



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

**Directors' Report and Financial Statements**

**For the Year Ended 29<sup>th</sup> January 2005**



# **Screwfix Direct Ltd**

## **Directors' Report for the Year Ended 29th January 2005**

The directors present their report and the audited financial statements for the year ended 29th January 2005.

### **Principal activities**

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

### **Review of business**

The company delivered a major change programme during the year moving its fulfilment operation from 3 warehouses to a single semi-automated operation in Trentham, Stoke-on-Trent.

The company continued its sales growth during the year but operating profits fell due to the transition costs of the change programme, the results of which are set out on page 5.

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

The company's profit before taxation amounted to £7,694,644 (2004: £19,673,182) and after taxation £5,390,707 (2004: £13,644,329). No dividend was paid in the year (2004: £nil). The directors propose to transfer the retained profit of £5,390,707 to reserves (2004: £13,644,329).

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

### **Directors and their interests**

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

A L Rushforth	(resigned 23 <sup>rd</sup> May 2005)
I Cheshire	(resigned 16 <sup>th</sup> February 2005)
J W Allan	(resigned 30 <sup>th</sup> June 2005)
C McCarthy	
R Butler	
G Benson	(resigned 20 <sup>th</sup> December 2004)
S Barrow	
G Adams	
J Colley	(appointed 4 <sup>th</sup> October 2004)

## Screwfix Direct Ltd

### Directors' Report for the Year Ended 29th January 2005 (Continued)

#### Directors and their interests (Continued)

At 29th January 2005, options over shares in the ultimate parent undertaking, Kingfisher plc were outstanding as follows:

	At 31 January 2004	Granted	Exercised	Lapsed	At 29 January 2005
A Rushforth	95,425	-	(26,674)	-	68,751
J Allan	138,285	39,787	-	-	178,072
R Butler	34,245	-	(5,553)	-	28,692
C McCarthy	67,878	-	(14,289)	-	53,589
G Benson	43,094	-	-	(43,094)	-
S Barrow	116,210	638	-	-	116,848

These options are exercisable on varying dates through to 5<sup>th</sup> April 2007, at prices between 157.00p and 482.53p per share.

The market price of the shares at 29th January 2005 was 303.75p and the range during the financial year was 270.50p to 317.25p.

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

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

#### Disabled persons

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

#### Employee participation

The company continues to develop a policy of direct and systematic communication with employees via the issue of the monthly 'Voice' magazine, Voice in Action employee committees and regular staff meetings.

## **Screwfix Direct Ltd**

### **Directors' Report for the Year Ended 29th January 2005 (Continued)**

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

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

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 29th January 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

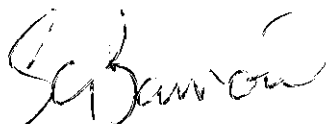
#### **Creditor payment policy**

The company negotiates specific payment terms with each supplier. It is the company's policy to pay its suppliers in accordance with the terms, which have been agreed. Trade creditors at the year end represented 19 days (2004: 16 days) of purchases.

#### **Auditors**

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

By Order of the Board



S Barrow  
Director

15<sup>th</sup> August 2005

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

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

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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

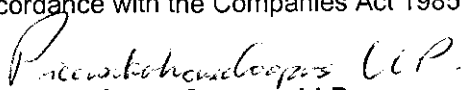
### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29th January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

17<sup>th</sup> August 2005

# Screwfix Direct Ltd

## Profit and Loss Account for the Year Ended 29th January 2005

	Note	2005 £	2004 £
Turnover	2	228,612,981	220,544,002
Cost of sales		(170,683,561)	(159,214,321)
Gross profit		57,929,420	61,329,681
Administrative expenses		(51,109,989)	(42,360,424)
Operating profit	3	6,819,431	18,969,257
Interest receivable and similar income	4	889,277	723,525
Interest payable and similar charges	5	(14,064)	(19,600)
Profit on ordinary activities before taxation		7,694,644	19,673,182
Taxation	7	(2,303,937)	(6,028,853)
Profit for the financial year		5,390,707	13,644,329
Dividends		-	-
Retained profit for the year	17	5,390,707	13,644,329

