

KINGFISHER PAST PAPER (2011 Exam)

Kingfisher has introduced self-service check-outs into many of its UK B&Q stores, enabling customers to speed up their shopping trip. They now typically account for around 40% of transactions.

In 2009 B&Q UK trialled two DIY classes for the general public. Facilitated by trained individuals, the classes were free and included instruction on laying flooring, fixing leaking taps, putting up shelves and decorating behind radiators.

In February 2010 Castorama France launched a free iPhone application to help users carry out successful DIY projects at home. Features include a surface area calculator to determine how much paint, wallpaper, flooring or tiles is required for particular jobs, a memo area which stores facts and figures, and a simple and practical spirit level.

A new trade offer called TradePoint will be rolled out across all larger B&Q UK stores in 2010. TradePoint combines Screwfix's know-how and specialist trade brands with the convenience of B&Q's store location and long opening hours. It is specifically designed for trade customers, with over 12 000 trade-only products available. TradePoint will be open seven days a week, up to 15 hours a day with guaranteed stock availability, fast service and competitive prices. As a joint initiative between B&Q and Screwfix, TradePoint is a good example of Kingfisher's businesses working more closely together.

115 GLOBAL GROWTH

The owner of B&Q is planning a big global expansion drive in the hope that consumers in emerging markets become obsessed with DIY as Britons were in the 1980s. Kingfisher already has businesses in Poland and Russia, but said recently that its long-term ambition was to push into other markets. Ian Cheshire, the chief executive, said that India and Brazil were on a list of long-term options, along with several Eastern European countries. He took part in David Cameron's recent trade mission to India.

Mr Cheshire said recently that given the short-term outlook for developed economies, especially Britain, it would be difficult to increase sales there. "International will be the main shift. In profit terms, it won't be as dramatic a change because a lot of the growth will be in early stages, but you have to invest now to have that business in five years' time."

Kingfisher's global expansion has not been straightforward. Last year it announced a drastic restructuring of B&Q in China, in which a third of stores were closed and a further third reduced in size. Mr Cheshire said that the problems in China had been resolved and that the company was seeking to rebuild. It is expected to break even next year.

The attraction of foreign growth was underlined by the difficulties in Britain, which was responsible for 43 per cent of group sales in the six months to 31 July. "We see a flat market next year," he said. "[Spending] will be hit by a combination of the increase in VAT and public sector unemployment."

KINGFISHER PLC's FINANCES

Table 2 - The Profit and Loss Account (Income Statement) for the year ended 30 January

	2010 £ millions	2009 £ millions
Sales	10 503	10 026
Less Cost of Sales	6 706	6 525
Gross Profit	3 797	3 501
Less Expenses	3 174	3 328
Net (operating) Profit	623	173

Table 3 - The Balance Sheet as at 30 January

	2010 £ millions	2009 £ millions
Fixed (non-current) Assets		
Goodwill & other intangible assets	2 465	2 469
Property, plant and equipment	3 612	3 699
Other fixed assets	388	466
	6 465	6 634
Current Assets		
Stocks (inventories)	1 545	1 792
Debtors (trade and other receivables)	494	508
Cash and Bank	1 260	1 157
Other current assets	82	140
	3 381	3 597
Total Assets	9 846	10 231
Current Liabilities		
Creditors (trade & other payables)	2 374	2 362
Overdraft (borrowings)	647	389
Other current liabilities	409	313
	3 430	3 064
Long-term (non-current) Liabilities		
Loans (borrowings)	883	1 907
Other long-term liabilities	578	462
	1 461	2 369
Total Liabilities	4 891	5 433
Net Assets	4 955	4 798
Shareholders' Capital (Equity)		
Share capital	2 518	2 517
Retained Profit (earnings)	1 921	1 768
Other reserves	516	513
Total Shareholders' Capital	4 955	4 798

Sources: www.kingfisher.co.uk; www.retail-week.co.uk; www.timesonline.co.uk