

1317353

M&O Business Systems Limited

Annual Report and Accounts

2003



M&O Business Systems Limited

Contents

Directors' report	3
Statement of directors' responsibilities	4
Auditor's report	5
Profit and loss account	6
Company Balance sheet	7
Notes to the financial statements	8

Registered number 1317353

M&O Business Systems Limited

Directors' report

The directors present their annual report together with the audited financial statements for the 65 weeks ended 30 March 2003.

Principal activity and business review

The company did not trade during the year under review.

On 11 June 2002 the company's parent company, Poundland Limited (formerly Poundland plc), was acquired by Poundland Willenhall Limited, a member of the Poundland Holdings Limited Group.

Results and dividends

The results for the period are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (2001: £Nil).

Directors and their interests

The directors who held office during the period and their interests in the share capital of the company at 30 March 2003 were as follows:-

	Ordinary shares	
	30 March 2003	30 December 2001
D P Dodd	Nil	Nil
G Oldridge	300	300
R F Adams (appointed 11 June 2002)	Nil	Nil
S K Smith (resigned 11 June 2002)	<u>Nil</u>	<u>Nil</u>


There have been no changes in the directors or their interests since the period end.

Auditors

On 26 March 2003 Grant Thornton resigned as the company's auditors. KPMG LLP were appointed as the company's auditors on 20 June 2003.

KPMG LLP have expressed their willingness to continue in office as auditors and in accordance with section 384 of the Companies Act offer themselves for reappointment.

By order of the board.



R F Adams
Director

Wellmans Road
Willenhall
West Midlands
WV13 2QT

1 July 2003

M&O Business Systems Limited

Statement of directors' responsibilities

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

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

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M&O Business Systems Limited

Independent auditors' report to the members of Poundland Limited

We have audited the financial statements on pages 6 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

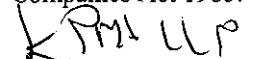
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 March 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

1 July 2003

M&O Business Systems Limited

Profit and loss account

For the 65 weeks ended 30 March 2003 (52 weeks ended 30 December 2001)

	<i>Note</i>	2003 £	2001 £
Turnover	<i>1</i>	-	272,904
Cost of sales		-	(234,097)
Gross profit		-	38,807
Distribution costs		-	(2,934)
Administrative expenses		(442)	(114,203)
Operating loss		(442)	(78,330)
Net interest payable	<i>4</i>	(37)	(378)
Loss on ordinary activities before taxation	<i>2</i>	(479)	(78,708)
Tax on loss on ordinary activities	<i>6</i>	-	(1,775)
Retained loss for the financial period	<i>11</i>	(479)	(80,483)

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

M&O Business Systems Limited

Company balance sheet

As at 30 March 2003 (30 December 2001)

	<i>Note</i>	2003 £	2001 £
Current assets			
Debtors	7	-	715
Cash at bank and in hand		100	19,044
		<hr/>	<hr/>
		100	19,759
Creditors: amounts falling due within one year	8	(116,921)	(23,629)
		<hr/>	<hr/>
Net current liabilities		(116,821)	(3,870)
Creditors: amounts falling due after more than one year	9	-	(112,472)
		<hr/>	<hr/>
Net Liabilities		(116,821)	(116,342)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	2,400	2,400
Profit and loss account	11	(119,221)	(118,742)
		<hr/>	<hr/>
Total equity shareholders' funds	12	(116,821)	(116,342)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 1 July 2003 and signed on its behalf by:-



R F Adams
Director

M&O Business Systems Limited

Notes to the financial statements

(for the 65 weeks ended 30 March 2003)

1. Principal accounting policy

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

The company has adopted FRS19 'Deferred Taxation' in these financial statements.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of the business for goods supplied and for services provided. Sales of computer equipment are recognised at the earlier of either of either the time the equipment is delivered to the customer or the time at which the company begins to carry out software work, specifically ordered by the particular customer.

Non refundable deposits received at the time an order is confirmed are not recognised as income until the complete sale is recognised.

Taxation

The charge for taxation is based on the profit for the period and takes into account deferred tax balances.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting policies purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred Tax".

Cash flow

Under FRS 2 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the group in its own published financial statements.

2. Operating loss

	2003 £	2001 £
The operating loss for the period is stated after charging the following:		
Auditors' remuneration	500	4,500
Depreciation		
Tangible fixed assets owned	-	9,688
Tangible fixed assets held under finance leases and hire purchase contracts	-	3,104
Other operating lease rentals	-	10,402

3. Staff numbers and costs

Excluding directors, no persons were employed by the company during the period, or preceding financial year.

M&O Business Systems Limited

Notes to the financial statements (continued)

4. Net interest payable

	2003 £	2001 £
Other interest payable and similar charges	37	378

5. Directors

	2003 £	2001 £
Directors' remuneration	-	27,152
Compensation for loss of office	-	16,980
	-	44,132

Directors emoluments for the period were paid by another group company.

6. Taxation on loss on ordinary activities

	2003 £	2001 £
Analysis of charge in period		
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	1,775
Tax on loss on ordinary activities	-	1,775

M&O Business Systems Limited

Notes to the financial statements (continued)

6. Taxation on loss on ordinary activities (continued)

Factors affecting the current tax charge for the period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2001 £
Loss on ordinary activities	479	80,483
Current tax at 30%	144	24,145
Effects of:		
Amount surrendered as group relief	(144)	-
Tax losses carried forward	-	(22,370)
Tax on loss on ordinary activities	-	1,775

The 2001 tax charge of £1,775 represents an adjustment in respect of previous year.

The deferred tax asset in respect of unrelieved tax losses of £125,000 (2001: £125,000) is not recognised. These amounts will be recognised if the company becomes profitable.

7. Debtors

	2003 £	2001 £
Trade debtors	-	282
Other debtors	-	433
	-	715

8. Creditors: amounts falling due within one year

	2003 £	2001 £
Amounts owed to group companies	-	19,129
Other creditors	116,921	4,500
	116,921	23,629

M&O Business Systems Limited

Notes to the financial statements (continued)

9. Creditors: amounts falling due after more than one year

	2003 £	2001 £
Amounts owed to parent company	-	112,472

10. Called up Share Capital

	2003 £	2001 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid:</i>		
2,400 ordinary shares of £1 each	2,400	2,400

11. Reserves

	Profit and loss account £
At 1 January 2003	(118,742)
Loss for financial period	(479)
At 30 March 2003	(119,221)

12. Reconciliation of movements in shareholders' funds

	As at 30 March 2003 £	As at 30 December 2001 £
Loss for the financial period	(479)	(80,483)
Opening shareholders' funds	(116,342)	(35,859)
Closing shareholders' funds	(116,821)	(116,342)

13. Ultimate parent company

The company's ultimate parent company is Poundland Holdings Limited, a company incorporated in England and Wales. Copies of the financial statements for Poundland Holdings Limited are available from its registered office which is situated at Wellmans Road, Willenhall, West Midlands, WV13 2QT