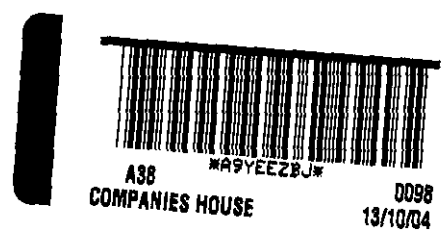


B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

REGISTERED NUMBER: 1588407

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004



B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 January 2004.

PRINCIPAL ACTIVITY AND RESULTS

The principal activity of the company continues to be property investment.

During the year, properties with a total value of £229,326,103 were transferred to the company by the B&Q plc group. The transfers were made at net book value and no profit or loss was created in the transferring company.

On 1 June 2003, properties with a total value of £407,462,978 were transferred to the company by several of its direct and indirect subsidiaries. The transfer was made at net book value and no profit or loss was created in the transferring companies.

Profit for the financial year before tax amounted to £21,741,000 (2003: £418,093,000) and after taxation amounted to a profit of £17,253,000 (2003: £419,978,000). The directors do not recommend the payment of a dividend (2003: £530,000,000).

FUTURE DEVELOPMENTS

The directors expect the current level of trading to be sustained for the foreseeable future.

CHANGE OF NAME AND RE-REGISTRATION AS A PRIVATE COMPANY

The company re-registered as a private company and changed its name to B&Q Properties Limited on 30 April 2003.

EMPLOYEES

The board regards employee involvement and effective communication as being essential to foster good employee relations, to achieve performance and productivity, to enhance quality of working life and to gain commitment to the company's business objectives.

The prime method of communication and involvement throughout the company is normal day-to-day process of briefing employees through line management.

DISABLED PERSONS

It is the company policy to give full consideration to the possibility of employing disabled persons wherever the opportunities exist. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

REPORT OF THE DIRECTORS

CREDITOR PAYMENT POLICY

The company agrees specific terms with its major suppliers. Where such terms have been agreed, it is the company's policy to pay in accordance with them. Where no specific terms have been agreed payment is generally made within 30 days.

The company's average creditor payment period at 31 January 2004 was 29 days (2003: 5 days).

CHARITABLE DONATIONS

Donations paid by the company for charitable purposes amount to £139,000 (2003: £9,900). The company made no political donations during the period.

DIRECTORS AND THEIR INTERESTS

The directors of the company at 31 January 2004 and throughout the year unless otherwise indicated were:

M J Reavley	(resigned 28 March 2003)
N G B Lindsay	(resigned 14 March 2003)
I M Mashiter	(resigned 28 March 2003)
I G Garden	(resigned 18 July 2003)
T Hartwell	(appointed 28 March 2003)
H A Weir	(appointed 31 March 2003, resigned 30 January 2004)
M Cutt	(appointed 21 July 2003)
D Tatton-Brown	(appointed 18 July 2003)
G E Orton	(appointed 18 November 2003)
K Fleming	(appointed 1 March 2004)

None of the directors has any interest in the share capital of the company.

Their interests in the shares of the ultimate holding company, Kingfisher plc, are shown in note 20 to the financial statements.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES (Continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M Stokes', is written over the printed name.

M Stokes
Company Secretary

15 September 2004

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

We have audited the financial statements which comprise the profit and loss account, statement of total recognised gains and losses, note of historical cost profits and losses, balance sheet, related notes and the accounting policies set out in the statement of accounting policies.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 January 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

15/09/04.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JANUARY 2004**

	Notes	2004 £'000	2003 £'000
TURNOVER	1	29,272	5,512
Administrative expenses	3	(8,659)	(4,555)
Surplus on disposal of land and buildings		1,851	4,653
Loss on disposal of investments		(11,488)	-
Provision for impairment of investment in subsidiaries		(1,326)	515
Provision for diminution of land and buildings		-	(1,190)
OPERATING PROFIT	4	<u>9,650</u>	<u>4,935</u>
Income from shares in group undertaking		26,950	420,000
Net interest payable	6	(14,859)	(6,842)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>21,741</u>	<u>418,093</u>
Taxation (charge)/credit	7	(4,488)	1,885
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>17,253</u>	<u>419,978</u>
Dividends payable	8	-	(530,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR	15	<u><u>17,253</u></u>	<u><u>(110,022)</u></u>

