

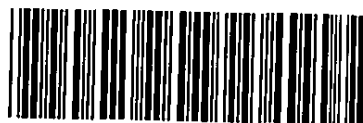


Screwfix Direct Limited
(Registered Number 03006378)

Directors' Report and Financial Statements

For the Year Ended 30th January 2010

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Screwfix Direct Limited

Directors' Report for the Year Ended 30th January 2010

The directors present their report and the audited financial statements for the year ended 30th January 2010

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 10 new Trade Counters across the UK. In addition the company successfully piloted dedicated counters aimed at professional plumbers and electricians. Roll-out options will continue to be assessed during 2010.

Operating profits during the year reflected the slowing economic conditions which had a significant impact in the second half. Operating efficiencies and cost control measures combined to maintain the company's profitability. In addition to the cost improvement agenda the abovementioned dedicated counters will allow the company to increase its sales densities and 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 2 - 3 and in the Operating review on pages 9 - 25.

Results and dividends and future developments

The company's profit before taxation amounted to £18,276,000 (2009 £27,345,000) and after taxation £12,469,000 (2009 £18,524,000). No dividend was paid in the year (2009 £nil). The directors propose to transfer the retained profit of £12,469,000 to reserves (2009 £18,524,000).

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, reviewing roll-out options for the electrician / plumber focussed counters and the addition of new channels to market.

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

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 current and possible further rises in interest rates, as well as the wider economic situation and current economic slowdown.

Screwfix Direct Limited

Directors' Report for the Year Ended 30th January 2010 (Continued)

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 inter-company 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 30th January 2010 (Continued)

Directors

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

S Willett	
E Eccles	
G Bell	
D Lowther	
J Gill	(resigned 28 th February 2009)
J Mewett	
E Sutherland	
A Livingston	(appointed 19 th March 2009)
R Bell	(appointed 15 th April 2009)

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 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.

Statement of directors' responsibilities in respect of the financial statements

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.

Screwfix Direct Limited

Directors' Report for the Year Ended 30th January 2010 (Continued)

In preparing those 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, in which case there should be supporting assumptions or qualification as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

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 auditors are 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 auditors are aware of that information

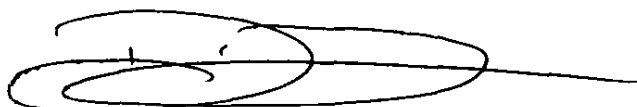
This disclosure is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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 31 days (2009 31 days) of purchases

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

On behalf of the Board



R Bell
Director

21st October 2010

Independent auditors' report to the members of Screwfix Direct Limited

We have audited the financial statements of Screwfix Direct Limited for the year ended 30th January 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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 (APB'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.

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 30th January 2010 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

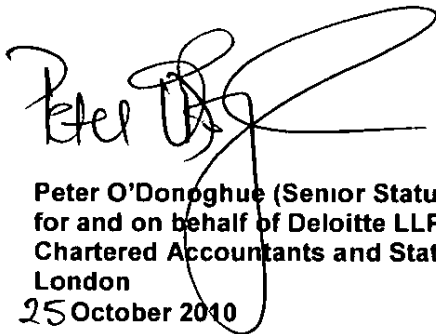
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' 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 (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London
25 October 2010**

Screwfix Direct Limited

Profit and Loss Account for the Year Ended 30th January 2010

		2010	2009
	Note	£000	£000
Continuing operations			
Turnover	2	471,048	491,980
Cost of sales		(262,413)	(274,579)
Gross profit		208,635	217,401
Selling, and administrative expenses		(176,478)	(174,846)
Distribution expenses		(13,896)	(15,384)
Operating profit	3	18,261	27,171
Interest receivable and similar income	4	60	-
Interest payable and similar charges	5	-	(243)
Other finance income	16	(45)	417
Profit on ordinary activities before taxation		18,276	27,345
Taxation on profit on ordinary activities	7	(5,807)	(8,821)
Profit for the financial year	14	12,469	18,524
Dividends		-	-
Retained profit for the year	15	12,469	18,524

Screwfix Direct Limited

Statement of total recognised gains and losses for the year ended 30th January 2010

		2010	2009
	Note	£000	£000
Profit for the financial year		12,469	18,524
Actuarial loss on pension scheme	16	(4,825)	(5,616)
Movement on deferred tax relating to pension liability		1,352	1,572
Total recognised gains & losses relating to the year		8,996	14,480

