

**Balance sheet and report  
of the auditors to the  
directors of Poundland Limited  
pursuant to Section 46(3)  
of the Companies Act 1985**



Peat House  
2 Cornwall Street  
Birmingham  
B3 2DL

**Auditors' report to the directors of Poundland Limited pursuant to Section 46(3) of the Companies Act 1985**

We have audited the balance sheet of Poundland Limited (the Company) and related notes on pages 2 to 6.

The balance sheet was prepared in connection with the Company's proposed re-registration as a public limited company.

*Respective responsibilities of directors and auditors*

You are responsible for the preparation of a properly prepared balance sheet in support of the application to re-register. It is our responsibility to form an independent opinion, based on our audit, on that balance sheet and to report our opinion to you.

*Basis of 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 balance sheet. It also includes an assessment of the significant estimates and judgements made by you in the preparation of the balance sheet, 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 balance sheet is 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 balance sheet and related notes.

*Opinion*

In our opinion, the balance sheet gives a true and fair view of the state of affairs of the Company as at 31 December 1993 and has been properly prepared in accordance with the provisions of the Companies Act 1985 which would have applied if the balance sheet had been prepared for a financial year of the Company.

*KPMG Peat Marwick*

**KPMG Peat Marwick**  
Chartered Accountants  
Registered Auditors

3 March 1994

# Poundland Limited

## Company balance sheet at 31 December 1993

	Note	1993		1992	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	2	1,088,218		481,589	
Investments	3	-		100	
		<u>1,088,218</u>		<u>481,689</u>	
<b>Current assets</b>					
Stocks	4	948,310		437,450	
Debtors	5	339,922		468,786	
Cash at bank and in hand		525,366		182,574	
		<u>1,812,698</u>		<u>1,088,810</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,973,422)</u>		<u>(1,003,062)</u>	
<b>Net current (liabilities)/assets</b>		<u>(160,724)</u>		<u>85,748</u>	
<b>Total assets less current liabilities</b>		<u>927,494</u>		<u>567,437</u>	
<b>Creditors: amounts falling due after more than one year</b>	7	(346,051)		(346,051)	
<b>Provisions for liabilities and charges</b>	8	<u>(115,000)</u>		<u>-</u>	
		<u>(461,051)</u>		<u>(346,051)</u>	
<b>Total assets less liabilities</b>		<u>466,443</u>		<u>221,386</u>	
<b>Capital and reserves</b>					
Called up share capital	9	12,575		100	
Profit and loss account	10	453,868		221,286	
		<u>466,443</u>		<u>221,386</u>	

This balance sheet and related notes on pages 3 to 6 were approved by the board of directors on 3 March 1994 and signed on its behalf by:

SK Smith  
Director

# Poundland Limited

## Notes to the balance sheet

### 1 Principal 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 accounting*

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

#### *Fixed assets and depreciation*

Depreciation on fixed assets is calculated so as to write off the cost less the estimated residual value of all fixed assets over their estimated useful lives as follows:

Leasehold property	Over the term of the lease
Property improvements	10% straight line
Plant and equipment	15% straight line
Motor vehicles	25% straight line
Fixtures and fittings	15% straight line

All leasehold properties are held on short term leases of between two and thirty five years.

#### *Stocks*

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

#### *Taxation*

Deferred taxation is provided in respect of material timing differences to the extent that it is probable that such differences will crystallise in the foreseeable future.

#### *Operating leases*

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

#### *Finance leases*

Assets acquired under finance leases are recorded in the balance sheet as tangible fixed assets and are depreciated over their estimated useful lives or the terms of the leases, whichever is the shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element which is charged to the profit and loss account, and the capital element which reduces the outstanding obligations for future instalments.

