

The values that underpin our goal are as follows:

- we put customers first
- keep it simple
- individual responsibility team delivery
- treat every £ as your own
- respect each other
- recognise and celebrate success

The values are representative of the way we aspire to operate our business and our colleagues are encouraged to live these values during everyday interaction with our customers, suppliers and each other.

We put our customers first and fully understand and recognise our responsibility to demonstrate to them that we trade fairly and take our corporate and social responsibilities seriously. We also recognise our duty to operate our business in an ethical and responsible manner, and have set our CSR strategy to focus on three key areas: Environmental Responsibility, Social Responsibility and Employee Responsibility.

Environmental Responsibility

We recognise that our operations impact the environment and that this is an increasingly important issue for consumers. We actively pursue policies that help us to reduce our carbon footprint and costs. We focus on four key areas; using less electricity; maximising recycling opportunities; improving fuel efficiency; and reducing packaging waste. We consider this key to the ongoing success of our business.

We actively pursue policies that help us reduce the environmental impact of our operations and constantly seek to reduce our energy consumption to deliver efficiencies and meet the exacting environmental requirements of our socially aware customers. During 2015/16 we reduced our same store emissions by 2,202 tonnes CO_2, equivalent to a 6.61% reduction on a like-for-like basis. Essentially we used less electricity during the year resulting in emitting approximately 2,000 tonnes less carbon into the atmosphere across the Poundland and Dealz estate (pre 99p conversions). Our carbon emissions at 37,734 tonnes compares very favourably with other retail groups. Our overall use grew by 3.5% with the addition of new stores (c10% growth in portfolio, excluding 99p conversions).

Electricity and water efficiency

In 2015/16 we consumed 79.4 GWh of gas and electricity across our head office, network of stores and distribution centres. This equates to emissions of 41,389 tonnes of CO_2. To reduce emissions we give our stores details on the amount of energy they use to enable them to manage the use through good housekeeping.

We endeavour to maintain good housekeeping standards across the Group with targeted investment in energy projects that give a suitable return on investment. We invested heavily in LED technology for our Springvale warehouse and our stores.

During the year 103 stores have been retrofitted with LED technology, averaging as a result 30% bottom line reductions in energy use (kWh) by each refitted store.

As stated above we continually investigate and test new solutions to reduce the environmental impact of our operations. We do this because we believe it is right and to meet the exacting environmental requirements of our socially aware customers.

We will maintain focus on lowering carbon emissions to minimise annual costs under the CRC Energy Efficiency Scheme.

Recycling

We recognise the potential impact on the community of waste generated from our activities and seek to reduce volumes of waste by recycling wherever possible.

All our stores and distribution sites recycle cardboard and soft plastics. Colleagues at CSC are also encouraged to separate their waste paper and packaging.

The overall focus on waste management has resulted in the recycling of 15,833 tonnes of cardboard, an improvement of 19.0% on our previous year. In addition we recycled 796 tonnes of plastic. By working together we recycled 19.6% more cardboard and soft plastics than over the same period last year. We have set more challenging targets for further reductions in energy consumption going forward. To explain this simply, we have increased our recycling by 20% compared to a store growth of 10% (excluding 99p conversions).

We comply with UK Packaging Waste Regulations and by working closely with our Packaging Consultants we provide battery collection facilities throughout all our stores (WEE). This means customers can deposit any type of portable battery into collection containers when visiting a store. These batteries are collected, sorted and recycled, ensuring that the constituent parts are used again.

We provide the government with data on the weight of packaging waste materials (paper, glass, aluminium, steel, plastic, wood and mixed recycling) as part of our PRN obligations.

Reducing packaging waste

Primary packaging, at its most fundamental level, protects and contains the contents and communicates safety and legal requirements. While meeting all legislative requirements as a minimum we also work towards a continuous reduction in the use of packaging materials, reducing size and weight through improved design and use of materials.

Wherever possible we view packaging from our customers' perceptive, i.e. can I recycle it, can I reuse it, does it have an alternative use? We also demand that our suppliers provide information on the size, weight and materials content of packaging on all our own brand products sold. By behaving responsibly we ensure we comply with all rules, licences, copyright requirements, codes of practice and official guidelines concerning environmental labelling and claims.

Social Responsibility Sourcing

We have strengthened our Supplier Code of Conduct and Social Accountability process in recent years leading up to 2016 following an independent audit of our processes and procedures in 2011. We implemented in full the recommendations identified. We increased the number and quality of audits of our suppliers and registered with Sedex, as a Buyer (with registration number ZC1092067) the largest organisation of its kind that shares ethical trade information with its members and geographically covers suppliers in the UK, Hong Kong and India.

In line with our code of conduct we have commissioned a number of independent audits of our suppliers. Continuous improvement of our ethical, moral and social processes remains one of our key priorities. UK and European suppliers have to sign the declaration agreeing to follow the Code of Conduct and submit factory details for each factory that supplies products to Poundland. This information is reviewed for acceptability by our Hong Kong Code of Conduct Team.

We are proud that on a value basis over 80% of our products are sourced through UK companies. However, where necessary, Poundland has the ability to source and develop products on a global basis. Our International Sourcing team covering the Far East, Near East (India, Pakistan etc), Turkey and Eastern Europe form an important part of our sourcing strategy. To manage these operations we have strengthened our audit and compliance network by appointing additional agents in India, Pakistan, Turkey and Eastern Europe (Poland). To oversee and coordinate investigations by these agents, especially in the areas of new product development, quality assurance and control, we have recruited additional, specialist staff in our Hong Kong office.

Our good UK vendor relationships have continued to improve during the period and virtually all primary manufacturers supply us direct. It is pleasing that major manufacturers of branded products recognise the significance of Poundland to consumers and the outstanding growth opportunity that we offer them to expand their brand reach. Top brands are very important to our customers and securing continuity of supply through these direct channels allows us to increase sales through improved availability and differentiate our offer from other single price competitors. During the year we have once again been able to add a number of important new branded suppliers to our existing large portfolio of primary manufacturers. We continue to recognise the relevance of secondary and tertiary suppliers who enjoy long term relationships with our growing Poundland brand. These suppliers remain important to the delivery of our overall offer. For suppliers outside of the UK, we engage with a number of accredited audit companies to conduct our reviews, specifically ALS, SGS, TUV Sud.

Code of Conduct – Social Accountability Policy
All suppliers commit to achieving the standards outlined. The policy, based on International Labour Organisation (ILO) core conventions covers topics including:

child labour
forced labour
health & safety
freedom of association & collective
bargaining non-discrimination
hours worked
wage compliance

New Supplier compliance
A new supplier must first sign the declaration that they will follow our Code of Conduct. Each factory must complete a Self-Assessment Checklist, which requires a detailed review of their operation in regards to its compliance with our Code of Conduct.

Our team in Hong Kong then review the Self-Assessment checklist and clarify issues, asking the supplier to provide evidence of any outstanding queries or concerns.

If our team feel the product type is likely to involve heavy manual production (possibly homeworking) and/or the production timing is likely to be during peak periods (for example summer for Christmas and Halloween items) and feel there is a high likelihood of factory's engaging temporary labour (possibly underage), we will commission an audit during the production of our orders.

Charity

MacMillan - working together to make a difference. It's been a very busy year of fundraising and 2015 marked the 7th year of our partnership with Macmillan Cancer Support. Thanks to the incredible enthusiasm and commitment of colleagues and customers, over £1.5 million has been raised to date for people affected by cancer.

To mark the seven year partnership a '7 Year, 7 Day' social media campaign was launched and led by a celebration video, commissioned by Macmillan. The short film titled 'the day in the life of a one pound coin' highlights how a £1 coin could be spent on many different things, and ends by thanking Poundland customers for choosing to use so many of their own £1 coins to donate to Macmillan. As a result, the video was featured in the Third Sector charity magazine online and won 'Digital Campaign of the Week'. The week long activity was finished off with a 'Go Mad, Go Green' fundraiser.

May was a prestigious time when we turned back time to celebrate Poundland's 25th year anniversary with a 1990's fundraiser. Colleagues dressed up in retro 90's gear and at the Customer Support Centre, 25 balloons were released and a time capsule of 1990 memorabilia, pictures and items from 2015 were buried at the front of the building. A commemorative plaque marks where the time capsule is buried along with a 'Macmillan Nurse' Rose which was kindly presented to Poundland from Macmillan.

In October 2015 we started to welcome the converted 99p Stores to the fundraising team and they have been really supportive and involved with key events. These include a Christmas Stocking Pin Badge campaign which was launched in November and in December there was the yearly festive fundraising day, with colleagues wearing Christmas jumpers to work. Other fundraisers included World's Biggest Coffee Morning, Halloween and Valentines. Colleagues have also been busy with their own fundraising too, including taking part in marathons, walks and cycle rides.

On top of all that, colleagues got the opportunity to meet both DIY expert Tommy Walsh and Gardening expert Charlie Dimmock and have their photo taken with them to celebrate the launch of their ranges, 'DIY Time' with Tommy Walsh and 'In the Garden' with Charlie Dimmock.

CORPORATE AND SOCIAL RESPONSIBILITY REPORT continued

We're delighted that the money raised has gone towards Macmillan's vital practical, emotional, financial and medical services that help to ensure that no one has to face cancer alone. This is an amazing achievement and underpins our goals and values.

Together we've raised over £1.5 million!

Make-A-Wish
Our partnership with Make-A-Wish has captured and engaged the hearts and minds of Dealz colleagues and customers in Ireland. This is evident from the fundraising activities and the money raised over the last 12 months.

Dealz raised over €61,000 for Make-A-Wish and this is testament of the colleague's support to building relationships with customers and creating an environment of local community engagement which has resulted in an amazing level of generosity and kindness for the charity.

To raise this money, tea parties, cake sales, raffles and coffee mornings, as well as a number of dress down days including a Halloween 'spookfest' and a Christmas jumper day have all been held. Stores supported the charities Wish Band Day, plus lots of great individual store activities have taken place, including the bitter cold ice bucket challenge and, in addition colleagues have participated in sporting events.

We are delighted with the money raised as it will help Make-A-Wish grant the wishes of children aged between three and 17 years living with a life-threatening medical condition. A wish granted is true magic for the child providing respite from their normal routines of hospitals, doctors and treatment.

Other Charity Support
Poundland also supports a number of other charities at key times during the year. Below are just a few highlights of the activity which took place:

Royal British Legion
In 2015, Poundland supported the Royal British Legion with their Poppy Appeal.

Poundland's Customer Support Centre sold woven poppies which are kindly made each year by a colleague's wife. These are available alongside the paper poppies for colleagues and visitors to purchase. Where available poppies were located at store till points for customers to buy, these stores were approached by volunteers from the Royal British Legion to support their national fundraising, alongside store collections outside.

Over 40 million poppies are distributed by the Legion every year from the end of October and up to 11 November. Each and every poppy is a symbol of remembrance and hope and millions of people make the individual choice to wear one.

Santa Flights
Poundland supported two flights from Bristol Airport to fly children from hospices in the South West to see Santa. Poundland provided each child with a Poundland goody bag containing a variety of delicious treats. This was met with delight from the children and their families for the support and kind generosity in making the trip as special as it can be.

Santa's flights provide special families a Christmas party in the sky, allowing them to enjoy special moments to forget their worries and celebrate the magic that is Santa and Christmas!

Employee Responsibility
Our colleagues

We reward all colleagues with long service awards in five year intervals. We recognise and managers success through various initiatives in the business. For example colleagues are rewarded for meeting objectives which impact business performance and show evidence of living the Company values via an annual bonus scheme.

All colleagues have access to a wide range of benefits via our new and improved benefits platform offering discounts for colleagues and their families to enjoy. From childcare vouchers and improved healthcare, through to special discounts in leisure and lifestyle, we offer something for everyone.

Our colleagues' welfare and wellbeing is important to us and we work in partnership with the Retail Trust who offer our colleagues an employee assistance programme which is a free, confidential and independent service to support colleagues at times of need. This service is offered seven days a week and 365 days a year.

We are interested in what our colleagues have to say and use various means of communicating with them on a regular basis. Our colleagues are represented at the biannual JCC meetings held between the Company and our union (USDAW). In addition the Company has a whistleblowing policy which allows colleagues to raise any concerns in confidence. Managed by the Company Secretary and the Head of Profit Protection, the Register is reviewed weekly and presented to the Audit & Risk Committee for consideration.

Local community support

Our new store opening programme and expansion plans mean that we are creating jobs and opportunities for over 1,000 new colleagues annually. We work closely with local job centres and the DWP in helping the unemployed gain long term employment and skills and qualifications to improve their employability. We take our corporate responsibility seriously and the role we play is having a positive impact on local communities.

Training

Poundland is committed to the on-going training and development of all colleagues to ensure they have the right skills to perform their jobs and create the right development to ensure equality of opportunity for all.

All new colleagues receive an 'on the job' induction that is tailored to the role they will perform. Retail managers experience a formal 12 week programme that is structured and led by a training manager who supports them through the programme to ensure they feel confident and supported.

Last year saw the introduction of our Apprenticeship programme which provided 50 apprentices the opportunity to learn with Poundland as they gained valuable retail experience as well as their Level 2 qualification.

A suite of development programmes are available for colleagues to further develop their skills and grow their career within the business, this included formal progression programmes or management development modules. Colleagues also have access to formal 2 or Level 3 qualifications that is provided through our partnership with Learndirect.

Sharing our knowledge

We've also supported the charity "Think Forward" who work with at risk youths at school. Poundland has run a number of talent days to help young people understand what a career in retail is like.

Health and safety

Good health and safety practices are integral to both colleague welfare and to the success of the Poundland Group.

We continually review our procedures and training to develop methods of working that will reduce the likelihood of incidents or accidents occurring. We consider this to be the responsible thing to do and is in line with best business practice, as delays caused by accidents impact on operational performance leading to increased costs and disruption for our customers and colleagues. Our Board is fully committed to ensuring the strategic adherence of the Corporate Safety Plan is maintained and operational management are fully committed and responsible for the delivery of the Corporate Safety objectives as laid out in the strategic safety plan.

Our Health & Safety Policy is available to all colleagues and focuses on:

- legal compliance
- colleague responsibility
- provision of a healthy and safe environment for all colleagues, customers, and visitors
- provision of the correct training for colleagues
- accurate communication and consultation
- audit and review

As part of the 2016 strategic plan Poundland, going forward, will utilise a set of key indictors to monitor its safety performance across its European network. This will enables us to identify current and upcoming trends, helping us to improve our operational safety performance. Each country has slightly different information required for the reporting KPI's. The KPI's to be used for future monitoring will be as follows:

- Accident Incident Rate (AIR)
- Lost Time Accident Frequency Rate (LTAFR) is a calculation of all lost time accidents which would be statutory reportable under the Reporting of Injuries, Diseases & Dangerous Occurrences Regulations (RIDDOR) normalised per 100,000 hours worked. The measure helps us to monitor and control injuries to the workforce and is widely used as a key performance indicator throughout the industry
- Accident Severity Rate (ASR)

Current analysis of previous accident/incident trends show that slips, trips, and falls (on the same level) incidents form the highest number of incidents reported, closely followed by musculoskeletal injuries, both indicative of the industry, the nature of our business and in line with other high street retailers. We are constantly reviewing our procedures and training with a view to drive down the number of these types of injury for 2016/17.

FY16 saw a number of key changes to our Health & Safety management programme, driven primarily by the recruitment of a new Health & Safety Risk Manager with 20 years+ experience in his field.

The team has also been enhanced by the recruitment of three retail and two distribution Safety Compliance Partners with a combined 20 years' experience between them. Our previous incident reporting system has been upgraded to a new user friendly electronic reporting system introduced across the European network.

In line with our market leading position as Europe's largest single price value retailer FY16 also saw the introduction of a rolling programme of retail store visits by our Safety Compliance Partners.

All incidents are now reported in a timely manner and controlled through our electronic management system across our European network.

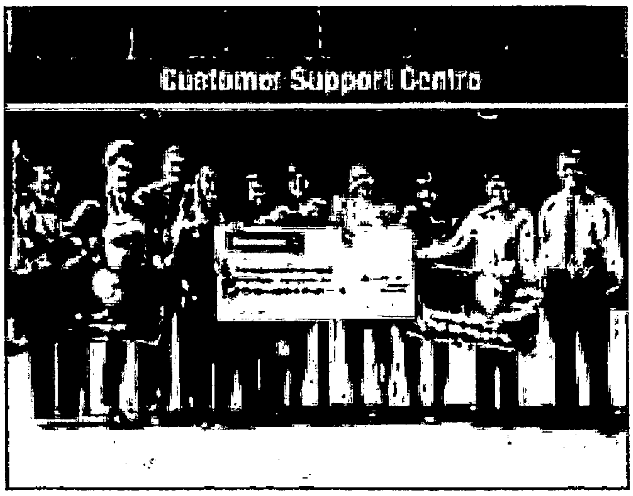
All Business Unit Managers are being put through IOSH Managing Safely and to date our pass rate score has averaged 78%, with three Business Managers having scored above 90%.

With the integration of the 99p stores network these stores were visited, to complete a Safety Compliance Partner report, highlighting good practice and any areas that require improvement.

In our distribution network, all of our commercial vehicle drivers are required to complete the Driver CPC (Certificate of Professional Competence) programme.

During FY16 we entered into discussions with Northampton Borough Council with a view to enter in a Consolidated Primary Authority Partnership (C-PAP) covering H&S, Food Safety, Fire Safety and Trading Standards. The C-PAP will allow Poundland an outlet for assured advice whilst also having a partnership agreement, on a national basis with a Regulatory Authority. The agreement is currently sitting with the Secretary of State awaiting ratification.

We are currently finalising the H&S Implementation plan which will cover the next three to five years and as such, will take account of the corporate strategic objectives which will dovetail into the Safety Implementation plan. This will include short, medium and long term objectives relating to compliance, training and other risk mitigating initiatives.



DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 27 March, 2016.

Strategic Report

The Directors have presented their Strategic Report, which was approved by the Board of Directors on 16 June 2016, on pages 10 to 33 and which contains (a) a fair review of the Group's business and (b) a description of the principal risks and uncertainties facing the Group. The review is intended to be a balanced and comprehensive analysis of the development and performance of the Group's business during the financial year and the position of the Group's business at the end of that year. The report includes, to the extent necessary for an understanding of the development, performance or position of the Group's business, analysis using financial key performance indicators.

As the Company is a quoted company, the Strategic Report also, to the extent necessary for an understanding of the development, performance or position of the Group's business, includes the main trends and factors likely to affect the future development performance and position of the Group's business. It also includes information about environmental matters, the Group's employees and social and community issues and the policies that the Group has in place to deal with these issues and their effectiveness.

The report of the Directors should be read in conjunction with the Strategic Report, and contains details of the principal activities of the Group during the year.

Profits and dividend

The Group's results for the year are set out in the consolidated Income Statement on page 69. The underlying profit before tax was £39.3 million (2015: ££42.2 million) and the profit after tax amounted to £1.6 million (2015: £28.4). The Board recommends that a final dividend of 2.00p per ordinary share be paid on 7 October 2016 to shareholders whose names appear on the register of shareholders at the close of business on 16 September 2016. This payment, together with the interim dividend of 1.65p per share ordinary share paid on 29 January 2016, makes a total for the year of 3.65p (2015 4.5p).

Going concern

The Board is of the opinion that there is a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Board has taken account of current and anticipated trading performance, current and anticipated levels of borrowings and the availability of borrowing facilities and exposures to and management of the financial risks detailed on pages 26 and 27 Consequently, the going concern basis has been used in the preparation of the Company and Group financial statements.

Political donations

The Group has not made in the past, nor does it intend to make in the future, any political donations.

Colleagues

The Group firmly believes in the principle of equal opportunity in the workplace. No colleague, whether applying for a position or an existing member, receives less favourable treatment on grounds such as gender, marital status, race, ethnic origin, religion, disability, sexual orientation, or age.

Full and fair consideration is given to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities and, for colleagues who have become disabled whilst employed by the Group arranging for appropriate training to, as far as possible, enable employment to continue.

A whistleblowing policy enables colleagues to report confidentially any concerns they may have relating to the Group or their employment.

Directors

The names of the present Directors of the Company who served throughout the year, including brief biographies are set out on pages 36 and 37.

Paul Best (Non-Executive Director) and Richard Lancaster (Trading Director) both resigned as Directors on 17 June 2015.

On the 2 March 2016 the appointment of Kevin O'Byrne as Chief Executive Designate was announced, effective from 4 April, 2016. Jim McCarthy retires as Chief Executive Officer at the end of June and will be replaced by Kevin O'Byrne on July 2016.

Jim McCarthy will stand down as a Director on the conclusion of the AGM of the Company in September 2016.

The following reflects changes to the Executive Team: Retired: Andy Monk - (June 2016); Starters: Simon Twigger, Trading Director (September 2015) Martin Dawson, (Retail Director (December 2015).

Directors' interests

The interests in the share capital of the Company as at 27 March 2016 are set out on page 51.

Directors' and officers' liability

The Company has customary directors' and officers' indemnity insurance in place in respect of each of the Directors. The Company has entered into a qualifying third-party indemnity (the terms of which are in accordance with the Companies Act 2006) with each of the Directors.

