Poundland Limited

Annual report and financial statements

Registered number 2495645

For the 52 week period ended 30 March 2014

Contents

Strategic report

Principal activity and business review

The principal activity of the Company is that of a single price value retailer. The group also trades in the Irish market, under the brand, 'Dealz'.

Poundland is Europe's largest single price value retailer, offering for sale throughout the UK, Ireland and Isle of Man a wide variety of general merchandise from over 500 high street, city centre and retail park stores. The Company trades under the "Poundland" fascia in the UK where all items of merchandise have a single selling price of £1, and under the "Dealz" fascia in the Republic of Ireland where the majority of products have a selling price of €1.49, supplemented by other higher price points, all of which offer amazing value every day to Irish consumers.

Poundland has operated with a single selling price point of £1 since the company was founded in 1990. Our Goal provides the framework upon which we continue to grow our business:

> "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."

Poundland's retail proposition is robust, with around five million customer transactions undertaken in our stores every week. We are a price driven, volume led business that delivers amazing value across seventeen merchandise categories, covering 3,000 product lines including over 1,000 well known branded products and a multitude of one-off "wow" purchases that are simply irresistible to the discerning value driven consumer.

Our extensive product assortment delivers a wide and compelling choice for our customers and includes branded and own label products across a variety of categories including food and drink, household, DIY, homeware, clothing, stationery, toys, entertainment, and health and beauty. The vast majority of famous brands that we offer are sourced directly from major manufacturers including Cadbury (Mondelez UK), Mars, Heinz, Nestle and Colgate. Our seasonal event product range is also an important part of our overall consumer offer. We provide our customers with amazing value products for key seasons, including Christmas, Easter, Halloween, Back to School and Gardening.

In the period, we opened a net 70 new stores, including our 500th store. We will continue to focus on opening stores at a similar rate across the UK and the Republic of Ireland. We will also continue to explore new growth opportunities, including expansion into continental Europe, the development of a transactional website and new store formats.

Results and dividends

The results for the 52 week period are set out in the profit and loss account on page 9. A dividend of £53.2 million was paid during the period *(52 weeks ended 31 March 2013: £Nil)*. As a result of this dividend, the Group returned £20.0 million to shareholders via a redemption of preference share capital (in the then ultimate parent, Poundland Group Holdings Limited).

Turnover increased by 13.3% in the period. This was the result of a return to LFL growth and the increased number of stores in the estate. During the period, a net 70 stores were opened across the UK and the Republic of Ireland. At the period end, the Company operated from 528 stores.

Gross profit has increased by 13.9% and, at 36.9%, gross margin shows a slight improvement on the prior period as a percentage of turnover. Improved buying power and the increased number of Dealz and retail park stores in the estate have compensated for the negative impact of inflation and the increased proportion of branded products in the sales mix.

Underlying operating costs as a percentage of turnover is 32.6%. This is in line with prior period.

Underlying profit after tax has increased by 26.3% on prior period. Underlying EBITDA, at £55.5 million, has increased by 22.1% in the period.

The company has incurred non underlying operating costs in the period. Of these £1,473,000 relates to costs associated with the ultimate parent company's (Poundland Group plc) successful IPO in March 2014. The balance, £1,277,000, relates to costs incurred in relation to the Group's strategic initiatives of expansion into Continental Europe and the launch of a transactional website.

Strategic report *(continued)*

Results and dividends *(continued)*

Total profit after tax has increased by 5.7% on prior period. The growth is distorted by the significant non underlying costs incurred the current financial period and the non underlying tax refund received in the prior period (£4.0 million).

The cash generating ability of the Company continues to be strong. The Group's debt is held by Poundland Holdings Limited, therefore the cash position of the Company needs to be viewed in the context of the Group's overall net debt position, which has almost halved in the period from £9.2 million to £4.7 million.

