

Poundland Limited

Annual Report and Accounts

Period ended 29 March 2009



Registered number

2495645

Poundland Limited

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Poundland Limited

Chief Executive review

Business description

Poundland is Europe's largest single price value retailer, offering for sale throughout England, Scotland and Wales a wide variety of general merchandise, including food and drink, from over 200 High Street and city centre stores. The company trades under the 'Poundland' fascia. All items of merchandise have a single selling price of £1 which is a relatively unique and compelling shopping experience.

Poundland's retail proposition is very robust, with over 2.3 million customer transactions undertaken in our stores every week. We are a single price driven, product led business, that generates amazing value across sixteen categories, 3,000 product lines (including over 800 famous brands) and numerous one off "wow" purchases that are simply irresistible.

There are three main companies within the Poundland group. Poundland Holdings Limited is the holding company of the group. Poundland Willenhall Limited, a wholly-owned subsidiary of Poundland Holdings Limited, is the intermediate holding company which holds the investment in Poundland Limited. Poundland Limited is the main trading company of the group, and accounts for all the retail activities of the group. The group also has a number of other subsidiaries, which do not trade.

Business overview

In last year's Chief Executive's Business Overview I mentioned that, in March 2007 I had communicated our new Poundland Strategy, Goal and Values to colleagues. I am pleased to announce in this year's overview that we have made further significant progress towards achieving our plans. During the year we have delivered record sales, record profits and reduced our net debt by over £5 million, whilst investing in record store growth. This second consecutive year of substantial performance improvement enabled me to communicate to over 6,000 of my colleagues that the first element of our strategy "Making Poundland Great Again" is complete. We have now entered the next stage of our company's development, under the theme "Creating Amazing Value Everyday".

I am particularly pleased with our performance given that it is set against a background of a year of severe economic turbulence with, in real terms, a significant reduction in consumer's disposable income. This has resulted in a reduced frequency of shopper visits to the High Street and a more specific value requirement from them especially in everyday necessities including food and drink. In addition, there have also been adverse movements in foreign exchange rates and commodity prices which have caused vendors to increase their selling prices. This movement to our input cost prices has at times affected our purchasing power, but we have managed to contain the increases through a variety of measures and conversely have benefited from price reductions in shipping freight charges, the restoration of VAT tariff rebates from the Far East, and more recently a reduction in commodity prices, especially oil.

During the current recession we have seen a "flight to value" and the increased relevance of Poundland to the 'savvy' shopper. Poundland is perfectly positioned to help customers across all socio-demographic groups whose discretionary spend has reduced. We have experienced a 22% year-on-year increase in the number of visits from AB shoppers, who now represent 11% of our customer base.

Putting Customers First, one of our key values, remains at the heart of our business strategy. We continue to demonstrate our commitment to this value through a range of initiatives and extensive market research. We have extended our food and drink range to meet changes in consumer shopping habits, added new innovative products to our range including the development of a unique 1.5kg bag of branded sugar, introduced new chilled drink refrigeration equipment, launched a new range of bespoke greetings cards and increased the number of Poundland sub-brands by almost 50%. Consumer research remains central to our business planning and over the year has materially influenced our activities. In addition, we have implemented a mystery shopper programme throughout our store estate that is designed to measure customer service and other key metrics. This will ensure within our growing business that the processes of continuous improvement in customer service and store standards are maintained.

I also reported last year that "Project Unity", our store refurbishment programme, was complete and delivering results ahead of expectation. During the year, we have built on the success of this project by refreshing all of our stores with a new and vibrant colour scheme together with dynamic new point of sale, both of which reinforce our amazing £1 price point and enhance the Poundland retail environment for our demanding customers.

Poundland Limited

Chief Executive review (continued)

Business overview (continued)

Our store numbers increased substantially throughout the year. In addition to our organic growth programme, the demise of Woolworths created an opportunity for Poundland to accelerate its store expansion programme in proven sites where the physical characteristics and location of the stores compliment the unique Poundland retail proposition.

Like-for-like (LFL) sales in the year were 2.1% comparing favourably with many other retailers who have experienced value and volume sales decline. Poundland was able to deliver positive LFL sales growth in each of the four financial quarters. This is a particularly strong performance given that our LFL fixed price sales do not benefit from sales price inflation. I am pleased to report that we have also achieved growth in average transaction values and customer footfall in the year which have benefited from the increase in the number of AB shoppers previously mentioned.

