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“We are proud of our heritage. We love to look back and see how far we have come in the last five years as we plan how much further we aim to go.”
Despite the very tough economic climate, we have seen our business continue to develop and grow through the hard work, pride and passion of our team.

In times like these we know our customers appreciate the great deals and good, honest value for money that we offer even more than ever and that is what we have continued to deliver during the last 12 months. In the coming year we are determined to reinforce and focus our efforts as we put our customers firmly at the heart of everything we do.

We are having a ‘makeover’. We have started to roll out our exciting new look and feel across our stores (see page 18 for a full list of our new stores). Customers and team members have greeted our brand-new look enthusiastically and during 2010 we will rebrand 80 of our existing stores in celebration of this, our 80th birthday year. We will open 15 new stores in our new brand. By the end of the 2010/11 financial year a third of our stores and our fleet of lorries will be in our new look and our in-store teams will all have their new Look & Feel uniforms.

As well as putting our customers at the heart of everything we do, we also plan to operate at the heart of the communities in which we trade. We want to do our best for the communities that welcome us and our stores and take us into their hearts. We have invested 1% of our profits in communities, via our ‘Helping Hands’, ‘Local Stars’, ‘Wilkinson’s Heroes’, ‘our Corporate Partners’ and numerous (too many to list) gifts to local charitable causes.

Whilst we know they are amazing it never ceases to surprise us what our team members achieve individually and as groups through their true grit, motivation and application as they live their personal values and our corporate ones! This year so far our team members have raised over £860,000 for our Charity of the Year: the Children’s Hospice, and the fund raising year is not over until May! Our target from May 2010 is to raise £1m for Anthony Nolan (over the 12 months in which they will be our Charity of the Year). This sounds ambitious but we know our teams can do it. We want to celebrate our 80th year with those who have contributed to our success so far, the most important groups in our business, which are our customers and our team members. There will be exciting events throughout the year as we celebrate just how far we have come as a business.

Thanks to dedication and team spirit, we have come through these tough times stronger than ever and feel that we are now confidently heading into what could be our most exciting period ever.

Karin Swann & Lisa Wilkinson
Family Directors
Our vision and values

Vision

To inspire loyalty beyond reason by confidently providing what people need, when they need it, through our people, delivering instinctive service and irresistible value, in the heart of the community.

Trying economic times test the strength of your vision and ours has withstood the challenge. That vision has enabled us to achieve the results you see in this annual report and will continue to inform our journey on the road to our strategic objectives. Our customers remain at the heart of our business and our vision and we continue to listen to them and develop our business with them in mind. We also listen to our team members and in the last 12 months we are thrilled to have achieved astonishing results in our team member survey. This too moves us towards delivery of our vision.

Values

Despite the global recession which has seen many watering down their values in an attempt to stay afloat, in Wilkinsons our team members have fallen back on our corporate values to inform our journey into the future probably more so in this year than in previous years.

We are proud that the company values are a part of everyday life at Wilkos and we firmly believe that this is reflected in the successes that everyone involved in our business has achieved during the last 12 months. We look forward to that continuing over the next 12 months.

Our values in 2009/10

Be passionate

Pull together

Build trust

Show we care

Shape the future

Be passionate

- Passion is a way of life at Wilkinsons; it runs through and energises everything we do. We see so many examples of this on a daily basis
- Passion for the early success of Wilkinson Asia, our new product sourcing business based in Asia and our new offices in Hong Kong, which beat our expectations and was a great success in its first year of trading
- Passion for our new brand and its roll-out across the business during 2010 and beyond
- Passion for delivering new ranges at great prices for our customers
- Passion for innovation
- Passion for quality in everything we do and for our products and for our customers
- Passion for our biggest ever 388 page Wilkinson Plus catalogue
- Passion for delivering a great customer experience for all our customers
- Passion for recruiting, training and retaining our fabulous team members
- Passion for the success of our stores in Scotland

And, on a team member level, Keith Rooms from Yeovil won our ‘Be Passionate’ award for 2009/10 for his contribution to store sales in his 11 years as manager, and for being a great mentor over his 29 years with Wilkinsons – well done Keith!
Pull together

At Wilkinsons, we strive to pull together as a team to ensure we support team members. We like to share the load, and when we celebrate our success we like to do it together. This year, like last year, we had lots to celebrate:

- We won Regional Winner of the National Training Award for collaboration with North Nottinghamshire College of Further Education
- We retained gold status for Investors in People (IIP) for 2009/2010
- We pulled together following floods at our Cockermouth and Workington stores. Well done to everyone involved – we hugely appreciate your fantastic efforts

And, on a team member level, the team at Melton Mowbray store were the worthy winners of our ‘Pulling together’ award for 2009/10 when they pulled together to re-open their store in part and then in full following a major fire at the store (immediately after a look and feel revamp). This means Melton Mowbray was the first store in our (nearly) 80 year history to re-open three times in the space of as many months – well done to the Melton Mowbray team and those who supported them, your effort was fantastic and you all should be proud!

