



Screwfix Direct Limited
(Registered Number 03006378)

Directors' Report and Financial Statements

For the Year Ended 28 January 2012

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Screwfix Direct Limited

Directors' Report and Financial Statements 2012

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Screwfix Direct Limited

Officers and Professional Advisers

Directors

S Willett
E Eccles
G Bell
D Lowther
J Mewett
E Sutherland
A Livingston
R Bell

Secretary

M Smith

Registered Office

Trade House
Mead Avenue
Houndstone Business Park
Yeovil
Somerset
BA22 8RT

Bankers

HSBC
1 Middle Street
Yeovil
Somerset
BA20 1LR

Auditor

Deloitte LLP
London, United Kingdom

Screwfix Direct Limited

Directors' Report for the Year Ended 28 January 2012

The directors present their report and the audited financial statements for the year ended 28 January 2012

Principal activities

The company's principal activity during the year was the distribution of tools, fixings and equipment by mail order, internet and through trade counters

Review of business

The company continued to expand during the year, opening 54 new trade counters across the UK. The company successfully trialled smaller format trade counters enabling economic returns to be gained from smaller markets whilst increasing the Screwfix reach across the UK. 42 of the 54 new openings were these new smaller units.

Operating efficiencies and cost control measures combined to maintain the company's profitability. In addition to the cost improvement agenda, the above mentioned new counters allowed the company to increase its economic returns from leveraging existing infrastructure.

Further information on Screwfix Direct Limited and an analysis using financial key performance indicators, can be found in the following sections of the Kingfisher plc Annual report 'Delivering value' on pages 4 and 5 and in the Financial review on pages 11 and 12.

Results and dividends and future developments

The company's profit before taxation amounted to £30,697,000 (2011 £24,366,000) and after taxation £21,584,000 (2011 £17,417,000). No dividend was paid in the year (2011 £nil). The directors propose to transfer the retained profit to reserves (2011 £17,417,000).

Operating profit of £30,106,000 (2011 £24,324,000) grew 24% versus 2011, with an improvement in profit conversion of +0.7% points to 5.8%.

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. The business will continue to expand to reach more customers through the Trade Counter opening programme, to further develop the trading potential of the electrician / plumber focused counters and review the potential of new channels to market.

The company remains focused on competitive pricing and in delivering further operating efficiencies across the business.

Screwfix Direct Limited

Directors' Report for the Year Ended 28 January 2012 (continued)

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are the level of product demand and securing property to meet the Trade Counter opening programme. The level of product demand is impacted through possible rises in interest rates, as well as the wider economic situation and current economic slowdown.

Going concern

The company's business activities and financial performance, together with the risks and uncertainties affecting it, are described above. The company is profitable and has considerable financial resources. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries and taking into consideration the profitability and financial position of the company, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The company's operations expose it to a variety of financial risks which include interest rate risk, credit risk, liquidity risk and foreign currency risk.

As part of the Kingfisher plc group, the company's interest rate and liquidity risks are managed centrally by the Kingfisher group treasury department. The Kingfisher group treasury department has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs.

Interest rate risk arises from the foreign currency account balances that bear interest at LIBOR plus a margin. The directors have reviewed the company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the company.

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The risk is managed centrally by the Kingfisher group treasury team. The directors are satisfied that the company is not subject to significant liquidity risk.

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The company has implemented policies that ensure appropriate credit checks for all third party debts. The exposure of any individual account is low and the directors are satisfied that the appropriate controls are in place to minimise credit risk.

The company is exposed to foreign currency risk on its purchases of inventory denominated in foreign currencies, principally US dollars. This risk is managed through the transacting of foreign currency derivatives with a Kingfisher group company and is managed in conjunction with the Kingfisher treasury department in line with Kingfisher group policies. The directors are satisfied that the application of these policies has minimised such exposure for the company.

Screwfix Direct Limited

Directors' Report for the Year Ended 28 January 2012 (continued)

Directors

The directors who held office throughout the year (unless stated otherwise), are given as follows

S Willett
E Eccles
G Bell
D Lowther
J Mewett
E Sutherland
A Livingston
R Bell

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 that 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 operates a policy of direct and systematic communication on all relevant matters including the company's business performance and current market issues with employees via several channels of communication, including engagement surveys, briefing groups, employee forums and internal newsletters.