On 17 March 2014, the Group restructured its debt facility. It repaid the outstanding term debt in full and replaced the existing working capital and revolving credit facility. The new working capital and revolving credit facility of £55.0 million is with a syndicate of banks, for which Lloyds Bank Plc still acts as agent. However, the members of the banking syndicate have changed: Barclays Bank Plc, Lloyds Bank Plc, The Royal Bank of Scotland Plc and Santander UK Plc.

At 30 March 2014, the Company only cash position was £19.0 million lower than at the previous period end as Poundland Limited part funded the repayment of Group's debt, utilising £21.5 million of cash generated from operating activities (the balance being funded by a draw down of £30.0 million of the revolver facility by Poundland Holdings Limited).

In the period, the Company also funded £17.6 million of capital investment in new stores, its existing retail estate, its distribution centres and its IT infrastructure; £4.9 million of costs in respect of the IPO of Poundland Group Plc; a further £4.1 million of loan to Poundland Group Plc to fund uninvoiced IPO costs and the £20.0 million returned to shareholders in September 2013.

Principal risks and uncertainties

Economic

In common with many other retail businesses, the principal risks in the current period of economic uncertainty include a potential reduction in customer demand. Other significant risks include the potential threats from competitors and from changes in consumer spending patterns. The Company has managed these material risks by ensuring that its customers are provided with a range of products which suit their needs, are competitively priced, offer amazing value, and are supported by excellent customer service, in order to enhance its market-leading position.

The Company sources products from a variety of locations including international markets. It is exposed to movement in the price and supply of key raw materials and foreign currency fluctuations on certain purchases sourced from overseas. Both raw material prices and currency rates have been subject to increased volatility in the prevailing economic climate. These risks are managed by spreading the source of supply and hedging policies for currency.

The Company's expansion into the Republic of Ireland means the Company is exposed to foreign currency fluctuations in the trading results of certain branches. This currently constitutes a small proportion of overall trading performance, however, is still the focus of close management scrutiny and will continue to be as the Irish branch expands.

These risks are managed by hedging policies which include the use of Euro forward foreign exchange contracts.

Operational

The Company's continued growth is dependent on continuing to open stores in profitable locations on a timely basis and to increase sales from the existing estate. The Company's highly motivated and experienced property department are constantly working to identify and secure attractive locations for new stores, including the selection of the most appropriate store format. The Company seeks to ensure continued growth within the existing estate by the development of an in depth understanding of local market conditions and competition, the delivery of excellent customer service and the recruitment of high quality store management and colleagues.

Strategic report *(continued)*

Principal risks and uncertainties (continued)

Operational (continued)

The Company's logistics and distribution infrastructure underpins its success. Unexpected delivery delays resulting from severe weather or disruptions to the national or international transportation infrastructure or increases in costs could materially impact the business. The Company continually reviews its distribution network; and the replacement of the Hoddesdon distribution centre later this calendar year with a 350,000 square foot purpose built warehouse in Harlow will increase the Company's distribution capacity to approximately 750 stores, and enable the Company to explore further efficiency savings.

The Company's cash flows from operations may be negatively affected if it does not successfully manage its inventory balances or level of inventory shrinkage. Throughout its history, the Company has successfully maintained sufficient inventory levels and continues to employ the good habits that it has gained through this extensive experience. As is the case for all retailers, inventory shrinkage is an unavoidable cost of doing business; however, the Company employs measures that will reduce the impact.

Further details of the principal risks and uncertainties facing the Company are included in the Annual Report and consolidated financial statements of Poundland Group Plc.

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 30 days at the period end *(31 March 2013: 29 days).*

Employees

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

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

By order of the board

NR Hateley
Director

Wellmans Road
Willenhall
West Midlands
WV13 2QT

31 July 2014

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 March 2014 *(2013: 52 weeks ended 31 March 2013).*

Directors

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

J J McCarthy
N R Hateley
T McDonnell
C Bales
D Coxon (resigned 18 July 2014)
A Monk
M Powell
M Gray
R Lancaster

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

Disclosure of information to auditor

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

Auditor

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

Strategic report

Information on principal activity and business review, principal risks and uncertainties, results and dividends, policy and practice on payment of creditors and employees is included within the Strategic report.