Turnover and operating profit have arisen solely from continuing operations.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 JANUARY 2004**

	2004 £'000	2003 £'000
Profit for the year	17,253	419,978
Unrealised surplus on revaluation of properties	157,057	5,506
Unrealised surplus on revaluation of investments	31,194	43,671
Total gains and losses relating to the year	<u>205,504</u>	<u>469,155</u>


NOTE OF HISTORICAL COST PROFITS AND LOSSES**FOR THE YEAR ENDED 31 JANUARY 2004**

	2004 £'000	2003 £'000
Reported profit on ordinary activities before taxation	21,741	418,093
Realisation of property revaluation gains of previous years	7,857	22,245
Difference between an historical cost depreciation charge and actual depreciation charge based on revalued amount	-	36
Historical cost profit on ordinary activities before taxation	<u>29,598</u>	<u>440,374</u>
Historical cost profit / (loss) for the year retained after taxation and dividends	<u>25,110</u>	<u>(87,741)</u>

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**BALANCE SHEET AS AT 31 JANUARY 2004**

	Notes	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	9	848,120	64,028
Investments	10	251,457	263,619
		<u>1,099,577</u>	<u>327,647</u>
CURRENT ASSETS			
Debtors: amounts falling due after one year	11	14,217	-
Debtors: amounts falling due within one year	11	12,968	749,914
Loans to group companies repayable after more than one year	11	-	253,804
		<u>27,185</u>	<u>1,003,718</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(653,743)	(1,069,535)
		<u>(626,558)</u>	<u>(65,817)</u>
NET CURRENT LIABILITIES			
		<u>473,019</u>	<u>261,830</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISION FOR LIABILITIES AND CHARGES			
	13	(8,985)	(3,300)
		<u>464,034</u>	<u>258,530</u>
CAPITAL AND RESERVES			
Called up share capital	14	61,050	61,050
Revaluation reserve	15	362,674	182,280
Profit and loss account	15	40,310	15,200
		<u>464,034</u>	<u>258,530</u>
EQUITY SHAREHOLDER'S FUNDS			
	16	<u>464,034</u>	<u>258,530</u>

The financial statements on pages 4 to 24 were approved by the Board of Directors on 15 September 2004 and were signed on its behalf by:



.....
G E Orton

DIRECTOR

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

1 STATEMENT OF ACCOUNTING POLICIES

a) Accounting policies

The financial statements of the company are made up to the nearest Saturday to 31 January.

The financial statements of the company and its subsidiaries are prepared under the historical cost convention, except for certain land and buildings which are included in the financial statements at valuation, and are prepared in accordance with applicable accounting standards in the United Kingdom. However, compliance with SSAP19 "Accounting for Investment Properties" requires a departure from the requirements of the Companies Act 1985 relating to depreciation on investment properties as explained below. Accounting policies have been consistently applied.

The transitional disclosure requirements of Financial Reporting Standard 17 (Requirement Benefits) have been adopted. There is no impact on the reported figures.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention, except for certain land and buildings which are included in the financial statements at valuation and investment in subsidiaries where the alternative accounting rules allowed under Schedule 4 (para 31) of the Companies Act 1985 have been adopted

The company is exempt under FRS1 (Revised) 'cashflow statements' from the requirement to publish a cashflow statement as it is a subsidiary undertaking where more than 90 per cent of the voting rights are controlled within the group, and the consolidated financial statements in which it is included are publicly available.

Under section 228 (2) of the Companies Act 1985, B&Q Properties Limited is not required to prepare consolidated financial statements, as it is included by full consolidation in the consolidated financial statements of Kingfisher plc.