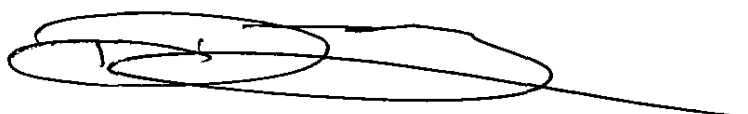
Screwfix Direct Limited

Balance Sheet as at 30th January 2010

		2010	2009
	Note	£000's	£000's
Fixed assets			
Tangible assets	8	71,447	79,958
Current assets			
Stock	9	94,149	82,434
Debtors	10 & 12	19,110	21,737
Cash at bank and in hand		25,550	18,636
		138,809	122,807
Creditors – amounts falling due within one year	11	(84,518)	(88,961)
Net current assets		54,291	33,846
Total assets less current liabilities		125,738	113,804
Provisions for liabilities and charges	12	-	-
Net assets excluding pension liability		125,738	113,804
Pension liability	16	(3,724)	(786)
Net assets including pension liability		122,014	113,018
Capital and reserves			
Called up share capital	13	50	50
Capital redemption reserve	14	144	144
Profit and loss account	14	121,820	112,824
Equity shareholders' funds	15	122,014	113,018

Approved by the board of directors on 21st October 2010

Signed on behalf of the board of directors



R Bell

Director

Company Number 03006378

The notes on pages 10 to 26 form part of these financial statements

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

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. Following a review by management, the company's classification between cost of sales and administrative expenses has been adjusted to reflect the manner in which management reviews the business. This resulted in certain warehouse and operating costs now being classified as cost of sales. The prior year profit and loss account has been restated to reflect this classification. There is no impact on the operating profit of the company.

(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 31st 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 21 on page 26.

(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, plant and equipment - Range of 10 - 50% straight line

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

(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.

(e) Deferred taxation

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.

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

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.

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 as they arise.

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) 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 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.

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

(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.

(j) Changes in accounting policies

The principal accounting policies of the company have been reviewed in accordance with FRS 18 'Accounting Policies' and there have been no changes in the current year as a result of this review.

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

	2010	2009
	£000	£000
Depreciation - owned assets	19,076	17,907
Operating lease payments		
- plant & machinery	70	171
- other	14,823	13,825
Loss on disposal of fixed assets	21	-
Auditors' remuneration		
- audit services	75	91
Staff costs (see note 6)	54,475	53,982

4 Interest receivable and similar income

	2010	2009
	£000	£000
Interest received	60	-

5 Interest payable and similar charges

	2010	2009
	£000	£000
Interest paid	-	243

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

6 Staff costs and directors' remuneration

Particulars of employee costs are as shown below

	2010	2009
	£000	£000
Wages and salaries	49,756	49,220
Social security costs	3,828	3,812
Pension costs	891	950
	54,475	53,982

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

	2010	2009
	Number	Number
Stores	2,441	2,414
Home fulfilment	495	541
Office and administration	391	419
	3,327	3,374

Directors' remuneration.

Staff costs include the following remuneration of directors

	2010	2009
	£000	£000
Directors' emoluments	2,008	1,707
Receivable (excluding shares) under long-term incentive schemes	220	280
Contributions to defined contribution scheme	28	31

During the year, one director, being the highest paid director (2009 two directors, including the highest paid director), was entitled to receive shares under a long-term incentive scheme

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

	2010	2009
	Number	Number
Defined contribution pension schemes	3	2
Defined benefit pension scheme	5	5

The highest paid director received emoluments and benefits as follows

	2010	2009
	£000	£000
Emoluments and benefits	508	492

During the year, no directors (2009 six directors), exercised options over shares of Kingfisher plc

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

7 Tax on profit on ordinary activities

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

	2010	2009
	£000	£000
Current tax		
Corporation tax at 28% (2009 28 33%)	6,109	12,700
Adjustment in respect of previous years	(209)	252
Total current tax	5,900	12,952
Deferred tax		
Current deferred tax credit	(213)	(4,294)
Adjustment in respect of previous years	120	163
Total deferred tax (note 12)	(93)	(4,131)
Tax on profit on ordinary activities	5,807	8,821

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 28% (2009 28 33%)

The differences are explained below

	2010	2009
	£000	£000
Profit on ordinary activities before taxation	18,276	27,345
Profit on ordinary activities multiplied by standard blended rate in the UK (28%) (2009 28 33%)	5,117	7,747
Effects of		
Expenses not deductible for tax purposes	297	181
Timing differences provided for	695	4,772
Adjustments in respect of previous years	(209)	252
Total current tax charge for the period	5,900	12,952