By order of the board

NR Hateley
Director

Wellmans Road
Willenhall
West Midlands
WV13 2QT

31 July 2014

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Poundland Limited

We have audited the financial statements of Poundland Limited for the 52 week period ended 30 March 2014 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2014 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

31 July 2014

Profit and loss account

for the 52 week period ended 30 March 2014

	Notes	52 weeks 2014 Underlying £000	52 weeks 2014 Non-underlying £000	52 weeks 2014 Total £000	52 weeks 2013 Underlying £000	52 weeks 2013 Non-underlying £000	52 weeks 2013 Total £000
Turnover	*2*	997,803	-	997,803	880,491	-	880,491
Cost of sales		(629,330)	-	(629,330)	(557,081)	-	(557,081)
Gross profit		368,473	-	368,473	323,410	-	323,410
Distribution costs	*3*	(293,330)	-	(293,330)	(258,604)	(1,424)	(260,028)
Administrative expenses	*3*	(31,455)	(2,750)	(34,205)	(29,169)	-	(29,169)
Operating profit	*3*	43,688	(2,750)	40,938	35,637	(1,424)	34,213
Interest receivable	*4*	232	-	232	244	-	244
Interest payable	*5*	(153)	-	(153)	(144)	-	(144)
Profit on ordinary activities before taxation		43,767	(2,750)	41,017	35,737	(1,424)	34,313
Taxation on profit on ordinary activities	*8*	(11,120)	452	(10,668)	(9,905)	4,292	(5,613)
Profit for the financial period	*17,18*	32,647	(2,298)	30,349	25,832	2,868	28,700

The notes on pages 11 to 22 form part of these financial statements.

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.

Non-underlying items include non-recurring exceptional costs and income (see note 3).

Balance sheet
at 30 March 2014

	Note	2014 £000	£000	2013 £000	£000
Fixed assets					
Tangible assets	*9*		**53,906**		48,054
Investments	*10*		**-**		-
			53,906		48,054
Current assets					
Stocks	*11*	**90,061**		81,504	
Debtors	*12*	**73,524**		65,208	
Cash at bank and in hand		**20,292**		39,267	
		183,877		185,979	
Creditors: Amounts falling due within one year	*13*	**(130,085)**		(103,461)	
Net current assets			**53,792**		82,518
Total assets less current liabilities			**107,698**		130,572
Creditors: Amounts falling due after more than one year	*14*		**(11,146)**		(10,877)
Provisions for liabilities and charges	*15*		**(317)**		(653)
Net assets			**96,235**		119,042
Capital and reserves					
Called up share capital	*16*		**50**		50
Profit and loss account	*17*		**96,185**		118,992
Shareholders' funds	*18*		**96,235**		119,042

The notes on pages 11 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on 31 July 2014 and were signed on its behalf by:

NR Hateley
Director

Registered number: 2495645

Notes
(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' and Strategic report on pages 2 to 5. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover, which excludes value added tax, comprises sales to external customers. All sales are made within the United Kingdom, Republic of Ireland and Isle of Man. There is only one class of business.

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	-	20% per annum or 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. Where incentives are received as part of operating lease arrangements, the amounts are credited to the balance sheet and released over the lease term or the period until the first rent review whichever is the shorter. The same treatment applies to incentives payable.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Share based payment transactions

Where the Company benefits from employees being granted options over shares in its ultimate parent company, it recognises a cost in wages and salaries expense equivalent to the equity settled share-based payment charge recognised in the consolidated Group financial statements, with the corresponding credit being recognised directly in equity.

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.

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.

