

B&Q PROPERTIES LIMITED

Strategic report

for the year ended 31 January 2024

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 £52,315k (2023: loss of £18,058k) and profit after taxation amounted to £41,710k (2023: loss of £19,118k). No dividend has been paid or is proposed in respect of the year (2023: £nil).

While the B&Q Properties revenue declined to £24,711k (2023: £25,179), the finance income increased in the year to £15,764k (2023: £8,025k), driven by the increase in interest rates. The administrative expenses amounted to a credit of £1,594k (2023: charge of £11,068k), the decrease year on year being driven by provisions for intercompany debts recognised in the prior year.

During the year an impairment reversal of £11,405k (2023: charge of £39,785k) was recognised against investment properties.

The net asset position of the Company as at 31 January 2024 was £674,106k (2023: £632,396k). This is predominantly composed of investment property and other receivables.

Future outlook

There are no significant events planned for the future and the company's activities, revenues and costs are expected to remain consistent in future years. The activity of the business is property investment, with £23,626k of revenue being with group companies with no expectations of any significant changes.

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:

	2024 £'000	2023 £'000
Operating profit before disposals and impairments	26,305	14,111
Capital expenditure	4,775	13,138

The increase in operating profit is driven by the reduction in administrative expenses. The year on year movement in administrative expenses is driven by movements in the provision for intercompany debts. The current year provision movements was a £2.3m credit (2023: £8.1m cost).

Capital expenditure during the year mainly relates to the acquisition of the Freehold of the Buxton store, in the prior year the expenditure related to the acquisitions of sites at Malvern and Hinckley.

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Strategic report (continued)

for the year ended 31 January 2024

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 matters in s172, including the interests of stakeholders relevant to the Company, the impact of the Company's operations on the community and environment, and the Company's desire to maintain a reputation for high standards of business conduct as well as its long-term success. Actions and behaviours are governed by the robust governance framework of the Kingfisher plc group (the 'Group'), which includes, but is not limited to, Group policies and the Kingfisher Code of Conduct.

As is normal for companies that are part of a wider group of entities, day-to-day management of the Company is delegated to executives who, in turn, engage management in setting, approving, and overseeing execution of the business strategy and related policies. The directors review financial and operational performance and legal and regulatory compliance pertinent to any decision they are taking.

During the year, this information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, and non-financial KPIs. This information helps the directors to understand the interests and views of the Company's key stakeholders as well as to have regard to s172 matters when making

The purpose of the Company is primarily to act as a property holding company to provide sites for B&Q Limited trading purposes within the Group and the Company's key stakeholders are its affiliates within the Group in which it operates. While there may be cases where the Board judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both stakeholders and the Group, means that generally stakeholder engagement best takes place at an operational or Group level. As well as being a more efficient and effective approach, this also helps the Company achieve a greater positive impact on environmental, social, and other issues than by engaging as an individual company. Please see pages 17 to 23 of the 2023/24 Kingfisher plc Annual Report and Accounts for details of operational and Group-level stakeholder engagement with the Company's stakeholders as well as those of the Group.

The Company had no employees during the current year and the prior year.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Other risks

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 59 - 64 of the Kingfisher plc Annual Report.

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Strategic report (continued)

for the year ended 31 January 2024

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

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.

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 2024 that would have a material impact on these financial statements.

Approval

Approved by the Board and signed on its behalf by:



G Bryant
Director

Date: 30 September 2024