



**Screwfix Direct Ltd**  
**(Registered Number 03006378)**

**Directors' Report and Financial Statements**

**For the Year Ended 31st January 2004**



# **Screwfix Direct Ltd**

## **Directors' Report for the Year Ended 31st January 2004**

The directors present their report and the audited financial statements for the year ended 31st January 2004.

### **Principal activities**

The company's principal activity during the year was the sale by mail order of tools and fixings.

### **Review of business**

The company continued its growth during the year, the results of which are set out on page 5.

### **Results and dividends and future developments**

The company's profit before taxation amounted to £19,673,182 (2003: £19,124,224) and after taxation £13,644,329 (2003: £13,152,271). No dividend was paid in the year (2003: £nil). The directors propose to transfer the retained profit of £13,644,329 to reserves (2003: £13,152,271).

Both the level of business and year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

### **Directors and their interests**

The directors who held office during the year are given as follows:

S P Robertson	(resigned 11 <sup>th</sup> September 2003)
A L Rushforth	
G A Marshall	(resigned 25 <sup>th</sup> June 2003)
I Cheshire	
J W Allan	
C McCarthy	
R Butler	
G Benson	
H Patel	(resigned 27 <sup>th</sup> November 2003)
S Barrow	(appointed 25 <sup>th</sup> June 2003)
G Adams	(appointed 9 <sup>th</sup> October 2003)

## Screwfix Direct Ltd

### Directors' Report for the Year Ended 31st January 2004 (Continued)

#### Directors and their interests (Continued)

At 31st January 2004, options over shares in the ultimate parent undertaking, Kingfisher plc were outstanding as follows:

	At 1 February 2003	Granted	Exercised	Lapsed	At 31 January 2004
A Rushforth	82,329	13,096	-	-	95,425
G Marshall	88,380	12,507	-	(100,887)	-
J Allan	106,926	31,359	-	-	138,285
R Butler	24,313	9,932	-	-	34,245
C McCarthy	54,635	13,243	-	-	67,878
G Benson	29,579	13,515	-	-	43,094
S Barrow	101,775	14,435	-	-	116,210
H Patel	17,953	23,847	-	(41,800)	-

These options are exercisable on varying dates through to 1<sup>st</sup> December 2006, at prices between 157.00p and 482.53p per share.

The market price of the shares at 31<sup>st</sup> January 2004 was 279.00p and the range during the financial year was 188.00p to 293.00p.

I Cheshire, S P Robertson and G Adams also hold options over shares in Kingfisher plc. Their holdings are disclosed in the financial statements of Kingfisher plc and B&Q plc respectively.

No directors have any other interests in the share capital of the company or any other company in the Kingfisher plc Group.

#### Disabled persons

Applications from disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of the members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

#### Employee participation

The company continues to develop a policy of direct and systematic communication with employees via the issue of the monthly 'Voice' magazine, Voice in Action employee committees and regular staff meetings. In addition, various levels of staff are represented on the company's standing committee, which communicates issues concerning procedures and policies to the board of directors.

# **Screwfix Direct Ltd**

## **Directors' Report for the Year Ended 31st January 2004 (Continued)**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st January 2004 and that applicable accounting standards have been followed.

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 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.

### **Creditor payment policy**

The company negotiates specific payment terms with each supplier. It is the company's policy to pay its suppliers in accordance with the terms, which have been agreed. Trade creditors at the year end represented 16 days (2003: 33 days) of purchases.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



S Barrow  
Director

27<sup>th</sup> October 2004

## **Independent auditors' report to the members of Screwfix Direct Ltd**

We have audited the financial statements on pages 5 to 16, which comprise the profit and loss account, the balance sheet and the related notes, and which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements, in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

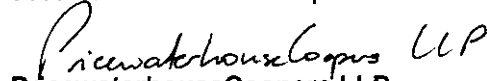
### **Basis of audit opinion**

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 at 31<sup>st</sup> January 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