Financial instruments

The Company uses forward contracts to purchase US dollars and to sell Euros in order to reduce its exposure to changes in exchange rates. This enables the Company to fix the rate at which foreign currency transactions are made. Although forward contracts are used to hedge foreign currency risk, the Company does not apply hedge accounting.

Dividends on shares presented within shareholders' funds

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

2 Analysis of turnover

	52 weeks 2014 £000	52 weeks 2013 £000
By geographical area		
United Kingdom	**938,227**	840,237
Republic of Ireland	**56,645**	37,595
Isle of Man	**2,931**	2,659
	997,803	880,491

Notes *(continued)*

3 Operating profit and non-underlying items

	52 weeks 2014 £000	52 weeks 2013 £000
Operating profit is stated after charging		
Payments under operating leases:		
Other	**5,293**	4,737
Land and buildings	**71,694**	62,967
Depreciation and other amounts written off tangible fixed assets:		
Owned	**11,771**	9,753

The non-underlying item of £2,750,000 within administrative expenses relates to expenditure on strategic initiatives (e-commerce and international expansion) of £1,277,000 and fees related to the IPO of the Company's ultimate parent, Poundland Group Plc (£1,473,000).

The non-underlying item of £1,424,000 within prior year distribution costs relates to one off expenditure incurred as a result of opening a new distribution facility in the South East of England.

The tax implications of the above items are also presented as a non-underlying item.

	52 weeks 2014 £000	52 weeks 2013 £000
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's annual financial statements	**53**	52

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 ultimate parent, Poundland Group Plc.

4 Interest receivable and similar income

	52 weeks 2014 £000	52 weeks 2013 £000
Bank interest receivable	**232**	244

5 Interest payable and similar charges

	52 weeks 2014 £000	52 weeks 2013 £000
Amounts owed to group companies	**152**	144
Bank interest payable	**1**	-
	153	144

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was as follows:

	Number of employees	
	52 weeks 2014	52 weeks 2013
Administration	**355**	313
Selling and distribution	**12,451**	11,422
	12,806	11,735

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**135,319**	119,323
Social security costs	**7,081**	6,251
Other pension costs	**1,266**	735
Share based payments expense	**44**	-
	143,710	126,309

7 Remuneration of directors

Remuneration

The remuneration of the directors was as follows:

	52 weeks 2014 £000	52 weeks 2013 £000
Emoluments	**2,120**	1,987
Company contribution to defined contribution pension scheme	**225**	205
Long term incentive schemes	**14**	-
	2,359	2,192

Eight directors *(2013: eight)* were members of defined contribution pension schemes.

Highest paid director

The amounts for remuneration include the following in respect of the highest paid director:

	52 weeks 2014 £000	52 weeks 2013 £000
Emoluments	**482**	476
Company contribution to defined contribution pension scheme	**-**	-
Long term incentive schemes	**5**	-
	487	476

Notes *(continued)*

8 Tax on profit on ordinary activities

Analysis of charge for the period

		52 weeks 2014		52 weeks 2013
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period	**10,819**		9,543	
Adjustments in respect of prior periods	**185**		(3,842)	
Total current tax		**11,004**		5,701
Deferred tax				
Origination and reversal of timing differences	**(201)**		(88)	
Adjustment in respect of prior years	**(90)**		28	
Effect of change in tax rate	**(45)**		(28)	
Total deferred tax		**(336)**		(88)
Tax on profit on ordinary activities		**10,668**		5,613

Factors affecting the tax charge for the period

The current tax charge for the 52 week period is higher *(52 weeks ended 31 March 2013: lower)* than the standard rate of corporation tax in the UK of 23% *(52 weeks ended 31 March 2013: 24%)*. The differences are explained below:

	52 weeks 2014 £000	52 weeks 2013 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**41,017**	34,313
Current tax at 23% *(52 weeks ended 31 March 2013: 24%)*	**9,434**	8,235
Effects of:		
Expenses not deductible for tax purposes	**1,434**	1,249
Capital allowances for period in excess of depreciation and other timing differences	**204**	59
Adjustments to tax charge in respect of previous year	**185**	(3,842)
Overseas rate adjustment	**(253)**	-
Total current tax charge (see above)	**11,004**	5,701

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 30 March 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date *(2013: 21%)*.

