

# B&Q PROPERTIES LIMITED

## Strategic report

for the year ended 31 January 2022

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The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Principal activity

The principal activity of B&Q Properties Limited ('the Company') is property investment and provision of sites for B&Q Limited trading purposes.

### Business review and dividends

The profit for the financial year before taxation amounted to £7,831k (2021: £37,159k) and profit after taxation amounted to £694k (2021: £30,003k). No dividend has been paid or is proposed in respect of the year (2021: £nil).

During the year an impairment charge of £18,685k (2021: £4,234k) was recognised against investment properties.

We actively manage the estate and look at opportunities to maximise value. During the year two investment properties have been purchased following opportunities arising with landlords in Boston and Taunton.

We have assessed the impact of the COVID-19 pandemic, and we do not consider that this has had a material adverse effect on our financial position, results of operations and/or cash flows, due to the principal activity of the business. We do not expect this position to change going forward.

### Future outlook

There are no significant events planned in the future.

### Key performance indicators

The main risks of the Company are driven as a result of the performance of Kingfisher group and B&Q Limited. A fuller understanding of the main risks and KPIs of these companies can be found within their respective Annual Report and financial statements, both of which are publicly available.

The main KPIs used by this Company are set out in the table below:

	2022 £'000	2021 £'000
Operating profit before disposals and impairments	12,782	13,850
Capital expenditure	17,198	898

The operating profit has reduced by the rental income from the investment property disposal in the year, in line with the Company strategy. The expense recognised against the recoverability of intercompany balances has risen in line with the subsidiaries' interest and management charges payable.

Capital expenditure during the year mainly relates to the purchase of both Boston and Taunton sites.

### Company stakeholder engagement

The Company has a number of core stakeholders, who are taken into consideration by the Company during the course of its operations.

#### Tenants

The investment properties owned by the Company are primarily leased to B&Q Limited, with only a small number of external tenants. The Board are kept informed about both the internal and external tenants by the dedicated property team, who are responsible for managing the relationships with the tenants. For any decisions made that may impact the tenant, there is regular communication and consultation and feedback is obtained.

#### Shareholder

The shareholder of the Company is within the Kingfisher plc group, therefore any decisions made by the Company's Board also has to be approved by Kingfisher plc. There is regular communication between the Board and Kingfisher plc and a Director of the Company is also a member of Kingfisher's Group Executive team, therefore is able to offer insight in to the decisions being made that impact both the Company and the shareholder.

# **B&Q PROPERTIES LIMITED**

## **Strategic report (continued)**

**for the year ended 31 January 2022**

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### **Section 172(1) statement**

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 (the Act).

The Directors acknowledge that every decision they make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's strategic priorities and having processes in place for decision-making, they do, however, aim to make sure that their decisions are consistent.

For information about the Board's approach to stakeholder engagement, including how the Board is kept informed and how engagement influenced Board discussions and decision making, see page 64 of the Kingfisher Annual Report.

### **Principal risks and uncertainties**

The key business risks affecting the Company are set out below:

#### **Value of the property portfolio**

The investment properties are held at cost and the valuation is taken into consideration during impairment reviews. As a result, the external property investment market can affect the valuation of the properties held by the Company and adverse future conditions can result in impairment in the carrying value of assets.

In order to mitigate this risk, the Company remains aware of trends in the market and the Company responds to changes as they arise.

#### **Development of new stores**

The investment activity of the Company may be affected by the availability of suitable sites and changes in the plans of B&Q Limited. This risk is mitigated by regular liaison with B&Q Limited to ensure sites are secured to meet their needs.

The management of certain risks such as climate change, Brexit, human rights and anti-corruption and anti-bribery matters is performed at a group level and therefore consideration and required disclosures including the associated mitigation of these risks is disclosed in pages 57 - 60 of the Kingfisher plc Annual Report.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks, which include interest rate risk, liquidity risk and credit risk.

As part of the Kingfisher plc group, the Company's interest rate and liquidity risks are managed centrally by the group treasury department. The group treasury department has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs.

#### **Interest rate risk**

Interest rate risk arises from inter-company balances that bear interest at SONIA plus a margin. The directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company.

#### **Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The Company has implemented policies that require appropriate credit checks for all third party debts. The exposure of the Company to any individual counterparty (apart from B&Q Limited) is assessed as low so the directors believe that the credit risk profile for the Company is acceptable. Amounts payable by B&Q Limited are regularly reviewed by the directors and the credit risk is considered to be minimal as both entities are managed internally within the Kingfisher group.

# **B&Q PROPERTIES LIMITED**

## **Strategic report (continued)**

**for the year ended 31 January 2022**

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### **Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. This risk is managed centrally by the group treasury team. The directors are satisfied that the Company is not subject to significant liquidity risk.

### **Events after the balance sheet date**

There are no events subsequent to the 31 January 2022 that would have a material impact on these financial statements.

The corporation tax rate will change with effect from 1 April 2023, further details are contained in note 9 to the financial statements.

There are no other significant events since the balance sheet date.

### **Approval**

Approved by the Board and signed on its behalf by:



**G Bryant**  
Director

Date: 15 September 2022