Share capital

Details of the Company's share capital including changes in the issued share capital during the year under review are set out in note 23 to the consolidated financial statements which form part of this report on page 98.

The rights and obligations attaching to the ordinary share capital of the Company are contained within the Company's Articles of Association which were adopted on 11 March 2014.

Details of awards outstanding under share-based incentive schemes are given in note 24 to the consolidated financial statements which form part of this report on page 99.

Details of the share-based incentive schemes in place are provided in the Directors' Remuneration Report on pages 56 to 57.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, every holder of ordinary shares present in person or by proxy and entitled to vote, shall have one vote for every ordinary share held.

Substantial shareholders

As at 16 June 2016 the Company's register of substantial shareholdings showed the following interests of, or in excess of 3% in the Company's issued ordinary shares:

Name	%
Steinhoff International Holdings NV	22.78
Kensico Capital Management Corp	10.29
FMR LLC	7.62
Capital Group of Companies Inc	6.11
AXA Investment Management	3.84
James John McCarthy	3.72
Norges Bank	3.19
NFU Mutual (UK)	3.02

Greenhouse gases

A summary of how the Group recognises its responsibility to colleagues, customers, environment (including greenhouse gas emissions) and community is contained with the Corporate and Social Responsibility Report on pages 30 to 33 which forms part of this report.

Change of control

A number of agreements take effect, alter or terminate upon a change of control of the Group, such as bank loan agreements and employee share-based incentive schemes.

The Group's main credit facilities, including the committed bank facilities date 17 March 2014, contain a provision such that in the event of a change of control, the facilities will be cancelled and all outstanding amounts, together with accrued interest will become repayable on the date falling 30 days following written notice being given by the lenders that the facilities have been cancelled.

Disclosure of information to Auditors

As at the date of this report, as far as each Director is aware, there is no relevant audit information of which the Group's Auditor is unaware, and each Director has taken all the steps that ought to have been taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's Auditor was aware of that information.

Corporate governance

The Statement of Compliance with the UK Corporate Governance Code and description of the Group's corporate governance framework with the Corporate Governance Report are included on pages 39 to 41 which form part of this report.

Auditor

Resolutions to re-appoint KPMG LLP as Auditor and to authorise the Directors to determine its remuneration will be proposed at the Annual General Meeting.

Information regarding forward – looking statements

These Reports and Financial Statements include forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these Reports and Financial Statements and include statements regarding the intentions, beliefs or current expectations of the Directors of the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies (including continued store roll out plans), and dividend policy of the Company and the industry in which it operates. In particular, the statements regarding the Company's strategy and other future events or prospects are forward-looking statements.

Authority to purchase shares

At the 2015 AGM, shareholders approved a special resolution authorising the Company to purchase up to 25,000,000 ordinary shares, representing 10% of the Company's issued share capital as at 12 August 2015, such authority expiring a the conclusion of the AGM to be held in 2016.

Annual General Meeting

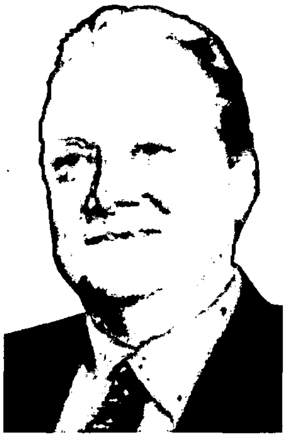
The AGM will be held at the Customer Service Centre, Wellmans Road, Willenhall, West Midlands, WV13 2QT on Thursday 15 September 2016. The notice of the AGM and explanatory notes regarding the special business to be put to the meeting will be sent out in a separate circular to shareholders and will be available on the Group website, www.poundland/investors/agm

The Directors will at the AGM seek shareholders authority to purchase the Company's own shares within certain limits. Although no such purchases are planned at this time, details will be included in the notice of meeting.

By order of the Board

Nick Hateley
Director
16 June 2016

BOARD OF DIRECTORS



Darren Shapland
(Independent Non-Executive Chairman)

Darren joined the Board as Senior Independent Director in February 2014 and was appointed Independent Non-Executive Chairman in July 2014. He brings extensive retail knowledge and broad public company experience gained throughout his career, most recently as Chief Executive Officer of Carpetright plc. Prior to this, Darren spent six years at J Sainsbury plc, initially as Chief Financial Officer and subsequently as the Group Development Director.

Darren is also a Non-Executive Chairman of Topps Tiles Plc and a Non-Executive Director at Wolseley plc.

James John McCarthy
(Chief Executive Officer)

Jim joined Poundland as Chief Executive Officer in August 2006. Prior to joining Poundland, Jim was Managing Director of Convenience, J Sainsbury plc and was a member of the operating, retail and investment boards.

Jim's experience extends to over 40 years in retail including ten years as Chief Executive of T&S Stores plc (operated over 1,200 stores and sold to Tesco plc), Managing Director of Neighbourhood Retailing (part of Next plc) and Managing Director of Birmingham Post & Mail Limited's retail estate.

Jim is also non-executive chairman at AIM listed Wynnstay Group plc.

In March 2016 it was announced that Jim would retire from the position of CEO at the end of June but would remain a director until the AGM in September.

Kevin O'Byrne
(Chief Executive Officer, Designate)

Kevin joined Poundland in April 2016 as CEO Designate and will be appointed as CEO on 1 July 2016. Prior to joining Poundland, his most recent role was with Kingfisher plc as CEO of B&Q UK and Ireland, the market leader in home improvement. Kevin is an experienced international retailer, having been a Director of both Dixons Retail plc and Kingfisher plc.

Kevin is also the senior independent director of Land Securities plc.

Nicholas Roger Hateley
(Chief Financial Officer)

Nick is a Fellow of the Chartered Institute of Management Accountants and holds an MBA.

Nick joined Poundland as Chief Financial Officer in October 2006. He joined from J Sainsbury plc where he was the Finance Director of Sainsbury's Convenience Stores.

Nick has 25 years' experience in finance and business improvement which he gained at PricewaterhouseCoopers, Accenture and Lucas Industries plc.

All independent non-executive directors are members of the

- Audit & Risk Committee (Chairman Tim Jones)
- Governance & Nominations Committee (Chairman Grant Hearn)
- Remuneration Committee (Chairman Teresa Colaianni)

Darren Shapland is a member of the Governance & Nominations Committee and attends other Committee meetings at the invitation of the relevant Committee Chairman.

Miles Roberts
(Independent Non-Executive Director)

Miles joined the Board in October 2014 as Senior Independent Non-Executive Director. Miles is currently Group Chief Executive of DS Smith plc, a leading international supplier of recycled packaging. Prior to that he was CEO of McBride plc, Europe's leading provider of private label household and personal care products.

Miles brings plc board and international experience to the Board.

Tim Jones
(Independent Non-Executive Director)

Tim joined the Board in October 2014 as an Independent Non-Executive Director and as Chairman of the Audit and Risk Committee. Tim is a chartered accountant and is currently Group Finance Director of Mitchells and Butlers plc. Previous positions include Group Finance Director of Interserve plc, a FTSE 250 listed support services group, together with other senior finance roles both in the UK and overseas.

Tim brings extensive knowledge of commercial finance with his plc background and knowledge.

Teresa Colaianni
(Independent Non-Executive Director)

Tea joined the Board in February 2014 and Chairs the Remuneration Committee. She was formerly Group HR Director for Merlin Entertainments plc, which floated on the London Stock Exchange in November 2013. Having begun her career as a European Employment lawyer in Brussels, advising multinational companies on EU related affairs, she moved into Human Resources and subsequently re-located to London. Tea has worked across a number of industries, recently heading up the Human Resources function in Europe for Hilton Hotels Corporation.

Grant Hearn
(Independent Non-Executive Director)

Grant joined the Board in February 2014 and Chairs the Governance and Nominations Committee. He is the former Chief Executive Officer of Travelodge. During his 10 year career with the hotel business Grant also served as Executive Chairman. He has a wealth of experience in the hotel and travel industry having previously held senior positions at Hilton Group and Whitbread. Currently Grant is an Independent Non-Executive Director of Scandic Hotels in Scandinavia and Chairman of Amaris Hospitality.
Grant brings extensive knowledge in the hospitality and leisure industry and the discount market combined with detailed boardroom knowledge and practice.

Mary Barnard
(Independent Non-Executive Director)

Mary joined the Board in March 2015 as an Independent Non-Executive Director. She is currently Area President, Northern Europe at Mondelez International Inc, the multinational confectionery, food and beverage conglomerate where she is responsible for the commercial leadership of the UK, Ireland and Nordic markets. Prior to that she was Senior Vice President and General Manager for the Pepsi-Lipton Partnership responsible for all core business operations, including sales, marketing and R&D. Mary brings a wealth of commercial retail and international experience to the Board with in-depth knowledge of the retail market and customer insight.

COMPANY INFORMATION

Financial Calendar

15 September 2016 – Annual General Meeting
17 November 2016 – Interim Results.
Each shareholder is entitled to attend and vote at the Annual General Meeting

Registered & Head Office

Wellmans Road, Willenhall, West Midlands WV13 2QT Registered in England No: 8861243

Website: www.poundlandcorporate.com
We encourage our Shareholders to visit our website to keep up to date on information specifically for them.

Auditors:	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GH
Bankers	Lloyds Bank plc
	Barclays Bank plc
	The Royal Bank of Scotland plc
	Santander UK plc
Joint Brokers:	J.P. Morgan Securities plc, 25 Bank Street, London E14 5JP
	Shore Capital Stockbrokers Limited, Bond Street House, 14 Clifford Street, London W1S JU
Corporate Solicitors:	Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS
	Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES
Registrars:	Computershare Investor Services PLC, The Pavilions, Bridgwater

OUR EXECUTIVE TEAM

Simon Twigger
(Trading Director)

Simon joined Poundland as Trading Director in September 2015. He joined from J Sainsbury plc where his previous role was Managing Director of Sainsburys Local Stores.

Prior to this he held senior roles in trading at Sainsburys and Safeway plc. Including sales roles at FMCG suppliers, he has over 25 years' experience in Grocery retailing. Simon is also a trustee of the IGD and Grocery Aid.

Martin Dawson
(Retail Director)

Martin joined Poundland from ASDA where he was Retail Director, trading both the legacy Asda and converted Netto stores across the Asda estate. He previously held positions including Operations Director for the South and Managing Director of Superstores and Supercentres at ASDA and earlier in his career worked for Tesco, New Look and Barratt Shoes.

Martin was appointed Retail Director in December 2015

Andy Garbutt
(Business Development Director)

Andy joined Poundland in June 2015 as Business Development Director, with responsibility for the effective management and development of the UK and European property portfolio, the development of new markets in Europe and also specific business development projects.

Prior to joining Poundland, Andy worked at Card Factory for five years as Corporate Development Director, responsible for developing the store portfolio, consumer research and the Card Factory website. Before Card Factory he spent 10 years as Retail and Leisure Director at PwC, with a focus on commercial and operational due diligence in the UK and continental Europe.

Mike Gray
(IT Director)

Mike joined Poundland in 2003 as Senior Controller with responsibility for developing IT capability. Appointed to the Board of Poundland Limited in March 2012. Mike is responsible for IT Strategy and the ongoing development and management of all aspects of IT.

Mike has over 25 years' IT experience spanning travel and retail sectors. Prior to joining Poundland, Mike was Head of IT Services for TUI UK Limited.

Michelle Burton
(Human Resources Director)

Michelle joined Poundland in April 2015 as Human Resources Director with responsibility for the development and delivery of the Company's people and engagement strategies, spanning the full employee lifecycle.

Michelle has over 20 years' of Human Resources experience spanning the retail, manufacturing, distribution and facilities management sectors and joined Poundland from Cofely, GDF SUEZ, where she held the position of Human Resources Director. Prior to that she held a number of Senior HR positions in her 10 year career with J Sainsbury plc, including Head of Reward, Head of Learning and Development and HR Director for Sainsbury's Logistics division.

Tim McDonnell
(International Director)

Tim joined Poundland in August 2006 as Regional Manager with responsibility for Retail Operations in the north of the country. Prior to that, Tim worked for Kwik Save and Somerfield Stores Ltd for over 20 years holding a number of roles in both Retail Operations and Human Resources. He was a Regional Director at Somerfield prior to joining Poundland. In September 2015 Tim was appointed as International Director with responsibility for the Group's overseas operations in Spain.

Jinder Jhuti
(Company Secretary and Legal & Compliance Director)

Jinder joined Poundland in 2006 as Sole Counsel and Assistant Company Secretary and was appointed to the Executive Team in January 2014. Jinder is responsible for managing legal risk, corporate compliance, insurance and health and safety. She has over 25 years' experience in the legal sector. Prior to joining Poundland Jinder worked in-house at Alliance & Leicester (now Santander Bank) and Barclays Bank plc in addition to having worked in private practice. In April 2016 Jinder was appointed to the Executive Team as Legal and Compliance Director.

STATEMENT OF CORPORATE GOVERNANCE

The following statement describes how the principles of the UK Corporate Governance Code ('the Code') published by the Financial Reporting Council in September 2014 have been applied by the Company. The Code can be viewed at www.frc.org.uk. For the period ended 27 March, 2016 the Board considers that the Group has fully complied with the Code. The following report outlines our compliance with the five main principles of the Code.

The Board and its role

Details of the Group's business model and strategy can be found on pages 4 to 11.

The Board provides leadership to the Group and is responsible for;

- agreeing strategy, setting objectives and overseeing their implementation
- managing changes to the capital structure of the Company as may be necessary to achieve strategic objectives
- ensuring that correct and appropriate people and resources are available
- overseeing the management of a sound system of internal control and risk management
- approval of financial reporting, dividend payment and policy and overseeing and approving significant changes to accounting policies and practices
- managing capital projects and corporate actions, acquisitions, disposals or material joint ventures
- maintaining a satisfactory dialogue with Shareholders based on a mutual understanding of objectives
- approving Board membership and senior appointments within the Group and their appropriate remuneration and benefits
- appointing the Group's principal professional advisors

The Board retains responsibility for the control of key decisions and has established a formal schedule of matters for its approval. The split of roles and division of responsibilities between the Chairman and Chief Executive are clearly defined and approved by the Board.

The Board delegates a number of responsibilities to the three standing committees of the Board as detailed below.

The Group's business is directly monitored by the Executive Management Team who meet on a monthly basis (attended by the two executive directors) to review trading and the achievement of objectives.

The Board is collectively responsible for ensuing that the business acts in the best interest's of the Company and its shareholders to deliver sustainable profit growth.

Board structure

The current membership of the Board consists of the following directors;

Darren Shapland	Independent Non-Executive Chairman
Jim McCarthy	Chief Executive Officer
Kevin O'Byrne	Chief Executive Officer, Designate
Nick Hateley	Chief Financial Officer
Miles Roberts	Senior independent Non-Executive Director
Grant Hearn	Independent Non-Executive Director
Tea Colaianni	Independent Non-Executive Director
Tim Jones	Independent Non-Executive Director
Mary Barnard	Independent Non-Executive Director

Company Secretary – Jinder Jhuti

On incorporation the Company established three standing commit-tees that report directly to the Board, supporting and encouraging good corporate governance.

Audit and Risk Committee

The principal responsibility of the Audit and Risk Committee is reviewing financial reporting including annual and half year financial statements, internal controls and risk management.

Chairman	*Members*	*Secretary*
Tim Jones	Mary Barnard	Jinder Jhuti
	Tea Colaianni	
	Grant Hearn	
	Miles Roberts	

Remuneration Committee

The Remuneration Committee recommends the Group's policy on executive remuneration.

Chairman	*Members*	*Secretary*
Tea Colaianni	Mary Barnard	Jinder Jhuti
	Grant Hearn	
	Tim Jones	
	Miles Roberts	

Governance and Nominations Committee

The Governance and Nominations Committee assists the Board in reviewing the size, structure and composition of the Board and for reviewing succession plans for the Directors and other senior executives.

Chairman	*Members*	*Secretary*
Grant Hearn	Mary Barnard	Jinder Jhuti
	Tea Colaianni	
	Tim Jones	
	Miles Roberts	
	Darren Shapland	

Board composition

The Code specifies that an appropriate combination of executive and non-executive directors, particularly independent non-executive directors exist to ensure that at least half the Board (excluding the

STATEMENT OF CORPORATE GOVERNANCE continued

Chairman) consists of independent non-executive directors and that no such individual or small group of individuals can dominate policy and decision making. The Board comprises;

- D.M. Shapland - Chairman and Non-Executive and independent on appointment
- J. McCarthy – Chief Executive Officer and N. Hateley Chief Financial Officer – both Executive Directors. In addition Kevin O'Byrne was appointed Chief Executive Officer (Designate) and who will replace Jim McCarthy as Chief Executive Officer on 1 July, 2016. Jim McCarthy will stand down as a Director at the AGM of the Company in September
- M. Roberts – Senior Independent Director
- G. Hearn, T. Colaianni, T. Jones and M. Barnard, all independent Non-Executive Directors

The Board believes it complies with the principles of the Code.

Directors' terms and conditions

The service agreements and letters of appointment for the Executive Directors and Non-Executive Directors respectively are contained in the Remuneration report on pages 48 to 49.

Board meeting attendance

During the year attendance by Directors at Board and Committee meetings was as follows;

Director	Board	Audit & Risk	Governance & Nominations	Remuneration
Darren Shapland	9/9	5/5*	4/4	3/3*
Jim McCarthy	9/9			
Nick Hateley	9/9			
Miles Roberts	9/9	5/5	4/4	2/3
Grant Hearn	8/9	4/5	4/4	2/3
Tea Colaianni	9/9	4/5	4/4	3/3
Tim Jones	9/9	5/5	4/4	3/3
Mary Barnard	8/9	5/5	3/4	3/3
Total meetings	9	5	4	3

Tea Colaianni missed one meeting of the Audit & Risk Committee due to a family illness.

Grant Hearn missed one board meeting and one Audit & Risk Committee meeting held on the same day due to a pre agreed family commitment.

Mary Barnard missed one board meeting and one Governance & Nominations Committee meeting held on the same day due to a commitment agreed prior to taking her appointment.

Miles Roberts missed one meeting of the Remuneration Committee due to international travel delays.

All Directors are required to attend the AGM of the Company and any strategy meetings. Non-Executive directors also meet separately without the attendance of the Executive Directors.

Paul Best attended one meeting of the Governance and Nominations Committee prior to his resignation from the Board on 17 June 2015.

Darren Shapland attended meetings of the Audit & Risk Committee and Remuneration Committee at the invitation of the respective committee chairman.

Division of responsibilities

As required by the Code a clear division of responsibilities exist between the Chairman, who is responsible for the leadership and effective operation of the Board and the Chief Executive who retains responsibility for the management of the Company. The Executive Directors provide operational and accounting information to the Board and strategy updates relating to the development of the Company.

Company Secretary and Board support

The Chairman and Board of Directors are supported by the Company Secretary who assists the Chairman in ensuring that the Directors receive regular, accurate information and coordinates divisional strategy presentations to ensure the continued effective operation of the Board. In addition the Company Secretary advises the Chairman on all corporate governance matters.

All directors have access to the advice and services of the Company Secretary.

Diversity

Poundland supports the principles of diversity in its Board and senior management team.

In accordance with Section 414C(8)(c) of the Companies Act 2006,

- the Board consists of nine directors, split between two female and seven male directors, representing 22% female representation. The Board are pleased to note this is ahead of the current 18% achieved by FTSE 250 Companies as reported in the latest Women on Boards Davies Review Annual report (March 2015)
- the Group Executive Team also consists of seven members, consisting of two female members and five male members
- the gender split for employees in the Group as a whole (including overseas interests) is broken down between 10,710 male employees and 8,102 female employees as at 27 March 2016

Conflicts of interest

There are no potential conflicts of interest between any duties owed by the Directors or Senior Management, the Company and their private interests or other duties.

Committees of the Board

Certain aspects of the Board's duties and responsibilities have been delegated to appropriately constituted committees to ensure compliance with the regulatory requirement. As envisaged by the UK Corporate Governance Code, the Board has established an Audit and Risk Committee, a Governance and Nominations Committee and a Remuneration Committee. If the need should arise, the Board may set up additional committees.

Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board with its responsibilities in relation to financial reporting, including:

- reviewing the Group's annual and half year financial statements and accounting policies
- overseeing internal and external audits and controls
- reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors
- advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls
- managing whistleblowing and fraud systems in place within the Group

The Audit and Risk Committee will normally meet not less than three times a year.

The Committee is chaired by Tim Jones and its members are listed on page 39. Meetings are also attended by the Chairman, CEO, CFO and Head of Profit Protection & Audit, all at the invitation of the Committee Chairman.

In compliance with the UK Corporate Governance Code recommendations, all members of the Committee are Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement and that one such member has recent and relevant financial experience. The chairman of the Committee, Tim Jones fulfils this role, being a chartered accountant and currently employed as Group Finance Director of Mitchells and Butlers plc.

The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in this respect.