(c) Properties

Investment properties are revalued annually and included in the balance sheet at their open market value.

In accordance with SSAP19, no depreciation is provided in respect of investment properties. This represents a departure from the Companies Act 1985 requirements to provide for the systematic annual depreciation of fixed assets. However, these properties are held for investment and the directors consider that the adoption of the above policy is necessary to give a true and fair view.

Other properties are revalued annually and included in the balance sheet at their existing use value.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Investments

Investments are included in the parent company at net asset value and unrealised gains and losses are dealt with in the revaluation reserve.

Where there is a permanent diminution of the net asset value of investments in subsidiaries below acquisition cost a charge is made to the profit and loss account and a corresponding provision recognised in provision for liabilities and charges.

(e) Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the assets to the company. Depreciation of fixed assets is calculated by the straight line method and the annual rates applicable to the principal categories are:

Investment properties	Not depreciated
Freehold land	Not depreciated
Freehold buildings	5%
Tenants' improvements	Over the estimated useful life
Tenants' fixtures	Between 10% and 15%
Computers and electronic equipment	33%
Motor vehicles	25%
Office furniture	10%
Office equipment	20%

(f) Turnover

Turnover is defined as rental income receivable £32,665,000 (2003: £10,264,000), net of rent payable £2,995,000 (2003: £4,309,000) and rental expenses £398,000(2003: £443,000). All income was derived in the United Kingdom.

(g) Disposal of land and buildings

Profits on disposal of land and buildings represent the difference between the net proceeds and the net carrying value at the date of sale. Sales are accounted for when there is an unconditional exchange of contracts.

(h) Leased assets

All operating lease payments are charged to the profit and loss account in the period to which the payments relate.

(i) Capitalised interest

Interest on borrowings to finance property developments and the construction of properties held as fixed assets is capitalised from the date work starts on the development to practical completion. Interest is capitalised before any allowance for tax relief.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

(j) Vacant property provision

The vacant property provision is based on the value of future discounted net cash outflows relating to rent, rates and service charges. Due to uncertainty relating to the timing of disposals and the related difficulty in predicting future successes, estimates have been included in the assessment of the provision requirement.

(k) Pensions

The company is a member of the defined benefits scheme of Kingfisher plc, the Kingfisher Pension Scheme, and of the defined contributions scheme, the Kingfisher Retirement Trust. The assets of the funds are held under trusts, which are entirely separate from the Kingfisher group's assets.

The cost of pensions in respect of the Kingfisher group's defined benefit scheme is charged to the profit and loss account so that it is spread over the working lives of employees. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the working lives of the current employees at each actuarial valuation date. The transitional disclosure requirements of Financial Reporting Standard 17 – "Retirement Benefits" have been adopted (see note 19).

(l) Deferred taxation

Provision is made for deferred taxation using the incremental provision approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date. Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the following:

- Deferred tax is not recognised on the revaluation of non-monetary assets such as property unless a binding sale agreement exists at the balance sheet date. Where rollover relief is available on an asset the deferred tax is in any case not recognised.
- Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is not recognised on permanent differences.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

2 DIRECTORS' EMOLUMENTS

	2004 £'000	2003 £'000
Aggregate emoluments	562	1,133
Amounts receivable under long term incentive schemes	100	-

Retirement benefits are accruing to all of the directors (2003: all) under the Kingfisher plc defined benefit scheme. None of the directors (2003: none) exercised share options during the year.

Emoluments payable to the highest paid director are as follows:

	2004 £'000	2003 £'000
Aggregate emoluments and benefits receivable under long term incentive schemes	300	328

At 31 January 2004, the highest paid director had an accrued pension of £99,993 (2003: £43,725) per annum under the Kingfisher plc defined benefit scheme.

T Hartwell is also a director of B&Q plc and his emoluments have been apportioned equally between the two companies. The emoluments disclosed in B&Q Properties Limited are those amounts which have been apportioned to the company.