Build trust

Continually building trust is extremely important to us and shapes our ability to pull together and deliver successfully. We like to think we constantly take small steps towards building trust across all of our relationships every day. Throughout the year our small steps were many and varied:

- A staggering 1,174 team members hit personal service milestones this year:
  - 754 team members celebrated 10 years’ service
  - 222 team members celebrated 15 years’ service
  - 76 team members celebrated 20 years’ service
  - We have a total of 122 team members with over 25 years’ service in total
- We held our 4th annual leadership events in January 2010 – they get better every year!
- Our annual Employee Engagement Survey showed the majority of departments and stores increasing their engagement score over the previous year, giving the company a positive engagement score of 85%
- 294 team members and their families stayed in our team member holiday homes in Devon, Norfolk and East Yorkshire, provided by our employee trust. This was a 43% increase on 2008/2009

And, on a team member level, Stuart Hood won the ‘Build Trust’ award for 2009/10 for consistently providing invaluable advice, guidance, support and coaching, and acting as a mentor to many over his 16 years service – well done Stuart!
Show we care

We rely on our customers in the communities where we trade – we are nothing without them – so we like to give something back in return:

- We donated £350,000 of our profit to charitable causes and community groups
- We donated over £60,000 to DARE, Bluebell Wood, Cancer Research, Prostate Cancer, Demelza House and SIFE
- We sponsored 26 dedicated people to pursue their dreams in sport, the arts and music
- Our employee trust continues to support team members and their families experiencing difficulties. The trust donated £183,000 in the financial year
- The Children’s Hospice UK (CHUK) was the company Charity of the Year and our team members have personally raised over £860,000 so far for them during the year. This was through a wide and varied range of activities in our stores, distribution centres and head office. A special thanks to those suppliers who have got on board and helped us to do this and a really special thank you to P&G whose generous donation got our charitable fundraising activities off to a flying start – thank you P&G!
- Customer service awards – Verdict Research placed us 19th in their annual customer satisfaction index. 22 regions achieved a score of over 90% in the annual mystery shopping audits – regions, you should be very proud!
- Our ‘Be a star’ awards have gone from strength to strength. These awards recognise the fabulous things our team members do for the communities where they live and work

And, on a team member level, Region 10 won our 2009/10 ‘Show We Care’ award for organising a Christmas party for 350 children linked to Demelza Children’s Hospice and raising over £13,000 for the hospice to support their ongoing activities. The same team won ‘The Outstanding Fundraising Team’ award from the Demelza Children’s Hospice Charity – a huge well done to all at Region 10!

£60,000 donated to DARE, Bluebell Wood, Cancer Research, Prostate Cancer, Demelza House and SIFE

£350,000 donated to charitable causes and community groups in 2009
Shaping the future

We believe we must all play a part in shaping our own future and the future of our business, and if we pull together we can shape an even better future for all of us. These are some of the highlights of what we have done in 2009/10:

• In line with our Vision for 2012, we opened 17 new stores in the year taking our total to the end of January 2010 to 337 stores

• We launched three stores in Scotland following the success of opening in Castle Douglas in January 2009

• Wilkinson Plus, our internet and catalogue business, re-launched itself and launched its biggest ever 388 page catalogue

• We re-launched improved ranges in Health and Beauty and Home Living and 2009/10 saw our re-launched ranges going from strength to strength

• We are continuing our big new job of reducing our impact on the planet. Our work is now focused around three areas – carbon, community and sourcing. Our highlights so far are:
  – For a second year our mileage has continued to reduce by a further 4% (equivalent to 1,000 tonnes of carbon) this year, even though we continue to open more stores and grow as a business
  – Since introducing double deckers in late 2007, our mileage has reduced by 15% to 21 million miles. We have also increased our fleet of double deckers to 60, allowing us to transport even more goods in fewer journeys
  – We replaced shop-floor lighting with a lower energy alternative, contributing to a reduction in CO₂
  – Energy saving initiatives to reduce consumption resulted in a saving of £766,183. The reduction is equivalent to over 3,000 tonnes of carbon
  – We recycled 40% of our 20,000 tonnes of waste generated in stores, distribution centres and head office and are constantly reviewing how we can increase this percentage
  – We carried out a successful pilot of waste paper recycling at DC2 and associated stores. This saved almost 100 tonnes from being sent to landfill, which also saved £8,500 of landfill costs

And, on a team member level, Ben Braddock won our team member ‘Shape the Future’ award for 2009/10. Ben moved to Hong Kong, set up Wilko Asia, found offices and got off to a great start in the first year (with a great deal of help from the team he recruited) – well done Ben!
People

Our team members are very precious to us and it is important to us that we create an environment that they enjoy working in and being part of. As the company grows it is more important than ever to ensure that we continue to look after our team and help them develop and grow with us. We want to ensure we provide a great place to work and we aspire to being an employer of choice.