27<sup>th</sup> October 2004

# Screwfix Direct Ltd

## Profit and Loss Account for the Year Ended 31st January 2004

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
Turnover	2	220,544,002	186,748,902
Cost of sales		(150,899,938)	(126,686,763)
<b>Gross profit</b>		<b>69,644,064</b>	60,062,139
Administrative expenses		(50,674,807)	(41,939,242)
<b>Operating profit</b>	3	<b>18,969,257</b>	18,122,897
Interest receivable and similar income	4	723,525	1,030,862
Interest payable and similar charges	5	(19,600)	(29,535)
<b>Profit on ordinary activities before taxation</b>		<b>19,673,182</b>	19,124,224
Taxation	7	(6,028,853)	(5,971,953)
<b>Profit for the financial year</b>		<b>13,644,329</b>	13,152,271
Dividends		-	-
<b>Retained profit for the year</b>	17	<b>13,644,329</b>	13,152,271

The company has no gains or losses other than the gains and losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

All operations in the year and in the comparative period were continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 16 form part of these financial statements.

# Screwfix Direct Ltd

## Balance Sheet as at 31st January 2004

	<i>Note</i>	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	8	35,758,535	16,506,163
<b>Current assets</b>			
Stock	9	18,142,301	18,639,663
Debtors	10	7,174,455	6,887,536
Cash at bank and in hand		23,199,241	28,369,556
		48,515,997	53,896,755
<b>Creditors – amounts falling due within one year</b>	11	(34,493,745)	(35,994,936)
<b>Net current assets</b>		14,022,252	17,901,819
<b>Total assets less current liabilities</b>		49,780,787	34,407,982
<b>Creditors – amounts falling due after more than one year</b>	12	(326,056)	-
<b>Provisions for liabilities and charges</b>	14	(1,966,662)	(564,242)
<b>Net assets</b>		47,488,069	33,843,740
<b>Capital and reserves</b>			
Called up share capital	15	50,459	50,459
Capital redemption reserve	16	144,263	144,263
Profit and loss account	16	47,293,347	33,649,018
Equity shareholders' funds	17	47,488,069	33,843,740

Approved by the Board on 27<sup>th</sup> October 2004

Signed on behalf of the board of directors



**S Barrow**  
Director

The notes on pages 7 to 16 form part of these financial statements.

# **Screwfix Direct Ltd**

## **Notes to the Financial Statements – Year ended 31st January 2004**

### **1 Accounting policies**

The principal accounting policies of the company are as follows. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

#### **(a) Basis of accounting**

The financial statements of the company are made up to the nearest Saturday to 31st January.

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable Accounting Standards in the United Kingdom.

The company is exempt under FRS 1 (Revised) 'Cashflow Statements' from the requirement to publish a cashflow statement, as it is a subsidiary undertaking where more than 90% of the voting rights are controlled within the group, and the consolidated financial statements in which it is included are publicly available.

#### **(b) Turnover**

Turnover represents invoiced sales of goods and supply of services excluding value added tax and is stated net of returns and trade discounts.

#### **(c) Tangible fixed assets**

Tangible fixed assets are stated at original historical cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write down to estimated residual value the cost of each asset over its estimated useful life:

Leasehold buildings	- lower of 2% straight line or the life of the lease
Motor vehicles	- 25 % reducing balance
Fixtures, fittings, plant and equipment	- 50% straight line, 33% straight line, 25% straight line, 15% straight line, 10% straight line as appropriate
Assets in the course of construction	- None, until the assets are brought into use

#### **(d) Stocks**

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

#### **(e) Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

#### **(f) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except where otherwise required by accounting standards. Provision is made using the incremental liability approach and is measured on a non-discounted basis at the rates that are expected to apply in the periods in which timing differences reverse.