D Tatton-Brown and M Cutt did not receive emoluments in respect of their services to the company. They are directors of B&Q plc and their total emoluments are disclosed in the accounts of that company. H A Weir did not receive emoluments in respect of her services to the company. H A Weir is a director of Kingfisher plc and her total emoluments are disclosed in the accounts of that company.

3 ADMINISTRATIVE EXPENSES

Included within administrative expenses are exceptional costs amounting to £2,000,000 (2003: £2,338,000) relating to head office disposal costs, redundancy and retention costs incurred during the year.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****4 OPERATING PROFIT**

	2004 £'000	2003 £'000
Is stated after crediting:		
Rental income	32,665	10,264
And after charging:		
Auditors' remuneration		
- for audit work	69	32
- for non-audit work	128	2
Leasing payments		
- operating leases – land and buildings	2,995	4,309
Depreciation		
- land and buildings	1,785	92
- fixtures and fittings	47	139

5 EMPLOYEE INFORMATION

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2004 Number	2003 Number
By activity:		
Administration	11	38
	2004 £'000	2003 £'000
Staff costs:		
Wages and salaries	260	2,919
Social security costs	185	312
Other pension costs (note 19)	17	238
	462	3,469

Wages and salaries are stated net of an exceptional provision release of £551,000 (2003: £nil) relating to redundancy and retention costs provided in the prior year.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****6 NET INTEREST PAYABLE**

	2004 £'000	2003 £'000
Interest receivable:		
From third parties	129	2
From subsidiary companies	-	19,392
	<u>129</u>	<u>19,394</u>
Interest payable:		
To third parties	(10)	(5)
To group companies	(17,392)	(26,377)
	<u>(17,402)</u>	<u>(26,382)</u>
	<u>(17,273)</u>	<u>(6,988)</u>
Less: amount capitalised	2,414	146
	<u>(14,859)</u>	<u>(6,842)</u>

Interest is incurred and capitalised at a rate of 5%.

7 TAXATION

	2004 £'000	2003 £'000
Taxation charge on the profit of the ordinary activities of the company for the year:		
UK corporation tax at 30%	2,004	(1,761)
Adjustment in respect of prior years	<u>1,790</u>	<u>(373)</u>
	<u>3,794</u>	<u>(2,134)</u>
Deferred taxation	694	249
	<u>4,488</u>	<u>(1,885)</u>

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****7 TAXATION (Continued)****Factors affecting the tax charge for the year**

The tax charge for the year differs from the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	£'000	£'000
Profit on ordinary activities before tax	21,741	418,093
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	6,522	125,428
Effect of:		
Timing differences provided for	(681)	(61)
Non-deductible and non taxable items	(3,837)	(127,128)
Adjustments to prior year corporation tax	1,790	(373)
Current corporation tax charge/(credit) for the year	3,794	(2,134)
Current year deferred tax charge for the year	681	61
Adjustments to prior year deferred tax	13	188
Total tax charge/(credit) for the year	4,488	(1,885)

8 DIVIDENDS

	2004 £'000	2003 £'000
Interim equity dividend paid of £nil (2003: £3.76) per ordinary share	-	230,000
Final dividend paid of £nil (2003: £4.91) per ordinary share	-	300,000
	-	530,000

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****9 TANGIBLE FIXED ASSETS**

