

# Sheldon Holdings Limited

## Strategic report

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The Directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

### Principal activities

Sheldon Holdings Limited (the "Company") operates as an investment company within the Kingfisher plc group (the "Group").

### Business Review

The loss for the year, after taxation, amounted to £50,394,000 (2020/21: loss of £21,672,000). The loss for the year primarily resulted from the impairment of investments, net of dividend income and interest payable on loans from Group undertakings.

The Group has eliminated legacy entities following a feasibility review in December 2020. All transactions follow a similar approach; reducing the share capital of the entities into distributable reserves, then - declaring dividends in specie: distributing the entities' assets such as their investment in subsidiaries or intercompany loan receivables.

As a result of this elimination, the Company has received £1,007,694,000 in dividend income and recognised £1,042,843,000 in impairment.

Net assets at the year end were £4,264,710,000 (2020/21: £4,315,104,000). This is predominately composed of amounts owed by related undertakings, partly offset by amounts owed to related undertakings.

### Principal risks and uncertainties

The Company is a wholly-owned subsidiary of Kingfisher plc. From the perspective of the Directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Kingfisher plc and its subsidiaries, which provides a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, and a description of the principal risks and uncertainties facing the business can be found on pages 42 to 48 of the 2021/22 Kingfisher plc Annual Report and Financial Statements.

### Financial risk management

The Company operates as an investment company within the Group, and as such is exposed to a variety of financial risks, which include interest and foreign exchange risk, liquidity and credit risk.

As part of the Group these risks are managed centrally by Group Treasury, which has in place a Board approved treasury policy and a risk management programme that ensures that the impact of such risks is minimised. Further information on the Group's financial risk management policies can be found in note 25 of the 2021/22 Kingfisher plc Annual Report and Financial Statements.

### Key performance indicators

The Directors manage the Company's operations on a group basis and so the Directors of the Company believe that analysis using key performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business of the Company, other than the above mentioned net assets and loss. The Group's development, performance and position is discussed in the 2021/22 Kingfisher plc Annual Report and Financial Statements, which does not form part of this report.

### Section 172(1) and stakeholder engagement statement

The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 (s172) of the Companies Act 2006 (the Act).

When making decisions, Directors have regard to the interests of stakeholders relevant to the Company, as an investment company. As well as the likely consequences of any decision in the long term, the desirability of the company maintaining a reputation for high standards of business conduct where appropriate. They also fulfill their responsibility through Kingfisher's highly developed framework, which includes but is not limited to Kingfisher plc Group policies, business principles and the Kingfisher Code of Conduct.

The purpose of Sheldon Holdings Limited is primarily to act as an investment company within the Kingfisher Group of companies. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in (s172) of the Act.

## Sheldon Holdings Limited

### Strategic report (continued)

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#### Future developments

The Directors expect the general level of activity to remain consistent with 2021/22 in the forthcoming year.

#### Post balance sheet events

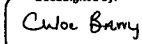
In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption section of the UK controlled foreign company rules. While the Company has complied with the requirements of UK tax law in force at the time, in April 2019 the European Commission concluded that aspects of the UK controlled foreign company regime partially constitute illegal state aid. In January 2021, the Company received a charging notice from HM Revenue & Customs for £57m, which was paid in February 2021, with a further £7m interest paid in April 2021.

The UK Government and the Company, along with other UK-based multinational groups, appealed the European Commission decision to the European Courts. On 8th June 2022, the General Court of the European Union dismissed several of those appeals, including the UK Government's. It is expected that the decision of the General Court will be appealed to the European Court of Justice.

The final impact on the Company remains uncertain but, based upon advice taken, the Group continues to consider that the amount paid of £64m, which is included in non-current tax assets, will ultimately be recovered.

The Company settled its intercompany payable of £2,869 million with Kingfisher International Holdings Limited in April 2022 by offsetting against intercompany receivables from Kingfisher plc.

Approved and authorised for issue by the board of directors:

DocuSigned by:  
  
C. Barry  
Director  
17 October 2022