Notes *(continued)*

8 Tax on profit on ordinary activities *(continued)*

Non-underlying items

The tax effect of the non-underlying items referred to in note 3 is disclosed as non-underlying. Within the prior year non-underlying taxation charge there is also a credit of £3,950,000 relating to a refund of corporation tax in respect of prior years.

9 Tangible fixed assets

	Short leasehold property £000	Fixtures and fittings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of period	26,434	38,624	50,179	1,002	116,239
Additions	856	6,955	9,812	-	17,623
Disposals	(319)	(797)	(490)	-	(1,606)
At end of period	26,971	44,782	59,501	1,002	132,256
Depreciation					
At beginning of period	17,001	20,980	29,202	1,002	68,185
Charge for the period	414	4,877	6,480	-	11,771
On disposal	(319)	(797)	(490)	-	(1,606)
At end of period	17,096	25,060	35,192	1,002	78,350
Net book value					
At 31 March 2014	**9,875**	**19,722**	**24,309**	**-**	**53,906**
At 1 April 2013	9,433	17,644	20,977	-	48,054

10 Investments

	2014 £000	2013 £000
Shares in subsidiary undertakings, at cost	**168**	168
Less: Impairment provision	**(168)**	(168)
	-	-

Notes *(continued)*

10 Investments *(continued)*

The Company's subsidiary undertakings are:

	Principal activity	Country of incorporation	Proportion of ordinary shares held %
M & O Business Systems Limited	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

11 Stocks

	2014 £000	2013 £000
Goods purchased for resale	**83,279**	72,657
Goods in transit	**6,782**	8,847
	90,061	81,504

Goods in transit relates to imported stock on water not yet received into distribution centres and not yet available for sale.

12 Debtors

	2014 £000	2013 £000
Trade debtors	**2,872**	1,699
Amounts owed by Group undertakings	**49,484**	45,145
Prepayments and accrued income	**20,803**	18,364
Corporation tax receivable	**365**	-
	73,524	65,208

Notes *(continued)*

13 Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	**62,482**	48,796
Corporation tax	**3,803**	4,290
Other taxation and social security	**12,498**	10,044
Amounts owed to Group undertakings	**6,834**	1,885
Group relief payable	**1,460**	909
Other creditors	**4,784**	1,668
Accruals and deferred income	**38,224**	35,869
	130,085	103,461

14 Creditors: Amounts falling due after more than one year

	2014 £000	2013 £000
Accruals and deferred income	**8,303**	8,186
Amounts owed to Group undertakings	**2,843**	2,691
	11,146	10,877

The amounts owed to Group undertakings are interest bearing at base rate plus 5%, and are due for repayment in one instalment on 17 June 2018.

15 Provisions for liabilities and charges

Deferred taxation

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:

	£000
Deferred tax liability at beginning of period	653
Arising in the period	(336)
Deferred tax liability at end of period	**317**

	2014 £000	2013 £000
Accelerated capital allowances	**139**	453
Other timing differences	**193**	229
Tax losses	**(15)**	(29)
Deferred tax liability	**317**	653

Notes *(continued)*

16 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid:		
50,000 ordinary shares of £1 each	**50**	50

17 Reserves

	Profit and loss account £000
Balance at beginning of period	118,992
Profit for the financial period	30,349
Dividends payable	(53,200)
Equity settled share based payment	44
Balance at end of period	**96,185**

18 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Profit for the financial period	**30,349**	28,700
Dividends payable	**(53,200)**	-
Equity settled share based payment	**44**	-
Net (reduction in)/additions to shareholders' funds	**(22,807)**	28,700
Opening shareholders' funds	**119,042**	90,342
Closing shareholders' funds	**96,235**	119,042

19 Shared based payments

The Company benefits from share award plans which grant its employees options over shares in the ultimate parent company, Poundland Group Plc. These schemes are equity settled by Poundland Group Plc.