We have strengthened our Distribution function with the appointment of Andy Monk who joined us from Somerfield, where he held the position of Distribution Director. Andy's extensive experience, including network planning within a private equity owned environment, will be invaluable as our Distribution strategy is developed to meet the future needs of a fast growing business.

Store portfolio

The group increased its store portfolio during the period by adding 34 new stores. We closed a store in St Helens. At the period end the company operated from 207 locations, including 7 stores on short term leases. This compares to last year's 167 stores at the period end.

Results

Turnover, net of VAT, for the 52 week period was £396.2 million (*52 weeks 2008: £329.7 million*). This represents an overall increase of 20.2% on the previous period. This improvement incorporates the sales increase from like-for-like stores, the impact of new stores opened during the period and the full period effect of new stores opened during the previous period.

The cost base of the business has increased during the period, principally as a result of an increase in the number of stores in the portfolio, and investment in central costs to effectively manage our growth programme. Consequently, operating costs have increased to £136.5 million (34.4% of turnover) from £113.5 million (*2008: 34.4%*).

Operating profit was £13.8 million for the period (*52 weeks 2008: £10.0 million*), an improvement of 38% on the prior period performance. After adding back depreciation of £6.2 million, the EBITDA of the business was £20.0 million (*2008: £15.7 million*). The pre bonus EBITDA was £20.9 million (*52 weeks 2008: £16.5 million*). After taking account of a tax charge of £4.6 million, the group delivered a net profit for the period of £9.2 million (*2008: £6.7 million*).

Finances

The company has available to it a substantial facility with Bank of Scotland, which provides adequate headroom for the company's current and future anticipated requirements. In March 2008 the existing banking facility with Bank of Scotland was extended until August 2010.

The group uses foreign exchange forward contracts and options only to hedge the cost of unfulfilled orders placed on foreign suppliers for product denominated in foreign currency. The group does not speculate with foreign currency transactions.

Outlook

There is a popular misconception that Poundland is at its best in a recession. However, I believe that we are an even better business during good times. We have successfully operated for nearly twenty years in both good and more challenging economic environments. We believe that when the economy improves and the High Street is once again fully occupied by retailers offering consumers a wide choice that consumers will return to the High Street in increasing numbers, with greater disposable income. The recently published Verdict report indicates that many of the shopping habits acquired during this recession will be retained by consumers when the recovery arrives. In other words, value shopping is here to stay and Poundland is perfectly positioned to benefit from these changes.

Poundland Limited

Chief Executive review (continued)

Outlook (continued)

In the meantime the economic climate in the UK remains challenging. We will continue to seek out the best offers through our global purchasing capability and remain true to our corporate goal of delivering amazing value everyday. During the year our customers will benefit from range extension, especially in food and drink where expenditure is regular and significant. We intend, subject to further testing and analysis to deliver a number of new products to the entire estate to meet our customers' needs in everyday essentials and services that enhance the overall Poundland shopping experience.

Our store growth programme is also an essential part of our future success. We intend to open significant numbers of new stores during the year. We have already opened 4 new stores in the new financial year including some ex Woolworths sites. Landlords increasingly recognise the advantage of Poundland occupying their sites as we generate additional customer traffic to high streets and shopping centres. We intend to take advantage of the improved terms that landlords now offer us to occupy their sites across the UK and expect the window of opportunity to remain open for the foreseeable future. We have received favourable comments from the media and it is evident that this has resonated with customers who are voting with their wallets and purses when a Poundland store opens near them.

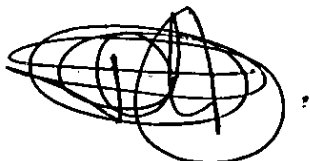
The new Financial Year has started well with strong like for like sales being generated. I am confident that our unique single price strategy, which helps consumers budget more effectively as they seek out value in difficult times, will continue to drive profit growth and strong returns for our stakeholders.

I would like to take this opportunity to thank our supplier partners at home and abroad for their help in providing products and services that allow us to be true to our goal of providing our customers with amazing value every day.

I also thank, on behalf of the Poundland Board, all of our colleagues throughout the Company who help provide the unique Poundland shopping experience to well over two million customers every week.

The company has invested in capability and infrastructure during the period and despite the increasingly challenging economic conditions I believe is well placed to build upon the strong performance achieved in this financial period.

The Board looks forward to the future with confidence.