- 2009/10 saw our total number of team members decrease from 24,056 to 23,047 despite increasing our number of stores to 337. This resulted from our CPR initiative detailed in last year’s annual review. We are proud of how our team members and our managers dealt with this difficult process. It was handled professionally and sensitively to ensure the least negative impact possible to our team members. A huge thank you to everyone involved for the professional manner in which they dealt with this difficult process. CPR allows us to effectively manage our cost base as we gradually implement more ongoing initiatives which will save time and work over the coming months and years. By being prudent in this way, we ensure we protect our team members’ jobs and support our teams as they focus on putting the customer first.

- We completed our first Emerging Leaders Programme (ELP) in 2009, assisting 12 executives from different backgrounds in their development into future Wilkinsons leaders.

- In February 2010 we launched new talent development programmes, known as Aspire 1, 2 and 3, again designed to develop Wilkinsons talent.

- We introduced a graduate development programme, which is promoted through our involvement with the SIFE programme.

- We rolled out ‘in the loop’, more family and people-friendly policies encouraging a better working environment to make Wilkinsons a better place for everyone, so that everyone fits in.

Thank you

Thanks to all our team members for your hard work throughout 2009/10. The success of our business depends on you! Special thanks to our team in Hong Kong! Thanks to all our suppliers and advisors wherever you are for everything you have done to build our mutual success. Thanks to our shareholders for your continued support. Thanks to each and every one of you, our customers. We would be nothing without you!
We had the following changes within our senior management teams:

Rajnish Kapur joined us as Managing Director of Wilkinson Asia on 8th February 2010. Rajnish previously held senior positions at both Walmart Global Procurement and Li and Fung.

Clare Needham joined us from Northern Foods in January 2009 as a Commercial Manager in the Finance Department.

Tony O’Reilly (ELP) was promoted to Regional Controller in March 2009, prior to that he was a Regional Manager.

Peter Pritchard joined us from ASDA in April 2009 to become our Head of Buying.

Rajnish Kapur, Head of Business Transformation was appointed to the Executive Management Team from 1st February 2010. Robin has been with the business for over 3 years in various roles.

Frankie Adams joined us from ASDA in September 2009 to take up the role of Category Buying Manager for FMCG.

Robin Lassiter, Head of Business Transformation was appointed to the Executive Management Team from 1st February 2010. Robin has been with the business for over 3 years in various roles.

Peter Pritchard

Robin Lassiter

Frankie Adams

Tony O’Reilly

Nick Walker

Clare Needham

Rajnish Kapur

Chris Needham

Tony O’Reilly

Peter Pritchard

Clare Needham

Rajnish Kapur

Adam Kirk

Frankie Adams

Kellie Wyles

Phil Joyce

Phil Joyce

Adam Kirk

Frankie Adams

Kellie Wyles

Phil Joyce

Adam Lambert

Phil Joyce

Adam Lambert

Phil Joyce

Phil Joyce

Chris Preston

Mark Highfield

Mark Highfield moved to the One Touch team in November 2009 as the Layout and Implementation Manager, he has been with the business for 22 years.

Adam Kirk (ELP) was promoted to Space Controller in August 2009 following previous positions within the Property and Retail Departments.

In October 2009 Kellie Wyles (ELP) was promoted to Marketing In-store Controller.

In November 2009 Adam Lambert (ELP) was promoted to Marketing Brand Controller.

In November 2009 Ian Cutts (ELP) moved to the position of Programme Manager for One Touch to lead the team over the next three years. He has been with the business for 25 years.

Phil Joyce was appointed as DC2 Controller in November 2009, he has worked in retail for over 24 years and has been a Regional Manager since 2002.
Charity of the Year

Our Charity of the Year scheme continues to have a positive impact at a national level – helping major UK charities chosen by our team members.

Children’s Hospices UK

Over the last year we have raised more than £860,000 for Children’s Hospices UK. There are an estimated 25,000 families in the UK living with a child who is not expected to reach adulthood. With the help of our donations Children’s Hospices have been able to support families who rely on these vital services.