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 Limited

Notes to the Financial Statements – Year ended 30th January 2010

8 Tangible fixed assets

	Fixtures, Fittings and Equipment £000
Cost	
At 1 st February 2009	137,627
Additions	10,586
Disposals	(81)
At 30th January 2010	148,132
Accumulated depreciation	
At 1 st February 2009	57,669
Charge for the period	19,076
Disposals	(60)
At 30th January 2010	76,685
Net book value	
At 30th January 2010	71,447
At 1st February 2009	79,958

9 Stock

	2010 £000	2009 £000
Goods for resale	94,149	82,434

10 Debtors

	2010 £000	2009 £000
Trade debtors	11,516	13,308
Amounts owed from group undertakings	157	57
Other debtors	1,002	876
Prepayments & accrued income	5,188	6,550
Deferred tax excluding that relating to pension liability (note 12)	1,247	946
	19,110	21,737

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

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

11 Creditors - amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	40,725	36,646
Amounts owed to group undertakings	2,026	2,535
Corporation tax	3,057	8,124
Other tax and social security	4,585	9,066
Other creditors	460	230
Accruals and deferred income	33,665	32,360
	84,518	88,961

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

12 Provisions for liabilities and charges

	2010 £000	2009 £000
Deferred tax (asset) excluding deferred tax on pension asset		
As at 1 st February 2009	(946)	3,501
Movement during the year	(301)	(4,447)
As at 30 th January 2010 (transferred to debtors – see note 10)	(1,247)	(946)

Deferred taxation provided in the financial statements is as follows -

	2009 £000	2009 £000
Accelerated capital allowances	(660)	(294)
Other timing differences	(168)	(298)
Deferred tax relating to share based payments	(419)	(354)
Deferred tax excluding that relating to pension liability	(1,247)	(946)
Deferred tax relating to pension liability (note 16)	(1,449)	(305)
Total deferred tax asset	(2,696)	(1,251)
As at 1 st February 2009	(1,251)	4,452
Deferred tax credit in profit and loss account (note 7)	(93)	(4,131)
Deferred tax credit to the statement of total recognised gains and losses	(1,352)	(1,572)
As at 30 th January 2010	(2,696)	(1,251)

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

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

13 Called up share capital

	2010 £000	2009 £000
Authorised		
Ordinary shares of £1 each	100	100
Allotted, issued and fully paid		
Ordinary 'A' shares of £1 each	4	4
Ordinary 'C' shares of £1 each	46	46
Ordinary 'D' shares of £0.0001 each	-	-
	50	50

14 Reserves

	Capital Redemption Reserve £000	Profit and Loss Account £000
At 1 st February 2009	144	112,824
Retained profit for the year	-	12,469
Actuarial loss on the pension scheme	-	(4,825)
Movement on deferred tax relating to the actuarial loss	-	1,352
At 30 th January 2010	144	121,820

15 Reconciliation of movement in shareholders' funds

	2010 £000	2009 £000
Opening equity shareholders' funds	113,018	98,538
Retained profit for the year	12,469	18,524
Actuarial loss on the pension scheme	(4,825)	(5,616)
Movement on deferred tax relating to the actuarial loss	1,352	1,572
Closing equity shareholders' funds	122,014	113,018

Screwfix Direct Limited

Notes to the Financial Statements – Year ended 30th January 2010

16 Pension arrangements

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

Defined contribution schemes

The total pension charge in the profit and loss account for the UK defined contribution scheme was £0.3m (2009 £0.3m)

Defined benefit schemes

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 2007 and has been updated to 30 January 2010.

Principal actuarial valuation assumptions

The assumptions used in calculating the costs and obligations of the defined benefit pension plan as shown in the table below are set after consultation with independent professionally qualified actuaries.

Annual % rate	2010	2009
Discount rate	5.5	6.5
Salary escalation	4.2	4.3
Rate of pension increases	3.4	3.5
Price inflation	3.4	3.5

% rate of return	2010	2009
Equities	7.9	8.7
Bonds	4.7	5.6
Property	6.4	7.1
Other	4.2	4.3
Overall expected rate of return	5.9	6.7

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

The mortality assumptions used in the actuarial valuations of the defined benefit pension liabilities have been selected with regard to the characteristics and experience of the membership of the plan from 2004 to 2007.