	Land and buildings	Fixtures, fittings and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
COST/VALUATION				
At 1 February 2003	63,643	3,459	-	67,102
Additions	2,028	-	19,638	21,666
Group transfers	512,941	-	123,848	636,789
Revaluation	155,319	-	-	155,319
Disposals	(29,250)	(3,459)	-	(32,709)
At 31 January 2004	<u>704,681</u>	<u>-</u>	<u>143,486</u>	<u>848,167</u>
DEPRECIATION				
At 1 February 2003	-	3,074	-	3,074
Charge for year	1,785	47	-	1,832
Revaluation	(1,738)	-	-	(1,738)
Disposals	-	(3,121)	-	(3,121)
At 31 January 2004	<u>47</u>	<u>-</u>	<u>-</u>	<u>47</u>
NET BOOK VALUE				
At 31 January 2004	<u>704,634</u>	<u>-</u>	<u>143,486</u>	<u>848,120</u>
At 1 February 2003	<u>63,643</u>	<u>385</u>	<u>-</u>	<u>64,028</u>
COST/VALUATION				
At 31 January 2004				
At valuation	704,681	-	-	704,681
At cost	<u>-</u>	<u>-</u>	<u>143,486</u>	<u>143,486</u>
	<u>704,681</u>	<u>-</u>	<u>143,486</u>	<u>848,167</u>
At 1 February 2003				
At valuation	63,643	-	-	63,643
At cost	<u>-</u>	<u>3,459</u>	<u>-</u>	<u>3,459</u>
	<u>63,643</u>	<u>3,459</u>	<u>-</u>	<u>67,102</u>

If land and buildings had not been revalued, they would have been included at the following:

	2004 £'000	2003 £'000
Cost	534,605	41,029
Aggregate depreciation	(4,188)	(2,403)
Net amount	<u>530,417</u>	<u>38,626</u>

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****9 TANGIBLE FIXED ASSETS (Continued)**

Additions to assets in the course of construction include £2,276,000 (2003: £nil) in respect of capitalised interest. Land and buildings additions include £138,000 (2003: £nil) of capitalised interest. Group transfers to land and buildings include £8,525,000 (2003: £nil) and group transfers to assets in the course of construction include £2,301,000 (2003: £nil) in respect of capitalised interest. There was accumulated interest capitalised of £13,964,000 (2003: £724,000) included in the above amounts at the year end.

	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Total £'000
Land and buildings:				
AT VALUATION				
At 1 February 2003	<u>49,455</u>	<u>14,235</u>	<u>(47)</u>	<u>63,643</u>
At 31 January 2004	<u>687,552</u>	<u>15,767</u>	<u>1,362</u>	<u>704,681</u>
DEPRECIATION				
At 1 February 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 January 2004	<u>-</u>	<u>47</u>	<u>-</u>	<u>47</u>
NET BOOK VALUE				
At 31 January 2004	<u>687,552</u>	<u>15,720</u>	<u>1,362</u>	<u>704,634</u>
At 1 February 2003	<u>49,455</u>	<u>14,235</u>	<u>(47)</u>	<u>63,643</u>

As at 31 January 2004, a representative sample of at least one third of the freehold and long leasehold properties held by the company were valued by external qualified valuers, CB Richard Ellis (Chartered Surveyors and Valuers). Based upon the results of these valuations, there have been internal valuations by the directors of the remainder of the company's portfolio.

The basis of valuation was existing use value, (with the exception of sites classified as investment properties, see below) taking into account the existence of formal lease arrangements with other Kingfisher plc group companies which have been determined on an arms length basis. This basis of valuation complies with the RICS Appraisal and Valuation Manual.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

9 TANGIBLE FIXED ASSETS (Continued)

Freehold land and buildings includes investments properties as follows:

	Investment properties £'000
At 1 February 2003	12,223
Group transfers	6,429
Revaluation	2,203
Disposals	(8,865)
At 31 January 2004	<u>11,990</u>

The revaluations during the year ended 31 January 2004 resulted in a revaluation surplus of £5,679,000 (2003: £8,385,000).

Investment properties have been valued by the directors on the basis of open market value.

10 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £'000
At 1 February 2003	263,619
Revaluation	31,194
Disposals	(22,000)
Group transfers	(20,519)
Impairment	(837)
At 31 January 2004	<u>251,457</u>

The group transfers were made at net book value.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

10 FIXED ASSET INVESTMENTS (Continued)

Principal subsidiaries

The company owns interests in the issued equity share capital of the companies listed below:

	Holding	Activity
Chartwell Land Development Limited	100%	Property development
Chartwell Land Investments Limited	100%	Property investment
Chartwell Land Properties Limited	100%	Property investment
Chartwell Land (Ilkleyden) Limited	100%	Property investment
Chartwell Land (Rochdale) Limited	100%	Property investment
Chartwell Land (Culverhouse) Limited	100%	Property investment
Chartwell Land (Erdington) Limited	100%	Property investment
Chartwell Land (Sidcup) Limited	100%	Property investment
Chartwell Land Properties (Purley Way) Limited	100%	Property investment
Chartwell Land (Tonbridge) Limited	100%	Property investment

The above companies are incorporated in England and Wales.