“Every aspect of family life, every family member is catered for at our local children’s hospice. While our daughter Lucy is here we get a taste of what life should have been like, the life we imagined when we decided to start a family.”

Vicky, Lucy’s Mum

We’ve raised over £860,000

To find out more about their work visit www.childhospice.org.uk
Every 21 minutes someone in the UK is diagnosed with leukaemia or another blood illness – and in many cases their only hope of survival is a bone marrow transplant. ANTHONY NOLAN is the only charity in the UK that matches leukaemia patients with donors worldwide – which is why we’ve chosen them to be our next Charity of the Year.

Over the next 12 months we aim to do everything we can to help them encourage people to join their register as a bone marrow donor – and potentially save a life, as well as raise much needed funds for the charity. Our target for the year is £1m.

Thomas Carroll’s son, David, suffers from a blood disorder and will need a bone marrow transplant in the future. So far only a partially matching donor has been found for David who unfortunately needs a perfect match.

“Sorrel doesn’t realise she’s been ill, doesn’t realise she’s even had leukaemia. I feel humbled, and very lucky – and blessed that we found a donor.”

Samantha, Sorrel’s Mum

“That’s why we want more and more people to register as donors, not just for David, but for any child who depends on a one-in-a-million – or one-in-ten-million chance to survive.”

Thomas, David’s Dad
Brand building

Our dynamic new brand continues to be a resounding success across all areas of the business. From the new-look stores and promotions to packaging and team member uniforms, we’ve had a great response from everyone.

In store for a great future
The first of our stores to be revamped with the new ‘Look & Feel’ have been fantastically well received by both customers and team members.

“The new brand has refreshed the business for old and new customers, creating a more friendly shopping environment with easy access.”
Rob King, Sheffield store manager

The striking new signage, layouts, lighting, flooring, fascias and displays have all had an impact, with customers keen to tell us how much they’re enjoying the new shopping experience. As a result, business in the new look and feel stores is up by 7.64%.

Going forward, we’re aiming to roll out to 80 stores throughout 2010 (a great way to celebrate our 80th anniversary).
Promoting promotions
Over the last 12 months, we’ve also worked hard on our in-store promotions – and again we’ve had some fantastic results.

In line with the new brand, we’ve turned what could have been ordinary promotions into exciting in-store ‘events’. Combining high-impact, visual messaging with fantastic value-for-money campaigns such as ‘Live it for less’, ‘Back2School’ and ‘Grow your own’ have been a big hit with our customers.

Own brand review
2009 was a record year for own brand, with sales exceeding £640m – up 21% on the previous year. A massive 35.9% of all company sales were from own brand products across over 9,500 skus.

The biggest category launch in 2009 was on Home. We launched over 2,000 skus in May, which delivered over £120m of sales. Home is now the biggest single category for own-brand sales.

We also re-launched over 600 skus on the Cleaners, Blinds, Fixings and Security categories.

In the second half of 2009, we created the Wilko Everyday Value brand, which will replace Right Price as our entry-level tier, and will be launched across over 400 products in 2010. This new brand with its yellow look and simple quirky line illustrations will form the base of our own-brand offer.
Wilko your way

This year we’ve also given our multi-channel offer a big push. We’ve redesigned wilkinsonplus.com, and introduced bigger and better catalogues and new in-store order points.

Our aim is to make as many people as possible aware of the full extent of the Wilko range and make it as easy as possible for them to get their hands on the products they want – whether that’s in store, online or over the phone.

Making sure everything clicks
The redesigned wilkinsonplus.com now features more products than ever before. The user-friendly navigation and clear, bold messaging means it’s never been easier for our customers to discover the full extent of our range and take advantage of our latest deals and exclusive offers.

Over 15 million visits so far
We’ve also created a more interactive experience by adding content such as our Room Designer feature. An easy-to-use tool that allows customers to create their own virtual rooms and experiment with different looks and colour schemes.
We wrote the book on value
This year also sees the launch of our biggest and best-ever catalogue. Featuring everything from sheds to beds; it has 1,000s of great value products all available to order in store, online or by phone.

It’ll be available for customers to pick up and take away in all our stores, or to browse through at specifically designed in-store order points. It’s yet another great example of our commitment to provide customers with more choice, more value and less hassle.

Here to help
Meet our expert helpers. Genuine Wilkos team members from all around the country, ready to share their know-how on the things they love.