All employees are entitled to participate in a savings-related share option scheme operated by Kingfisher plc, the parent undertaking, regardless of number of hours worked, provided they meet certain service conditions.

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 34 days (2011: 36 days) of purchases.

Screwfix Direct Limited

Directors' Report for the Year Ended 28 January 2012 (continued)

Auditor

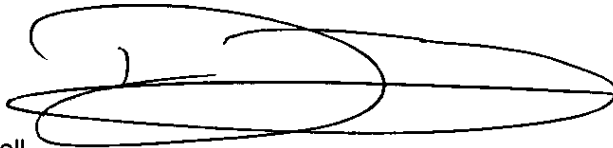
Each person who is a director at the date of approval of this report confirms that

- (a) so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the forthcoming Annual General Meeting

On behalf of the Board

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke.

R Bell

Director

18 October 2012

Screwfix Direct Limited

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 proper 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 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.

Independent auditor's report to the members of Screwfix Direct Limited

We have audited the financial statements of Screwfix Direct Limited for the year ended 28 January 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

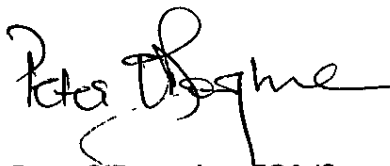
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Screwfix Direct 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



**Peter O'Donoghue FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom**

Date: 24 October 2012

Screwfix Direct Limited

Profit and Loss Account for the Year Ended 28 January 2012

		2012	2011
		£000	£000
Continuing operations	Note		
Turnover	2	515,128	478,682
Cost of sales		(273,739)	(260,703)
Gross profit		241,389	217,979
Selling, and administrative expenses		(198,684)	(180,219)
Distribution expenses		(12,599)	(13,436)
Operating profit	3	30,106	24,324
Interest receivable and similar income	4	281	202
Other finance income	15	310	(160)
Profit on ordinary activities before taxation		30,697	24,366
Taxation on profit on ordinary activities	6	(9,113)	(6,949)
Profit for the financial year	13	21,584	17,417

Screwfix Direct Limited

Statement of total recognised gains and losses for the year ended 28 January 2012

		2012	2011
	Note	£000	£000
Profit for the financial year		21,584	17,417
Actuarial (loss) / gain on pension scheme	15	(163)	3,787
Movement on corporation tax relating to pension asset		1,293	-
Movement on deferred tax relating to pension asset		(1,188)	(1,072)
Total recognised gains relating to the year		21,526	20,132

Screwfix Direct Limited

Balance Sheet as at 28 January 2012

		2012	2011
	<i>Note</i>	£000	£000
Fixed assets			
Tangible assets	7	74,577	71,614
Current assets			
Stocks	8	109,643	98,837
Debtors	9 & 11	29,903	27,301
Cash at bank and in hand		44,316	40,009
		183,862	166,147
Creditors – amounts falling due within one year	10	(99,344)	(97,166)
Net current assets		84,518	68,981
Total assets less current liabilities		159,095	140,595
Pension asset	15	4,577	1,551
Net assets		163,672	142,146
Capital and reserves			
Called up share capital	12	50	50
Capital redemption reserve	13	144	144
Profit and loss account	13	163,478	141,952
Equity shareholders' funds	14	163,672	142,146

Approved and authorised for issue by the board of directors on 18 October 2012

Signed on behalf of the board of directors



R Bell
Director
Company Number 03006378

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

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.

(a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006.

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

The financial statements have been prepared on the going concern basis (as discussed further in the Directors' report), under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

The company is exempt under FRS 1 (Revised) 'Cash Flow Statements' from the requirement to publish a cash flow 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. Details of how to obtain a copy of these accounts are given in note 20 on page 29.

(b) Turnover

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

Revenue is recognised on customer collection or dispatch of goods to the customer.

(c) Tangible fixed assets

Tangible fixed assets are stated at original historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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:

Fixtures, fittings and equipment - Range of 10 - 50% straight-line

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. The value of stock is determined using a weighted average method. Provisions are made, where necessary, for slow-moving, obsolete or defective stock.