Held by Chartwell Land Investments Limited

The company owns interests in the issued equity share capital of the companies listed below:

	Holding	Activity
Damiswood Property Management Limited	100%	Property investment
Elkindale Limited	100%	Property investment
Chartwell Land Limited (formerly Triton Property Trust plc)	100%	Property investment
Marston Land Limited	100%	Property investment
Realmgrove Limited	100%	Property investment

The above companies are incorporated in England and Wales.

Held by Chartwell Land Development Limited

The company owns interests in the issued equity share capital of the companies listed below:

	Holding	Activity
Chartwell Land Retail Development Limited	100%	Property development
Chartwell Land Business Development	100%	Property development
Woodstock Land Limited (formerly Woodstock Land plc)	100%	Property development
Chartwell Land Development Two Limited	100%	Property development
Waterside (Lincoln) Limited	100%	Property development

The above companies are incorporated in England and Wales.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****10 FIXED ASSET INVESTMENTS (Continued)****Held by Chartwell Land (Ilkleyden) Limited**

The company owns interests in the issued equity share capital of the companies listed below:

	Holding	Activity
Chartwell Land (Crawley) Limited	100%	Property investment

The above company is incorporated in England and Wales.

Held by Woodstock Land Limited (formerly Woodstock Land plc)

The company owns interests in the issued equity share capital of the companies listed below:

	Holding	Activity
Woodstock Land (Epsom) Limited	100%	Property investment

The above company is incorporated in England and Wales.

11 DEBTORS

	2004 £'000	2003 £'000
Amounts falling due in more than one year:		
Other debtors	14,217	-
	<hr/>	<hr/>
	2004 £'000	2003 £'000
Amounts falling due within one year:		
Trade debtors	409	14,260
Amounts owed by group undertakings	6,292	725,302
Other debtors	2,310	148
Corporation tax	3,530	9,580
Rents paid in advance	-	545
Prepayments	427	79
Loan to subsidiaries (Chartwell Land Investments Limited)	-	253,804
	<hr/>	<hr/>
	12,968	1,003,718

The loan to Chartwell Land Investments Limited was due for repayment in January 2005. Interest was charged at 6.75% per annum. This loan has been repaid during the year.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****12 CREDITORS**

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Bank overdrafts	319	930
Trade creditors	40	758
Amounts owed to group undertakings	645,406	1,045,815
Other taxation and social security	-	270
Other creditors	1,508	-
Rents received in advance	-	1,512
Accruals and deferred income	6,470	20,250
	<u>653,743</u>	<u>1,069,535</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 February 2003 £'000	Arising during the year £'000	Utilised during the year £'000	At 31 January 2004 £'000
Pension obligation	63	-	(63)	-
Deferred taxation	104	694	-	798
Vacant property provision	-	6,966 ¹	-	6,966
Investment	3,133	1,221	(3,133)	1,221
Total	<u>3,300</u>	<u>8,881</u>	<u>(3,196)</u>	<u>8,985</u>

¹ Additions to the vacant property provision includes £2,000,000 (2003: £nil) which has been transferred from accruals.