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

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

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

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

# Screwfix Direct Ltd

## Balance Sheet as at 29th January 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	8	34,975,073	35,758,535
<b>Current assets</b>			
Stock	9	28,956,135	18,142,301
Debtors	10	10,138,619	7,174,455
Cash at bank and in hand		14,607,627	23,199,241
		<b>53,702,381</b>	<b>48,515,997</b>
<b>Creditors – amounts falling due within one year</b>	11	<b>(33,237,309)</b>	<b>(34,493,745)</b>
<b>Net current assets</b>		<b>20,465,072</b>	<b>14,022,252</b>
<b>Total assets less current liabilities</b>		<b>55,440,145</b>	<b>49,780,787</b>
<b>Creditors – amounts falling due after more than one year</b>	12	<b>(174,636)</b>	<b>(326,056)</b>
<b>Provisions for liabilities and charges</b>	14	<b>(2,386,733)</b>	<b>(1,966,662)</b>
<b>Net assets</b>		<b>52,878,776</b>	<b>47,488,069</b>
<b>Capital and reserves</b>			
Called up share capital	15	50,459	50,459
Capital redemption reserve	16	144,263	144,263
Profit and loss account	16	52,684,054	47,293,347
Equity shareholders' funds	17	52,878,776	47,488,069

Approved by the Board on 15<sup>th</sup> August 2005

Signed on behalf of the board of directors



**S Barrow**  
Director

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

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 29th January 2005

### 1 Accounting policies

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

#### (a) Basis of accounting

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

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

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

#### (b) Turnover

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

#### (c) Tangible fixed assets

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

Motor vehicles	- 20% straight line
Fixtures, fittings, plant and equipment	- 50% straight line, 33% straight line, 25% straight line, 20% straight line, 15% straight line, 10% straight line as appropriate
Assets in the course of construction	- None, until the assets are brought into use

#### (d) Stocks

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

#### (e) Taxation

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

#### (f) Deferred taxation

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



# **Screwfix Direct Ltd**

## **Notes to the Financial Statements – Year ended 29th January 2005**

### **(g) Pensions**

During the year the company made pension provisions in respect of its employees through the Kingfisher Pension Scheme (Defined Benefit and Money Purchase Sections) and the Kingfisher Retirement Trust. The total pension charge in the profit and loss account (see note 6) of £1,003,782 (2004: £987,619) includes £16,782 (2004: £8,240) for defined contribution schemes, the Kingfisher Pension Scheme Money Purchase Section and the Kingfisher Retirement Trust. Full particulars of the group schemes, including actuarial information, can be found in the financial statements of the ultimate holding company, Kingfisher plc.

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

Whilst the Kingfisher Pension Scheme (Defined Benefit section) is a defined benefit scheme the company is unable to identify its share of the underlying assets and liabilities of the scheme and is therefore treated as a defined contribution scheme for the purpose of FRS17 disclosures.

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

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

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

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

## **2 Segmental reporting**

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

Turnover is attributable to one class of business.

## Screwfix Direct Ltd

### Notes to the Financial Statements – Year ended 29th January 2005

#### 3 Operating profit

Operating profit is stated after charging :

	2005 £	2004 £
Depreciation - owned assets	6,119,127	3,955,774
- held under finance lease or hire purchase contracts	346,551	72,054
Operating lease payments		
- plant & machinery	130,473	103,054
- other	3,090,084	3,460,341
(Profit) / Loss on disposal of fixed assets	-	(902)
Auditors' remuneration		
- audit services	88,723	65,000
- non-audit services	-	-
Staff costs (see note 6)	33,677,525	28,237,760

#### 4 Interest receivable and similar income

	2005 £	2004 £
Interest received on intra-group deposits	889,277	723,525

#### 5 Interest payable and similar charges

	2005 £	2004 £
Finance charges under finance lease and hire purchase contracts	14,064	19,600

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 29th January 2005

### 6 Staff costs and directors' remuneration

Particulars of employee costs are as shown below:

	2005 £	2004 £
Wages and salaries	30,743,281	25,368,589
Social security costs	1,930,462	1,881,552
Pension costs	1,003,782	987,619
	<b>33,677,525</b>	<b>28,237,760</b>

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

	2005 Number	2004 Number
Warehouse	816	1,027
Sales and Marketing	976	876
	<b>1,792</b>	<b>1,903</b>

#### Directors' remuneration:

Staff costs include the following remuneration of directors:

	2005 £	2004 £
Directors' emoluments	814,132	1,364,747
Contributions to money purchase pension scheme	-	-
Contributions to defined benefit scheme	122,299	92,196

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

	2005 Number	2004 Number
Money purchase schemes	-	-
Final salary pension scheme	6	6

The highest paid director received emoluments and benefits as follows:

	2005 £	2004 £
Emoluments and benefits	216,106	368,378
Defined benefit pension scheme	34,337	26,828

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 29th January 2005

### 7 Tax on profit on ordinary activities

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

	2005 £	2004 £
<b>Current tax:</b>		
Corporation tax at 30% (2004 –30%)	1,924,050	4,626,433
Adjustment in respect of previous periods	(40,184)	-
Total current tax	1,883,866	4,626,433
<b>Deferred tax</b>	420,071	1,402,420
<b>Tax on profit on ordinary activities</b>	<b>2,303,937</b>	<b>6,028,853</b>

### Factors affecting the tax charge for the period

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

	2005 £	2004 £
Profit on ordinary activities before taxation	7,694,644	19,673,182
Profit on ordinary activities multiplied by standard rate in the UK (30%)	2,308,393	5,901,955
Effects of:		
Expenses not deductible for tax purposes	91,982	57,557
Timing differences provided for	(476,325)	(1,333,079)
Adjustments to prior period corporation tax	(40,184)	-
Total current tax charge for the period	1,883,866	4,626,433

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

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 29th January 2005

### 8 Tangible fixed assets

	Long leasehold land and buildings £	Fixtures, Fittings and Equipment £	Assets under construction £	Motor Vehicles £	Total £
<b>Cost</b>					
At 31 <sup>st</sup> January 2004	132,000	18,098,710	27,499,219	24,800	45,754,729
Additions	-	5,682,216	-	-	5,682,216
Transfers	-	27,499,219	(27,499,219)	-	-
Disposals	-	(5,024,857)	-	-	(5,024,857)
<b>At 29th January 2005</b>	<b>132,000</b>	<b>46,255,288</b>	<b>-</b>	<b>24,800</b>	<b>46,412,088</b>
<b>Accumulated depreciation</b>					
At 31 <sup>st</sup> January 2004	132,000	9,842,704	-	21,490	9,996,194
Charge for the period	-	6,464,850	-	828	6,465,678
Disposals	-	(5,024,857)	-	-	(5,024,857)
<b>At 29th January 2005</b>	<b>132,000</b>	<b>11,282,697</b>	<b>-</b>	<b>22,318</b>	<b>11,437,015</b>
<b>Net book value</b>					
At 29th January 2005	-	34,972,591	-	2,482	34,975,073
At 31 <sup>st</sup> January 2004	-	8,256,006	27,499,219	3,310	35,758,535

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

	2005 £	2004 £
Fixtures, fittings and equipment	307,495	653,219
Motor vehicles	2,482	3,310
	<b>309,977</b>	<b>656,529</b>

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 29th January 2005

### 9 Stock

	2005	2004
	£	£
Goods for resale	28,956,135	18,142,301

### 10 Debtors

	2005	2004
	£	£
Trade debtors	4,250,597	3,640,396
Amounts owed from group undertakings	57,477	94,406
Other debtors	608,408	953,457
Prepayments & accrued income	5,222,137	2,486,196
	10,138,619	7,174,455

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

	2005	2004
	£	£
Trade creditors	11,794,222	5,695,509
Amounts owed to group undertakings	2,157,090	2,173,281
Obligations under finance leases and hire purchase contracts	172,158	207,709
Corporation tax	943,050	2,151,202
Other tax and social security	4,725,157	5,059,385
Other creditors	23,218	325,992
Bank overdraft	-	-
Accruals and deferred income	13,422,414	18,880,667
	33,237,309	34,493,745