When we needed someone to pass on expert hints and tips in our new Wilkinson Plus catalogue, we knew there’d be nobody better than our talented team members. So the call went out for colleagues with a love of DIY, gardening, outdoor living, pet care, toys and home and lifestyle. You’ll find their expert advice on everything from what makes the perfect barbecue to how to look after your pet lizard, dotted throughout the new catalogue.
New stores

It’s been a fantastic year for expansion. Over the last 12 months we’ve bought our unbeatable brand of family value to 17 more communities throughout the UK. What’s more, we’re particularly excited to be opening more stores in Scotland.

“Customers love the range, store layout and friendly staff. It’s a small community and we’ll continue to integrate into it.”

Irene Foulds, Store manager

Helping regeneration

When we move to a new location, we invest on average £1m in the community. We also work closely with local job centres to see how we can best help the area. In 2009 we were recognised for this with the Shaw Trust Star Award for supporting job seekers in deprived areas.

A new home for family value

The opening of our new stores in Motherwell, Irvine and Clydebank, sees the realisation of a long-held ambition for Wilkinsons and the start of big plans for north of the border. We’re aiming to deliver the same great value and build the same lasting relationships in Scotland, as we have in the rest of the UK.

New stores

Motherwell (Lanarkshire)
Irvine (Ayrshire)
Clydebank (Dumbartonshire)
Ferndown (Dorset)
Strood (Kent)
Bognor Regis (West Sussex)
Ilford (Essex)
Stevenage (Hertfordshire)
Redhill (Surrey)
Maidenhead (Berkshire)
Walthamstow (Greater London)
St Austell (Cornwall)
Barnstaple (Devon)
Thornaby (Stockton on Tees)
Newton Aycliffe (County Durham)
Lowestoft (Suffolk)
Northallerton (North Yorkshire)
Expanding our horizons

After its first full year of operations, Wilkinson Asia continues to go from strength to strength. Based in the heart of Hong Kong, our team of merchandising, technical support and logistic experts are able to combine cultures to find the best possible value products for our customers – while at the same time safeguarding quality and the Wilkinson brand.

This approach has proved very successful, with a growing amount of products passing through the office in the first 12 months. Everything from toys and Christmas lights to barbecues and garden furniture is already being shipped through them – and we’ve big plans for 2010.

Under the guidance of new MD Rajnish Kapur, who joined us on February 8th 2010, Wilkinson Asia will continue to develop its resources, infrastructure and supply chain, look to expand into new product categories, improve efficiency and lead the drive on safety and quality.
Making a difference

From helping out the local primary school to getting behind major national charities, we’ve always prided ourselves on doing everything we can to support local communities and deserving causes. And thanks to the good work of our fantastic team members, this year has been no exception.

Being a good neighbour

We believe that each of our stores should be at the heart of its local community. That’s why when we move to a new area we work closely with local representatives, small suppliers and job centres, actively seeking to boost the economy and vitality of the neighborhood. We make long-term investments in what are often disadvantaged areas, providing jobs and training for local people and supporting the regeneration of the high street. Every time we open a store in a new location we continue to invest on average £1m in the community.

We also form close links with local charities and deserving organisations, putting 1% of our annual pre-tax profit aside to support them. What’s more, our active fundraising programme builds strong ties between team members and customers as they join together throughout the year to raise money for local good causes.

The heart of the community

All over the UK our stores and team members continue to do great work supporting their local communities. Through our Helping Hands, Local Stars and Wilko Heroes schemes, we’ve been able to help some amazing people and organisations.

Pulling together

After the devastating floods in Cumbria, our Cockermouth store was quick to respond with donations of money and goods to help local people get back on their feet.

Get up and grow

Our Thornaby store worked with the local Five Lamps community centre to develop an allotment scheme allowing local residents to grow their own.

Life-savers

In Barnstaple, our store made a generous donation to the local RNLI to help pay for additional lifeguards to patrol local beaches.

1% of our annual pre-tax profit is given to support local charities and organisations

Last year £350,000 went to help local causes

Northallerton Silver Band

Barnstaple RNLI
A great place to work

Without the hard work and dedication of our team members we couldn’t have maintained such a strong position throughout the recent economic downturn. We never underestimate how important their loyalty and team spirit is to our success – which is why we do everything we can to make Wilkos a great place to work.

Our new programme is designed to give all team members a voice and improve communications across every area of the business. ‘In the loop’ is all about getting feedback, sharing ideas, solving problems and taking action on the things that really matter.

At Wilkinsons, it’s important that every single team member feels part of the business and it’s vital that everyone feels that they can have their say and that their voice will be heard. Having an effective way for our team to talk with us is really important to us and that’s why we’ve taken a fresh look at the way we talk with our team members.