# **Screwfix Direct Ltd**

## **Notes to the Financial Statements – Year ended 31st January 2004**

### **(g) Pensions**

During the year the company made pension provisions in respect of its employees through the Kingfisher Pension scheme and the Kingfisher Retirement Trust. The total pension charge in the profit and loss account (see note 6) of £987,619 (2003: £890,901) includes £8,240 (2003: £9,125) for a defined contribution scheme, the Kingfisher Retirement Trust. Full particulars of the group schemes, including actuarial information, can be found in the financial statements of the ultimate holding company, Kingfisher plc.

Certain employees are members of the Kingfisher pension scheme, a defined benefit scheme. The assets of this scheme are held in a separately administered fund. Contributions are determined by an independent, qualified actuary on the basis of triennial valuations using a minimum funding requirement valuation method.

Whilst the scheme is a defined benefit scheme the company is unable to identify its share of the underlying assets and liabilities of the scheme and is therefore treated as a defined contribution scheme for the purpose of FRS17 disclosures. The most recent valuation on an FRS17 basis of the scheme was performed as at 31 March 2002 and updated to 31 January 2004. This valuation indicated a deficit of £189m (net of deferred tax). No amendment to the terms of the scheme has been proposed as a consequence of this deficit. Further details can be found in Kingfisher plc's Financial Statements for the year ended 31 January 2004.

### **(h) Finance and operating leases**

All operating lease payments are charged to the profit and loss account in the financial year to which the payments relate. The cost of assets held under finance leases are included under tangible assets and depreciation is calculated in accordance with the policy for the class of asset concerned. The corresponding obligations under these leases are shown as creditors. The finance charge element of rentals is charged to the profit and loss account as incurred.

### **(i) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the contracted rate. Exchange gains and losses are taken into account in arriving at the operating profit.

## **2 Segmental reporting**

All the company's activities arose in the United Kingdom.

Turnover is attributable to one class of business.

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 3 Operating profit

Operating profit is stated after charging :

	2004 £	2003 £
Depreciation - owned assets	3,955,774	1,907,536
- held under finance lease or hire purchase contracts	72,054	46,770
Operating lease payments		
- plant & machinery	103,054	128,707
- other	3,460,341	2,180,075
(Profit) / Loss on disposal of fixed assets	(902)	383,791
Auditors' remuneration		
- audit services	65,000	53,504
- non-audit services	-	6,500
Staff costs (see note 6)	28,237,760	23,113,171

### 4 Interest receivable and similar income

	2004 £	2003 £
Interest received on intra-group deposits	723,525	1,030,862

### 5 Interest payable and similar charges

	2004 £	2003 £
Finance charges under finance lease and hire purchase contracts	19,600	29,535

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 6 Staff costs and directors' remuneration

Particulars of employee costs are as shown below:

	2004 £	2003 £
Wages and salaries	25,368,589	20,749,916
Social security costs	1,881,552	1,472,354
Pension costs	987,619	890,901
	<b>28,237,760</b>	<b>23,113,171</b>

The average weekly number of persons employed by the company during the year was:

	2004 Number	2003 Number
Warehouse	1,027	916
Sales and Marketing	876	781
	<b>1,903</b>	<b>1,697</b>

#### Directors' remuneration:

Staff costs include the following remuneration of directors:

	2004 £	2003 £
Directors' emoluments	1,364,747	1,306,645
Contributions to money purchase pension scheme	-	22,507
Contributions to defined benefit scheme	92,196	55,106

The number of directors who were members of company pension schemes were:

	2004 Number	2003 Number
Money purchase schemes	-	1
Final salary pension scheme	6	6

The highest paid director received emoluments and benefits as follows:

	2004 £	2003 £
Emoluments and benefits	368,378	360,165
Defined benefit pension scheme	26,828	22,507

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 7 Tax on profit on ordinary activities

The tax charge is based on the taxable profit for the year and comprises:

	2004 £	2003 £
<b>Current tax:</b>		
Corporation tax at 30% (2003 –30%)	4,626,433	5,355,711
Adjustment in respect of previous periods	-	47,000
Total current tax	4,626,433	5,402,711
Deferred tax	1,402,420	569,242
<b>Tax on profit on ordinary activities</b>	<b>6,028,853</b>	<b>5,971,953</b>