The Performance Share Plan (PSP)

The PSP was adopted by the directors on 27 February 2014. All employees of the Company 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.

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

The Restricted Stock Plan (RSP)

The RSP was adopted by the Directors on 27 February 2014. Awards over ordinary shares in Poundland Group Plc are granted subject only to continued employment. There are no performance conditions attached to the award.

All employees of the Company (other than Executive Directors and members of the Executive Committee) are eligible to participate in the RSP at the discretion of the Remuneration Committee.

Notes *(continued)*

19 Shared based payments *(continued)*

Initial RSP awards were made on 17 March 2014. Other than these initial 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.

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 employees options to acquire Ordinary Shares in Poundland Group Plc at an exercise price which may not be less than the market value of an Ordinary Share in Poundland Group Plc on the date of grant.

All employees of the Company 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 did not have any related performance conditions. All rewards 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 30 March 2014

	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 1 April 2013	-	-	-	-	-	-
Granted during the period	-	1,248	-	293	3.75	946
Outstanding at 30 March 2014	-	1,248	-	293	3.75	946

In the period ended 31 March 2013, the Company did not operate any share based payment schemes. Therefore, no comparatives are presented.

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 is measured using the Black-Scholes valuation model. Measurement inputs and assumptions are as follows:-

	2014	2013
Share price at grant date	**£3.75**	-
Fair value at grant date	**92.48p**	-
Exercise price	**£3.75**	-
Expected volatility	**32.5%**	-
Option life (years)	**10**	-
Expected life (years)	**4**	-
Expected dividend yield	**1.09%**	-
Risk-free interest rate (based on national government bonds)	**1.3%**	-

Notes *(continued)*

19 Shared based payments *(continued)*

As the parent company has recently listed, there is no 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 employee turnover levels.

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

	52 weeks 2014 £000	52 weeks 2013 £000
Equity settled share based payment expense	**44**	-

20 Operating lease commitments

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

	Land and buildings		**Other**	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Operating leases which expire:				
Within one year	**2,840**	1,730	**161**	575
In the second to fifth years inclusive	**13,986**	13,332	**4,124**	3,669
In over five years	**61,228**	55,999	**-**	-
	78,054	71,061	**4,285**	4,244

21 Capital commitments

Capital commitments for which no provision has been made in the financial statements of the Company were as follows:

	2014 £000	2013 £000
Contracted	**1,986**	1,212

22 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 £1,266,000 *(52 weeks ended 31 March 2013: £735,000)*. Contributions amounting to £361,000 *(31 March 2013: £129,000)* were payable to the scheme at the period end and are included in creditors.

Notes *(continued)*

23 Transactions with related parties

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

24 Financial instruments

The fair value of forward contracts outstanding as at 30 March 2014 is a liability of £6.1 million *(31 March 2013: asset of £4.3 million)*. 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.

25 Contingent liabilities

The Company is party to cross guarantees given for bank loans and overdrafts of Poundland Holdings Limited and certain fellow Group companies amounting to £31,500,000 *(31 March 2013: £56,414,000)*.

26 Ultimate parent company

The Company is a direct subsidiary undertaking of Poundland Willenhall Limited and an indirect subsidiary of Poundland Group Plc which are both registered in England and Wales.

27 Events after the balance sheet date

On 2 April 2014, Dealz Poundland Retail Ireland Limited was incorporated. It is a wholly owned subsidiary of Poundland Limited.

On 16 April 2014. Poundland International Limited, a subsidiary of the Company, acquired the entire share capital of Brandelinal, S.L. and renamed it Dealz Espana, S.L.