We want to make sure that everyone is kept ‘In the loop’ with everything that’s happening at Wilkinsons. In 2009, we got together with the Forum, our team council, to talk about how we can make communication between senior management and all team members faster, easier and more effective, and that’s where ‘In the loop’ was born. From the start of this year the old Forum as we know it ceased to exist and was replaced by ‘In the loop’.

Shining stars

Our company is built on the dedication and passion of our team members. That’s why it’s so important to us that we recognise their achievements. Our ‘Be a Star Awards’ celebrate team members who go that extra step in representing our key values.

Shape the future award winners:
- Tina Dorrian
- Phil Gourley
- Ben Braddock
- Nick Walker
- Shaun Turnpenny
- Sue Potter
- Craig Milgate-Hewer
- Walton-on-Thames Store
- Luton Store
- Maidstone Store
- Epsom Store
- Sutton Store

Pull together award winners:
- Chris Ingham
- Lesley Pike
- Payroll team Head Office
- Workington Store
- Tamworth Store
- Hemel Hempstead Store
- Melton Mowbray Store
- Region 12
- Business Partnership
Be passionate award winners:
Keith Trow
Julie Nutt
Wendy Peake
Chris Hackney
Justin Simmonds
Sam Bradshaw
Keith Rooms
Promotions team

Show we care award winners:
Janet Gladwin
Fiona Dickinson
Lynn Gray
Marie Taylor
Brin Feetham
Torquay Store
Region 10
Matt Beardmore

Build trust award winners:
Tracey Phillipson
Richard Bury
Lee Kerr
Stuart Hood
Beata West
Paulo Gongalves
Corporate social responsibility

We take our responsibilities very seriously. Whether that’s at a local level supporting communities, or at a global level doing our bit to protect the planet.

Being environmentally smart
Our aim is to continue to be a successful, profitable organisation, and at the same time minimise our impact on the planet. We understand the environmental challenges faced by modern business and what we need to do to overcome them.

Our approach
• Work with suppliers on environmental issues, such as reducing unnecessary packaging on own brand products
• Encourage our team members and customers to play their part
• Manage and reduce our climate change risks
• Work with other retailers to address common issues

We aim to minimise the direct and indirect impact of the sourcing, transporting and selling of our products – and are committed to reducing, reusing and recycling waste across all aspects of the business.

Energy saving
During 2009 we carried out a number of initiatives aimed at reducing our energy consumption, including adjusting lighting and signage times and other energy equipment to match trading hours. This and other initiatives resulted in a reduction in consumption equivalent to just over 3,000 tonnes of carbon.

We’ve also undertaken trials aimed at reducing the energy used by warehouse lighting, signage and water heating. One trial at our Worksop store warehouse used movement sensors on light fittings and reduced electricity consumption by 55%. The lights come on automatically when required and switched off when nobody is working in the warehouse.

Transport
During 2009 our fleet travelled just over 21 million miles which is 4% less miles than the previous year, saving 1,000 tonnes of carbon. The introduction of the double decker fleet in December 2007 was so successful we have plans to add more in 2010. Since 2007, our mileage has reduced by 15% and we’ve produced 5,000 less tonnes of carbon.

We continue to work with our suppliers to reduce transport emissions. For example, we’ve arranged for our point-of-sale material to be delivered using our own fleet, saving us money and helping our supplier to reduce their carbon footprint by at least 154 tonnes.
Sourcing our products in a responsible way is central to our values and vision. Via the likes of Wilkinson Asia, we work to ensure our purchases are not made at the expense of those who produce them and have minimal impact on the environment. We aim to manage our suppliers across the world in accordance with internationally recognised codes of safety and good labour practices.

Waste and recycling
During 2009 we created nearly 20,000 tonnes of waste from our stores, DCs and head office, of which we recycled over 40%. We are continuing to review how we can increase this figure each year through a range of projects and efficiency measures. We’ve achieved this via several ongoing initiatives:

- Taking the waste from stores to our distribution centres for onward recycling allows us to sell on some of the plastic and cardboard. The money we make from this is reinvested in the business
- We’ve expanded the plastic recycling facilities at our distribution centres and have further plans to improve them over the coming years
- The introduction of a paper recycling trial in early 2009 has so far prevented almost 100 tonnes of paper going to landfill

Supplier database
Our implementation of the Supplier database continues, with the addition of product specifications to help guarantee quality. It will provide us with upfront information on our supply base from a single source, create enhanced visibility across buying and our supply chain and bring on board new suppliers and factories working within our ethical framework.

In connection with this we continue to partner with Sercura and other partners who have carried out 105 audits on our global suppliers last year.