Governance and Nominations Committee

The Governance and Nominations Committee assists the Board in reviewing the structure, size and composition of the Board, overseeing succession plans for the Directors, including the Chairman and Chief Executive Officer and other senior executives and ensuring legal and regulatory compliance in respect of corporate governance. The Governance and Nominations Committee will normally meet not less than twice a year.

The Committee is chaired by Grant Hearn and its members are listed on page 39. Meetings are also attended by the CEO, at the invitation of the Committee Chairman.

The UK Corporate Governance Code recommends that a majority of the Governance and Nominations Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in this respect.

When the Board wishes to appoint a Director, the Committee will take the lead in the process and, after taking due account of the balance of skills, knowledge, experience, independence and diversity on the Board, will prepare a description of the role, required capabilities and expected time commitment and, using external agencies if appropriate, will identify suitable candidates for consideration by the Board as a whole.

The Committee will also make recommendations to the Board regarding the make-up of Board Committees, whether to reappoint Directors at the end of their term of office and make recommendations about the re-election of Directors put forward for retirement by rotation in accordance with the articles of association of the Company. In addition the Committee is responsible to the Board for evaluating the effectiveness and operation of the Board, its committees and the chairman. The Committee is also responsible for ensuring and promoting the diversity of the Board.

The Committee is also responsible for ensuring that the Company complies with, and where possible exceeds, all laws and regulations to do with the good and ethical governance of corporate entities and that all such matters are kept under constant review and relevant mitigating actions are taken if required.

Remuneration Committee

The Remuneration Committee manages the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors and the Chairman and other senior executives and prepares an Annual Remuneration Report for approval by the Shareholders at the Annual General Meeting. The Remuneration Committee will normally meet not less than three times a year.

The Committee is chaired by Tea Colaianni and its members are listed on page 39. The Chairman, CEO and Trading Board HR Director also attend on the invitation of the Committee Chairman.

The UK Corporate Governance Code recommends that all members of the Remuneration Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Group complies with the requirements of the UK Corporate Governance Code in this respect.

Since the time of its inauguration, the Committee has employed external advisors, New Bridge Street, a consulting agency which specialises in executive remuneration, to advise and assist in formulating and introducing a sustainable remuneration policy.

GOVERNANCE AND NOMINATIONS COMMITTEE REPORT

Dear Shareholder,
I am pleased to present to you, on behalf of the Board of Directors, the report of the Governance and Nominations Committee for the financial year ending 27 March 2016.

ROLE AND PURPOSE

The Governance and Nominations Committee was established by a resolution of the Board of Directors on 27 February 2014 to assist the Board in:

- reviewing the structure, size and composition of the Board
- reviewing succession plans for the Directors, including the Chairman and Chief Executive Officer and other senior executives
- ensuring legal and regulatory compliance in respect of good corporate governance
- evaluation of the balance of skills, experience, diversity and independence on the Board

The Committee will also make recommendations to the Board regarding the composition of Board Committees, whether to reappoint Directors at the end of their term of office and make recommendations about the re-election of Directors put forward for retirement by rotation at the AGM of the Company. The Committee will also consider the diversity of the Board and recommend changes to comply with good practice or legislation as appropriate.

MEMBERSHIP AND MEETINGS

Membership of the Governance and Nominations Committee together with appointment dates, is set out below

Committee Member	membership since
Grant Hearn (Chairman)	27 February, 2014
Tea Colaianni	27 February, 2014
Darren Shapland	27 February, 2014
Miles Roberts	30 October, 2014
Tim Jones	30 October, 2014
Mary Barnard	12 March 2015

Paul Best resigned as a Director and member of the Committee on 17 June 2015.

The biography of each member of the Governance and Nominations Committee is set out on pages 36 to 37.

In addition the Chief Executive Officer attends on the invitation of the Committee Chairman. The Company Secretary provides legal and secretarial support to the Committee.

The Governance and Nominations Committee met four times during the year, details of attendance by members are shown on page 40.

OPERATIONAL REVIEW

Apart from its role in advising the Board on regulatory and compliance matters during the year, the Committee has concentrated on two particular matters, establishing an effective succession plan for Executive Directors and senior managers of the Company and undertaking an evaluation of the operational effectiveness of the Board, its Committees and the role of the chairman.

We believe that the Board has achieved an appropriate level of Independence with the appointment of the independent non-executive directors referred to above.

Diversity

The Board consists of nine directors, split between two female and seven male directors, representing 22% female representation. Further details are provided in the Statement of Corporate Governance.

Grant Hearn
Chairman of Governance & Nominations Committee
16 June 2016

AUDIT AND RISK COMMITTEE REPORT

Dear Shareholder,
I am pleased to present to you, on behalf of the Board, the report of the Audit and Risk Committee for the period ending 27 March 2016.

ROLE AND PURPOSE

The Audit and Risk Committee was established by a resolution of the Board of Directors on 27 February 2014 to assist the Board in ensuring strong governance and control in respect of:

- financial reporting, including reviewing annual and half-year results
- internal control and risk management, including internal audit
- external audit, including advising on independence, appointment and scope of the annual audit
- whistleblowing, fraud, bribery and other compliance

MEMBERSHIP AND MEETINGS

All members of the Committee are Independent Non-Executive Directors, free from any relationship or circumstance which may affect their judgement and at least one such member has recent and relevant financial experience.

The make-up of the Committee together with appointment dates, is set out below

Committee member	Membership since
Tim Jones (Chairman)	30 October 2014
Grant Hearn	27 February 2014
Tea Colaianni	27 February 2014
Miles Roberts	30 October 2014
Mary Barnard	12 March 2015

The biography of each member of the Audit and Risk Committee is set out on page 37.

The Chairman, Chief Executive Officer, Chief Financial Officer and Head of Profit Protection and Audit attend meetings on the invitation of the Committee.

The Audit and Risk Committee met five times during the year, details of attendance by members are shown on page 40, during which the following items were specifically addressed.

- consideration of the half year and full year financial results
- consideration the scope and terms of the external audit
- approval of internal foreign exchange and surplus funds investment policies
- review and advice on the management team on elements of the acquisition and integration of the Group of 99p Stores Limited
- review of risks and uncertainties facing the business
- consideration of reviews undertaken by the Profit Protection and Audit team into selected risks, and approval of a programme of forward work
- review of the Group's management of its whistleblowing policy

Based on their performance during this financial year, the Committee will be recommending KPMG LLP ("KPMG") be reappointed at the AGM.

Tim Jones
Chairman of the Audit & Risk Committee
16 June 2016

Eltham - before

Acton - before

Eltham - after

Acton - after

AUDIT AND RISK COMMITTEE REPORT continued

Significant issues considered by the Audit and Risk Committee

Following discussion with both management and the external auditors, the Committee determined that the key accounting judgements included in the Group's financial statements included, but were not limited to:

Significant risk considered by the Committee in relation to the financial statements	Corresponding action taken by the Committee to address these concerns
valuation of inventory	Management prepared an analysis and explanation of movements in inventory and inventory provisions, which was reviewed in conjunction with the results of a data analytics exercise performed by KPMG over inventory held at warehouse. The Committee concluded that inventory values were fairly stated in the balance sheet.
99p Stores acquisition accounting	Due to the scale and complexity involved in determining the completeness, existence and accuracy of the acquired net assets of the 99p Stores business, and particularly the goodwill and intangible assets, this area was identified as an significant risk this year. A substantive review has been carried out, using external expert valuation advice in order to provide the Committee with sufficient evidence to conclude that net assets were fairly stated.
Significant judgements considered by the Committee in relation to the financial statements	**Corresponding action taken by the Committee to address these concerns**
recognition of rebates and supplier income	Recognition of rebates and supplier income inevitably involves some element of judgement as to future volumes as many agreements are not coterminous with the Group's accounting year end. Management prepared an analysis of income, detailing movement by type and as a proportion of total sales. This was considered alongside the amount uncollected as at the reporting sheet date. The Committee concluded that the amounts recognised were appropriate.
valuation of intangible assets	The group balance sheet contains significant value with respect to goodwill and intangible assets. The key assumptions used to underpin these values were considered, including projected cashflows extracted from the Group budget and corporate plan, along with the sensitivity of available headroom to these key assumptions. The Committee concluded that a sensible and reasoned approach had been taken to preparing the calculations and that there were no immediate indications of impairment.
treatment of non-underlying items	In order to assist investors with a better understanding of performance, the financial statements include presentation of the underlying performance of the business. Amounts excluded from underlying performance include non-recurring project costs (including the acquisition and integration of 99p Stores Limited), an international trial of operations in Spain, and the ineffective element of derivative hedges. The Committee reviewed the basis and consistency of calculating and reporting adjustments to underlying performance and concluded that they were appropriate.

During the year the Committee reviewed these judgements which are described further in the relevant accounting policies and detailed notes to the financial statements.

The auditor reported to the Committee any misstatements that they had found in the course of their work and no material adjustments were required.

After reviewing the presentations and reports from management and consulting where necessary with the auditor, the Committee was satisfied that the financial statements appropriately addressed the critical judgements and key estimates both in respect of the amounts reported and disclosures.

Internal control environment

The Board is responsible for the Group's systems of internal control and risk management and for reviewing their effectiveness. The Committee has considered the process by which the Group approaches risk management and is satisfied that the Group has systems and procedures in place to identify, evaluate and manage all material risks to the business.

These systems and procedures are designed to manage rather than eliminate risk of failure, to achieve business objectives. They can only provide reasonable, and not absolute, assurance against material misstatement or loss. Similarly the Committee is satisfied that this process has been in place for the year under review and up to the date of approval of the Annual Report and Financial Statements and that the process will be regularly reviewed by the Board.

During the year the Committee have worked with the Profit Protection and Audit team to develop a scope and formal programme of work to review, challenge and assess the adequacy of processes and policies in place to identify and control major risks facing the business.

Assessing external audit effectiveness

The Committee oversees the Group's relationship with the external auditor. The Committee's meeting agenda includes sessions with the auditor without management present with the purpose of understanding the auditor's views on the control and governance environment and management's effectiveness within it.

To fulfil its responsibilities in respect of the independence and effectiveness of the external auditor, the Committee reviewed:

- the terms, areas of responsibility, duties and scope of work of the external auditor as set out in the engagement letter
- the audit work plan for the Group
- the detailed findings of the audit, including a discussion of any major issues that arose during the audit
- confirmation from KPMG of its independence and objectivity
- the audit fee and the extent of non-audit services provided during the year.

The external auditor is appointed by Shareholders to provide an opinion on the financial statements and certain other disclosures prepared by the Directors. KPMG acted as the external auditor to Poundland throughout the year.

The principle followed with regard to non-audit services is that the auditor may not provide a service which:

- places them in a position to audit their own work
- creates a mutuality of interest
- results in the auditors developing close personal relationships with Poundland employees
- results in the auditors functioning as a manager or employee of Poundland
- puts the auditors in the role of advocate for Poundland

During the year the Committee approved a policy, with built in levels of authority, to control the awarding of non-audit work to the Company's external auditor.

Under normal circumstances non-audit services are subject to market tender or tests and are awarded to the most appropriate provider. However because of their extensive working knowledge of the Poundland Group, the Board at the time of the IPO in the prior year, were of the opinion that KPMG were uniquely placed to undertake the considerable amount of work that was required to complete that process within the timescales required. In the current year, KPMG have also supported the Company in the acquisition of 99p Stores Limited, which was successfully completed on 28th September 2015. This has led to a short term increase in the amount of work undertaken by KPMG in the current and proceeding financial years. Full details are given in note 8 to the Financial Statements on page 86.

The Committee is satisfied that the overall levels of audit and non-audit fees, and the nature of services provided, are not such as to compromise the objectivity and independence of the external auditor.

KPMG has been appointed as auditor of Poundland Group plc for the last three reporting periods ended 30 March 2014, 29 March 2015 to 27 March 2016. The Group will be giving consideration to the timing of the next formal tender in light of the Code, the recent Competition Commission and EU recommendations on audit tendering and rotation.

The Group has no contractual arrangements (for example, within borrowing arrangements) that restrict its choice of auditor.

Tim Jones
Chairman of the Audit & Risk Committee
16 June 2016

DIRECTORS' REMUNERATION REPORT

Dear Shareholder
As Chair of the Remuneration Committee (the 'Committee'), and on behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 27 March 2016.

It sets out how pay links to our business strategy and the actions we have taken in the year. As there are no changes in our approved policy it is not being put to the AGM for a shareholder vote.

Link to Strategy

The strategy for the Group is set out in the strategic report and is focused on delivering shareholder returns through growth, which will be achieved through our:

- continued focus on delivering amazing value to our customers every day
- continued store roll out and expansion
- optimisation of our existing store portfolio
- format and channel development

The Committee is satisfied that the remuneration framework set out in this policy report continues to support this strategy, and the interests of shareholders, through:

- attracting, retaining and motivating high calibre senior management and to focus them on the delivery of the company's strategic and business objectives
- promoting a strong and sustainable performance culture
- incentivising high growth
- aligning the interests of Executive Directors and members of the Executive Committee with those of shareholders through encouraging equity ownership
- encouraging widespread equity ownership by colleagues through the ongoing operation of several tailored share plans, including an all-employee SAYE plan

Overview of the work of the Committee during 2015/16

The Committee has continued to operate the Remuneration Policy first approved by shareholders following our IPO in 2014. The 2017 Financial Year will be the last full year of its operation before the required triennial approval of a new policy at the 2017 AGM.

Significant activities undertaken by the Committee during the year have included:

Assessing performance and reward for 2015/16

The Company performed in line with consensus in the year to 27 March 2016. However, any bonus payment is self-funding and this year's underlying Profit After Tax (PAT) achievement of £30.3 million did not trigger payment of bonuses. No LTIPs vested as first grants are not yet testable.

Reviewing PSP targets following the acquisition of 99p Stores & Spanish trial

As we indicated we would last year, following the acquisition of 99p Stores in September of 2015 and the trial taking place in Spain, a review of Performance Share Plan (PSP) targets was undertaken, to confirm they remain sufficiently stretching. This review concluded that the original EPS targets remain sufficiently challenging given that the dilutive impact on EPS of the share issuance used to fund the acquisition will necessitate delivery of an additional 2.7% of EPS pa for the remainder of the term. The trial in Spain remains ongoing and there is no material impact from this on existing targets.

CEO retirement

Jim McCarthy will retire from the business in September 2016 as a 'good leaver' and any PSP and bonus awards will be treated in line with the Remuneration Policy for departing Executives at this time. Jim will receive his contractual pay until his retirement. No payment in lieu of notice will apply.

CEO recruitment

A key activity of the Committee was to formulate a remuneration package for the incoming Chief Executive Officer, Kevin O'Byrne:

- Kevin O'Byrne's salary was set on appointment at £600,000, reflecting both the market rate and the skills and experience that Kevin brings with him and the highly competitive market for executive talent in the retail sector. Kevin's salary will be fixed at this rate for at least two years and will next be reviewed in April 2018. It should be noted that Jim McCarthy's post IPO salary was significantly below market, resulting from a substantial equity ownership at IPO
- Kevin O'Byrne's annual bonus potential will be 150% of salary. Kevin's bonus will operate more stringently than the approved policy requires, in requiring deferral of one third of any bonus earned
- Kevin will receive an award of 150% of salary under the Performance Share Plan (PSP)
- Kevin O'Byrne will also be granted a one off award of shares worth 150% of his salary under the PSP. As a condition of receiving this grant, Kevin has acquired shares worth c.100% of his gross salary (c.£600,000) from his own funds. A more stretching range will apply to this award
- it is intended that both the normal and one-off awards will be made in November 2016 and will be subject to EPS conditions, which will be communicated to shareholders at the time of the award
- whilst not a requirement under the approved Remuneration Policy, Kevin O'Byrne's PSP awards will be subject to a two year post-vesting holding period, in recognition of current best practice and the desire to align his interests through creating a long-term shareholding in the Company. In addition, he will be required to build and maintain a minimum shareholding worth at least 200% of his base salary

In summary, we agreed a package with Kevin that is competitive, falls within the parameters of the approved Remuneration Policy, and which incorporates best practice policies, such as part bonus deferral and a post-vesting holding period. The full details of this work are set out later in this report.

Approach for 2016/17

The Committee will continue to operate within the Remuneration Policy approved by shareholders in September 2014. The key highlights of how we intend to apply this for 2016/17 are:

- the annual bonus plan will be based primarily on a Profit Before Tax (PBT) and Cash / Working Capital pool approach, with a proportion of the pool being subject to strategic targets (40% PBT, 40% Cash and 20% strategic objectives for Executive

Directors). This represents a change from Profit After Tax (PAT) in prior years. PBT is the key measure used to assess underlying profitability and is therefore more commonly used than PAT as a bonus measure in similar businesses; whilst cash is a key area of focus

- the PSP metric will remain wholly based on underlying Earnings per Share (EPS). Under the PSP, the Remuneration Committee sets the target growth range at the time of each award. 2016 Awards will be granted in November and the associated EPS target growth range communicated to shareholders at this time
- Nick Hateley's salary was increased by 2% with effect from 1 April 2016. This compares with an average salary increase of 2.85% across the broader management population which includes market adjustments, where necessary

Work of the Committee in 2017

Our Remuneration Policy will be subject to the required triennial approval at the 2017 AGM, and so over the course of this year, the Committee intends to conduct a full review of the policy. In determining what, if any, changes will be made, we will carry out a critique of the effectiveness of the policy in the light of Poundland's current circumstances, business strategy, prevailing investor best practice and corporate governance guidelines. The findings of our review will be set out fully in next years' report. Should any significant changes be made to the policy for 2017, we will communicate with our major shareholders as appropriate.

Conclusion

The Committee is mindful of ongoing developments in executive remuneration best practice and the views of our shareholders and actively welcomes any feedback on our Remuneration Policy and its implementation.

We believe that our policy continues to deliver a robust link between reward and performance, that it is implemented rigorously in line with its stated objectives, and is aligned with our strategic goals. We hope you will support our remuneration report at this year's AGM.

Tea Colaianni, Chair of the Remuneration Committee
16 June 2016

DIRECTORS' REMUNERATION REPORT continued

Implementation of the remuneration policy for the year ending 26 March 2017

A summary of how the Directors' Remuneration Policy will be applied during the year ending 26 March 2017 is set out below:

Base salary

The Executive Directors' salaries were reviewed during early 2016 and Nick Hateley's was increased by 2%. This compares with the average salary increase awarded to employees of 2.85% which is inclusive of any adjustments made due to movement in the external market within some areas, and the implementation of a new salary structure for retail management.

The current salaries are as follows:

	From 1 April 2016	From 1 April 2015
Jim McCarthy	£448,800	£448,800
Nick Hateley	£338,130	£331,500
Kevin O'Byrne	£600,000	N/A

(1) Jim McCarthy's salary was not reviewed for 2017 as he had given notice of his retirement at the date of the review.

Pension and benefits

The Committee intends that the implementation of its policy in relation to pension and benefits will be in line with the disclosed policy on page 56 of this report. Jim McCarthy, Kevin O'Byrne and Nick Hateley will receive a 15% of salary cash payment in lieu of pension contributions.

In addition to the normal ancillary benefits, from appointment, Kevin O'Byrne will be reimbursed for expenses relating to his travel and accommodation to the Midlands area. This will continue until a more permanent relocation arrangement is agreed.

Annual bonus

The maximum annual bonus for the year ending 27 March 2017 will be 150% of salary for Kevin O'Byrne and 100% of salary for other Executive Directors. Kevin O'Byrne will defer one third of any bonus earned into Poundland shares. Jim McCarthy will be retiring at the half year and the Remuneration Committee has decided that any bonus due to him will be calculated on a pro rata basis following the end of the financial year, based on the number of months served and subject to the Company's achievement of financial targets, in line with the current policy for departing executive directors.

The bonus for the other Executive Directors will be determined based on a combination of both financial results, being underlying Group Profit Before Tax (PBT) and Cash and strategic objectives/ personal performance. PBT will be used as a measure, rather than PAT which has been used in previous years, as this is more directly related to the performance of colleagues and is not subject to non-controllable influences from changes in legislation or accounting treatment. PBT is also the key measure used by the market to assess underlying business profitability and is more commonly used than PAT as a bonus measure by other similar businesses. Cash is a key area of focus.

A bonus pool will be determined by reference to PBT and cash achievement, with a sliding scale of performance to be set around budget as follows:

Underlying PBT Performance	Percentage of Bonus Payable	Cash Performance	Percentage of Bonus Payable	Total Bonus Payable
Threshold	10%	Threshold	10%	20%
Target	20%	Target	20%	40%
Stretch and Above	50%	Stretch and Above	50%	100%

Any bonus award comprises a maximum of 40% for achievement of Profit Before Tax (PBT) targets; 40% of achievement of Cash targets; and up to a further 20% for the achievement of strategic objectives. Awards will be self-funding and clawback provisions apply. The bonus payable for target performance has been reduced from the 50% of maximum that applied last year to 40%.

The specific PBT and Cash targets and the breakdown of the strategic objectives for the 2016/17 year are considered commercially sensitive. However, the Committee will disclose these retrospectively in next year's Directors' Remuneration Report except to the extent that any strategic targets remain commercially sensitive.