Jim McCarthy
Chief Executive

28 May 2009

Poundland Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 March 2009 (*52 weeks ended 30 March 2008*).

Principal activity and business review

The principal activity of the company is that of a single price value retailer. The Chief Executive review on pages 2 to 4 gives a full review of the business for the period.

Results and dividend

The results for the period are set out in the profit and loss account on page 10.

The directors do not recommend the payment of a dividend (*2008: £nil per share*).

Directors

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

G Oldridge
C D Smith
C Bales
D Coxon
R F Sheldon
T R Franks
J J McCarthy
N R Hateley
T McDonnell
I Beaumont (resigned 12 September 2008)
A Monk (appointed 6 May 2009)

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

Employees

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

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

Policy and practice on payment of creditors

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

Company trade creditors, expressed as the number of days of purchases, represented 26 days at the period end (*2008: 26 days*).

Poundland Limited

Directors' Report (continued)

Financial instruments

The company is exposed to foreign currency risk on purchases from abroad and uses forward contracts to hedge against these foreign currency risks.

Disclosure of information to auditors

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

Auditors

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

By order of the board



N R Hateley
Company Secretary

Wellmans Road
Willenhall
West Midlands
WV13 2QT

28 May 2009

Poundland Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Poundland Limited

We have audited the financial statements of Poundland Limited for the period ended 29 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Poundland Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 March 2009 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 May 2009

Poundland Limited

Profit and loss account

52 weeks ended 29 March 2009 (52 weeks ended 30 March 2008)

	<i>Note</i>	52 weeks 2009	52 weeks 2008
		£'000	£'000
Turnover	<i>1</i>	396,188	329,671
Cost of sales		(245,907)	(206,164)
Gross profit		150,281	123,507
Distribution costs		(119,128)	(98,456)
Administrative expenses		(17,349)	(15,017)
Operating profit	<i>2</i>	13,804	10,034
<hr/>			
<i>Operating profit before exceptional item</i>		13,804	9,664
Exceptional item	<i>2</i>	-	370
Operating profit		13,804	10,034
<hr/>			
Net interest receivable	<i>5</i>	22	60
Profit on ordinary activities before taxation		13,826	10,094
Taxation on profit on ordinary activities	<i>6</i>	(4,662)	(3,443)
Profit for the financial period	<i>15,16</i>	9,164	6,651

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

All activities were continuing throughout the current and preceding period.

Poundland Limited

Balance sheet

As at 29 March 2009 (30 March 2008)

	Note	2009 £'000	2008 £'000 (Restated note 1)
Fixed assets			
Tangible assets	7	21,256	19,396
Investments	8	-	-
		<hr/>	<hr/>
		21,256	19,396
Current assets			
Stocks	9	29,067	23,989
Debtors	10	28,621	17,301
Cash at bank and in hand		2,385	4,724
		<hr/>	<hr/>
		60,073	46,014
Creditors: amounts falling due within one year	11	(42,662)	(35,534)
		<hr/>	<hr/>
Net current assets		17,411	10,480
		<hr/>	<hr/>
Total assets less current liabilities		38,667	29,876
Creditors: amounts falling due after more than one Year	12	(1,559)	(2,095)
Provisions for liabilities and charges	13	(704)	(541)
		<hr/>	<hr/>
Net assets		36,404	27,240
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account	15	36,354	27,190
		<hr/>	<hr/>
Shareholders' funds	16	36,404	27,240
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 28 May 2009 and signed on its behalf by:


N R Hateley
 Director

Poundland Limited

Notes to the financial statements (continued)

1 Principal accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with all applicable accounting standards and under the historic cost convention.

Restatement

The directors have reconsidered the accounting policy for stock in transit and concluded that a fairer presentation is to include such amounts on the balance sheet. The prior year comparative figures have been restated to reflect a consistent policy. Accruals and deferred income have increased by the same amount (£1,198,100). There is no profit impact of this change.

Fixed assets and depreciation

The cost of fixed assets is purchase cost together with any incidental costs of acquisition. Depreciation on fixed assets is calculated on a straight-line basis so as to write off the cost less the estimated residual value of each asset over the term of its estimated useful life. The principal annual rates used for this purpose are:

Short leasehold property	Over the term of the lease
Property improvements	10% to 15% per annum
Plant and equipment	15% to 33% per annum
Motor vehicles	25% per annum
Fixtures and fittings	15% per annum

Stocks

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

Taxation

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

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

Foreign currencies

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date, or, if appropriate, at the forward contract rate, and the gains and losses on translation are included in the profit and loss account.