The base mortality assumptions have been derived by adjusting standard mortality tables (PA 92 tables) projected forward to 2007 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 standard improvements, subject to a minimum of 0.5% pa. These improvements have been set with regard to trends observed within the plan over the past decade. The corresponding assumptions for life expectancy of pension plan members are as follows:

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Notes to the Financial Statements – Year ended 30th January 2010

	2010	2009
Age to which current pensioners are expected to live (60 now)		
- Male	87.2	87.2
- Female	85.9	85.9
Age to which future pensioners are expected to live (60 in 15 years time)		
- Male	88.8	88.8
- Female	87.1	87.1

Sensitivity analysis of key actuarial assumptions used

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

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £994,000
Salary escalation	Increase/decrease by 0.1%	Increase/decrease by £85,000
Rate of pension increases	Increase/decrease by 0.1%	Increase/decrease by £515,000
Price inflation	Increase/decrease by 0.1%	Increase/decrease by £854,000
Mortality	Increase in life expectancy by one year	Increase by £1,454,000

Impact of defined benefit scheme on profit and loss account

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

	2010	2009
	£000	£000
Amounts charged to operating profit		
Current service cost	(579)	(640)
Total operating charge	(579)	(640)
Amounts credited/(charged) to other finance costs		
Expected return on pension scheme assets	2,627	2,893
Interest on pension scheme liabilities	(2,672)	(2,476)
Net financing return	(45)	417
Total charged to the profit and loss account	(624)	(223)

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Defined benefit asset position on balance sheet

The amounts included in the balance sheet, within the net pension liability, arising from the company's obligations in respect of its defined benefit retirement scheme, are determined as follows

The amounts recognised in the balance sheet are determined as follows

	2010	2009
	£000	£000
Present value of defined benefit obligations	(50,465)	(41,789)
Fair value of scheme assets	45,292	40,698
Net liability	(5,173)	(1,091)
Related deferred tax asset	1,449	305
	(3,724)	(786)

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

Obligations

	2010	2009
	£000	£000
Defined benefit obligation at beginning of year	(41,789)	(40,963)
Total service cost charged in the profit and loss account	(579)	(640)
Interest charge	(2,673)	(2,476)
Actuarial (losses) / gains	(7,001)	1,084
Contributions paid by employees	(250)	(286)
Benefits paid	1,827	1,491
Defined benefit obligation at end of year	(50,465)	(41,790)

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

Assets

	2010	2009
	£000	£000
Fair value of plan assets at beginning of year	40,698	44,365
Expected return of pension scheme assets	2,627	2,893
Actuarial gains / (losses)	2,176	(6,700)
Contributions paid by employer	1,368	1,346
Contributions paid by employees	250	286
Benefits paid	(1,827)	(1,491)
Fair value of plan assets at end of year	45,292	40,699

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

	2010			2009	
	£000			£000	
Equities	15,218	34%	12,802	32%	
Bonds	26,949	59%	24,972	61%	
Property	2,355	5%	2,232	5%	
Other	770	2%	692	2%	
Total market value of assets	45,292	100%	40,698	100%	

The pension plans do not hold any other assets than those disclosed above

The actual return on pension scheme assets was as follows

	2010	2009
	£000	£000
Actual return on pension scheme assets	4,803	(3,807)

The history of experience adjustments is as follows

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	(50,465)	(41,789)	(40,963)	(41,194)	(43,124)
Fair value of scheme assets	45,292	40,698	44,365	40,454	35,053
Net (liability) / asset in the scheme	(5,173)	(1,091)	3,402	(740)	(8,071)

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

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	2,176	(6,700)	(620)	964	3,676
Percentage of scheme assets	4.8%	(16.5%)	(1.4%)	2.45%	10.5%
Experience gain/ (loss) arising on pension scheme liabilities	-	-	(177)	15	(9)
Percentage of scheme liabilities	0.0%	0.0%	0.4%	0.0%	0.0%
Changes in assumptions underlying present value of scheme liabilities	(7,001)	1,084	2,242	3,724	(4,904)
Percentage of scheme liabilities	13.9%	(2.6%)	(5.5%)	(9.0%)	11.4%
Total amount recognised in profit and loss reserve	(4,825)	(5,616)	1,445	4,703	(1,237)

The estimated amounts of contributions expected to be paid to the pension scheme during the next financial year is £1.4m

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Notes to the Financial Statements – Year ended 30th January 2010

17 Share-Based Payments

The company participates in a number of share option schemes including the Kingfisher Incentive Scheme, Kingfisher Retention Plan, Performance Share Plan, UK ShareSave Plan and Restricted Special Awards

The Kingfisher Incentive Scheme, Kingfisher Retention Plan and Performance Share Plan are the principal share option schemes available to eligible Kingfisher employees. A full description of the Scheme and its operation is provided on the Remuneration Report on pages 41 to 53 of the Kingfisher plc annual report and accounts