Performance share plan

It is proposed that PSP awards will be made during 2017 at the following levels:

	% of salary
Kevin O'Byrne (1)	300%
Nick Hateley	125%

(1) Kevin O'Byrne's first PSP award of 300% of salary comprises his normal policy award in respect of 2017, together with a further 150% of salary award that will be one-off in nature. This one-off award is made conditional on Kevin's personal investment in shares of c.£600,000, made prior to joining, with the objective of ensuring that Kevin is wholly aligned with the delivery of the Company's strategy, including international expansion and leveraging scale and reach following the 99p Stores acquisition. This one-off award was necessary to secure Kevin's appointment in the face of competition from an alternative opportunity he had at the time. This award will have EPS growth targets that are higher than the normal policy PSP award to be granted during the year.

For annual 2016 awards, performance will be based on EPS growth and measured over three years. In determining the target range the Committee will consider the Group's business plan together with external consensus forecasts. The Board together with the new CEO, are currently reviewing the Group's business plan as part of a strategic review and all awards (including the one-off award referenced above) will be granted in November 2016 and communicated to Shareholders at this time. Setting EPS targets ahead of this time may present a risk of making them either too easy or too difficult to achieve, as the review will inform the correct range for these awards. Targets for all awards will be set at the time of grant and will be disclosed in next year's report.

Jim McCarthy will not receive an award in 2016 as he is under notice of retirement.

Share ownership guidelines

The Executive Directors are required to build and maintain a holding in Poundland shares via the retention of at least 50% of the vested shares under the Company's equity incentive plans.

As set out in the Remuneration Policy, the minimum shareholding requirement for Nick Hateley is 100% of salary. Kevin O'Byrne's minimum shareholding requirement has been set at a higher level than the approved policy dictates, at 200% of salary.

Fees for Chairman and Non-Executive Directors

Non-Executive Directors' remuneration is set by the Board with account taken of the time and responsibility involved in each role, including where applicable the Chairmanship of Board Committees.

A summary of current fees is shown below:

Chairman base fee	£200,000
Non-Executive Director base fee	£45,000
Additional fees:	
Senior Independent Director base fee	£10,000
Audit, Remuneration and Governance & Nominations Committee Chairman base fee	£5,000

Remuneration received by Directors for the year ended 27 March 2016 – audited

Directors' remuneration as a single figure for the period ended 27 March 2016 was as follows, together with comparative figures for the period ended 29 March 2015:

£000			Salary & Fees	Taxable Benefits (1)	Annual Bonus	Long-Term Incentives	Pension (2)	Total
Executive								
J McCarthy		2016	448	24	–	–	67	539
		2015	440	22	–	–	66	528
N Hateley		2016	332	17	–	–	53	402
		2015	325	14	–	–	49	388
R Lancaster	(3)	2016	136	7	–	–	50	193
		2015	325	16	–	–	49	390
Non-Executive								
D Shapland		2016	200	3	–	–	–	203
		2015	153	4	–	–	–	157
A Higginson		2015	67	–	–	–	–	67
T Colaianni		2016	50	–	–	–	–	50
		2015	50	–	–	–	–	50
G Hearn		2016	50	–	–	–	–	50
		2015	50	–	–	–	–	50
M Roberts		2016	55	–	–	–	–	55
		2015	23	–	–	–	–	23
T Jones		2016	50	–	–	–	–	50
		2015	21	–	–	–	–	21
M Barnard		2016	45	–	–	–	–	45
T Bond		2016	2	–	–	–	–	2
		2015	25	–	–	–	–	25
Total Remuneration		2016	1,368	51	–	–	170	1,589
		2015	1,479	56	–	–	164	1,699

Notes

1. Benefits include: Car allowance, medical insurance and fuel
2. This comprises a 15% of salary contribution to the Company's Money Purchase Pension (cash equivalent for J McCarthy)
3. Richard Lancaster left the employment of the business on 28 August 2015
4. Andrew Higginson left the employment of the business on 29 July 2014
5. Trevor Bond left the employment of the business on 19 September 2014

NB: Kevin O'Byrne is not included in the table above as Kevin joined the business on 4 April 2016. No payments were made to him ahead of the commencement of his employment.

DIRECTORS' REMUNERATION REPORT continued

Annual bonus for the year ended 27 March 2016

The Group's performance in the year to 27 March 2016 was in line with consensus forecasts. Any bonus payment is self-funding and, as such, this year's underlying Profit After Tax (PAT) achievement of £30.3 million did not trigger payment of bonuses to colleagues.

The specific PAT targets and a breakdown of the strategic objectives were not disclosed in last year's report, as they were deemed to be commercially sensitive. However, the Committee can now confirm it has assessed the performance of the Executive Directors against the original objectives set. These objectives covered a number of areas including the UK and International store expansion programme, as well as the delivery of financial targets. The Executive Directors partially met their personal objectives, a number of which were reprioritised in light of the accelerated conversion programme of 99p Stores. The threshold level of profit (PAT) required to trigger any payment under the scheme was £38.5 million (inclusive of any bonus cost payable).

Executive Director share awards, Performance share plan awards and share options – audited

The following table sets out details of the Performance Share Plan (PSP) and savings related share options held by, or granted to, each Executive Director during the year:

	At 29 March 2015	Granted number	Lapsed number	At 27 March 2016	Exercise price	Date of grant	Market price of each share at date of grant	Date from which exercisable	Expiry date	Scheme
J McCarthy	–	223,654	–	223,654	–	19/06/2015	£3.12	Jun-18	Dec-18	PSP[2]
	220,000	–	–	220,000	–	17/03/2014	£3.75	Mar-17	Sep-17	PSP[1]
	7,200	–	–	7,200	£2.50	05/09/2014	£3.24	Nov-17	May-18	SAYE
	227,200	223,654	–	450,854						
N Hateley	–	137,666	–	137,666	–	19/06/2015	£3.12	Jun-18	Dec-18	PSP[2]
	135,417	–	–	135,417	–	17/03/2014	£3.75	Mar-17	Sep-17	PSP[1]
	7,200	–	–	7,200	£2.50	05/09/2014	£3.24	Nov-17	May-18	SAYE
	142,617	137,666	–	280,283						
R Lancaster[3]	135,417	–	(135,417)	–	–	17/03/2014	£3.75	Mar-17	Sep-17	PSP[1]
	7,200	7,200	(7,200)	–	£2.50	05/09/2014	£3.24	Nov-17	May-18	SAYE
	142,617	7,200	(142,617)	–						

Notes

1. Benefits include: Car allowance, medical insurance and fuel
2. This comprises a 15% of salary contribution to the Company's Money Purchase Pension (cash equivalent for J McCarthy)
3. Richard Lancaster left the employment of the business on 28 August 2015

Directors' shareholding and share interests – audited

Share ownership plays a key role in the alignment of our executives with the interests of Shareholders. Our Executive Directors are expected to build up and maintain a 100% (200% for Kevin O'Byrne) of salary shareholding in Poundland. Where an Executive does not meet this guideline then they are required to retain at least 50% of the net of tax vested shares under the Company's share plans until the guideline is met.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 27 March 2016.

Director	Beneficially owned shares at 29 March 2015[1]	Beneficially owned shares at 27 March 2016[1]	Number of awards held under the PSP conditional on performance	Outstanding option awards	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 29 March 2015	Percentage of salary held in shares as at 27 March 2016
J McCarthy	9,668,249	10,000,000	443,654	7,200	150%	8,482%	3,699%
K O'Byrne	–	340,000	–	–	200%	N/A	89%
N Hateley	4,207,378	4,254,198	273,083	7,200	100%	4,997%	2,130%
R Lancaster[2]	1,111,413	–	–	–	N/A	N/A	N/A
D Shapland	27,500	65,000	–	–	N/A	N/A	N/A
T Colaianni	15,723	33,823	–	–	N/A	N/A	N/A
G Hearn	10,000	10,000	–	–	N/A	N/A	N/A
M Roberts	–	10,918	–	–	N/A	N/A	N/A
T Jones	–	3,500	–	–	N/A	N/A	N/A
M Barnard	–	1,822	–	–	N/A	N/A	N/A

1. Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline
2. R Lancaster resigned from the business on 28 August 2015

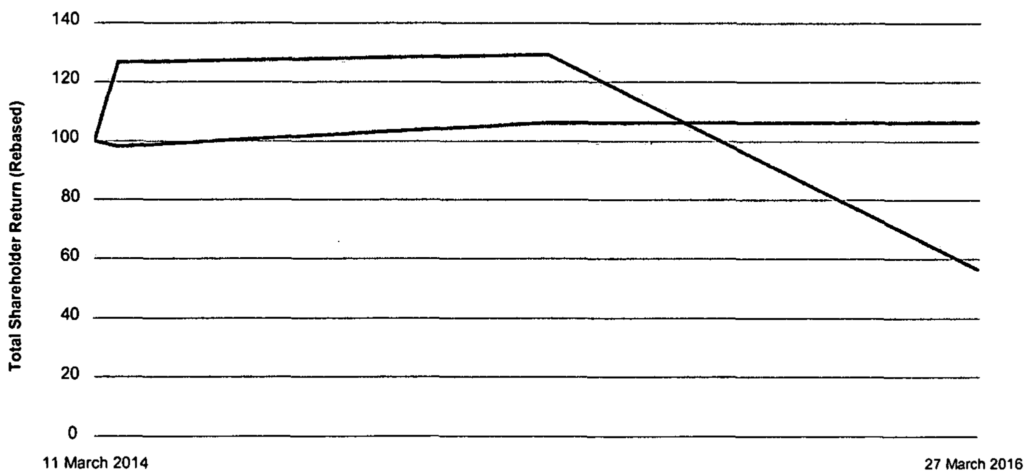
Total pension entitlements – audited

During the year under review the Executive Directors received pension contributions of 15% of salary into defined contribution arrangements (or cash equivalent). Details of the value of pension contributions received in the year under review are provided in the 'Pensions' column of the 'Remuneration received by Directors' table.

Performance graph

The graph below illustrates the Company's Total Shareholder Return (TSR) performance relative to the constituents of the FTSE 250 index (excluding investment companies) of which the Company is a constituent, from the start of conditional share dealing on 11 March 2014. The graph shows performance of a hypothetical £100 invested and its performance over that period.

Total Shareholder Return
Source: Datastream (Thomson Reuters)



This graph shows the value, by 27 March 2016, of £100 invested in Poundland Group on 11 March 2014 compared with the value of £100 invested in the FTSE 250 Index (excl. Investment Trusts) on the same date. Data points inbetween represent the value at intervening financial year ends.

— Poundland Group — FTSE 250 Index (excl. Investment Trusts)

DIRECTORS' REMUNERATION REPORT continued

Change in Chief Executive Officer's remuneration

The table below sets out total remuneration for the Chief Executive Officer for the years 2013 to 2016 inclusive, together with the percentage of maximum annual bonus awarded in that year. No share awards were held by the Chief Executive Officer prior to Admission.

	2016	2015	2014	2013
CEO total remuneration	£538,700	£527,745	£481,655	£476,374
Annual bonus (% of maximum)	–	–	–	–
Share award (% of maximum)	N/A	N/A	N/A	N/A

Notes
1. Remuneration illustrated is that of current CEO, Jim McCarthy who is due to retire in September 2016. Jim's successor, Kevin O'Byrne joined the business on the 4 of April 2016

Percentage increase in the remuneration of the Chief Executive Officer

The table below shows the percentage change in the Chief Executive Officer's salary, benefits and annual bonus between the financial year ended 29 March 2015 and 27 March 2016, compared to that of the total amounts for all colleagues of the Group for each of these elements of pay.

Element of remuneration		% change
Salary	Chief Executive Officer	2%
	Average per employee	2.02%
Benefits	Chief Executive Officer	–
	Average per employee	–
Annual bonus	Chief Executive Officer	–
	Average per employee	–

Relative importance of the spend on pay

The following table shows the Company's actual spend on pay for all employees compared to distributions to Shareholders and both profit before tax (PBT) and underlying profit after tax (PAT) performance, which are shown as key indicators of the Company's growth. PAT is currently the primary metric used to measure performance under the bonus plan.

Total spend on pay	2016	2015	% Change
Total spend on pay	£202.4m	£165.2m	22.5%
Distributions to shareholders by way of dividend	£9,808m	£11,250m	-12.8%
Underlying revenue	£1,214.8m	£1,111.5m	9.3%
Underlying profit before tax	£39.3m	£42.2m	-7.8%
Underlying profit after tax	£30.3m	£32.8m	-7.4%

NB: Total spend on pay includes the part year salaries of colleagues transferred from 99p Stores Ltd.

External directorships

Jim McCarthy is the non-executive Chairman of Wynnstay Group plc. He was paid fees of £49,000 in the year to 31 October 2015, and his total fee for the year to 31 October 2016 will be £49,000.

Kevin O'Byrne is Senior Independent Non-Executive Director of Land Securities. He was paid fees of £95,000 in the year to 31 March 2016 and his total fee for the year to 31 March 2017 will be £93,000.

Membership of the Remuneration Committee

The Remuneration Committee comprises five independent Non-Executive Directors. Their attendance at Committee meetings was as follows:

Name	Role	Number of meetings attended out of maximum number
Tea Colaianni	Committee Chair	3/3
Grant Hearn	Committee Member	2/3
Miles Roberts	Committee Member	2/3
Tim Jones	Committee Member	3/3
Mary Barnard	Committee Member	3/3

In addition to the members of the Committee, the Company Chairman, Chief Executive Officer, Human Resource Director and Company Secretary may also attend meetings by invitation. No person is present when matters directly relating to their own remuneration are being discussed.

In 2015/16 the meetings of the Committee covered the following key areas:

- approving the Directors' Remuneration Report 2015
- approving all grants made under the Company's share incentive plans
- the annual review of all Executive Directors' and senior managers' remuneration and approving any salary increases in the context of the workforce remuneration review
- developing and agreeing the remuneration package for the new Chief Executive Officer, Kevin O'Byrne
- agreement of the termination arrangements for departing executives, including Jim McCarthy and Richard Lancaster
- considering external market developments and best practice in remuneration and critiquing the implementation of the current policy against these
- reviewing the impact of the acquisition of 99p Stores and the Spanish trial on prior PSP targets
- setting targets for 2016/17 variable pay awards

External advisors

The Remuneration Committee has access to independent advice where it considers it appropriate. The Committee has appointed New Bridge Street (NBS), part of Aon plc as its external executive remuneration provider. Neither NBS nor Aon provide any other services to the Company.

The Committee is satisfied that the advice received from NBS in relation to executive remuneration matters during the year was objective and independent. NBS is a member of the Remuneration Consultants Group and abides by the Remuneration Consultants Group Code of Conduct, which requires its advice to be objective and impartial. The fees paid to NBS for providing advice in relation to executive remuneration over the financial year under review was £85,194 and includes advice given in respect of the recruitment package for Kevin O'Byrne.

DIRECTORS' REMUNERATION REPORT continued

Statement of Shareholder voting

At last years' AGM, the Directors' Remuneration Report received the following votes from shareholders:

	Approve the Remuneration Report	
	Total number of votes	% of votes cast
For	203,846,055	96.23
Against	7,983,755	3.19
Total votes cast (excluding votes withheld)	211,829,810	100
Votes withheld	254,472	
Total votes cast (including votes withheld)	212,084,282	

Votes withheld are not included in the final proxy figures as they are not recognised as a vote in law.
At the AGM of the Company to be held on 15 September 2016, one resolution approving the annual statement and Annual Report on Re-muneration will be proposed as an ordinary resolution.

Approval

This Directors' Remuneration Report, including both the Annual Remuneration Report and associated Remuneration Policy appendix have been approved by the Board of Directors. Signed on behalf of the Board of Directors.

Tea Colaianni
Chairman of the Remuneration Committee
16 June 2016

APPENDIX - REMUNERATION POLICY

Remuneration Policy Report
Policy overview

The Remuneration Committee has responsibility for determining remuneration for the Chairman, Executive Directors and other Senior Executives. The Committee's terms of reference are available on the Company's website.

On Admission in March 2014, a new remuneration policy was adopted by the Remuneration Committee; it was approved by shareholders on 19 September 2014 and took formal effect from that date. The Committee designed this policy with close regard to market practice in other UK listed companies and the Retail Sector, so as to ensure that the arrangements are appropriately competitive and structured in line with best practice. However, the policy also retains some of the key elements which helped to drive the Company's success prior to IPO, such as effective cost control and simplicity in pay structures.

The aim of the remuneration policy is to attract, retain and motivate high calibre senior management and to focus them on the delivery of the Company's strategic and business objectives, to promote a strong and sustainable performance culture, incentivise high growth and to align the interests of Executive Directors and the Executive Team with those of shareholders through encouraging equity ownership with shareholding guidelines. In promoting these objectives the policy aims to be simple in design, transparent and understandable both to participants and shareholders, ensure that no more than is necessary is paid and has been structured so as to adhere to the principles of good corporate governance and appropriate risk management.

A further aim of the remuneration policy is to encourage widespread share ownership by colleagues throughout the Group, and in support of this objective we have adopted several new share plans which are designed with close regard to the various recipient groups to ensure optimal benefit delivery.

How the views of Shareholders and colleagues are taken into account

The Committee does not formally consult directly with employees on executive pay but does receive periodic updates from the Group Human Resources Director in relation to salary and bonus reviews across the Group. As set out in the policy table overleaf, in setting remuneration for the Executive Directors, the Committee takes note of the overall approach to reward for employees in the Company and salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Thus, the Committee is satisfied that the decisions made in relation to Executive Directors' pay are made with an appropriate understanding of the wider workforce.

The Committee offered our largest shareholders the opportunity to discuss our remuneration policy prior to the publication of the 2014 report. In addition, we will consider any shareholder feedback received in relation to the AGM.

This, plus any additional feedback received from time to time, will be considered as part of the Committee's annual review of the remuneration policy.

The Committee will seek to engage with shareholders and their representative bodies when it is proposed that any material changes are to be made to the remuneration policy. Details of votes cast for and against the resolutions to approve the Remuneration Report are provided in the Annual Report on Remuneration.

The remuneration policy for Executive Directors

The total remuneration package is structured so that variable elements (annual bonus and long-term incentives) make up a significant proportion of the package, with the emphasis on variable pay focused on long-term incentives. The table summarises the key aspects of the Company's remuneration policy for Executive Directors.

APPENDIX - REMUNERATION POLICY continued

Element	Purpose and link to strategy
Salary	To recruit and reward executives of a suitable calibre for the role and duties required. Recognises individual's experience, responsibility and performance.
Benefits	To provide market competitive benefits to ensure the wellbeing of employees.
Pension	To provide retirement planning to employees.
Annual bonus	To incentivise and reward individuals for the achievement of pre-defined, Committee approved, annual financial and operational objectives which are closely linked to the corporate strategy.
Poundland Performance Share Plan ('PSP')	To incentivise and recognise execution of the business strategy over the longer term. Rewards strong financial performance over a sustained period.
Poundland Sharesave Plan (SAYE)	All employees including Executive Directors are encouraged to become shareholders through the operation of an all-employee share plan.
Share ownership guidelines	To increase alignment between executives and shareholders.

Notes

A description of how the Company intends to implement the policy set out in this table for 2015/16 is set out in the Annual Report on Remuneration.

Operation and performance conditions	Maximum
Salaries are normally reviewed annually with changes effective from 1st April taking into account: • Personal performance • Company performance • Individual's experience • Increases elsewhere in the Company Hence, whilst there are no performance conditions on salaries being paid, personal and company performance is one factor considered by the Committee when determining annual increases. Salaries are set with reference to similar roles in FTSE 250 companies of a similar size and complexity.	There is no prescribed maximum annual increase. The Committee is guided by the average annual increase of the workforce. Higher increases may be awarded at the discretion of the Remuneration Committee, for example (but not limited to): in response to acute retention issues, following the appointment of a new executive to bring that executive's package in line with market over a number of years or in response to market factors.
The Committee considers the impact of any salary increase on the total remuneration package. The Company currently provides: • Car allowance/car • Family medical insurance • Life assurance • Dependent pension insurance • Income protection insurance • Medical health check • Other ancillary benefits, including relocation expenses (as required) Executive Directors are also entitled to 30 days' leave per annum, plus bank and public holidays.	Total cost of benefits capped at £25,000 for the Chief Executive and £17,500 for the other Executive Directors, which may be exceeded in exceptional circumstances if the cost of a particular benefit were to significantly increase. This cap excludes any relocation costs which may be required for a new hire.
Directors may participate in a defined contribution plan, or elect to receive cash in lieu of all or some of such benefit.	15% of salary
The annual bonus is based predominantly on stretching financial and operational objectives as set and assessed by the Committee on an annual basis. A bonus pool is to be determined by financial measures (e.g. underlying profit after tax). This pool will then be divided among participants using a mix of financial measures and strategic/personal objectives. Financial measures will represent the majority of the bonus. Details of the performance targets set for the year under review and performance against them is provided in the Annual Remuneration Report. Any bonus paid up to 100% of salary is paid entirely in cash. Any bonus in excess of 100% of salary will be paid in shares and deferred for three years. Clawback/malus provisions apply in the event of material misstatement of results, an error in the calculation of bonus outcome or in instances of individual gross misconduct.	The maximum bonus opportunity will not exceed 150% of salary, although a lower maximum may be operated. At a threshold level of performance, no more than 20% of bonus will become payable, rising to 100% of bonus being payable for meeting all financial and strategic targets in full.
PSP awards may take the form of nil-cost options or conditional share awards. Awards normally vest after three years subject to performance and continued service. Awards vest based on three year performance against a range of challenging EPS targets set and assessed by the Committee. The targets for each award will be set out in the Annual Report on Remuneration. The awards can be reduced (via clawback and/or malus) at the discretion of the Committee within three years of vesting in the event of a misstatement of the results, an error in determining the extent to which performance targets were met or in instances of individual gross misconduct. A dividend equivalent provision allows the Committee to pay dividends on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends.	Plan Limits: 200% of salary (normal limit) 300% of salary (exceptional limit – e.g. recruitment or retention) 25% of the award vests for achieving threshold performance 100% of the award vests for achieving maximum performance
HMRC approved plan under which regular monthly savings are made over a three or five year period and can be used to fund the exercise of an option, where the exercise price is discounted by up to 20%. Provides tax advantages to UK employees, with Executive Directors eligible to participate on a similar basis to other employees. A similar plan is also available to Irish employees.	Maximum permitted savings based on HMRC limits from time to time.
Executive Directors are required to retain 50% of the net of tax vested PSP shares until the guideline level is met.	At least 150% of salary for the Chief Executive and at least 100% of salary for other Executive Directors, or such higher level as the Committee may determine from time to time.