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

	2005	2004
	£	£
Obligations under finance leases and hire purchase contracts	174,636	326,056

# Screwfix Direct Ltd

## Notes to the Financial Statements – Year ended 29th January 2005

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

	2005 £	2004 £
Due within one year	172,158	207,709
Due in two to five years	174,636	326,056
	<b>346,794</b>	<b>533,765</b>

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

### 14 Provisions for liabilities and charges

	2005 £	2004 £
<b>Deferred taxation</b>		
As at 31 <sup>st</sup> January 2004	1,966,662	564,242
Movement during the year	420,071	1,402,420
As at 29th January 2005	<b>2,386,733</b>	<b>1,966,662</b>

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

	2005 £	2004 £
Accelerated capital allowances	2,444,814	1,984,580
Other timing differences	(58,081)	(17,918)
As at 29th January 2005	<b>2,386,733</b>	<b>1,966,662</b>

### 15 Called up share capital

	2005 £	2004 £
<b>Authorised</b>		
Ordinary shares of £1 each	100,000	100,000
<b>Allotted, issued and fully paid</b>		
Ordinary 'A' shares of £1 each	4,083	4,083
Ordinary 'C' shares of £1 each	45,917	45,917
Ordinary 'D' shares of £0.00001 each	459	459
	<b>50,459</b>	<b>50,459</b>

## Screwfix Direct Ltd

### Notes to the Financial Statements – Year ended 29th January 2005

#### 16 Reserves

	Capital Redemption Reserve £	Profit and Loss Account £
At 31 <sup>st</sup> January 2004	144,263	47,293,347
Retained profit for the year	-	5,390,707
At 29th January 2005	144,263	52,684,054

#### 17 Reconciliation of Movement in Shareholders' funds

	2005 £	2004 £
Opening equity shareholders' funds	47,488,069	33,843,740
Retained profit for the year	5,390,707	13,644,329
Closing equity shareholders' funds	52,878,776	47,488,069

#### 18 Pension arrangements

During the year the company made pension provisions in respect of its employees through the Kingfisher Pension Scheme and the Kingfisher Retirement Trust. The Kingfisher Pension Scheme (Defined Benefit section) is a Defined Benefit scheme and, as noted in Note 1g, is treated as if the scheme was a Defined Contribution scheme.

The total pension charge in the profit and loss account (see note 6) of £1,003,782 (2004: £987,619) includes £16,782 (2004: £8,240) for a defined contribution scheme, the Kingfisher Retirement Trust. Full particulars of the group schemes, including actuarial information, can be found in the financial statements of the ultimate holding company, Kingfisher plc.

The most recent valuation on an FRS17 basis of the scheme was performed as at 31 March 2002 and updated to 31 January 2004. This valuation indicated a deficit of £189m (net of deferred tax). No amendment to the terms of the scheme has been proposed as a consequence of this deficit. Further details can be found in Kingfisher plc's Financial Statements for the year ended 31 January 2004.

#### 19 Capital commitments

The company had no material capital commitments at the balance sheet date (2004: £855,000).



## Screwfix Direct Ltd

### Notes to the Financial Statements – Year ended 29th January 2005

#### 20 Other commitments

The company held annual commitments under operating leases as follows:

	Land and Buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Within 1 year	38,383	1,183,983	99,445	31,450
Between 1 and 2 years	-	-	83,389	-
Between 2 and 5 years	-	86,044	78,518	243,660
Between 5 and 10 years	60,780	-	-	-
Between 20 and 25 years	1,411,085	1,291,085	-	-
Annual commitments	1,510,248	2,561,112	261,352	275,110

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

A rolling guarantee of £750,000 dated 7<sup>th</sup> September 2004 exists in favour of HM Customs and Excise.

#### 21 Ultimate parent undertaking

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

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

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

#### 22 Related Parties

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

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

During the year the company operated a group banking arrangement with its ultimate parent undertaking Kingfisher plc. The credit balance on this account at the year end was £14,133,622 (2004 : £25,752,352). 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 £899,277 (2004 : £719,248)