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

(e) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

(f) Pensions

The company operates defined benefit and defined contribution pension schemes for its employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement. A defined contribution plan is a pension plan under which the company usually pays fixed contributions into a separate entity. In each case a separate fund is being accumulated to meet the accruing liabilities. The assets of each of these funds are either held under trusts or managed by insurance companies, and are held entirely separate from the company's assets

In accordance with 'FRS 17 – Retirement benefits', the operating and financial costs of pension and other post-retirement benefits are recognised separately in the profit and loss account. Current service costs are recognised within operating profit and the interest cost and expected return on pension assets included in financing costs

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. An independent 'FRS 17' actuarial valuation is carried out at each balance sheet date

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

(f) Pensions (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of total recognised gains and losses

For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(g) Operating leases

All operating lease payments are charged to the profit and loss account in the financial year to which the payments relate on a straight-line basis.

(h) Share-based payments

The company participates in several equity-settled, share-based compensation plans. The rights for each of the instruments is granted by the ultimate parent company, Kingfisher plc, and settled by shares in Kingfisher plc. These schemes are treated, for accounting purposes, as equity-settled arrangements in the Kingfisher plc financial statements. As a result, an expense is charged to profit and loss with the corresponding entry to accrued liabilities in the Screwfix Direct Limited financial statements. On vesting of the individual arrangements, the employee obligation is settled by Kingfisher plc and the company is recharged the fair value of the award.

The fair value of the employee services received in exchange for the grant of options or deferred shares is recognised as an expense, and is calculated primarily using Black-Scholes and stochastic models. The value of the charge is adjusted to reflect expected and actual levels of options vesting. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or deferred shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 which were unvested as of 1 February 2004.

At each balance sheet date, the company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit and loss, with a corresponding adjustment to accruals over the remaining vesting period.

(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 in the year in which they arise.

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

2 Segmental reporting

All the company's activities arose in the United Kingdom

Turnover is attributable to one class of business

3 Operating profit

Operating profit is stated after charging

	2012	2011
	£000	£000
Depreciation - owned assets	16,215	17,018
Operating lease payments		
- plant and machinery	10	15
- other	16,151	14,961
Loss on disposal of fixed assets	193	-
Fees payable to the company's auditor for the audit of the company's annual accounts	53	53
Staff costs (see note 5)	65,932	59,092

4 Interest receivable and similar income

	2012	2011
	£000	£000
Interest received	281	202

5 Staff costs and directors' remuneration

Particulars of employee costs are as shown below

	2012	2011
	£000	£000
Wages and salaries	60,674	54,208
Social security costs	4,272	3,878
Pension costs	986	1,006
	65,932	59,092

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

5. Staff costs and directors' remuneration (continued)

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

	2012	2011
	Number	Number
Stores	3,176	2,686
Home fulfilment	402	428
Office and administration	367	378
	3,945	3,492

Directors' remuneration

Staff costs include the following remuneration of directors

	2012	2011
	£000	£000
Directors' emoluments	2,378	2,317
Receivable (excluding shares) under long-term incentive schemes	463	231
Contributions to defined contribution scheme	28	64

During the year, two directors, one being the highest paid director (2011 one director), were entitled to receive shares under a long-term incentive scheme

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

	2012	2011
	Number	Number
Defined contribution pension schemes	3	3
Defined benefit pension scheme	5	5

The highest paid director received emoluments and benefits as follows

	2012	2011
	£000	£000
Directors' emoluments	365	320
Receivable (excluding shares) under long-term incentive schemes	266	231

During the year, 4 directors (2011 4 directors) exercised options over shares of Kingfisher plc

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

6 Tax on profit on ordinary activities

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

	2012	2011
	£000	£000
Current tax		
Corporation tax at 26.33% (2011: 28%)	8,527	7,109
Adjustment in respect of previous years	(151)	(144)
Total current tax	8,376	6,965
Deferred tax		
Current deferred tax charge	214	132
Adjustment in respect of previous years	523	(148)
Total deferred tax (note 11)	737	(16)
Tax on profit on ordinary activities	9,113	6,949