APPENDIX - REMUNERATION POLICY continued

How the Remuneration Committee operates the variable pay policy

The Committee operates the share plans in accordance with their respective rules, the Listing Rules and HMRC requirements where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of certain plans, including:

- who participates in the plans
- when to make awards and payments
- how to determine the size of an award, a payment, or when and how much of an award should vest
- the testing of a performance condition over a shortened perfor-mance period
- how to deal with a change of control or restructuring of the Group
- whether a participant is a good/bad leaver for incentive plan purposes, what proportion of an award vests at the original vesting date or whether and what proportion of an award may vest at the time of leaving
- how and whether an award may be adjusted in certain circum-stances (e.g. for a rights issue, a corporate restructuring or for special dividends)
- whether to enforce an additional two year holding period on PSP awards post vesting
- what the weighting measures and targets should be for the annual bonus plan and PSP from year to year

The Committee also retains the discretion within the policy to adjust existing targets and/or set different measures for the annual bonus and for the PSP if events happen that cause it to determine that the targets are no longer appropriate and amendment is required so they can achieve their original intended purpose and provided the new targets are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as ap-propriate, be the subject of consultation with the Company's major shareholders.

Choice of performance measures for Executive Directors' awards

The choice of the performance conditions applicable to the annual bonus plan, being a primary financial performance target with additional strategic metrics specific to each Executive Director reflect the principle that the bonus plan should be self-funding, appropriately challenging and tied to both the delivery of profit growth and strategic personal objectives.

EPS was selected by the Committee as the sole performance condition applicable to the PSP on the basis that it rewards the delivery of the Company's objective of delivering significant growth in profits. The Committee will review the performance scales applying to each award prior to each grant.

The Company's ethos of ensuring that costs are carefully controlled is reflected in both the annual bonus and PSP, which are designed to be self-funding.

In line with HMRC regulations for such schemes, the SAYE does not operate performance conditions.

Awards granted prior to the effective date

In approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with Directors. Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Remuneration policy for other employees

The policy described above applies specifically to the Company's Executive Directors and is designed with regard to the policy for employees across the Company as a whole. Overall there is more emphasis on variable pay for the Executive Directors; however the Company is committed to promoting widespread share ownership. On IPO it made a number of awards under the Poundland Company Share Option Plan (CSOP) and the Poundland Restricted Share Plan (RSP), to selected managers. Executive Directors are not eligible to participate in these plans.

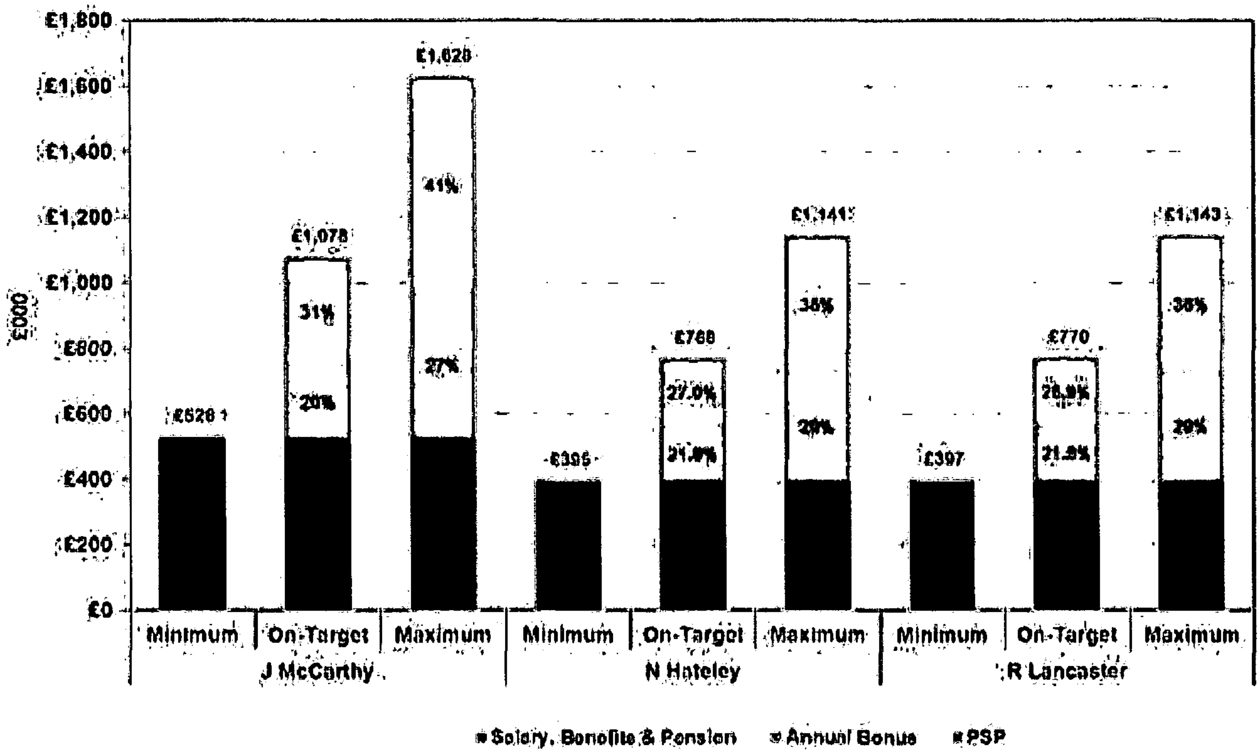
The RSP provides for the grant of share awards which vest after three years subject only to continued employment. Under the CSOP, the Board may grant eligible employees share options at a price not less than the market value of a share on the date of grant. In the UK the first £30,000 of CSOP share options held at any time by an individual will be granted as an HMRC approved option. The share options normally vest after three years, subject to continued employment, but without further performance conditions.

More specifically, on IPO, awards were made to 55 senior managers under the RSP and around 550 management grade employees (including approximately 400 Store Managers) under the CSOP. Awards may be made in future at the Committee's discretion but there is no proposal for regular annual grants. In general, differences arise in quantum and structure of remuneration for various categories of employees in the Group from the development of remuneration arrangements that are market competitive. However, our underlying remuneration philosophy is consistent across the whole company.

APPENDIX - REMUNERATION POLICY continued

Illustrations of application of remuneration policy

The chart below illustrates how the composition of the Executive Directors' remuneration packages varies at different levels of performance in 2015/16 based on policy, both as a percentage of total remuneration opportunity and as a total value:



Notes:

- value of benefits as per the single figure table
- the on-target bonus is taken to be 50% of the current operating maximum bonus opportunity of 100% of salary
- the on-target level of vesting under the PSP is taken to be 50% of the face value of the award at grant
- the maximum value of the PSP is taken to be 100% of the face value of the award at grant using the current grant policy of 150% for Mr McCarthy and 125% for Messrs Hateley and Lancaster
- no share price appreciation has been assumed for the PSP award

Service contracts and payments for loss of office

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on twelve months' notice and make provision for early termination by way of payment of a cash sum. Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period. The Company may also pay reasonable legal costs in respect of any compromise settlement.

There has been no payment for loss of office in the year ended 27 March 2016 (29 March 2015: £nil)

Provision	Detailed terms
Notice period	12 months
Termination payments	118% of salary comprising: • 100% of salary • 15% in respect of pension contributions • 3% in respect of other benefits
Change of control	There are no enhanced provisions on a change of control

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, in certain circumstances a pro-rata bonus may become payable at the normal payment date for the period of employment and based on full year performance. Where the Committee decides to make a payment, the rationale will be fully disclosed in the Annual Report on Remuneration.

PSP on termination

Share-based awards are outside of service contracts. The default treatment is that any outstanding awards would lapse on termination. However, under the rules of the PSP, in certain prescribed circumstances, such as death, disability, injury, redundancy or other circumstances at the discretion of the Committee, 'good leaver' status can be applied. In determining whether an Executive Director should be treated as a good leaver the Committee will take into account the performance of the individual and the reasons for their departure and in the event of this determination being made will set out its rationale in the following Annual Report on Remuneration.

In circumstances where an Executive Director is treated as a good leaver, awards will ordinarily vest on a time pro-rata basis subject to the satisfaction of the relevant performance criteria with the balance of the awards lapsing. The Committee retains discretion to decide not to pro-rate, to alter the basis of time pro-rating, and to alter the date on which performance is calculated, if it feels such decisions are appropriate in particular circumstances. However, if the time pro-rating is varied from the default position under the PSP rules, an explanation will be set out in the following Annual Report on Remuneration. Performance conditions will always apply to awards for good leavers, although the Committee may determine that it is appropriate to assess performance over a different period than the default three year period.

Service contracts are available for inspection at the Company's registered office.

Approach to recruitment and promotions

The recruitment package for a new Director would be set in accordance with the terms of the Company's approved remuneration policy. Currently, this would facilitate an annual bonus payment of no more than 150% of salary and policy PSP award of up to 200% of salary (other than in exceptional circumstances where up to 300% of salary may be made).

On recruitment, salary policy may (but need not necessarily) be set to below the normal market rate, with phased increases as the executive gains experience. The rate of salary should be set so as to reflect the individual's experience and skills.

In addition, on recruitment the Company may compensate for amounts foregone from a previous employer (using Listing Rule 9.4.2) taking into account the quantum foregone, the extent to which performance conditions apply, the form of award and the time left to vesting.

For an internal appointment, any variable pay element awarded in respect of their prior role should be allowed to pay out broadly according to its terms. Any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For all appointments, the Committee may agree that the Company will meet certain appropriate relocation costs.

Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on non-executive positions with other companies and to retain their fees in respect of such positions. Details of outside Directorships held by the Executive Directors and any fees that they received are provided in the Annual Report on Remuneration.

APPENDIX - REMUNERATION POLICY continued

The remuneration policy for the Chairman and Non-Executive Directors

The Company Chairman's fee is determined by the Committee (other than the Company Chairman himself). The fees for the Non-Executive Directors are reviewed by the Board, excluding the Non-Executive Directors.

The table summarises the key aspects of the remuneration policy for the Chairman and Non-Executive Directors:

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	To attract and retain the high-calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	Fees are reviewed annually and approved by the Board upon a recommendation from the Chairman and Executive Directors (in the case of the Non-Executives) and from the Remuneration Committee in the case of the Chairman, with reference to market levels in comparably sized FTSE companies and reflect time commitments and responsibilities for each role. Fees are paid in cash and are not performance related.	There is no prescribed maximum annual increase. The Committee is guided by the general increase in the non-executive market but on occasions may need to recognise, for example, change in responsibility and/or time commitments.

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. The appointment letters for the Non-Executive Directors provide that no compensation is payable on termination. The Chairman is entitled to a notice period of three months.

Letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Poundland Group plc Consolidated Financial Statements
Registered number 08861243

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 (Reduced Disclosure Framework).

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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by order of the board

Darren Shapland
Chairman
16th June 2016


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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POUNDLAND GROUP PLC ONLY

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Poundland Group plc for the 52 week period ended 27 March 2016 set out on pages 69 to 115. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 27 March 2016 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows.

Acquisition accounting in relation to 99p Stores Limited. Total fair value recognised on acquisition of £8.0 million (2015: £N/A). Risk vs 2015: New. This is a non-recurring audit risk identified in the current period arising as a result of the acquisition of 99p Stores Limited.

Refer to page 43 (Audit and Risk Committee Report), page 77 (accounting policy) and page 89 (financial disclosures).

The risk – Judgement is required in determining the existence of intangible assets and assigning fair values to identifiable assets and liabilities, intangible assets and residual goodwill. An inappropriate judgement, error or omission in these calculations may lead to a material misstatement of intangible assets, related current and future amortisation charges, identifiable assets and liabilities, goodwill, and any future impairment charges. The key areas of judgement include valuation of intangible assets, leasehold property, fixtures and fittings, inventory and operating lease contracts.

Our response – Our audit procedures in this area included:

- Evaluating the process that the Group had undertaken to determine the fair value of the acquired assets and liabilities including understanding the scope of work, and enquiring about the qualifications and independence of the valuation specialists engaged by the Group;
- Utilising our own valuation specialist to evaluate the Group's identification of intangible assets and fair value measurement of intangible assets, leasehold property, fixtures and fittings and operating lease contracts;
- Challenging the key assumptions used by the Group to assign fair values to the identified assets and liabilities by understanding the rationale put forward by the Group and comparing the assumptions, such discount growth rates, market derived yields, useful economic life and replacement cost, utilised in valuing intangible assets, leasehold property, fixtures and fittings and operating lease contracts to external market data and publicly available information for similar companies;
- Testing the 99p Stores Limited balance sheet at the date of acquisition, with specific focus on valuation of inventory. Our procedures in this area included: attending a sample of inventory counts at stores and the Northampton warehouse, recalculating inventory cost using historic purchase information and assessing the provision for slow moving and obsolete products by reviewing product lines with a cost in excess of expected net selling price.
- Considering the adequacy of the Group's disclosures (see note 12) describing the allocation of the purchase consideration to identifiable assets and liabilities, intangible assets and residual goodwill.

Carrying value of inventory. £154.7 million (2015: £113.3 million). Risk vs 2015:<>

Refer to page 43 (Audit and Risk Committee Report), page 77 (accounting policy) and page 95 (financial disclosures).

The risk – The Group holds £154.7 million of inventory across a broad and diverse product range. Changes in consumer tastes and demands may mean that it cannot be sold or that sales prices are discounted to less than the current inventory carrying value. Estimating the future demand for, and hence the net realisable value of, these products is inherently subjective.

Our response – Our audit procedures in this area included:

- Testing the design and effectiveness of the Group's controls over the identification of slow moving or obsolete products and obtaining an understanding of the Group's process for measuring the amount of provision required;
- Using data analytics to re-perform the ageing of the entire population of inventory at the period end based on invoice dates and to identify individual inventory lines where volumes on hand are in excess of sales volumes over the past 12 – 36 month period;
- Assessing the Group's provision for those identified slow moving and obsolete products by reviewing product lines with a cost in excess of expected net selling price, the level of expected price discounting and the level of discounting activity in previous periods;
- Performing analysis over the inventory provision held at the period end as a percentage of total inventory and compared this to our expectations based on our knowledge of the business;

- Reviewing the accuracy of the Group's historical provisions by comparing the estimated provisions to actual inventory write-downs; and
- Considering the adequacy of the Group's disclosures (see note 31) about the judgements involved in arriving at the provision.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £2.8 million *(2015: £6.0 million)*, determined with reference to a benchmark of normalised Group total profit before tax *(2015: Group total revenue)*. The benchmark has been revised to reflect industry consensus levels.

Group total profit before tax of £5.9 million was normalised to exclude the pre-tax non-underlying items identified on the Group Income Statement and explained in note 7, and adjusted to reflect the anticipated full year impact of the 99p Stores acquisition during the year. These normalising adjustments amount to £50.1 million which increases our benchmark profit before tax to £56.0 million, of which our materiality represents 5.0% *(2015: 0.5% of Group total revenue)*. The Group audit team performed audit procedures on the non-underlying items excluded from normalised Group total profit before tax and the anticipated full year impact of the 99p Stores acquisition.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £140,000 *(2015: £300,000)*, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 24 *(2015: 19)* reporting components, we subjected 14 *(2015: 11)* to audits for Group reporting purposes. All of these audits were performed by the Group team to component materialities ranging from £1,000 to £2.7 million *(2015: £1,000 to £4.3 million)*, having regard to the mix of size and risk profile of the Group across the components. For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The components scoped in for audits for Group reporting purposes accounted for 100% of total Group revenue, 99% of total Group profit before tax, and 100% of total Group assets.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of viability on page 28, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group's continuing in operation over the 3 years to 2019; or
- the disclosures in note 1.2 of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit and Risk Committee Report does not appropriately address matters communicated by us to the Audit and Risk Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POUNDLAND GROUP PLC ONLY CONTINUED

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 28 and 34, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 39 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

16 June 2016

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 27 MARCH 2016

		52 weeks 2016			52 weeks 2015		
	Note	Underlying £'000	Non-Underlying (note 7) £'000	Total £'000	Underlying £'000	Non-Underlying (note 7) £'000	Total £'000
Revenue	6	1,214,818	111,178	1,325,996	1,111,526	5,420	1,116,946
Poundland		1,164,470	–	1,164,470	1,111,526	–	1,111,526
99p Converted Stores		50,348	–	50,348	–	–	–
99p Stores		–	95,684	95,684	–	–	–
Spain		–	15,494	15,494	–	5,420	5,420
Cost of sales		(762,101)	(73,442)	(835,543)	(698,801)	(3,553)	(702,354)
Gross profit		452,717	37,736	490,453	412,725	1,867	414,592
Distribution costs		(373,000)	(56,008)	(429,008)	(332,050)	(3,974)	(336,024)
Administrative expenses		(39,975)	(14,713)	(54,688)	(37,415)	(3,948)	(41,363)
Operating profit/(loss)	8,9	39,742	(32,985)	6,757	43,260	(6,055)	37,205
Poundland		38,578	(8,374)	30,204	44,372	(3,813)	40,559
99p Converted Stores		2,276	–	2,276	–	–	–
99p Stores		–	(21,299)	(21,299)	–	–	–
Spain		–	(3,312)	(3,312)	–	(2,242)	(2,242)
Brand amortisation		(1,112)	–	(1,112)	(1,112)	–	(1,112)
Financial income	10	421	11	432	74	–	74
Financial expenses	10	(911)	(373)	(1,284)	(1,128)	–	(1,128)
Net financing expense		(490)	(362)	(852)	(1,054)	–	(1,054)
Profit before tax		39,252	(33,347)	5,905	42,206	(6,055)	36,151
Poundland		37,762	(8,747)	29,015	43,655	(3,813)	39,842
99p Converted Stores		2,276	–	2,276	–	–	–
99p Stores		–	(21,288)	(21,288)	–	–	–
Spain		–	(3,312)	(3,312)	–	(2,242)	(2,242)
Brand amortisation		(1,112)	–	(1,112)	(1,112)	–	(1,112)
Ineffective portion of changes in fair value of cash flow hedges		326	–	326	(337)	–	(337)
Taxation	11	(8,920)	4,600	(4,320)	(9,414)	1,660	(7,754)
Profit for the period		30,332	(28,747)	1,585	32,792	(4,395)	28,397
Earnings per share - basic	3	11.69p		0.61p	13.12p		11.36p
Earnings per share - diluted	3	11.68p		0.61p	13.10p		11.34p

All activities were continuing and from acquisitions in the current period. All activities were continuing throughout the preceding period. The accounting policy for non-underlying items is explained in note 1.20. For further details of current period items, see note 7.