# Poundland Limited

## Notes (continued)

### 2 Tangible fixed assets

	Motor vehicles	Plant and equipment	Fixtures and fittings	Leasehold property and improvements	Total
	£	£	£	£	£
<i>Cost</i>					
At beginning of year	44,300	69,703	311,175	161,898	587,076
Additions	45,251	287,669	250,458	135,420	718,798
Intra group transfers	-	-	9,379	-	9,379
Disposals	-	-	-	(7,136)	(7,136)
At end of year	89,551	357,372	571,012	290,182	1,308,117
<i>Depreciation</i>					
At beginning of year	3,398	15,075	70,680	16,334	105,487
Intra group transfers	-	-	995	-	995
Charged in year	19,232	24,560	54,078	19,427	117,297
Disposals	-	-	-	(3,880)	(3,880)
At end of year	22,630	39,635	125,753	31,881	219,899
<i>Net book value</i>					
At 31 December 1993	66,921	317,737	445,259	258,301	1,088,218
At 31 December 1992	40,902	54,628	240,495	145,564	481,589

The net book value of assets held under finance leases was £10,833 (1992: £nil) and the depreciation charged for the year on those assets was £3,221 (1992: £nil).

### 3 Fixed asset investments

	1993 £	1992 £
Shares in subsidiary undertaking	100	100
Less: provision against investment	(100)	-
	-	100

The subsidiary undertaking is:

Percentage  
of ordinary  
shares held

Poundworld Limited, a company registered in England and  
Wales, which ceased to trade on 31 July 1993

100%

# Poundland Limited

## Notes (continued)

### 4 Stocks

	1993 £	1992 £
Goods purchased for resale	<u>948,310</u>	<u>437,450</u>

### 5 Debtors

	1993 £	1992 £
Trade debtors	9,154	38,067
Amounts owed by group undertakings	-	180,940
Other debtors	70,000	64,125
Prepayments and accrued income	<u>259,868</u>	<u>177,754</u>
	<u>339,022</u>	<u>468,786</u>

Included in other debtors is £50,000 (1992: £50,000) which relates to a rent deposit which is receivable after more than one year.

### 6 Creditors: amounts falling due within one year

	1993 £	1992 £
Bank loans and overdrafts	-	264,156
Finance lease obligations	4,192	-
Trade creditors	1,378,498	460,606
Other creditors	36,846	15,155
Corporation tax	199,646	53,811
Other taxation and social security	268,559	173,282
Accruals and deferred income	<u>85,621</u>	<u>36,052</u>
	<u>1,973,422</u>	<u>1,003,062</u>

### 7 Creditors: amounts falling due after more than one year

	1993 £	1992 £
Secured loan	<u>346,051</u>	<u>346,051</u>

The loan is secured by a fixed charge over the company's assets.

The loan has no fixed terms of repayment. Interest is payable on the loan at 6% (1992: 3%) above base rate.

# Poundland Limited

## Notes (continued)

### 8 Provisions for liabilities and charges

#### Deferred taxation

	Accelerated capital allowances £	Other timing differences £	Total £
As at 1 January 1993	-	-	-
Transfer from/(to) profit and loss account:			
- current year	47,628	(7,628)	40,000
- prior year	75,000	-	75,000
	<hr/>	<hr/>	<hr/>
As at 31 December 1993	122,628	(7,628)	115,000
	<hr/>	<hr/>	<hr/>

### 9 Called up share capital

	1993 £	1992 £
<i>Authorised:</i>		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and partly paid:</i>		
49,900 ordinary shares of £1 each 25p paid	<u>12,475</u>	<u>-</u>
	<u>12,575</u>	<u>100</u>

On 13 December 1993, £12,475 standing to the credit of the profit and loss account was applied in paying up 25p per share on 49,900 ordinary shares of £1.

### 10 Profit and loss account

	Company 1993 £
Balance at 31 December 1992	221,286
Retained profit for the financial year	245,057
Bonus issue of shares	<u>(12,475)</u>
Balance at 31 December 1993	<u>453,868</u>

# KPMG Peat Marwick

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Poundland Limited  
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Walsall  
WEST MIDLANDS  
WS2 8TF

Our ref rafw/4/dbs/jrh254

4 March 1994

Dear Sirs

**Poundland Limited ("the Company")**

Pursuant to Section 44(3)(b) of the Companies Act 1985 as the Company's auditors we confirm that in our opinion the balance sheet drawn up by us as at 31 December 1993 in respect of the Company shows that at that date the amount of the Company's net assets (within the meaning given to that expression by Section 264(2) Companies Act 1985) was not less than the aggregate of its called up share capital and undistributable reserves.

Yours faithfully

*KPMG Peat Marwick*



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KPMG Peat Marwick & Co. Ltd.

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