Factors affecting the tax charge for the financial year

The tax charge for the financial year is higher than the effective standard rate of corporation tax in the UK of 26.33% (2011: 28%)

The differences are explained below

	2012	2011
	£000	£000
Profit on ordinary activities before taxation	30,697	24,366
Profit on ordinary activities multiplied by standard blended rate in the UK (26.33%) (2011: 28%)	8,102	6,822
Effects of		
Expenses not deductible for tax purposes	724	76
Timing differences provided for	(299)	211
Adjustments in respect of previous years	(151)	(144)
Total current tax charge for the period	8,376	6,965

In 2010 the UK Government announced its intention to progressively reduce the rate of corporation tax suffered on business profits over a four year period. The anticipated 1% reduction taking effect from 1 April 2011 was subsequently amended to 2% resulting in a statutory rate of 26% from that date. Accordingly, the company's profits for this accounting period are taxed at a blended rate of 26.33%. These accounts also reflect the enacted reduction to 25% that was due to have effect from 1 April 2012.

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

6. Tax on profit on ordinary activities (continued)

On 21 March 2012 it was announced that from 1 April 2012 the UK statutory rate will be reduced further to 24%. Subsequently, two additional 1% annual reductions are expected resulting in a statutory rate of 22% by 1 April 2014. Since these further changes had not been substantively enacted at the balance sheet date, they are not included in these financial statements. The effect of these further decreases in the UK rate would be to reduce the net deferred tax liability as reported at 28 January 2012 by £34,000.

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.

7 Tangible fixed assets

	Fixtures, fittings and equipment £000
Cost	
At 30 January 2011	165,317
Additions	19,371
Disposals	(250)
At 28 January 2012	184,438
Accumulated depreciation	
At 30 January 2011	93,703
Charge for the period	16,215
Disposals	(57)
At 28 January 2012	109,861
Net book value	
At 28 January 2012	74,577
At 29 January 2011	71,614

8 Stocks

	2012 £000	2011 £000
Goods for resale	109,643	98,837

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

9 Debtors

	2012	2011
	£000	£000
Trade debtors	10,979	13,118
Amounts owed from group undertakings	4,088	3,107
Other debtors	1,895	2,050
Deferred tax excluding that relating to pension asset (note 11)	872	1,629
Prepayments and accrued income	12,069	7,397
	29,903	27,301

Amounts owed from group undertakings are unsecured, interest-free and repayable on demand

10 Creditors - amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	30,609	38,546
Amounts owed to group undertakings	4,241	3,737
Corporation tax	3,186	3,224
Other tax and social security	7,695	7,178
Other creditors	89	695
Accruals and deferred income	53,524	43,786
	99,344	97,166

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand

11 Deferred tax

	2012	2011
	£000	£000
Deferred tax asset excluding deferred tax on pension asset		
As at 30 January 2011	(1,629)	(1,247)
Movement during the year	757	(382)
As at 28 January 2012 (transferred to debtors – see note 9)	(872)	(1,629)

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

11 Deferred tax (continued)

Deferred taxation provided in the financial statements is as follows

	2012 £000	2011 £000
Accelerated capital allowances	31	(484)
Other timing differences	(240)	(647)
Deferred tax relating to share-based payments	(663)	(498)
Deferred tax excluding that relating to pension liability	(872)	(1,629)
Deferred tax relating to pension liability (note 15)	1,157	(11)
Total deferred tax liability / (asset)	285	(1,640)
As at 30 January 2011	(1,640)	(2,696)
Deferred tax charge/(credit) in profit and loss account (note 6)	737	(16)
Deferred tax charge to the statement of total recognised gains and losses	1,188	1,072
As at 28 January 2012	285	(1,640)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset is recognised in these financial statements

12 Called up share capital

	2012 £000	2011 £000
Allotted, issued and fully paid		
4,083 Ordinary 'A' shares of £1 each	4	4
45,917 Ordinary 'C' shares of £1 each	46	46
4,591,700 Ordinary 'D' shares of £0.0001 each	-	-
	50	50