The notes on pages 74 to 109 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 27 MARCH 2016

		52 weeks 2016			52 weeks 2015		
	Note	Underlying £'000	Non-Underlying £'000	Total £'000	Underlying £'000	Non-Underlying £'000	Total £'000
Profit for the period		30,332	(28,747)	1,585	32,792	(4,395)	28,397
Other comprehensive income							
Items that are or may be recycled subsequently to the income statement							
Foreign currency translation differences – foreign operations		37	–	37	67	–	67
Effective portion of changes in fair value of cash flow hedges		(18,627)	–	(18,627)	22,874	–	22,874
Net change in fair value of cash flow hedges recycled to the income statement		11,746	–	11,746	(5,079)	–	(5,079)
Income tax on items that are or may be recycled subsequently to the income statement	11	1,415	–	1,415	(3,559)	–	(3,559)
Other comprehensive income for the period, net of income tax		(5,429)	–	(5,429)	14,303	–	14,303
Total comprehensive income attributable to equity holders of the parent		24,903	(28,747)	(3,844)	47,095	(4,395)	42,700

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 27 MARCH 2016

	Note	27 March 2016 £'000	29 March 2015 £'000
Non-current assets			
Property, plant and equipment	13	**85,223**	47,118
Intangible assets and goodwill	14	**287,200**	182,568
Trade and other receivables	19	**456**	428
Other financial assets	15	**358**	451
Deferred tax asset	17	**2,655**	686
Total non-current assets		**375,892**	231,251
Current assets			
Inventories	18	**154,724**	113,314
Other financial assets	15	**8,320**	11,550
Tax receivable		**3,600**	821
Trade and other receivables	19	**25,121**	25,796
Cash and cash equivalents		**46,329**	15,932
Total current assets		**238,094**	167,413
Total assets		**613,986**	398,664
Current liabilities			
Bank loans and overdrafts	20	**(4,288)**	–
Trade and other payables	21	**(221,761)**	(144,140)
Tax payable		**–**	(3,255)
Provisions	22	**(12,396)**	(523)
Other financial liabilities	16	**(3,411)**	(574)
Total current liabilities		**(241,856)**	(148,492)
Non-current liabilities			
Other interest-bearing loans and borrowings	20	**(54,000)**	(2,000)
Other payables	21	**(29,509)**	(19,794)
Provisions	22	**(24,686)**	(138)
Other financial liabilities	16	**(511)**	(117)
Deferred tax liabilities	17	**–**	(1,450)
Total non-current liabilities		**(108,706)**	(23,499)
Total liabilities		**(350,562)**	(171,991)
Net assets		**263,424**	226,673
Equity attributable to equity holders of the parent			
Share capital	23	**2,687**	2,550
Share premium	23	**48,879**	–
Merger reserve		**(257,146)**	(259,642)
Reserves		**4,053**	9,454
Retained earnings		**464,951**	474,311
Total equity		**263,424**	226,673

The notes on pages 74 to 109 form part of these financial statements.

These financial statements were approved by the Board of Directors on 16th June 2016 and were signed on its behalf by:

NR Hateley
Director
16th June 2016
Registered number: 08861243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 MARCH 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2014	425,050	–	(259,642)	(38)	(4,811)	25,916	186,475
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	28,397	28,397
Other comprehensive income	–	–	–	67	14,236	-	14,303
Total comprehensive income for the period	–	–	–	67	14,236	28,397	42,700
Transactions with owners recorded directly in equity							
Court approved reduction in share capital	(422,500)	–	–	–	–	422,500	-
Dividends paid	–	–	–	–	–	(3,750)	(3,750)
Share based payment transactions	–	–	–	–	–	1,248	1,248
Total transactions with owners	(422,500)	–	–	–	–	419,998	(2,502)
Balance at 29 March 2015	2,550	–	(259,642)	29	9,425	474,311	226,673

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 27 MARCH 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 March 2015	2,550	–	(259,642)	29	9,425	474,311	226,673
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	1,585	1,585
Other comprehensive income	–	–	–	37	(5,466)	–	(5,429)
Total comprehensive income for the period	–	–	–	37	(5,466)	1,585	(3,844)
Transactions with owners recorded directly in equity							
Redemption of preference shares	(50)	–	–	–	–	–	(50)
Issue of shares	187	48,879	2,496	–	–	–	51,562
Arising on acquisition	–	–	–	28	–	–	28
Dividends paid	–	–	–	–	–	(11,934)	(11,934)
Share based payment transactions	–	–	–	–	–	989	989
Total transactions with owners	137	48,879	2,496	28	–	(10,945)	40,595
Balance at 27 March 2016	2,687	48,879	(257,146)	94	3,959	464,951	263,424

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 27 MARCH 2016

	Note	52 weeks 2016 £'000	52 weeks 2015 £'000
Cash flows from operating activities			
Profit for the period, before non-underlying items		30,332	32,792
Non-underlying items	7	(28,747)	(4,395)
Profit for the period		1,585	28,397
Adjustments for:			
Depreciation and amortisation	13,14	19,597	16,283
Financial income	10	(432)	(74)
Financial expense	10	1,284	1,128
Equity settled share based payment transactions	24	989	1,248
Taxation	11	4,320	7,754
		27,343	54,736
Decrease/(increase) in trade and other receivables		12,059	(837)
Increase in inventories		(25,745)	(23,753)
Increase in trade and other payables		6,651	24,204
Decrease in provisions		(8,204)	(570)
		12,104	53,780
Tax paid		(7,754)	(10,912)
Net cash from operating activities		4,350	42,868
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	12	(2,783)	–
Acquisition of property, plant and equipment		(37,048)	(19,112)
Acquisition of intangible assets	14	(1,835)	(708)
Net cash from investing activities		(41,666)	(19,820)
Cash flows from financing activities			
Proceeds from the issue of share capital		49,058	–
Drawdown/(repayment) of revolving credit facility	20	52,000	–
Repayment of borrowing		(24,614)	(28,000)
Net financial expense paid		(1,085)	(634)
Dividends paid	4	(11,934)	(3,750)
Net cash from financing activities		63,425	(32,384)
Net increase/(decrease) in cash and cash equivalents		26,109	(9,336)
Cash and cash equivalents at start of period		15,932	25,268
Effects of exchange rate changes on cash held		–	–
Cash and cash equivalents at end of period		42,041	15,932
Other interest bearing loans and borrowings	20	(54,000)	(2,000)
Net (debt)/funds		(11,959)	13,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and significant accounting policies

Poundland Group plc (the "Company") is a company incorporated and domiciled in the United Kingdom.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 31.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except where Adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments.

1.2 Going concern

The Group financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has sufficient financial resources, together with a strong ongoing trading performance. On 28 September 2015, the Group extended its revolving credit and working capital facility to £95 million with a syndicate of banks. The extended borrowing facilities contain financial covenants which have been met throughout both periods. The Group's forecasts and projections show that the extended facility provides adequate headroom for its current and future anticipated cash requirements.

1.3 Basis of consolidation

On 17 March 2014, the Company obtained control of the entire share capital of Poundland Group Holdings Limited via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction.

Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, headed by Poundland Group Holdings Limited.

The statement of financial position reflects the share capital structure of Poundland Group plc and the merger reserve arising as a result of the share for share exchange transaction.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

1 Basis of preparation and significant accounting policies (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement with the exception of differences on transactions that are subject to effective cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, except for differences arising on qualifying cash flow hedges which are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rate ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations are reported as an item of other comprehensive *income and accumulated in the translation reserve.*

1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

1.6 Financial Instruments

Financial Assets

The Group's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

i) Trade receivables

Trade receivables are recognised and carried at original invoice amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the income statement in administrative expenses.

ii) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

1 Basis of preparation and significant accounting policies (continued)

1.6 Financial Instruments (continued)

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities comprise trade and other payables and borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i) Bank borrowings

Term loans are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial expenses comprise interest expense on borrowings and the ineffective portion of the changes in the fair value of cashflow hedges.

ii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

iii) Derivative financial instruments and hedge accounting

Derivative financial instruments (comprising foreign currency forward contracts and commodity hedges) are used to manage risks arising from changes in foreign currency exchange rates (relating to the purchase of overseas sourced products), interest rates and fuel price fluctuations. The Group does not hold or issue derivative financial instruments for speculative trading purposes. The Group uses the derivatives to hedge highly probable forecast transactions and therefore the instruments are designated as cash flow hedges.

Derivatives are recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The effective element of any gain or loss from remeasuring the derivative instrument is recognised directly in the cash flow hedge reserve.

The associated cumulative gain or loss is reclassified from the statement of changes in equity and recognised in the income statement in the same period or periods during which the hedged transaction affects the income statement. Any element of the remeasurement of the derivative instrument that does not meet the criteria for an effective hedge is recognised immediately in the income statement within financial income or financial expenses.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is recognised immediately in the income statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months, or as a current asset or liability, if the remaining maturity of the hedged item is less than twelve months from the reporting date.

1 Basis of preparation and significant accounting policies (continued)

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, and net of capital contributions received.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Short leasehold property (less than 50	over the term of the lease
years) Fixtures and equipment	3-25 years (dependent upon length of lease)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

1.8 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as: the fair value of the consideration transferred; plus the fair value of the existing equity interest in the acquiree: less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs relating to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Favourable leases

On acquistion, when contractual lease payments are lower than market rents, an asset is recognised which reflects the fair value of the difference between contractual lease payments and current market rates, less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	20 years
Favourable leases	Over the remaining term of the lease
Trademarks	5 years
Software	3 years

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

1.11 Equity transaction costs

Equity instruments issued are recognised as the proceeds received, net of direct issue costs, which are deducted from the share premium account.

1 Basis of preparation and significant accounting policies (continued)

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1 Basis of preparation and significant accounting policies (continued)

1.13 Employee benefits (continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The Group operates a number of equity settled share based compensation plans.

The grant date fair value of share-based payment awards made to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non market performance conditions at the vesting date, measured at the grant date fair value of the award.

At each reporting date, the group revises its estimates of the number of share incentives which are expected to vest. The impact of the revision of original estimates is recognised in the income statement with a corresponding adjustment to equity.

1.14 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. This includes liabilities arising on acquisition for leasing arrangements no longer considered to be on market rate terms.

1.15 Revenue recognition

Revenue comprises the fair value of goods sold to external customers, net of value added tax and promotional discounts. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably.

1.16 Supplier Income

Rebate income
Rebate income consists of income generated from volume related rebate agreements and other supplier funding received on an ad hoc basis for in store promotional activity. The income received is recognised as a deduction from cost of sales.

Volume related income is recognised based on the expected entitlement at the reporting date based on agreed and documented contractual terms. Where the contractual period is not yet complete, the Group will estimate expected purchase volumes taking into account current performance levels to assess the probability of achieving contractual target volumes.

Other supplier funding is recognised as invoiced to the suppliers, subject to satisfaction of any related performance conditions. To minimise the risk arising from estimation, supplier confirmations are obtained at the reporting date prior to amounts being invoiced.

Promotional funding
Promotional pricing income relates to income received from suppliers to invest in the customer offer. It is considered an adjustment to the core cost price of a product and as such is recognised as a reduction in the purchase price of a product. Timing of invoicing of amounts due is agreed on an individual basis with each supplier.

Uncollected commercial income at the reporting date is presented within the financial statements as follows:
Trade payables – it is common practice for the Group to net income due from suppliers against amounts owing to that supplier. Any outstanding invoiced commercial income relating to these suppliers at the reporting date will be included within trade payables.

Trade receivables – where there is no practice of netting commercial income from amounts owed to the supplier, the Group will present amounts due within trade receivables. Where commercial income is earned but not invoiced to the supplier at the reporting date, the amount due is included within prepayments and accrued income.

1 Basis of preparation and significant accounting policies (continued)

1.17 Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense (i.e. on a straight line basis over the life of the lease).

1.18 Financial income and expenses

Financial expenses comprise interest payable and the ineffective portion of changes in the fair value of cash flow hedges that are recognised in the income statement. Financial income comprises interest receivable on funds invested and the ineffective portion of changes in the fair value of cash flow hedges.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

1.19 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement and statement of other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

1.20 Non underlying items

Non underlying items are those items that are unusual because of their size, nature or incidence. The Directors consider that these items should be separately identified within their relevant income statement category to enable a full understanding of the Group's results.

1.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

The Group has also presented an alternative version with profit adjusted for non underlying items.

A reconciliation of the alternative measure to the statutory measure required by IFRS is given in note 3.

1 Basis of preparation and significant accounting policies (continued)

1.22 Adopted IFRS not yet applied

The following adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Accounting for Acquisitions of Interests in Joint Operations — Amendments to IFRS 11 (effective for periods commencing on or after 1 January 2016);
- Clarification of Acceptable Methods of Depreciation and Amortisation — Amendments to IAS 16 and IAS 38 (effective for periods commencing on or after 1 January 2016);
- Amendments to IAS 1: Disclosure Initiative (effective for periods commencing on or after 1 January 2016);
- Equity Method in Separate Financial Statements — Amendments to IAS 27 (effective for periods commencing on or after 1 January 2016); and
- Annual improvements to IFRSs — 2012-2014 Cycle (effective for periods commencing on or after 1 January 2016).

1.23 Reserves

Cash flow reserve

The cash flow hedge reserve represents the effective portion of cash flow hedges where the contract has not yet expired. The reserve is stated net of the associated tax. On expiry of the contract, the effective portion is recycled to the income statement.

Translation reserve

The translation reserve represents the cumulative translation differences for foreign operations.

Merger reserve

The merger reserve arises on consolidation as a result of the share for share exchange on 17 March 2014. It represents the difference between the nominal value of shares issued by Poundland Group plc in this transaction and the share capital and reserves of Poundland Group Holdings Limited. This includes the difference between the nominal value and market price of shares issued by the Company in its acquisition of subsidiary undertakings.

2 Operating segment

The Group has one reportable segment, discount retailing of a variety of products.

The Chief Operating Decision Maker ("CODM") is the Board of Directors. Internal management reports are reviewed by the CODM on a monthly basis. Key measures used to evaluate performance are Revenue, Profit Before Tax and EBITDA. Management believes that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions.

All material operations of the reportable segment are carried out in the United Kingdom and the Republic of Ireland and all material non-current assets are located in the United Kingdom and the Republic of Ireland. The Group's revenue is driven by the consolidation of individually small value transactions and, as a result, Group revenue is not reliant on a major customer or group of customers. All revenue is generated from external customers.

3 Earnings per share

	52 weeks 2016 No of shares	52 weeks 2015 No of shares
Weighted average number of ordinary shares in issue, being weighted average number of shares for calculating basic earnings per share	259,495,752	250,000,000
Effect of share options on issue	287,212	387,303
Weighted average number of ordinary shares for calculating diluted earnings per share	259,782,964	250,387,303

	52 weeks 2016 £'000	52 weeks 2015 £'000
Profit for the period	1,585	28,397
Basic earnings attributable to ordinary equity shareholders	1,585	28,397
Non-underlying items (see note 7)		
Operating profit and finance costs	33,347	6,055
Tax on non-underlying items	(4,600)	(1,660)
Underlying earnings before non-underlying items	30,332	32,792

Earnings per share is calculated as follows:

	52 weeks 2016 p	52 weeks 2015 p
Basic earnings per ordinary share	0.61	11.36
Diluted earnings per ordinary share	0.61	11.34
Basic earnings per ordinary share before non-underlying items	11.69	13.12
Diluted earnings per ordinary share before non-underlying items	11.68	13.10

4 Dividends

	52 weeks 2016 Pence per share	2016 £'000	52 weeks 2015 Pence per share	2015 £'000
Amounts recognised as distributions to owners in the financial period:				
Current financial period interim dividend	1.65	4,434	1.5	3,750
Prior period final dividend	3.00	7,500	–	–
Dividends paid to equity holders in the financial period		11,934		3,750

After the reporting date, a final dividend of 2.00 pence per share was proposed by the Directors in respect of the period ended 27 March 2016, resulting in a total final proposed dividend of £5,374,000 (2015: £7,500,000). The proposed final dividend has not been included as a liability at 27 March 2016.

5 Reconciliation of adjusted profit measure (EBITDA)

The Directors consider EBITDA to be a more consistent measure of operating performance. Operating profit is adjusted to exclude the impact of finance costs, taxation, amortisation and depreciation.

Underlying EBITDA excludes the impact of those distribution costs and administrative expenses which do not contribute to current trading activities. The Directors consider that this measure more fairly reflects actual operating performance.

	52 weeks 2016 £'000	52 weeks 2015 £'000
Operating profit	6,757	37,205
Exclude:		
Amortisation	2,468	1,851
Depreciation	17,129	14,432
EBITDA	26,354	53,488
Exclude:		
Non-underlying items excluding depreciation, financial expenses and taxation	30,548	5,871
Underlying EBITDA	56,902	59,359

6 Revenue

	52 weeks 2016 £'000	52 weeks 2015 £'000
Sale of goods	1,325,996	1,116,946
Total revenues	1,325,996	1,116,946

7 Non-underlying items

The acquisition of 99p Stores Limited has significantly impacted underlying costs in the period.

During phase 2 of the CMA investigation into the acquisition, the trading performance of 99p Stores rapidly deteriorated. The business lost credit insurance resulting in reduction in stock levels and sales. On acquisition date, the business was trading in extremely distressed circumstances and despite an immediate injection of stock and cash into the business, the trading performance did not recover due to the loss of customer confidence in the brand. The rebranding programme was therefore accelerated, creating further disruption within the unconverted 99p Stores. As a result of these circumstances, the performance of 99p Stores in the period post acquisition is highly unusual, and has therefore been treated as non-underlying in the period. Trading losses incurred post acquisition were £12,123,000. Once converted to the Poundland brand, the trading performance improved to more normal levels; as such the performance of the 99p converted stores is presented within underlying.

The Group incurred acquisition costs of £2,511,000 (2015: £2,009,000) and costs relating to the recovery, integration and conversion of 99p Stores into the Poundland estate of £15,026,000. It also incurred fees of £373,000 relating to amendments to the banking facility to support the integration programme.

The Group incurred a net cost of £3,312,000 relating to the new store trial in Spain (2015: £2,242,000), which has been extended to November 2016. During the period a further five stores opened, bringing the total estate to ten stores at March 2016. These stores generated revenue of £15,494,000.

The associated tax implications of the above items are presented as a non-underlying item (£4,600,000, 2015: £1,660,000).

7 Non-underlying items (continued)

	52 weeks 2016 £'000	52 weeks 2015 £'000
Revenue		
99p Stores	95,684	–
Spain	15,494	5,420
	111,178	5,420
Cost of sales		
99p Stores	(62,370)	–
Spain	(11,072)	(3,553)
	(73,442)	(3,553)
Distribution Costs		
99p Stores	(42,866)	–
Spain	(6,023)	(2,433)
Integration of 99p Stores	(7,119)	–
Relocation of distribution facility in the South East	–	(1,541)
	(56,008)	(3,974)
Administrative Expenses		
99p Stores	(2,583)	–
Spain	(1,711)	(1,676)
Integration of 99p Stores	(7,908)	–
Costs in respect of acquisition of 99p Stores Ltd	(2,511)	(2,009)
Costs in respect of the IPO	–	(263)
	(14,713)	(3,948)
Net financial expenses		
99p Stores	11	–
Fees associated with amendments to banking facility	(373)	–
	(362)	–
Taxation		
Non-underlying items impact	4,600	1,660
Total non-underlying items	(28,747)	(4,395)

8 Auditor's remuneration

	52 weeks 2016 £'000	52 weeks 2015 £'000
Fees payable for the audit of the Company's financial statements	26	26
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	372	136
Audit related assurance services	26	29
Taxation compliance services	76	90
Taxation advisory services	309	115
Other non-audit services	198	327

The Group incurred an unusually high level of non-audit fees in both the current and prior financial periods. These have been presented as non-underlying items in both periods (see note 7).

Included within taxation advisory services and other non-audit services for the current and preceding period are fees relating to the acquisition of 99p Stores Limited. For the period ended 29 March 2015, taxation advisory services included residual fees related to the IPO.

9 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	Number of employees	
	52 weeks 2016	52 weeks 2015
Administration	531	390
Selling and distribution	17,508	13,833
	18,039	14,223

The aggregate payroll costs of these persons were as follows:

	52 weeks 2016 £'000	52 weeks 2015 £'000
Wages and salaries	188,829	154,252
Social security costs	10,941	8,307
Equity settled share based payment transactions	989	1,248
Contributions to defined contribution plans	1,684	1,441
	202,443	165,248

Full details of Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 46 to 62.

10 Financial income and expense

	52 weeks 2016 £'000	52 weeks 2015 £'000
Financial income		
Interest income on unimpaired financial assets	106	74
Ineffective portion of changes in fair value of cash flow hedges	326	–
Total financial income	432	74
Financial expense		
Interest expense on financial liabilities measured at amortised cost	911	791
Fees associated with amendments to the banking facilty	373	–
Ineffective portion of changes in fair value of cash flow hedges	–	337
Total financial expense	1,284	1,128

11 Taxation

Recognised in the income statement

	52 weeks 2016 £'000	52 weeks 2015 £'000
Current taxation		
Corporation tax charge for the period	1,543	10,876
Adjustments for prior periods	(150)	(972)
	1,393	9,904
Deferred tax income		
Origination and reversal of temporary differences	2,583	(2,136)
Change in tax rate	200	113
Adjustment for prior periods	144	(127)
	2,927	(2,150)
Total tax charge for the period	4,320	7,754

11 Taxation (continued)

The tax charge is reconciled with the standard rates of UK corporation tax as follows:

	52 weeks 2016 £'000	52 weeks 2015 £'000
Profit before tax	5,905	36,151
UK corporation tax at standard rate of 20% *(52 weeks 2015: 21%)*	1,181	7,592
Factors affecting the charge for the period:		
Depreciation on expenditure not eligible for tax relief	617	437
Disallowable expenses	1,539	1,156
Adjustments in respect of prior periods	(6)	(1,099)
Impact of overseas tax rates	(337)	(449)
Impact of reduction in tax rate on deferred tax balance	325	113
Deferred tax not recognised	994	–
Others	7	4
Total tax charge for the period	4,320	7,754

Recognised in other comprehensive income

	52 weeks 2016 £'000	52 weeks 2015 £'000
Effective portion of changes in fair value of cash flow hedges	3,529	(4,575)
Net change in fair value of cash flow hedges recycled to profit or loss	(2,114)	1,016
	1,415	(3,559)

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. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Group's future current tax charge accordingly.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Group's future current tax charge accordingly.