#### Factors affecting the tax charge for the period

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

	2004 £	2003 £
<b>Profit on ordinary activities before taxation</b>	<b>19,673,182</b>	<b>19,124,224</b>
Profit on ordinary activities multiplied by standard rate in the UK (30%)	5,901,955	5,737,267
Effects of:		
Expenses not deductible for tax purposes	57,557	92,486
Timing differences provided for	(1,333,079)	(474,042)
Adjustments to prior period corporation tax	-	47,000
<b>Total current tax charge for the period</b>	<b>4,626,433</b>	<b>5,402,711</b>

Based on current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 8 Tangible fixed assets

	Long leasehold land and buildings £	Fixtures, fittings and equipment £	Assets under construction £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 <sup>st</sup> February 2003	132,000	11,541,287	11,075,414	24,800	22,773,501
Additions	-	6,865,022	16,423,805	-	23,288,827
Disposals	-	(307,599)	-	-	(307,599)
<b>At 31<sup>st</sup> January 2004</b>	<b>132,000</b>	<b>18,098,710</b>	<b>27,499,219</b>	<b>24,800</b>	<b>45,754,729</b>
<b>Accumulated depreciation</b>					
At 1 <sup>st</sup> February 2003	132,000	6,114,951	-	20,387	6,267,338
Charge for the period	-	4,026,725	-	1,103	4,027,828
Disposals	-	(298,972)	-	-	(298,972)
<b>At 31<sup>st</sup> January 2004</b>	<b>132,000</b>	<b>9,842,704</b>	<b>-</b>	<b>21,490</b>	<b>9,996,194</b>
<b>Net book value</b>					
At 31 <sup>st</sup> January 2004	-	8,256,006	27,499,219	3,310	35,758,535
At 1 <sup>st</sup> February 2003	-	5,426,336	11,075,414	4,413	16,506,163

The net book value of assets held under finance lease or hire purchase contracts included above were:

	2004 £	2003 £
Fixtures, fittings and equipment	653,219	216,170
Motor vehicles	3,310	4,413
	<b>656,529</b>	<b>220,583</b>

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 9 Stock

	2004	2003
	£	£
Goods for resale	18,142,301	18,639,663

### 10 Debtors

	2004	2003
	£	£
Trade debtors	3,640,396	2,334,185
Amounts owed from group undertakings	94,406	49,578
Other debtors	953,457	2,634,256
Prepayments & accrued income	2,486,196	1,869,517
	7,174,455	6,887,536

### 11 Creditors - amounts falling due within one year

	2004	2003
	£	£
Trade creditors	5,695,509	13,909,357
Amounts owed to group undertakings	2,173,281	2,495,644
Obligations under finance leases and hire purchase contracts	207,709	11,220
Corporation tax	2,151,202	2,781,421
Other tax and social security	5,059,385	2,404,727
Other creditors	325,992	632,179
Bank overdraft	-	21,308
Accruals and deferred income	18,880,667	13,739,080
	34,493,745	35,994,936

### 12 Creditors – amounts falling due after more than one year

	2004	2003
	£	£
Obligations under finance leases and hire purchase contracts	326,056	-

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 13 Obligations under finance leases and hire purchase contracts

	2004 £	2003 £
Due within one year	207,709	11,220
Due in two to five years	326,056	-
	<b>533,765</b>	<b>11,220</b>

Finance lease and hire purchase creditors are secured on the assets concerned.