13 Reserves

	Capital redemption reserve £000	Profit and loss account £000
At 30 January 2011	144	141,952
Profit for the financial year	-	21,584
Actuarial loss on the pension scheme	-	(163)
Movement on corporation tax relating to the actuarial loss	-	1,293
Movement on deferred tax relating to the actuarial loss	-	(1,188)
At 28 January 2012	144	163,478

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

14 Reconciliation of movement in shareholders' funds

	2012	2011
	£000	£000
Opening equity shareholders' funds	142,146	122,014
Profit for the financial year	21,584	17,417
Actuarial (loss)/gain on the pension scheme	(163)	3,787
Movement on corporation tax relating to the actuarial (loss)/ gain	1,293	-
Movement on deferred tax relating to the actuarial (loss)/gain	(1,188)	(1,072)
Closing equity shareholders' funds	163,672	142,146

15 Pension arrangements

The company participates in both a funded defined benefit scheme and a funded defined contribution scheme

Defined contribution scheme

The total pension charge in the profit and loss account for the defined contribution scheme was £0.4m (2011: £0.3m)

Defined benefit scheme

Screwfix Direct Limited is one of a number of Group companies that participate in the Kingfisher Pension Scheme which is defined benefit in nature. The company has accounted for its share of the scheme assets and liabilities. The valuation of the scheme used for FRS 17 has been based on the most recent actuarial valuation of the Group's UK scheme at 31 March 2010 and has been updated to 28 January 2012.

On 30 June 2011 Kingfisher plc, the Company's ultimate parent, entered into the second phase of an arrangement with the scheme Trustee to address an element of the group scheme deficit. Further details on this arrangement are given in note 27 of the consolidated financial statements of Kingfisher plc. As part of this arrangement, Kingfisher plc made a contribution of £106m to the scheme and subsequently recharged the other participating Group entities based on their share of pensionable payroll, amounting to a contribution for the company of £3,195,000 on top of the standard annual contributions.

The scheme was closed to new entrants in 2004. In February 2012, Kingfisher plc announced a proposal to close the final salary scheme to future benefit accrual with effect from 30 June 2012 and entered into a 60 day consultation period with active members of the scheme. At the same time Kingfisher plc unveiled a plan to offer an enhanced defined contribution scheme to all UK employees. It is anticipated that any reduction in cash contributions from closing the defined benefit scheme would be offset by higher employee participation in, and employer contributions to, the enhanced defined contribution scheme.

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

15 Pension arrangements (continued)

Principal actuarial valuation assumptions

The assumptions used in calculating the costs and obligations of the defined benefit pension schemes are set by the Directors after consultation with independent professionally qualified actuaries. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligation.

The discount rate is based on the yield on the iBoxx over 15 year AA-rated Sterling corporate bond index adjusted for the difference in term between iBoxx and scheme liabilities. The overall expected rate of return on scheme assets reflects market expectations at the valuation date of long-term asset returns and the mix of assets in the scheme.

Annual % rate	2012	2011
Discount rate	4.5	5.6
Salary escalation	3.8	4.3
Rate of pension increases	3.0	3.5
Price inflation	3.0	3.5

% rate of return	2012	2011
Equities	7.6	8.5
Bonds	3.4	4.8
Property	5.8	6.9
Other	4.9	3.7
Overall expected rate of return	4.6	6.0

For the UK scheme, the mortality assumptions used in the actuarial valuations have been selected with regard to the characteristics and experience of the membership of the scheme from 2007 to 2010. The base mortality assumptions have been derived by adjusting standard mortality tables (SAPS tables) projected forward to 2010 with the medium cohort improvement factors for males and with the standard improvement factors for females. In addition, allowance has been made for future increases in life expectancy. For males, the allowance is in line with medium cohort improvements subject to a minimum rate of improvement of 1% pa, and for females, the allowance is in line with the average of the standard series and long cohort improvements, subject to a minimum of 1% pa. These improvements take into account trends observed within the scheme over the past decade and general population trends.