Tax losses not recognised

The Group has further tax losses available to be carried forward for offset against the future taxable profits of certain Group companies amounting to approximately £1.0 million (2015: £nil). No deferred tax asset (2015: £nil) in respect of these losses has been recognised at the year end.

12 Acquisition of subsidiary

On 28 September 2015, the Group acquired 100% of the share capital in 99p Stores Limited and subsidiary undertakings ("99p Stores")

For the period post acquisition, 99p Stores contributed revenue of £146.0 million and a loss before tax of £19.0 million to the Group's results. This includes the revenue and profit generated by the stores in the period after they were rebranded as Poundand and transferred to Poundland Limited. For the reasons set out in note 7, the loss within 99p Stores Limited has been presented as non underlying.

If the acquisition had occurred on 30 March 2015, the first day of the Group's accounting period, 99p Stores Limited and subsidiary undertakings would have contributed revenue of £288.7 million and an estimated loss before tax of £33.8 million to the Group's results. In determining these amounts, it has been assumed that the fair value adjustments arising on the date of acquisition would have been the same if the acquisition had occurred on 30 March 2015. However in the period prior to acquisition, the 99p Stores business was trading in distressed circumstances (as explained in note 7). As such, its results for this period are considered to be non underlying in nature, and not to be representative of future performance.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	£'000
Cash	5,512
Equity instruments (844,654 ordinary shares)	2,504
Total consideration	8,016

Equity instruments issued

The fair value of the ordinary shares issued was based on the average listed share price of the Company over the five working days preceding the acquisition of £2.9646 per share.

Acquisition related costs

The Group incurred acquisition related costs of £2,511,000 including legal fees, due diligence costs and professional advice during the CMA process. A further £2,009,000 was incurred in the prior period. These costs have been included in non underlying administrative expenses in both periods.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	£'000
Property, plant and equipment	13	11,669
Intangible assets	14	1,865
Inventories		15,664
Trade and other receivables		11,457
Cash and cash equivalents		2,729
Interest bearing loans and other borrowings		(24,614)
Provisions	22	(44,625)
Trade and other payables		(74,460)
Deferred tax asset	17	4,931
Total identifiable net liabilities assumed		(95,384)

12 Acquisition of subsidiary (continued)

Identifiable assets acquired and liabilities assumed (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation techniques
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Off-market leasing arrangements	The fair value of off market leasing arrangements have been assessed by external third parties. They have compared contractual lease payments to current market rates, identified variances and quantified the resultant asset or liability taking into consideration the remaining portion of the lease.
Inventories	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of distribution and sale.

Fair values measured on a provisional basis

Potential assets and liabilities relating to 99p Stores Limited tax affairs continue to be assessed and the amounts cannot yet be reliably measured. The Group expects to be in a position to estimate these amounts and therefore recognise the fair value of the assets and liabilities relating to these matters within 12 months following the date of acquisition.

If further information is obtained within one year of the acquisition date, about facts and circumstances existing at that date which identifies adjustments to the amounts already recognised, then the accounting for the acquisition will be revisited.

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	£'000
Consideration transferred	8,016
Fair value of identifiable net liabilities assumed	95,384
Goodwill	103,400

The goodwill is attributable mainly to the locational and purchasing synergies expected to be achieved from integrating 99p Stores into the Group's existing business and transferring the stores to Poundland Limited. None of the goodwill recognised is expected to be deductible for tax purposes.

13 Property, plant and equipment

	Short leasehold property £'000	Fixtures and equipment £'000	Total £'000
Cost			
Balance at 31 March 2014	9,094	71,568	80,662
Additions	5,133	14,810	19,943
Disposals	(739)	(662)	(1,401)
Transfer between categories	15,899	(15,899)	–
Balance at 29 March 2015	29,387	69,817	99,204
Balance at 30 March 2015	29,387	69,817	99,204
Additions	15,659	27,906	43,565
Subsidiaries acquired	4,232	7,437	11,669
Disposals	(297)	(716)	(1,013)
Balance at 27 March 2016	48,981	104,444	153,425
Depreciation and impairment			
Balance at 31 March 2014	9,739	29,316	39,055
Depreciation charge for the period	4,169	10,263	14,432
Disposals	(739)	(662)	(1,401)
Transfer between categories	8,279	(8,279)	–
Balance at 29 March 2015	21,448	30,638	52,086
Balance at 30 March 2015	21,448	30,638	52,086
Depreciation charge for the period	5,020	12,109	17,129
Disposals	(297)	(716)	(1,013)
Balance at 27 March 2016	26,171	42,031	68,202
Net book value			
At 29 March 2015	7,939	39,179	47,118
At 27 March 2016	22,810	62,413	85,223

In the prior period, the Directors reconsidered the presentation of capital contributions and consider that it is more appropriate to allocate them against the type of actual expenditure incurred rather than including the full amount within short leasehold property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14 Intangible assets

	Goodwill £'000	Favourable leases £'000	Trademarks £'000	Software £'000	Brand £'000	Total £'000
Cost						
Balance at 31 March 2014	163,856	–	87	4,037	22,300	190,280
Additions – externally purchased	–	–	28	680	–	708
Disposals	–	–	–	(5)	–	(5)
Balance at 29 March 2015	163,856	–	115	4,712	22,300	190,983
Balance at 30 March 2015	163,856	–	115	4,712	22,300	190,983
Subsidiaries acquired	103,400	1,676	–	189	–	105,265
Additions	–	–	8	1,827	–	1,835
Balance at 27 March 2016	267,256	1,676	123	6,728	22,300	298,083
Amortisation						
Balance at 31 March 2014	–	–	22	2,322	4,225	6,569
Amortisation for the period	–	–	21	718	1,112	1,851
Disposals	–	–	–	(5)	–	(5)
Balance at 29 March 2015	–	–	43	3,035	5,337	8,415
Balance at 30 March 2015	–	–	43	3,035	5,337	8,415
Amortisation for the period	–	407	24	925	1,112	2,468
Balance at 27 March 2016	–	407	67	3,960	6,449	10,883
Net book value						
At 29 March 2015	163,856	–	72	1,677	16,963	182,568
At 27 March 2016	267,256	1,269	56	2,768	15,851	287,200

Amortisation

Amortisation is recognised in distribution and administrative expenses in the income statement as follows:

	52 weeks 2016 £'000	52 weeks 2015 £'000
Distribution costs	388	249
Administrative expenses	2,080	1,602
	2,468	1,851

14 Intangible assets (continued)

Impairment testing

Goodwill of £163.9 million arising on the acquisition of Poundland Holdings Limited in June 2010, and goodwill of £103.4 million arising on the acquisition of 99p Stores Limited in September 2015, is allocated to the Group's one reportable segment. For impairment testing purposes, goodwill has been allocated to a group of cash generating units (CGUs) comprising the Group's one operating segment. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Goodwill is not amortised, but tested annually for impairment on the basis of value in use calculations using discounted cash flows. As the value in use exceeded the carrying value for the cash generating units, no impairment loss was recognised in the period.

In assessing the value in use, the four year business plan was used to provide cash flow projections to the period ended March 2020. The cash flow projections are subject to key assumptions in respect of discount rates and achievement of future revenue and EBITDA growth. The Directors have reviewed and approved the assumptions inherent in the model as part of the annual budget process using historic experience and considering economic and business risks facing the Group.

In assessing the Group's value in use a pre-tax discount rate of 10.5% (*2015:* 12.1%) has been applied to the group of CGUs.

The calculated value in use significantly exceeded the carrying value of goodwill and no further sensitivity calculations were necessary to conclude there was no impairment.

15 Other financial assets

	27 March 2016 £'000	29 March 2015 £'000
Non-current		
Derivative financial assets	358	451
Current		
Derivative financial assets	8,320	11,550

16 Other financial liabilities

	27 March 2016 £'000	29 March 2015 £'000
Non-current		
Derivative financial liabilities	511	117
Current		
Derivative financial liabilities	3,411	574

17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Assets

	27 March 2016 £'000	29 March 2015 £'000
Deferred tax assets	2,655	686
Net deferred tax assets	2,655	686

Liabilities

	27 March 2016 £'000	29 March 2015 £'000
Deferred tax liabilities	–	(1,450)
Net deferred tax liabilities	–	(1,450)

Deferred tax liability	31 March 2014 £'000	Recognised in the income statement (credit)/charge £'000	Recognised in other comprehensive income (credit)/charge £'000	29 March 2015 £'000
Property, plant and equipment	1,337	1,007	–	2,344
Intangible assets	(3,615)	222	–	(3,393)
Inventories	100	–	–	100
Other financial assets	(104)	1,158	(3,455)	(2,401)
Trade and other payables	1,579	183	–	1,762
Tax value of losses carried forward	15	671	–	686
Other financial liabilities	1,333	(1,091)	(104)	138
	645	2,150	(3,559)	(764)

17 Deferred tax assets and liabilities (continued)

Deferred tax asset/(liability)	30 March 2015 £'000	Recognised in the income statement £'000	Recognised in other comprehensive income £'000	Acquired in Business Combination £'000	27 March 2016 £'000
Property, plant & equipment	2,344	117	–	–	2,461
Intangible assets	(3,393)	539	–	–	(2,854)
Inventories	100	(10)	–	–	90
Other financial assets	(2,401)	(577)	1,415	–	(1,563)
Trade and other payables	1,762	(2,163)	–	3,532	3,131
Tax value of losses carried forward	686	(2)	–	–	684
Other financial liabilities	138	568	–	–	706
Group relief	–	(1,399)	–	1,399	–
	(764)	(2,927)	1,415	4,931	2,655

No deferred tax liability has been recognised in respect of £262,000 (2015: £207,000) of undistributed earnings of overseas subsidiaries since such distributions would not be taxable.

18 Inventories

	27 March 2016 £'000	29 March 2015 £'000
Finished goods	142,284	105,474
Goods in transit	12,440	7,840
	154,724	113,314

All inventories are expected to be sold within 12 months of the reporting date.

During the period £0.7 million (2015: £0.6 million) was recognised as an expense in cost of sales in respect of the write down of inventory to net realisable value.

No unutilised provisions were reversed in the period. Inventories recognised as cost of sales in the period amounted to £835.5 million (2015: £702.4 million)

19 Trade and other receivables

	27 March 2016 £'000	29 March 2015 £'000
Other receivables due from related parties (Note 29)	–	50
Trade receivables	9,077	4,662
Other taxation and social security	170	–
Prepayments and accrued income	16,330	21,512
	25,577	26,224
Non-current	456	428
Current	25,121	25,796

20 Other interest-bearing loans and borrowings

The contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost are described below. For more information about the Group's exposure to interest rate and foreign currency risk, see note 25.

On 28 September 2015, the Group extended its banking facility which now consists of a revolving credit and working capital facility of £95.0 million. This is held by Poundland Holdings Limited. At 27 March 2016, the outstanding balance is £54.0 million (2015: £2.0 million).

		27 March 2016		29 March 2015	
	Year of maturity	Face value £'000	Carrying amount £'000	Face value £'000	Carrying amount £'000
Revolver	2019	54,000	54,000	2,000	2,000
Bank loans and overdrafts		4,288	4,288	–	–
Total		58,288	58,288	2,000	2,000

20 Other interest-bearing loans and borrowings (continued)

The Group had the following undrawn committed borrowing facilities available at the reporting date in respect of which all conditions precedent have been met:

	27 March 2016 £'000	29 March 2015 £'000
Expiring between two and five years	40,212	48,097

The facility relates to the Group's revolving credit and working capital facility, which incurs commitment fees at market rates.

21 Trade and other payables

	27 March 2016 £'000	29 March 2015 £'000
Current		
Trade payables	145,898	82,298
Other taxation and social security payable	17,041	14,247
Other payables	8,511	5,341
Accruals and deferred income	50,311	42,254
	221,761	144,140
Non-current		
Accruals and deferred income	29,509	19,794
	29,509	19,794
	251,270	163,934

22 Provisions

	Property related	
	27 March 2016 £'000	29 March 2015 £'000
At beginning of period	661	925
Provisions made during the period	2,565	734
Arising from acquisition	44,625	—
Provisions utilised during the period	(5,351)	(832)
Provisions reversed during the period	(5,418)	(166)
At end of period	37,082	661
Non-current	24,686	138
Current	12,396	523
	37,082	661

Property related provisions consist of costs associated with vacant properties, outstanding rent reviews and market rent adjustments.

22 Provisions (continued)

A provision for vacant properties is recognised when the Group's unavoidable costs of meeting its contractual obligations are higher than the expected benefits to be derived from it. The effect of discounting is not considered material.

A rent review provision is recognised when there are additional obligations expected as a result of a rent review, the contractual date of which has passed. The provision is based on the Directors' best estimate of the amount at which the review will be settled.

A market rent provision is recognised in respect of leasing arrangements not at market rates arising on the acquisition of 99p Stores Limited in September 2015.

23 Share Capital

	27 March 2016 £'000	29 March 2015 £'000
268,701,797 (2015: 250,000,000) ordinary shares of £0.01 (2015: £0.01) each	2,687	2,500
49,999 preference shares of £1 each	–	50
	2,687	2,550

The table below sumarises the movements in share capital during the period ended 27 March 2016.

	£'000
Balance at 30 March 2015	2,550
Redemption of preference shares	(50)
Issue of ordinary share capital	187
Balance at 27 March 2016	2,687

On 27 August 2015, preference shares in the Company, which are not listed, were redeemed at their nominal value of £1 for a total consideration of £49,999. No further preference shares remain in issue following the redemption.

	£'000
Share premium	
Balance at 30 March 2015	–
Issue of ordinary share capital	48,879
Balance at 27 March 2016	48,879

On 24 September 2015, 17,857,143 ordinary shares of 1p each were placed for trading on the London Stock Exchange. Share premium payable on the listing amounted to £49.8 million, from which associated transaction costs have been deducted. On 28 September 2015, 844,654 ordinary shares of 1p each were issued as part of the consideration for the acquisition of 99p Stores Limited. The premium on the issue amounted to £2.5 million and has been recognised in the merger reserve.

23 Share Capital (continued)

Rights attached to shares

Ordinary shares

The rights attaching to the Ordinary Shares are uniform in all respects and form a single class for all purposes, including with respect to voting for all dividends and other distributions thereafter declared, made or paid on the Ordinary Share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll, every Shareholder present in person or by proxy shall have one vote per Ordinary Share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders are, under general law, entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

Subject to the provisions of the Act, rights attached to any class of shares (unless otherwise provided by the terms of allotment of the shares of that class) may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

Preference shares

Preference shares entitle their holder to receive notice of and to attend and speak at general meetings of the Company. Preference shares do not entitle their holder to vote at general meetings of the Company.

The rights attached to the Preference Shares may be waived, varied or abrogated with the consent in writing of the holders of at least 50% in nominal value of the Preference shares in issue. To the extent that such a waiver, variation or abrogation of any of the rights attached to the Preference shares adversely affects one group of Preference shares, such waiver, variation or abrogation must be approved by or on behalf of the holders of at least 50% in nominal value of the Preference shares in each respective group.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares, are under general law, entitled to participate in any surplus assets in a winding up in proportion to their shareholdings, provided that the assets of the Company available for distribution among the members shall be applied in paying to the Preference Shareholders in proportion to the number of Preference Shares held by each of them, in priority to any payment to the holders of any Ordinary Shares in the Company, the issue price per Preference Share.

On 27 August 2015, the Preference shares were redeemed at their nominal value of £1. No further Preference shares remain in issue following the redemption.

24 Share based payments

The Group operates four share award plans, all of which are equity settled.

The Performance Share Plan (PSP)

The PSP was adopted by the directors on 27 February 2014. All colleagues of the Group are eligible to participate in the PSP at the discretion of the Remuneration Committee. The first issue of awards was made on 17 March 2014. All awards were granted for nil consideration. Further awards were made on 4 July 2014 and 19 June 2015.

A summary of the rules for this scheme and the related performance conditions are set out in the Directors' Remuneration report.

The Restricted Stock Plan (RSP)

The RSP was adopted by the Directors on 27 February 2014. Awards over ordinary shares are granted subject only to continued employment. There are no performance conditions attached to the award. All colleagues of the Group (other than Executive Directors and members of the Executive Committee) are eligible to participate in the RSP, at the discretion of the Remuneration Committee.

Initial RSP awards were made on 17 March 2014 with further awards being made on 4 July 2014. Other than these awards, the intention is that RSP awards will only be made in special or unusual circumstances. All awards were granted for nil consideration. The RSP awards will usually vest three years after the date of grant. Vested share awards will be released to participants automatically within 30 days of the vesting date.

24 Share based payments (continued)

The Company Share Option Plan (CSOP)

The CSOP was adopted by the directors on 27 February 2014. Under the CSOP, the Directors may grant to eligible colleagues options to acquire Ordinary Shares at an exercise price which may not be less than the market value of an Ordinary Share on the date of grant.

All colleagues of the Group are eligible to participate in the CSOP at the discretion of the Directors.

The CSOP options may be subject to performance conditions. However, the initial award made on 18 March 2014 together with awards made on 4 July 2014 and 19 June 2015, did not have any related performance conditions. All awards were granted for nil consideration.

A CSOP option will normally only be exercisable from the third anniversary of the date of grant and when all conditions applying to it have been satisfied. No dividends are paid on shares awarded.

The number and weighted average exercise prices of share based payment awards are as follows:

For the period ended 27 March 2016

	PSP		RSP		CSOP	
	Weighted average exercise price (£)	Number of Options ('000)	Weighted average exercise price (£)	Number of Options ('000)	Weighted average exercise price (£)	Number of Options ('000)
Outstanding at 29 March 2015	–	1,280	–	296	3.73	1,006
Granted during the period	–	1,205	–	–	3.01	1,448
Cancelled during the period	–	(324)	–	(69)	3.30	(470)
Outstanding at 27 March 2016	–	2,161	–	227	3.33	1,984

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted.

The PSP and RSP awards are valued at 100% of the share price at the date of grant.

The fair value of CSOP awards granted during the period is measured using the Black-Scholes valuation model. Measurements, inputs and assumptions are as follows:

	27 March 2016	29 March 2015
Share price at grant date	£3.12	£3.38
Fair value at grant date	70.50p	81.97p
Exercise price	£3.01	£3.42
Expected volatility	29.3%	31.7%
Option life (years)	10	10
Expected life (years)	4	4
Expected dividend yield	1.44%	1.08%
Risk-free interest rate (based on national government bonds)	1.1%	1.6%

As the Company has recently listed, there is a restricted history of share price movements. The expected volatility is therefore a proxy volatility figure, which has been derived as the average volatility of FTSE 250 companies within the General Retailers sector over the four years prior to grant date (i.e. the period equivalent to the expected term).

The risk free rate is equivalent to the prevailing UK Gilts rate at grant date, which is commensurate with the expected term. CSOP awards are granted under a service condition. This is not taken into account in the grant date fair value measurement of the services received. The share based payments expense has been calculated using recent colleague turnover levels.

24 Share based payments (continued)

Save As You Earn (SAYE)

The Group operates a savings related share option scheme which is open to all UK and Republic of Ireland colleagues with more than three months' continuous service. This is an approved HMRC Scheme and was adopted by the directors on 27 February 2014. Under the SAYE scheme, participants remaining in the Group's employment at the end of the three-year savings period are entitled to use their savings to purchase shares in the Group at a stated exercise price. Under restricted circumstances colleagues leaving for certain reasons are able to use their savings to purchase shares within six months of their leaving.

At 27 March 2016, colleagues held 1,398 three-year savings contracts with options over 1.6 million shares. A reconciliation of options movements is shown below:

	Number of options £'000	2016 Weighted average exercise price £
Outstanding at beginning of period	1,297	2.50
Granted	462	2.76
Forfeited/cancelled	(174)	2.52
Outstanding at end of period	1,585	2.57

The weighted average remaining contractual life of share options outstanding at 27 March 2016 was 1.5 years. Details of options at 27 March 2016 are set out below:

Date of grant	Date of expiry	Exercise price (£)	Options outstanding
5 September 2014	1 November 2017	2.50	1,134
19 August 2015	1 November 2018	2.76	451

Options granted during the period were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted during the period and the assumptions used in the calculation are as follows:

	27 March 2016
Share price at grant date	£3.58
Fair value at grant date	105.62p
Exercise price	£2.76
Expected volatility	27.1%
Option life (years)	3.5
Expected dividend yield	1.26%
Risk-free interest rate (based on national government bands)	1.0%

As the Company has recently listed, there is a restricted history of share price movements. The expected volatility is therefore a proxy volatility figure, which has been derived as the average volatility of FTSE 250 companies within the General Retailers sector over the three years prior to grant date (i.e. the period equivalent to the expected term).