Restricted Special Awards were originally reported under the KISS. These 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

Under the UK ShareSave Plan, eligible UK employees have been invited to enter into Inland Revenue 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 [the Kingfisher Incentive Scheme, Performance Share Plan, Kingfisher Retention Plan, ShareSave Plans and Restricted Special Awards] 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. These schemes are treated, for accounting purposes, as equity-settled arrangements. As a result, an expense is charged to profit and loss with the corresponding entry to accrued liabilities. 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

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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	06/04/05	2.86	-	3.5	-	3.7%	-	2.55
	06/04/05	2.86	-	3.5	35.0%	3.7%	-	1.62
	10/04/06	2.31	-	3.5	-	4.6%	-	2.01
	10/04/06	2.31	-	3.5	19.8%	4.6%	-	0.77
	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
Performance Share Plan	28/06/06	2.29	-	3.5	19.8%	-	4.9%	1.04
	24/10/06	2.65	-	3.5	19.6%	-	5.0%	1.36
	11/04/07	2.77	-	3.5	20.2%	-	-	1.68
	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
Kingfisher Retention Plan	16/03/06	2.48	-	2.5	18.9%	4.3%	4.4%	2.28
	28/06/06	2.29	-	2.5	18.9%	4.3%	4.4%	2.11
	21/04/08	1.28	-	1.5 to 4.5	-	-	-	1.28
UK and International ShareSave	01/05/03	2.41	1.87	5.5	35.0%	4.0%	3.8%	0.76
	22/10/04	3.08	2.45	3.5	35.0%	3.3%	4.5%	0.98
	22/10/04	3.08	2.45	5.5	35.0%	3.3%	4.6%	1.08
	27/10/05	2.01	1.76	3.5	35.0%	5.3%	4.3%	0.49
	27/10/05	2.01	1.76	5.5	35.0%	5.3%	4.4%	0.52
	26/10/06	2.65	1.97	3.5	19.9%	4.0%	4.0%	0.75
	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

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

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Notes to the Financial Statements – Year ended 30th January 2010

The company recognised a total expense of £232,000 in the year ended 30 January 2010 (2009 £302,000) 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 £1,498,000 (2009 £1,266,000)

A summary of options is detailed below

	2010		2009	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	Number	£	Number	£
Outstanding at beginning of year	2,554,831	0 54	1,244,789	1 01
Granted during the year ^{1 2}	403,546	0 97	1,761,130	0 38
Transferred to other group company	(506,427)	-	-	-
Forfeited during the year	(287,610)	1 07	(280,160)	1 66
Exercised during the year	(21,035)	1 96	(105,829)	0 09
Expired during the year	(112,391)	0 60	(65,099)	1 05
Outstanding at end of year	2,030,914	0 67	2,554,831	0 54
Exercisable at end of year	74,379	1 54	80,781	1 74

¹ The charge to the income statement for the years ended 30 January 2010 and 31 January 2009 in respect of share-based payments includes the first year's charge of the 2010 and 2009 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 period represents a blend of nil price KISS, Performance Share Plan, Retention Plan and discounted ShareSave options (see below)

Options have been exercised on a regular basis throughout the period. On that basis, the weighted average share price during the year, rather than at the date of exercise, is £1 96 (2009 £1 27). The options outstanding at the end of the year have exercise prices ranging from nil to £2 45 and a weighted average remaining contractual life of 2 6 years (2009 3 0 years)

18 Capital and other commitments

	2010	2009
	£000	£000
Contracts placed for future capital expenditure not provided in the financial statements	492	500

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19 Financial Commitments

At 31st January 2010 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and Buildings		Other	
	2010	2009	2010	2009
	£000	£000	£000	£000
Within 1 year	-	-	290	157
Between 1 and 2 years	-	-	353	718
Between 2 and 5 years	-	-	471	104
Between 5 and 10 years	10,318	10,058	215	406
Between 10 and 15 years	917	1,004	-	-
Between 15 and 20 years	1,426	1,426	-	-
Between 20 and 25 years	624	624	-	-
Annual commitments	13,285	13,112	1,329	1,385

20 Ultimate parent undertaking

At the beginning of the year the directors consider B & Q plc, a company registered in England and Wales, to have been the immediate parent company. During the year a group restructure has taken place. The directors now consider Screwfix Investments Ltd, 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.

21 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, as it is a more than ninety per cent owned subsidiary undertaking of a parent whose consolidated financial statements are publicly available.

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 £22,312,000 (2009 £15,252,000). 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 £60,000 (2009 net interest paid amounted to £243,000).