Operating leases

Amounts payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease period.

Pensions

The company operates a defined contribution pension scheme for certain of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Poundland Limited

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

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 value of the investment.

Store development costs

New store opening costs are charged to the profit and loss account as incurred. No interest is capitalised on new store developments.

Cash flow

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

Classification of financial instruments issued by the company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company 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 Company; 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 and share premium account exclude amounts in relation to those shares.

Dividends on shares presented within shareholders' funds

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

Poundland Limited

Notes to the financial statements (continued)

2 Operating profit

	52 weeks 2009 £'000	52 weeks 2008 £'000
Operating profit is stated after charging:		
Payments under operating leases:		
Hire of plant and equipment	1,942	2,322
Other	26,961	22,534
Depreciation and other amounts written off tangible fixed assets:		
Owned	6,232	5,699
Loss on disposal of fixed assets	-	49
Exceptional items	-	(370)
	<hr/>	<hr/>

The prior year operating exceptional item relates to compensation for early termination of a store's lease of £500,000 less the disposal costs of £41,000 and loss on disposal of fixed assets of £89,000.

Auditors' remuneration

	52 weeks 2009 £'000	52 weeks 2008 £'000
Audit of these financial statements	<hr/> 40	<hr/> 39

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Poundland Holdings Limited.

3 Directors' remuneration

	52 weeks 2009 £'000	52 weeks 2008 £'000
Directors' emoluments	1,597	1,623
Compensation for loss of office	44	46
Company contribution to defined contribution pension scheme	175	180
	<hr/> 1,816	<hr/> 1,849
	<hr/>	<hr/>
	52 weeks 2009 £'000	52 weeks 2008 £'000
Highest paid director		
Director's emoluments	493	492
Company contribution to defined contribution pension scheme	53	51
	<hr/> 546	<hr/> 543
	<hr/>	<hr/>

Poundland Limited

Notes to the financial statements (continued)

4 Staff numbers and costs

	2009 Number	2008 Number
The average number of persons (including directors) employed by the company during the period, analysed by category, was as follows:		
Administration	221	205
Selling and distribution	5,253	4,458
	<hr/> 5,474	<hr/> 4,663
	52 weeks 2009	52 weeks 2008
	£'000	£'000
The payroll costs of these persons were as follows:		
Wages and salaries	59,130	49,442
Social security costs	3,629	3,226
Other pension costs	506	500
	<hr/> 63,265	<hr/> 53,168
	52 weeks 2009	52 weeks 2008
	£'000	£'000
Interest payable on finance leases	-	-
Bank interest receivable	22	60
	<hr/> 22	<hr/> 60

5 Net interest receivable

Poundland Limited

Notes to the financial statements (continued)

6 Taxation on ordinary activities

	52 weeks 2009 £'000	52 weeks 2008 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	4,760	3,638
Adjustments in respect of prior periods	(261)	56
	<hr/>	<hr/>
Total current tax	4,499	3,694
<i>Deferred tax (see note 13)</i>		
Origination of timing differences	(201)	(39)
Adjustments in respect of prior periods	364	(212)
	<hr/>	<hr/>
	163	(251)
	<hr/>	<hr/>
Tax on profit on ordinary activities	4,662	3,443
	<hr/>	<hr/>

Factors affecting the current tax charge for the period

	52 weeks 2009 £'000	52 weeks 2008 £'000
The current tax charge for the period is higher (2008: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:		
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	13,826	10,094
	<hr/>	<hr/>
Current tax at 28% (2008: 30%)	3,871	3,028
<i>Effects of:</i>		
Expenses not deductible for tax purposes	689	610
Capital allowances for period less than depreciation and other timing differences	200	-
Adjustments to tax charge in respect of previous periods	(261)	56
	<hr/>	<hr/>
Total current tax charge	4,499	3,694
	<hr/>	<hr/>

Factors affecting future tax charge

The rate applicable to this company has changed from 30% to 28% from 1 April 2008. The deferred tax liability has been calculated at 28% in accordance with FRS 19. Any timing differences which exist at 1 April 2008 will reverse at 28% and because of the uncertainty of when the deferred tax liability will reverse, it is not possible to calculate the full impact of this change.