The resulting fair value is expensed over the service period of three years on the assumption that, dependent upon the grade of the colleague, between 5 and 15 per cent of options will be cancelled over the service period as colleagues leave the SAYE scheme.

The total expense for share based payments recognised in the period is as follows:

	52 weeks 2016 £'000	52 weeks 2015 £'000
Equity settled share based payment expense	989	1,248

25 Financial instruments and related disclosures

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Directors, who also monitor the status of agreed actions to mitigate key risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. This risk arises from the Group's foreign exchange, interest rate and commodity hedging agreements with its banking counterparties. The Group only deals with credit with Banks in the Banking Syndicate or with Banks who are creditworthy, and monitors the creditworthiness of these counterparties using publicly available information.

As the principal business of the Group is cash sales, the Group's trade receivables are small. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk and any associated impairments are immaterial.

Group policy is that surplus funds are placed on deposit with counterparties, who are either party to the Group's Banking syndicate, or who are creditworthy counterparties.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Group for the current Business Plan.

The risk is measured by review of forecast liquidity each month to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring covenants on a regular basis to ensure there are no expected significant breaches, which would lead to an "Event of Default". Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the strong cash generating ability of the business and its ability to operate within existing agreed banking facilities. There have been no breaches of covenants during the reported periods.

The Group has a £95.0 million Revolving Credit and Working Capital facility to support short and medium term liquidity.

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk, although the Group does hedge fuel used by its fleet of vehicles in the distribution of product to stores.

25 Financial instruments and related disclosures (continued)

Interest rate risk

The Group's revolving credit facility incurs variable interest rate charges linked to LIBOR plus a margin dependent on the Group's net debt ratio. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants and Business Plan.

The Group currently has no interest rate hedge in place. The Group continues to monitor the interest rate swap market and future cash flows to decide on the appropriateness of any future interest rate hedges.

Foreign currency risk

The Group has a significant transaction exposure with increasing, direct sourced purchases from its suppliers in the Far East, with most of the trade being in US dollars. In addition to this, the Group is exposed to transaction risk on the translation of surplus Euro balances, generated by the Republic of Ireland branch, and to a lesser extent, its Spanish subsidiary, into sterling. The Group's policy allows these exposures to be hedged for up to 18 months forward in order to fix the cost in sterling. Hedging is performed through the use of foreign currency bank accounts and forward foreign exchange contracts.

The Group does not hedge either economic exposure or the translation exposure arising from the profits, assets and liabilities of non-sterling businesses whilst they remain immaterial.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	27 March 2016		29 March 2015	
	USD £'000	Euro £'000	USD £'000	Euro £'000
Cash and cash equivalents	139	7,140	189	1,507
Trade and other payables	5,164	(468)	44	(3,469)
	5,303	6,672	233	(1,962)

Pension liability risk

The Group has no association with any defined benefit pension scheme and therefore carries no deferred, current or future liabilities in respect of such a scheme. The Group operates a number of Group Personal Pension Plans for its colleagues.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its Shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future growth. The Directors regularly monitor the level of capital in the Group to ensure that this can be achieved.

25 Financial instruments and related disclosures (continued)

Fair value disclosures

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short term deposits and borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the statement of financial position.
Forward currency contracts	The fair value is determined using the market forward rates at the reporting date and the outright contract rate.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

Level 1:	quoted prices in active markets for identical assets or liabilities
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All financial instruments carried at fair value have been measured using a Level 2 valuation method.

The fair value and carrying value of financial assets and liabilities are as follows:

	27 March 2016 £'000		29 March 2015 £'000	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	46,329	46,329	15,932	15,932
Trade and other receivables	25,577	25,577	26,224	26,224
Derivative contracts used for hedging (assets)	8,678	8,678	12,001	12,001
Total financial assets	80,584	80,584	54,157	54,157
Cash and cash equivalents	(4,288)	(4,288)	–	–
Trade and other payables	(251,270)	(251,270)	(163,934)	(163,934)
Borrowings at amortised cost	(54,000)	(54,000)	(2,000)	(2,000)
Derivative contracts used for hedging (liabilities)	(3,922)	(3,922)	(691)	(691)
Total financial liabilities	(313,480)	(313,480)	(166,625)	(166,625)

25 Financial instruments and related disclosures (continued)

Financial instruments sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on its earnings. At the end of each reporting period, the effect of hypothetical changes in interest and currency rates are as follows:

Interest rate sensitivity analysis

The table below shows the Group's sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by +/- 1%. The impact on the results in the income statement and statement of other comprehensive income and equity would be:

	27 March 2016 Increase/(decrease) in equity £'000	29 March 2015 Increase/(decrease) in equity £'000
+1 % movement in interest rates	(120)	139
-1 % movement in interest rates	120	(139)

Foreign exchange rate sensitivity analysis

The table below shows the Group's sensitivity to foreign exchange rates for its US dollar financial instruments, the major currency in which the Group's derivatives are denominated:

	27 March 2016 Increase/(decrease) in equity £'000	29 March 2015 Increase/(decrease) in equity £'000
10% appreciation of the US dollar	12,256	11,898
10% depreciation of the US dollar	(10,031)	(9,733)

A strengthening/weakening of sterling, as indicated, against the US dollar at the reporting date would have increased/(decreased) the cash flow hedge reserve and retained earnings by the amounts shown above. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

There are no material movements in the income statement for the period. The movement in equity relates to the fair value movements on the Group's forward contracts that are used to hedge future inventory purchases.

Contractual cash flows

The contractual maturity of bank borrowings excluding the impact of netting agreements is shown below:

	27 March 2016 £'000	29 March 2015 £'000
Due in less than one year	–	–
Expiring between one and two years	–	–
Expiring between two and five years	54,000	2,000
Contractual cash flows	54,000	2,000
Carrying amount	54,000	2,000

25 Financial instruments and related disclosures (continued)

The following table provides an analysis of the anticipated contractual cash flows for the Group's derivative contracts:

USD

	27 March 2016		29 March 2015	
	Payable £'000	Receivable £'000	Payable £'000	Receivable £'000
Due in less than one year	(97,231)	105,313	(95,027)	104,228
Expiring between one and two years	(21,012)	21,151	(14,392)	14,787
Contractual cash flows	(118,243)	126,464	(109,419)	119,015
Fair value	–	8,221	–	9,693

Euro

	27 March 2016		29 March 2015	
	Payable £'000	Receivable £'000	Payable £'000	Receivable £'000
Due in less than one year	(35,735)	32,854	(33,120)	35,306
Expiring between one and two years	(4,736)	4,515	(2,947)	2,884
Contractual cash flows	(40,471)	37,369	(36,067)	38,190
Fair value	(3,102)	–	–	2,123

Fuel hedge

	27 March 2016		29 March 2015	
	Payable £'000	Receivable £'000	Payable £'000	Receivable £'000
Due in less than one year	(350)	–	(506)	–
Expiring between one and two years	(13)	–	–	–
Contractual cash flows	(363)	–	(506)	–
Fair value	(363)	–	(506)	–

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

26 Operating leases

Non-cancellable operating lease rental are payable as follows:

	Other		Land and Buildings	
	27 March 2016 £'000	29 March 2015 £'000	27 March 2016 £'000	29 March 2015 £'000
Less than one year	6,518	4,555	133,987	88,084
Between one and five years	9,581	6,051	462,530	309,922
More than five years	–	–	299,009	236,718
	16,099	10,606	895,526	634,724

The Group leases a number of stores and warehouses under operating leases of varying lengths, for which incentives/premia are received/ paid under the relevant lease agreements.

During the year £118.4 million was recognised as an expense in the income statement in respect of operating leases *(2015: £89.0 million)*.

27 Commitments

Capital commitments for which no provision has been made in the financial statements of the Group were as follows:

	27 March 2016 £'000	29 March 2015 £'000
Contracted	8,349	3,271

28 Contingencies

The Company and certain subsidiaries within the Group, namely Poundland Holdings Limited and Poundland Limited, are party to cross guarantees given for bank loans and overdrafts amounting to £59,788,000 *(2015: £6,903,000)*.

29 Related parties

Transactions with key management personnel

Directors of Poundland Group plc control 5.48% of the voting shares of the Company (29 March 2015: 6.02%).

The compensation of key management personnel (including the Directors) is as follows:

	27 March 2016 £'000	29 March 2015 £'000
Key management personnel emoluments	3,183	2,707
Company contributions to money purchase pension schemes	332	227
Amounts receivable under long term incentive schemes	593	375
	4,108	3,309

At 27 March 2016, £Nil (2015: £50,000) is owed to the Company by Warburg Pincus Private Equity X, L.P. in respect of its initial share capital. This balance is included within trade and other receivables (note 19).

30 Subsidiary undertakings

The Company has the following investments in subsidiaries:

		Country of incorporation	Class of shares held	Ownership 27 March 2016 %
Poundland Group Holdings Limited*	Investment company	Great Britain	Ordinary	100
Poundland Value Retailing Limited	Investment company	Great Britain	Ordinary	100
Poundland Retail Limited	Investment company	Great Britain	Ordinary	100
Poundland Holdings Limited	Investment company	Great Britain	Ordinary	100
Poundland Willenhall Limited	Investment company	Great Britain	Ordinary	100
Poundland Trustee Limited	Trustee	Great Britain	Ordinary	100
Poundland Limited	Value retailer	Great Britain	Ordinary	100
M&O Business Systems Limited	Dormant	Great Britain	Ordinary	100
Bargain Limited	Dormant	Great Britain	Ordinary	100
Homes & More Limited	Dormant	Great Britain	Ordinary	100
Poundland Stores Limited	Dormant	Great Britain	Ordinary	100
Poundland International Limited	Investment company	Great Britain	Ordinary	100
Sheptonview Limited	Dormant	Great Britain	Ordinary	100
Poundland Far East Limited	Product sourcing	Hong Kong	Ordinary	100
Dealz Espana SL	Value retailer	Spain	Ordinary	100
Dealz Retailing Ireland Limited	Dormant	Republic of Ireland	Ordinary	100
99p Stores Limited*	Value retailer	Great Britain	Ordinary	100
Family Bargains (Retail) Limited	Dormant	Great Britain	Ordinary	100
Bargain World (Retail) Limited	Dormant	Great Britain	Ordinary	100
Pagewell Limited	Value retailer	Republic of Ireland	Ordinary	100
Pagewell Concession (Ilac) Limited	Dormant	Republic of Ireland	Ordinary	100

These subsidiaries are included within these consolidated financial statements.

*Directly held subsidiary. All other subsidiaries are held indirectly.

31 Accounting estimates and judgements

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods impacted.

The key judgements and estimates employed in the financial statements are considered below.

Allowances against the carrying amount of inventories

The Group provides against the carrying amount of inventories for inventory lines based on expected demand for its products to ensure that inventory is stated at the lower of cost and net realisable value. Judgement is required in respect of assessing future demand and promotional offers.

Impairment of goodwill

On an annual basis, the Group is required to perform an impairment review to assess whether the carrying value of goodwill is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Details of assumptions used in the impairment of goodwill are detailed in note 14.

Provisions

Provisions are made using the Directors' best estimates of future cash flows based on the current level of information available to them. Actual cash flows will be dependent on future events. Judgements are exercised in relation to the quantum and timing of these future cash flows. For details of assumptions see note 22.

Depreciation and amortisation

Judgement is required in assessing the useful economic lives of tangible fixed assets and intangible assets. These assumptions are based on the Directors' best estimate of the life of the asset and its residual value at the end of its economic life.

Valuation of other intangible assets

The assessment of fair value in a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities in the acquired business. The key judgements required are the identification of intangible assets meeting the recognition criteria of IAS 38 and their attributable fair values. The key assumptions in relation to the brand valuation are the Directors' best estimate of its life and the royalty and discount rate used in its valuation. The key assumption in relation to the favourable lease asset is the level of market rent at the date of acquisition.

Deferred taxation

The Group recognises deferred tax assets and liabilities based upon future taxable income and the expected recoverability of the balance. The estimate will include assumptions regarding future income streams of the Group and the future movement in corporation tax rates in the respective jurisdictions.

STATEMENT OF FINANCIAL POSITION AT 27 MARCH 2016

		27 March 2016		29 March 2015	
	Note	£'000	£'000	£'000	£'000
Non current assets					
Investments	5		**435,297**		426,292
Current assets					
Trade and other receivables	6	**31,519**		528	
Cash and cash equivalents		**10**		1	
Total current assets		**31,529**		**529**	
Current liabilities	7	**–**		(10,066)	
Net current assets/(liabilities)			**31,529**		(9,537)
Net assets			**466,826**		416,755
Capital and reserves					
Called up share capital	8		**2,687**		2,550
Share premium	9		**48,879**		–
Merger reserve			**2,496**		–
Retained earnings			**412,764**		414,205
Total equity			**466,826**		416,755

NR Hateley
Director
16th June 2016
Registered number: 08861243

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 MARCH 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2014	425,050	–	–	(8,445)	416,605
Total comprehensive income for the period					
Profit for the period	–	–	–	2,652	2,652
Total comprehensive income for the period	–	–	–	2,652	2,652
Transactions with owners recorded directly in equity					
Court approved reduction in share capital	(422,500)	–	–	422,500	–
Dividends paid	–	–	–	(3,750)	(3,750)
Share based payments	–	–	–	1,248	1,248
Total transactions with owners	(422,500)	–	–	419,998	(2,502)
Balance at 29 March 2015	**2,550**	–	–	**414,205**	**416,755**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 27 MARCH 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 March 2015	2,550	–	–	414,205	416,755
Total comprehensive income for the period					
Profit for the period	–	–	–	9,504	9,504
Total comprehensive income for the period	–	–	–	9,504	9,504
Transactions with owners recorded directly in equity					
Redemption of preference shares	(50)	–	–	–	(50)
Issue of shares	187	48,879	2,496	–	51,562
Dividends paid	–	–	–	(11,934)	(11,934)
Share based payments	–	–	–	989	989
Total transactions with owners	137	48,879	2,496	(10,945)	40,567
Balance at 27 March 2016	2,687	48,879	2,496	412,764	466,826

NOTES TO THE COMPANY 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 on a going concern basis and in accordance with all UK applicable accounting standards and under the historic cost convention, and are the Company's first prepared under FRS 101. The Directors provide notice to the Company's shareholders of their intention to continue to prepare the Company's annual financial statements under FRS 101, taking advantage of the disclosure exemptions. If any shareholder holds an objection to the intention to continue to take advantage of the reduced disclosure exemptions, they should notify the Company in writing at its registered address.

No profit or loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company profit for the period was £9,504,000 (2015: £2,652,000). Dividends of £11,934,000 (2015: £3,750,000) were paid in the period. A final dividend of 2.00p per share is proposed for those shareholders whose names are on the Register of members at the close of business on 10 September 2016.

Going concern

The Company financial statements are prepared on a going concern basis. The Company heads a Group which the Directors believe has adequate resources to continue in operational existence for the foreseeable future. Banking facilities were extended on 28 September 2015 and the Group's forecast and projections show this facility provides adequate headroom for its current and future anticipated cash requirements.

Share based payments

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Equity transaction costs

Equity instruments issued are recognised as the proceeds received, net of direct issue costs, which are deducted from the share premium account.

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.

Cash flow

Under FRS101, the Company is exempt from the requirement to prepare a cash flow statement as a consolidated cash flow has been included in the Poundland Group plc consolidated financial statements.

Dividends on shares presented within Shareholders' funds

Dividends unpaid at the reporting 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 Fees payable to the Auditors

Auditor's remuneration is detailed in note 8 to the Group financial statements.

3 Staff numbers and costs

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 46 to 62.

4 Dividends

For details of dividends, see Note 4 in the Group financial statements.

5 Investments in subsidiaries

	Investment in subsidiary undertakings £'000
At beginning of period	426,292
Additions in period	8,016
Equity settled share based payments	989
At end of period	435,297

On 28 September 2015, the Company acquired the entire share capital of 99p Stores Limited and its subsidiary undertakings for a total consideration of £8,016,000.

The Company has the following investments in subsidiaries:

		Country of incorporation	Class of shares held	Ownership 27 March 2016 %
Poundland Group Holdings Limited*	Investment company	Great Britain	Ordinary	100
Poundland Value Retailing Limited	Investment company	Great Britain	Ordinary	100
Poundland Retail Limited	Investment company	Great Britain	Ordinary	100
Poundland Holdings Limited	Investment company	Great Britain	Ordinary	100
Poundland Willenhall Limited	Investment company	Great Britain	Ordinary	100
Poundland Trustee Limited	Trustee	Great Britain	Ordinary	100
Poundland Limited	Value retailer	Great Britain	Ordinary	100
M&O Business Systems Limited	Dormant	Great Britain	Ordinary	100
Bargain Limited	Dormant	Great Britain	Ordinary	100
Homes & More Limited	Dormant	Great Britain	Ordinary	100
Poundland Stores Limited	Dormant	Great Britain	Ordinary	100
Poundland International Limited	Investment company	Great Britain	Ordinary	100
Sheptonview Limited	Dormant	Great Britain	Ordinary	100
Poundland Far East Limited	Product sourcing	Hong Kong	Ordinary	100
Dealz Espana SL	Value retailer	Spain	Ordinary	100
Dealz Retailing Ireland Limited	Dormant	Republic of Ireland	Ordinary	100
99p Stores Limited*	Value retailer	Great Britain	Ordinary	100
Family Bargains (Retail) Limited	Dormant	Great Britain	Ordinary	100
Bargain World (Retail) Limited	Dormant	Great Britain	Ordinary	100
Pagewell Limited	Value retailer	Republic of Ireland	Ordinary	100
Pagewell Concession (Ilac) Limited	Dormant	Republic of Ireland	Ordinary	100

* Directly owned subsidiary. All other subsidiaries are held indirectly.

6 Trade and other receivables

	27 March 2016 £'000	29 March 2015 £'000
Group relief	—	478
Amounts owed by group undertakings	31,519	—
Amounts owed by Warburg Pincus Private Equity X, L.P.	—	50
	31,519	528

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

7 Trade and other payables

	27 March 2016 £'000	29 March 2015 £'000
Amounts owed to group undertakings	–	10,066
	–	10,066

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

8 Share capital

	27 March 2016 £'000	29 March 2015 £'000
Allotted and called up		
268,701,797 ordinary shares of £0.01 (2015: 250,000,000 shares of £0.01) each	2,687	2,500
49,999 preference shares of £1 each	–	50
	2,687	2,550

On 27 August 2015, Preference shares in the Company, which were not listed, were redeemed at their nominal value of £1 for a total consideration of £49,999. No further preference shares remain in issue following the redemption.

On 24 September 2015, 17,857,140 ordinary shares of 1p each were placed for trading on the London Stock Exchange. Share premium payable on the listing amounted to £49.8 million, from which associated transaction costs have been deducted. On 28 September 2015, 844,654 Ordinary shares of 1p each were issued as part of the consideration for the acquisition of 99p Stores Limited. Share premium on the issue amounted to £2.5 million and has been recognised in the merger reserve.

Rights attached to shares

Ordinary shares

The rights attaching to the Ordinary Shares are uniform in all respects and form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the Ordinary Share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Ordinary Share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders are under general law entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

Subject to the provisions of the Act, rights attached to any class of shares (unless otherwise provided by the terms of allotment of the shares of that class) may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

Preference shares

Preference Shares entitle their holder to receive notice of and to attend and speak at general meetings of the Company. Preference Shares do not entitle their holder to vote at general meetings of the Company.

The rights attached to the Preference shares may be waived, varied or abrogated with the consent in writing of the holders of at least 50% in nominal value of the Preference Shares in issue. To the extent that such a waiver, variation or abrogation of any of the rights attached to the Preference Shares adversely affects one group of Preference Shares, such waiver, variation or abrogation must be approved by or on behalf of the holders of at least 50% in nominal value of the Preference Shares in each respective group.

8 Share capital (continued)

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings, provided that the assets of the Company available for distribution among the members shall be applied in paying to the preference Shareholders in proportion to the number of Preference shares held by each of them, in priority to any payment to the holders of any Ordinary Shares in the Company, the issue price per Preference share.

9 Share premium

	27 March 2016 £'000	29 March 2015 £'000
New shares issued	48,879	—
	48,879	—

On 24 September 2015, 17,857,143 ordinary shares of 1p each were placed for trading on the London Stock Exchange. Share premium payable on the listing amounted to £49.8 million, from which associated transaction costs have been deducted.

10 Contingent liabilities

The Company is party to cross guarantees given for bank loans, overdrafts, duty and letter of credit guarantees of Poundland Holdings Limited and certain fellow group companies amounting to £59,788,000 (2015: £6,903,000).

11 Transactions with related parties

The Company has taken advantage of the exemption conferred by paragraph 8(j) of FRS 101 not to disclose transactions with other Group companies.

12 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 27 March 2016, the comparative information presented in these financial statements for the period ended 29 March 2015 and in the preparation of an opening FRS 101 balance sheet at 31 March 2014 (the Company's date of transition).

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The Company has made no measurement and recognition adjustments.

Poundland

Poundland Group plc

Registered Office: Wellmans Road,
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Registered in England.

Company No: 08861243