### 14 Provisions for liabilities and charges

	2004 £	2003 £
<b>Deferred taxation</b>		
As at 1 <sup>st</sup> February 2003	564,242	(5,000)
Movement during the year	1,402,420	569,242
As at 31 <sup>st</sup> January 2004	<b>1,966,662</b>	<b>564,242</b>

Deferred taxation provided in the financial statements is as follows:-

	2004 £	2003 £
Accelerated capital allowances	1,984,580	609,037
Other timing differences	(17,918)	(44,795)
As at 31 <sup>st</sup> January 2004	<b>1,966,662</b>	<b>564,242</b>

### 15 Called up share capital

	2004 £	2003 £
<b>Authorised</b>		
Ordinary shares of £1 each	100,000	100,000
<b>Allotted, issued and fully paid</b>		
Ordinary 'A' shares of £1 each	4,083	4,083
Ordinary 'C' shares of £1 each	45,917	45,917
Ordinary 'D' shares of £0.00001 each	459	459
	<b>50,459</b>	<b>50,459</b>

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 16 Reserves

	Capital Redemption Reserve	Profit and Loss Account
	£	£
At 1 <sup>st</sup> February 2003	144,263	33,649,018
Retained profit for the year	-	13,644,329
At 31 <sup>st</sup> January 2004	144,263	47,293,347

### 17 Reconciliation of Movement in Shareholders' funds

	2004 £	2003 £
Opening equity shareholders' funds	33,843,740	20,691,469
Retained profit for the year	13,644,329	13,152,271
Closing equity shareholders' funds	47,488,069	33,843,740

### 18 Pension arrangements

During the year the company made pension provisions in respect of its employees through the Kingfisher Pension Scheme and the Kingfisher Retirement Trust. The Kingfisher Pension Scheme is a Defined Benefit scheme. It is treated as if the scheme was a Defined Contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme.

The total pension charge in the profit and loss account (see note 6) of £987,619 (2003: £890,901) includes £8,240 (2003: £9,125) for a defined contribution scheme, the Kingfisher Retirement Trust. Full particulars of the group schemes, including actuarial information, can be found in the financial statements of the ultimate holding company, Kingfisher plc.

### 19 Capital commitments

The company had capital commitments at the balance sheet date of £855,000 (2003: £15,034,000) relating to the equipment for a new fulfilment centre.



# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 31st January 2004

### 20 Other commitments

The company held annual commitments under operating leases as follows:

	Land and Buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within 1 year	1,183,983	1,664,688	31,450	219,039
Between 1 and 5 years	86,044	1,290,527	243,660	224,202
In more than 5 years	1,291,085	-	-	-
Annual commitments	2,561,112	2,955,215	275,110	443,241

'Other' category includes plant, equipment and motor vehicles.

A rolling guarantee of £1,500,000 dated 7<sup>th</sup> March 2001 exists in favour of HM Customs and Excise.

### 21 Ultimate parent undertaking

The directors consider B & Q plc, a company registered in England and Wales, to be the immediate parent company. Copies of financial statements of this company can be obtained from The Company Secretary, B & Q Plc, Portswood House, 1 Hampshire Corporate Park, Chandlers Ford, Eastleigh, Hampshire, SO53 3YX.

The company is a wholly owned subsidiary of Castorama Dubois Investissements SCA and is included in the consolidated financial statements of Castorama Dubois Investissements SCA. Copies of these accounts can be obtained from The Company Secretary, Castorama Dubois Investissements, Parc d'Activities, Boite Postale 24, 59175 Templemars, France.

The ultimate parent company and controlling party is Kingfisher plc, a company registered in England and Wales. The Annual report and Accounts of Kingfisher plc may be obtained from The Company Secretary, Kingfisher plc, 3 Sheldon Square, Paddington, London, W2 6PX.

### 22 Related Parties

In accordance with Financial Reporting Standard No 8: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of the group, as it is more than ninety per cent owned subsidiary undertaking of a parent whose consolidated financial statements are publicly available.

During the year the company carried out a number of transactions with related parties in the normal course of business and on an arms length basis.

During the year the company operated a group banking arrangement with its ultimate parent undertaking Kingfisher plc. The credit balance on this account at the year end was £25,752,352 (2003 : £27,640,896). It is not considered meaningful to disclose the aggregate value of the cash sweeping transactions during the year. Net interest received by the company under this arrangement amounted to £719,248 (2003 : £1,016,424)