The assumptions for life expectancy of the scheme members are as follows:

Years	2012	2011
Age to which current pensioners are expected to live (60 now)		
- Male	86.4	86.4
- Female	87.1	87.1
Age to which future pensioners are expected to live (60 in 15 years time)		
- Male	87.1	87.1
- Female	88.7	88.7

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

15 Pension arrangements (continued)

Sensitivity analysis of key actuarial assumptions used

The following table analyses, for the UK Plan, the estimated impact on obligations resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant

Assumption	Change in assumption	Impact on defined benefit obligation £000
Discount rate	Increase/decrease by 0.1%	900
Salary escalation	Increase/decrease by 0.1%	100
Rate of pension increases	Increase/decrease by 0.1%	600
Price inflation	Increase/decrease by 0.1%	900
Mortality	Increase in life expectancy by one year	1,400

Profit and loss account

The amounts recognised in the profit and loss account are as follows

	2012 £000	2011 £000
Amounts charged to operating profit		
Current service cost	596	642
Total operating charge	596	642
Amounts credited/(charged) to other finance costs		
Expected return on pension scheme assets	(2,570)	(2,285)
Interest on pension scheme liabilities	2,260	2,445
Net financing return	(310)	160
Total charged to the profit and loss account	286	802

Balance sheet

The amounts recognised on the balance sheet are as follows

	2012 £000	2011 £000
Present value of defined benefit obligations	(47,555)	(44,768)
Fair value of scheme assets	53,289	46,308
Net asset	5,734	1,540
Related deferred tax asset	(1,157)	11
	4,577	1,551

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

15 Pension arrangements (continued)

Movements in the present value of defined benefit obligations on the balance sheet are as follows

Obligations	2012	2011
	£000	£000
Defined benefit obligation at beginning of year	(44,768)	(50,465)
Total service cost charged in the profit and loss account	(596)	(641)
Interest charge	(2,260)	(2,445)
Actuarial (losses)/gains	(1,291)	7,347
Contributions paid by employees	(190)	(215)
Benefits paid	1,550	1,651
Defined benefit obligation at end of year	(47,555)	(44,768)

Movements in the fair value of scheme assets on the balance sheet are as follows

Assets	2012	2011
	£000	£000
Fair value of plan assets at beginning of year	46,308	45,292
Expected return of pension scheme assets	2,570	2,285
Actuarial gains/(losses)	1,128	(3,560)
Contributions paid by employer	4,643	3,727
Contributions paid by employees	190	215
Benefits paid	(1,550)	(1,651)
Fair value of plan assets at end of year	53,289	46,308

The analysis of the scheme assets at the balance sheet date is as follows

	2012		2011	
	£000		£000	
Equities	12,142	23%	13,524	29%
Bonds	32,473	61%	26,121	57%
Property	2,168	4%	2,298	5%
Other	6,506	12%	4,365	9%
Total market value of assets	53,289	100%	46,308	100%

The pension scheme does not hold any assets other than those disclosed above

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

15 Pension arrangements (continued)

The actual return on pension scheme assets was as follows

	2012	2011
	£000	£000
Actual return on pension scheme assets	3,698	(1,275)

Amounts for current and previous four years are as follows

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	(47,555)	(44,768)	(50,465)	(41,789)	(40,963)
Fair value of scheme assets	53,289	46,308	45,292	40,698	44,365
Net asset/(liability) in the scheme	5,734	1,540	(5,173)	(1,091)	3,402

The amounts recognised in the profit and loss reserve were as follows

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	1,128	(3,560)	2,176	(6,700)	(620)
Percentage of scheme assets	2.1%	(7.7%)	4.8%	(16.5%)	(1.4%)
Experience (loss)/gain arising on pension scheme liabilities	(5)	1,044	-	-	(177)
Percentage of scheme liabilities	0.0%	(2.3%)	0.0%	0.0%	0.4%
Changes in assumptions underlying present value of scheme liabilities	(1,286)	6,303	(7,001)	1,084	2,242
Percentage of scheme liabilities	2.7%	(14.1%)	(2.1%)	16.8%	(2.6%)
Total amount recognised in profit and loss reserve	(163)	3,787	(4,825)	(5,616)	1,445

The estimated amounts of contributions expected to be paid to the pension scheme by the Company during the next financial year, before any impact of the proposed closure to future benefit accrual of the UK final salary scheme, is £1.46m. Should the final salary scheme close to future benefit accrual, these contributions would reduce accordingly.