Poundland Limited

Notes to the financial statements (continued)

7 Tangible fixed assets

	Short leasehold property	Fixtures and fittings	Plant and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 March 2008	19,825	13,464	18,138	1,002	52,429
Additions	1,102	2,835	4,155	-	8,092
Disposals	-	-	-	-	-
At 29 March 2009	20,927	16,299	22,293	1,002	60,521
Depreciation					
At 31 March 2008	11,381	8,552	12,098	1,002	33,033
Charge for the period	2,403	1,484	2,345	-	6,232
Disposals	-	-	-	-	-
At 29 March 2009	13,784	10,036	14,443	1,002	39,265
Net book value					
At 29 March 2009	7,143	6,263	7,850	-	21,256
At 30 March 2008	8,444	4,912	6,040	-	19,396

8 Investments

	2009 £'000	2008 £'000
Shares in subsidiary undertakings, at cost	168	168
Less: impairment provision	(168)	(168)
	-	-

	Principal activity	Country of incorporation	Proportion of ordinary shares held
The company's subsidiary undertakings are:			
M & O Business Systems	Dormant	England	100%
Bargain Limited	Dormant	England	100%
Homes & More Limited	Dormant	England	100%
Poundland Far East Limited	Product sourcing	Hong Kong	100%
Poundland Stores Limited	Dormant	England	100%
Poundland International	Dormant	England	100%
Sheptonview Limited	Dormant	England	100%

Poundland Limited

Notes to the financial statements (continued)

9 Stocks

	2009 £'000	2008 £'000 (Restated Note 1)
Goods purchased for resale	29,067	23,989

10 Debtors

	2009 £'000	2008 £'000
Trade debtors	1,186	517
Amounts owed by group undertakings	17,678	7,811
Prepayments and accrued income	9,757	8,973
	28,621	17,301

11 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000 (Restated Note 1)
Trade creditors	12,703	14,003
Corporation Tax	2,118	1,567
Other taxation and social security	3,616	4,502
Amounts owed to group companies	548	464
Group relief payable	828	1,077
Other creditors	2,892	1,636
Accruals and deferred income	19,957	12,285
	42,662	35,534

12 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Accruals and deferred income	1,559	2,095
	1,559	2,095

Poundland Limited

Notes to the financial statements (continued)

13 Provisions for liabilities and charges

Deferred taxation

2009
£'000

Full provision without discounting has been made under the liability method for taxation deferred by accelerated capital allowances and other timing differences. The amounts involved are as follows:-

Deferred tax liability at the beginning of the period	541
Arising in the period	163

Deferred tax liability at the end of the period	704
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	2009 £'000	2008 £'000
Accelerated capital allowances	468	564
Other timing differences	236	(23)
Deferred tax liability	704	541

14 Called up share capital

Authorised

500,000 ordinary shares of £1 each	500,000	500,000
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Allotted, called up and fully paid

50,000 ordinary shares of £1 each	50,000	50,000
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15 Reserves

Profit and
loss account
£'000

Retained profit at 31 March 2008	27,190
Profit for the financial period	9,164

Retained profit at 29 March 2009	36,354
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Poundland Limited

Notes to the financial statements (continued)

16 Reconciliation of movements in shareholders' funds for the 52 weeks ended 29 March 2009 (52 weeks ended 30 March 2008)

	2009	2008
	£'000	£'000
Profit for the financial period	9,164	6,651
Net addition to shareholders' funds	9,164	6,651
Opening shareholders' funds	27,240	20,589
Closing shareholders' funds	36,404	27,240

17 Operating lease commitments

The company has annual commitments under non-cancellable operating leases as follows:-

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Operating leases which expire:				
- within one year	1,128	287	403	206
- in the second to fifth years inclusive	3,187	2,892	1,503	1,330
- in over five years	26,476	22,481	-	85
	30,791	25,660	1,906	1,621

18 Capital commitments

	2009	2008
	£'000	£'000
Capital commitments for which no provision has been made in the financial statements of the company were as follows:-		
Contracted	545	746

19 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £506,000 (2008: £500,000). Contributions amounting to £74,000 (2008: £63,000) were payable to the scheme and are included in creditors.

20 Transactions with related parties

There were no transactions with related parties during the period.

21 Financial instruments

The fair value of forward contracts outstanding as at 29 March 2009 is an asset of £9.4 million (2008: liability £68,000). The fair value has not been recognised as forward contracts mature over varying periods from the balance sheet date and the exchange rate is expected to fluctuate in the period up to maturity.

Poundland Limited

Notes to the financial statements (continued)

22 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.