

FASTENAL EUROPE LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2010

Company Registration Number SC370971

RSM Tenon Limited

Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU



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FASTENAL EUROPE LIMITED
FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

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FASTENAL EUROPE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD ENDED 31 DECEMBER 2010

The board of directors

D L Florness
D W Dvorak
S A Rucinski
D M Donahue

Business address

Kingsway Park
Dundee
DD2 4TD

Registered office

Johnstone House
52-54 Rose Street
Aberdeen
AB10 1UD

Auditor

RSM Tenon Audit Limited
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

Accountants

RSM Tenon Limited
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

FASTENAL EUROPE LIMITED
THE DIRECTORS' REPORT
PERIOD ENDED 31 DECEMBER 2010

The directors present their report and the financial statements of the company for the period ended 31 December 2010.

Incorporation

The company incorporated on 11 January 2010 and commenced trading immediately.

Principal activities

The principal activity of the company during the period was the supply of fasteners to the manufacturing industry.

Directors

The directors who served the company during the period were as follows:

D L Florness
D W Dvorak
S A Rucinski
D M Donahue

D L Florness was appointed as a director on 11 January 2010.
D W Dvorak was appointed as a director on 11 January 2010.
S A Rucinski was appointed as a director on 11 January 2010.
D M Donahue was appointed as a director on 11 January 2010.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 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; 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 adequate 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.

FASTENAL EUROPE LIMITED
THE DIRECTORS' REPORT *(continued)*
PERIOD ENDED 31 DECEMBER 2010

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

During the period, RSM Tenon Audit Limited were appointed as first auditors of the company.

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors



D L Florness
Director

Approved by the directors on 1/11/2012

FASTENAL EUROPE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FASTENAL EUROPE LIMITED
PERIOD ENDED 31 DECEMBER 2010

We have audited the financial statements of Fastenal Europe Limited for the period ended 31 December 2010 on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 set out on pages 2 to 3, 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 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 31 December 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

FASTENAL EUROPE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FASTENAL EUROPE LIMITED *(continued)*
PERIOD ENDED 31 DECEMBER 2010

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

RSM Tenon Audit Limited

Mayulee Pinkerton, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

Date:- *13/01/2012*

FASTENAL EUROPE LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2010

	Note	2010 £
Turnover		1,462,373
Cost of sales		(871,549)
Gross profit		<u>590,824</u>
Distribution costs		(190,438)
Administrative expenses		(453,042)
Operating loss	3	<u>(52,656)</u>
Interest receivable		302
Loss on ordinary activities before taxation		<u>(52,354)</u>
Tax on loss on ordinary activities		-
Loss for the financial period		<u><u>(52,354)</u></u>

The notes on pages 8 to 11 form part of these financial statements.

FASTENAL EUROPE LIMITED
Registered Number SC370971

BALANCE SHEET

31 DECEMBER 2010

	Note	£	2010 £
Fixed assets			
Tangible assets	4		29,231
Current assets			
Stocks		923,595	
Debtors	5	610,825	
Cash at bank and in hand		521,412	
		<u>2,055,832</u>	
Creditors: Amounts falling due within one year	6	<u>(1,862,417)</u>	
Net current assets			193,415
Total assets less current liabilities			<u>222,646</u>
Capital and reserves			
Called-up share capital	9		275,000
Profit and loss account	10		(52,354)
Shareholders' funds			<u>222,646</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 1/11/2012, and are signed on their behalf by:



D L Florness
Director

The notes on pages 8 to 11 form part of these financial statements.

FASTENAL EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery	-	20% - 33% straight line
Fixtures & Fittings	-	14% straight line

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on a normal level of activity.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

FASTENAL EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

1. Accounting policies (continued)

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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Basis of preparation - going concern

The financial statements have been prepared on the going concern basis. The directors believe this basis of preparation to be appropriate as the ultimate parent company, Fastenal Company, has provided a written undertaking not to withdraw existing funds and to provide additional funding for at least 12 months from the date of approval of these financial statements to enable the company to continue to trade and meet its obligations as they fall due.

The directors are confident that the promised support will be forthcoming and accordingly the financial statements do not contain any adjustments which may arise if the parent company support was withdrawn.

3. Operating loss

Operating loss is stated after charging:

	2010
	£
Directors' remuneration	–
Depreciation of owned fixed assets	5,253
Auditors remuneration	10,500
Net loss on foreign currency translation	<u>18,999</u>

Directors were remunerated through other group companies during the period. It is not possible to distinguish amounts paid to the directors for services provided to this company.

FASTENAL EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

4. Tangible fixed assets

	Plant and machinery etc. £
Cost	
Additions	34,484
At 31 December 2010	<u>34,484</u>
Depreciation	
Charge for the period	5,253
At 31 December 2010	<u>5,253</u>
Net book value	
At 31 December 2010	<u>29,231</u>

5. Debtors

	2010 £
Trade debtors	554,869
VAT recoverable	20,972
Other debtors	34,984
	<u>610,825</u>

6. Creditors: Amounts falling due within one year

	2010 £
Trade creditors	45,591
Amounts owed to group undertakings	1,603,164
Other creditors	213,662
	<u>1,862,417</u>

7. Commitments under operating leases

At 31 December 2010 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2010 £
Operating leases which expire:	
Within 2 to 5 years	<u>46,179</u>

8. Related party transactions

The company has taken advantage of the available exemption from disclosing transactions entered into with members of its group on the basis that it is a subsidiary undertaking and a wholly owned member of that group and the consolidated accounts for the group are publicly available.

FASTENAL EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

9. Share capital

Allotted and called up:

	No	£
275,000 Ordinary shares of £1 each	<u>275,000</u>	<u>275,000</u>

The company was incorporated with an authorised share capital of 500,000 Ordinary Shares of £1 each.

During the period the company issued 275,000 Ordinary shares of £1 each at par for cash consideration.

10. Profit and loss account

	2010
	£
Loss for the financial period	<u>(52,354)</u>
Balance carried forward	<u>(52,354)</u>

11. Ultimate parent company and controlling party

The directors regard Fastenal Canada Company, a company registered in Canada, to be the immediate parent undertaking.

The directors also regard Fastenal Company, a company registered in the United States of America, as the ultimate parent company and the largest group for which consolidated financial statements which include Fastenal Europe Limited are prepared.

A copy of the consolidated financial statements of Fastenal Company can be obtained from 2001 Theurer Boulevard, Winona, Minnesota, 55987, USA.

The directors consider there to be no ultimate controlling party.