Our plans for 2010 include introducing audits of UK own-brand suppliers, developing a global quality and ethical standard for our products as part of our year of quality. We will also be reviewing our own-brand packaging quality and do more work on packaging that is fit for purpose. We also want to prevent issues before they impact stores at the earliest opportunity in the supply chain.

We also plan to help raise customers’ awareness that some of our products are environmentally friendly through improved information on our product packaging, including whether it’s recyclable or comes from sustainable timber sources.

By 2013 we aim to have:
- 50% less landfill than 2006 levels
- 15% drop in transport emissions compared with 2006
- 15% drop in energy emissions from our buildings compared with 2006
It’s been another great year for Wilkinson

Despite a gloomy economic climate that saw other retailers falter, we pulled together and delivered a solid sales growth of 7.4% and a comparable or like-for-like of circa 2.0%. Our fourth quarter performance was particularly strong.

**CEO annual report**

We were particularly pleased with our progress on profit, where our investments in stores, supply chain, people and infrastructure and our focus on reducing our cost to serve came to real fruition, raising operating profits from £31.6m to £62.9m, a new Company record.

Our financial position remains strong with the net cash inflow from operating activity rising from £75.4m last year to £124.4m this year. At the year end we had £17.9m net funds in the bank compared to net debt of £26.7m last year.

**Our new brand**

Our new brand has moved radically from our original three concept stores in Walton-on-Thames, Lee Circle and Sheffield to a position where we have an agreed roll out to all stores over the next four years. During 2009 all 17 new stores opened in the new brand and we have taken the opportunity to test a number of formats and operating models in advance of the rollout.

**New stores**

We continued to bring family value to new communities by opening 17 new and exciting stores and one closure at Stapleford. We opened an additional three new stores in Scotland: Motherwell (Lanarkshire), Irvine (Ayrshire) and Clydebank (Dunbartonshire), following our initial opening in January 2009 at Castle Douglas. We also pushed into the southern part of the country with openings in Ferndown (Dorset), Strood (Kent), Bognor Regis (West Sussex), Ilford (Essex), Stevenage (Hertfordshire), Redhill (Surrey), Maidenhead (Berkshire) and Walthamstow (Greater London). In addition we opened our second store in Cornwall at St. Austell, our second store in Devon at Barnstaple, Thornaby (Stockton on Tees), Newton Aycliffe (County Durham), Lowestoft (Suffolk) and Northallerton (North Yorkshire). Our opening programme in 2010 will be of a similar size and we have already secured the majority of sites.

**New replenishment system**

In February 2009 we introduced our new in-store ordering and replenishment system called Customer Pulled Replenishment (CPR). The change meant that we simplified our stock moving activities in store. The whole business pulled together and delivered a fantastic result, which has improved our product availability to our customers and has reduced our stockholding and our operating costs.
Thank you

Finally, I’d like to thank all of our 23,047 team members for their hard work and dedication, our suppliers and our committed shareholders. You’ve all played a big part in this year’s achievements. Here’s to even more success in the year to come.

Investors in people

For the 13th year running we achieved Investors in People status, and for the second year we achieved a Gold Award. We are immensely proud of this award as it recognises our commitment to our team members – especially as we are only one of 77 companies in the UK to achieve it.

Wilkinson Asia

Continuing to go from strength to strength, the Wilkinson Asia team now has 12 members – all working hard sourcing the best-value products, ensuring quality and safety and safeguarding our ethical and environmental standards.

Wilkinson Plus

WilkoPlus enjoyed an encouraging year; the business in its second full year of trading broke even and we have some ambitious plans for re-launching online and in stores in March. wilkinsonplus.com has been a big hit with our customers, with over 15 million visits so far, with more products than ever before.

Executive appointments

Peter Pritchard joined us from ASDA in April 2009 as Head of Buying. Peter has extensive experience across the retail industry and has made an excellent start in the business.

Robin Lassiter was promoted to Head of Business Transformation in February 2010. Robin has been with us since 2006 when he joined following a very successful career in Retail and Buying with Sainsburys.

Charity work

Thanks to the fantastic fundraising efforts of our team members, we’ve raised over £860,000 for our Charity of the Year, the Children’s Hospices UK – making a very big difference to sick children and their families.