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

16 Share-Based Payments

The Company participates in a number of share option schemes including the Kingfisher Incentive Share Scheme ('KISS'), Restricted Special Awards, Kingfisher Retention Plan, Performance Share Plan and UK ShareSave scheme

The KISS and Performance Share Plan are described as part of the Directors' remuneration report on pages 35 to 46 of the Kingfisher plc annual report and accounts. Restricted Awards are granted as one-off compensatory awards granted under the rules of the KISS. They are nil cost options, as with the KISS, but do not accrue dividends until after they are exercised. Vesting dates may vary according to individual grants. Certain employees, excluding directors, have been granted contingent share awards under the Kingfisher Retention Share Scheme.

Under the UK ShareSave scheme, eligible UK employees have been invited to enter into HMRC approved savings contracts for a period of three or five years, whereby shares may be acquired with repayments under the contract. The option price is the average market price over three days shortly before an offer to subscribe, discounted by 20%. Options are exercisable within a six month period from the conclusion of a three or five year period.

The rules of all schemes include provision for the early exercise of options in certain circumstances.

The rights for each of the instruments is granted by the ultimate parent company, Kingfisher plc, and settled by shares in Kingfisher plc. On vesting of the individual arrangements, the employee obligation is settled by Kingfisher plc and the company is recharged the fair value of the award. The schemes are treated, for accounting purposes, as equity-settled arrangements. An expense is charged to profit and loss with the corresponding entry to accrued liabilities.

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

16 Share-Based Payments (continued)

The fair value of share options and deferred shares is obtained using the Black-Scholes and stochastic option pricing models. The inputs of the principal schemes into these models are as follows

	Date of grant	Share price at grant £	Exercise price £	Expected life years	Expected volatility %	Dividend yield %	Risk-free rate %	Fair value £
Kingfisher Incentive Share Scheme	11/04/07	2.77	-	3.5	-	-	-	2.77
	21/04/08	1.28	-	3.5	-	-	-	1.28
	21/04/09	1.63	-	3.5	-	-	-	1.63
	06/04/10	2.24	-	3.5	-	-	-	2.24
	05/05/10	2.33	-	3.5	45.0%	2.4%	1.7%	2.33
	12/04/11	2.60	-	3.5	40.9%	2.7%	1.8%	2.60
	06/05/11	2.80	-	3.5	40.6%	2.5%	1.4%	2.80
Performance Share Plan	01/10/07	1.83	-	3.5	22.4%	-	-	0.26
	01/02/08	1.51	-	3.5	28.2%	-	-	0.92
	01/02/08	1.51	-	4.5	-	-	-	1.51
	21/04/08	1.28	-	4.5	-	-	-	1.28
	24/07/08	1.24	-	4.5	-	-	-	1.24
	01/10/08	1.35	-	3.5	35.9%	-	-	0.79
	01/10/08	1.35	-	4.0	-	-	-	1.35
	21/04/09	1.63	-	4.5	44.9%	-	2.2%	1.17
	21/04/09	1.63	-	4.5	-	-	-	1.63
	30/10/09	2.24	-	3.5	-	-	-	2.24
	05/05/10	2.33	-	2.5 to 3.5	-	-	-	2.33
	05/05/10	2.33	-	3.5	46.7%	-	1.5%	1.30
	21/10/10	2.47	-	2.0 to 3.0	-	-	-	2.47
	12/04/11	2.60	-	2.6	-	-	-	2.60
	17/06/11	2.65	-	3.5 to 4.5	-	-	-	2.65
	21/10/11	2.63	-	2.1 to 4.2	-	-	-	2.63
Kingfisher Retention Plan	21/04/08	1.28	-	1.5 to 4.5	-	-	-	1.28
UK and International ShareSave	27/10/05	2.01	1.76	5.5	35.0%	5.3%	4.4%	0.52
	26/10/06	2.65	1.97	5.5	28.1%	4.0%	4.0%	0.86
	01/11/07	1.90	1.55	3.5	23.6%	5.6%	5.0%	0.42
	01/11/07	1.90	1.55	5.5	25.5%	5.6%	5.0%	0.44
	29/10/08	1.09	1.09	3.5	36.3%	4.9%	3.4%	0.23
	29/10/08	1.09	1.09	5.5	30.8%	4.9%	3.8%	0.22
	03/11/09	2.24	1.72	3.5	43.6%	2.4%	2.2%	0.51
	03/11/09	2.24	1.72	5.5	36.4%	2.4%	2.9%	0.38
	28/10/10	2.39	1.87	3.5	44.3%	2.3%	1.1%	0.53
	28/10/10	2.39	1.87	5.5	37.3%	2.3%	1.9%	0.39
	26/10/11	2.64	1.99	3.5	39.1%	2.9%	0.9%	0.54
	26/10/11	2.64	1.99	5.5	37.6%	2.9%	1.4%	0.42
Executive Share Scheme	17/04/03	2.44	2.38	6.0	35.0%	4.0%	4.2%	0.64

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

16 Share-Based Payments (continued)

Expected volatility was determined for each individual award, by calculating the historical volatility of the Group's share price (plus reinvested dividends) immediately prior to the grant of the award, over the same period as the vesting period of each award, adjusted by expectations of future volatility

The company recognised a total expense of £1,251,000 in the year ended 28 January 2012 (2011 £348,000) relating to equity-settled share-based payment transactions. The total carrying amount for liabilities arising from share-based payment transactions at the end of the year was £2,652,000 (2011 £1,846,000)

A summary of options is detailed below

	2012		2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	Number	£	Number	£
Outstanding at beginning of year	2,304,451	0.50	2,030,914	0.67
Granted during the year ^{1 2}	1,337,778	0.37	833,957	0.36
Transferred to other group company	-	-	-	-
Forfeited during the year	(106,046)	1.54	(265,947)	1.34
Exercised during the year	(479,762)	0.53	(230,611)	0.54
Expired during the year	(15,565)	1.50	(63,862)	0.66
Outstanding at end of year	3,040,856	0.39	2,304,451	0.50
Exercisable at end of year	38,905	1.41	16,890	1.59

¹ The charge to the profit and loss account for the years ended 28 January 2012 and 29 January 2011 in respect of share-based payments includes the first year's charge of the 2012 and 2011 Kingfisher Incentive Share Scheme ('KISS') grants respectively, based on the cash bonus for the year. Since grants under the KISS are made following the year end to which the first year of charge relates, it is not possible to give the number of options granted until after the year end

² The weighted average exercise price for options granted during the year represents a blend of nil price KISS, Performance Share Plan and discounted ShareSave options

Options have been exercised on a regular basis throughout the year. On that basis, the weighted average share price during the year, rather than at the date of exercise, is £2.55 (2011 £2.30). The options outstanding at the end of the year have exercise prices ranging from nil to £2.38 and a weighted average remaining contractual life of 3.6 years (2011 2.1 years)

17 Capital and other commitments

	2012	2011
	£000	£000
Contracts placed for future capital expenditure not provided in the financial statements	355	404

Screwfix Direct Limited

Notes to the Financial Statements – for the year ended 28 January 2012

18 Financial commitments

At 28 January 2012 and 29 January 2011 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and Buildings		Other	
	2012	2011	2012	2011
	£000	£000	£000	£000
Within 1 year	-	35	104	109
Between 1 and 2 years	-	-	727	182
Between 2 and 5 years	4,943	288	926	1,281
Between 5 and 10 years	9,145	11,213	97	56
Between 10 and 15 years	530	729	-	-
Between 15 and 20 years	2,050	2,024	-	-
Annual commitments	16,668	14,289	1,854	1,628

19 Ultimate parent undertaking

The directors consider Screwfix Investments Limited, a company registered in England and Wales, to be the immediate parent company

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

20 Related parties

In accordance with FRS 8 "Related Party Disclosures", the company is exempt from disclosing transactions with entities that are part of the group, provided all subsidiaries party to the arrangement are wholly-owned by the group

During the year the company operated a group banking arrangement with its ultimate parent undertaking Kingfisher plc. The balance on this account at the year end was a debtor of £39,129,000 (2011 £35,267,000). 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 £281,000 (2011 £202,000)