In 2009 our teams relaunched two key departments for Wilkinson, Home and Health and Beauty. In 2010 we will completely revamp our heritage departments of DIY and Decorating.
## Financial review

### Consolidated Profit and Loss Account

**PERIOD ENDED 29 JANUARY 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010  £’000</th>
<th>2009  £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>1,556,210</td>
<td>1,448,889</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>941,410</td>
<td>890,370</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>614,800</td>
<td>558,519</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>551,851</td>
<td>526,916</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>62,949</td>
<td>31,603</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>2,476</td>
<td>582</td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td>474</td>
<td>2,724</td>
</tr>
<tr>
<td><strong>Profit on ordinary activities before taxation</strong></td>
<td>64,951</td>
<td>29,461</td>
</tr>
<tr>
<td>Tax on profit on ordinary activities</td>
<td>22,208</td>
<td>9,481</td>
</tr>
<tr>
<td><strong>Profit on ordinary activities after taxation</strong></td>
<td>42,743</td>
<td>19,980</td>
</tr>
</tbody>
</table>
Consolidated Balance Sheet
AT 29 JANUARY 2010

<table>
<thead>
<tr>
<th></th>
<th>£’000 2010</th>
<th>£’000 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>247,188</td>
<td>246,747</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>116,065</td>
<td>120,383</td>
</tr>
<tr>
<td>Debtors</td>
<td>20,572</td>
<td>15,108</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>37,866</td>
<td>13,144</td>
</tr>
<tr>
<td></td>
<td>174,503</td>
<td>148,635</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td>(195,452)</td>
<td>(184,259)</td>
</tr>
<tr>
<td>Net current liabilities</td>
<td>(20,949)</td>
<td>(35,624)</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td>226,239</td>
<td>211,123</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due after more than one year</strong></td>
<td>(13,780)</td>
<td>(19,994)</td>
</tr>
<tr>
<td>Provisions for liabilities</td>
<td>(8,698)</td>
<td>(7,999)</td>
</tr>
<tr>
<td><strong>Net assets excluding pension asset</strong></td>
<td>203,761</td>
<td>183,130</td>
</tr>
<tr>
<td>Pension asset</td>
<td>8,690</td>
<td>5,031</td>
</tr>
<tr>
<td><strong>Net assets including pension asset</strong></td>
<td>212,451</td>
<td>188,161</td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called up share capital</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Other reserves</td>
<td>170</td>
<td>169</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>212,247</td>
<td>187,957</td>
</tr>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td>212,451</td>
<td>188,161</td>
</tr>
</tbody>
</table>
## Financial review

### Consolidated Cash Flow Statement
**PERIOD ENDED 29 JANUARY 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010 £'000</th>
<th>2009 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>124,371</td>
<td>75,437</td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td>41</td>
<td>(2,580)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(16,680)</td>
<td>(14,190)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(46,343)</td>
<td>(58,234)</td>
</tr>
<tr>
<td>Equity dividends paid</td>
<td>(6,766)</td>
<td>(6,747)</td>
</tr>
<tr>
<td>Increase/(decrease) in cash in the period before financing</td>
<td>54,623</td>
<td>(6,314)</td>
</tr>
<tr>
<td>Financing</td>
<td>(26,254)</td>
<td>3,891</td>
</tr>
<tr>
<td>Increase/(decrease) in cash in the period after financing</td>
<td>28,369</td>
<td>(2,423)</td>
</tr>
</tbody>
</table>

### Reconciliation of net cash flow to movement in net funds/(debt)

<table>
<thead>
<tr>
<th></th>
<th>2010 £'000</th>
<th>2009 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase/(decrease) in cash in the period</td>
<td>28,369</td>
<td>(2,423)</td>
</tr>
<tr>
<td>Cash flow from movement in debt and lease financing</td>
<td>16,214</td>
<td>(34,701)</td>
</tr>
<tr>
<td>Movement in net funds/(debt) in the period</td>
<td>44,583</td>
<td>(37,124)</td>
</tr>
<tr>
<td>Net (debt)/funds at start of the period</td>
<td>(26,711)</td>
<td>10,413</td>
</tr>
<tr>
<td>Net funds/(debt) at end of the period</td>
<td>17,872</td>
<td>(26,711)</td>
</tr>
</tbody>
</table>

The figures and financial information for the financial year 2009/10 and comparatives do not constitute the statutory financial statements for those periods. The financial statements for the financial year 2009/10 have been delivered to the Registrar and include the auditors’ report which was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement either under section 498(2) or (3) of the Companies Act 2006.
Directors

Stuart R Mitchell

Ian A Ellis

Directors – non executive

Karin L Swann

Lisa J Wilkinson

John E Jackson

Secretary

Ian R White

Registered office

JK House
Roebuck Way
Manton Wood
Worksop
Nottinghamshire
S80 3YY

Registered number

0365335 (England and Wales)

Auditors

Cooper Parry LLP
14 Park Row
Nottingham
NG1 6GR

Bankers

Lloyds TSB Bank Plc
Royal Bank of Scotland Plc