The full potential liability for deferred taxation and the amount for which provision has been made in the financial statements are as follows:

	Full potential liability		Amount provided	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Chargeable gains on revaluation of properties	106,795	7,202	-	-
Short term timing differences	798	104	798	104
	<u>107,593</u>	<u>7,306</u>	<u>798</u>	<u>104</u>

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****14 CALLED UP SHARE CAPITAL**

	2004 Number and £	2003 Number and £
Authorised, allotted, called-up and fully paid:		
Ordinary shares of £1 each	<u>61,050,000</u>	<u>61,050,000</u>

15 RESERVES

	Revaluation reserve investments £'000	Revaluation reserve land and buildings £'000	Profit & loss account £'000
At 1 February 2003	157,263	25,017	15,200
Profit for the year	-	-	17,253
Transfer of realised profits	-	(7,857)	7,857
Revaluation reserve adjustment	-	157,057	-
Revaluation of investments for the year	<u>31,194</u>	<u>-</u>	<u>-</u>
At 31 January 2004	<u>188,457</u>	<u>174,217</u>	<u>40,310</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Opening shareholders' funds	258,530	618,935
Profit for the year	17,253	419,978
Dividend payment	-	(530,000)
Property revaluation	157,057	5,506
Investment in subsidiaries revaluation	31,194	(256,329)
Provision for diminution in value of land and buildings taken to profit and loss account	-	440
Closing shareholders' funds	<u>464,034</u>	<u>258,530</u>

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

17 OPERATING LEASE COMMITMENTS

At 31 January 2004, the company had annual commitments under non-cancellable operating leases as follows:

	2004 £'000	2003 £'000
Land and buildings		
Expiring in two to five years	425	-
Expiring in five years or more	<u>3,972</u>	<u>3,885</u>

18 CAPITAL COMMITMENTS

	2004 £'000	2003 £'000
Capital commitments		
Capital expenditure contracted for but not provided for in the financial statements	<u>16,137</u>	<u>-</u>

19 PENSIONS OBLIGATIONS

During the year the company made pension provisions in respect of its employees through the Kingfisher Pension Scheme and the Kingfisher Retirement Trust. The total pension charge in the profit and loss account (see note 5) of £17,000 (2003: £238,000) includes £nil (2003: £nil) for a defined contribution scheme, the Kingfisher Retirement Trust. Full particulars of the group schemes, including actuarial information, can be found in the financial statements of the ultimate holding company, Kingfisher plc.

Certain employees are members of the Kingfisher pension scheme, a defined benefit scheme. The assets of this scheme are held in a separately administered fund. Contributions are determined by an independent, qualified actuary on the basis of triennial valuations using a minimum funding requirement valuation method.

Whilst the scheme is a defined benefit scheme the company is unable to identify its share of the underlying assets and liabilities of the scheme and is therefore treated as a defined contribution scheme for the purpose of the FRS 17 disclosures. The most recent valuation on an FRS 17 basis of the scheme was performed as at 31 March 2003 and updated to 31 January 2004. This valuation indicated a deficit of £189m (net of deferred tax). No amendment to the terms of the scheme has been proposed as a consequence of this deficit. Further details can be found in Kingfisher plc's financial statements for the year ended 31 January 2004.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2004****20 DIRECTORS' INTERESTS IN SHARES AND LOAN STOCK**

None of the directors has any beneficial interest in the shares of the company, nor any beneficial interest in any loan stock of the ultimate holding company, Kingfisher plc. The directors who held office at 31 January 2004 had the following interests in the shares of Kingfisher plc:

Ordinary shares of 15⁵/₇p (2003: 13³/₄p)

	2004 Number	2003 Number
M Cutt	10,249	-
I G Garden	-	2,870
T Hartwell	27,050	-

Executive share option scheme

Options for Kingfisher plc ordinary shares of 15⁵/₇p each (2003: 13³/₄p), including share save.

	At 01.02.03	-----Movement in Year-----				At 31.01.04
		Granted or on appointment	Options taken up	Rights issue adjustment	Lapsed or on resignation	
I G Garden	163,403	27,525	-	-	(190,928)	-
N G B Lindsay	127,963	-	-	-	(127,963)	-
I M Mashiter	115,338	-	-	-	(115,338)	-
M J Reavley	253,572	-	-	-	(253,572)	-
T Hartwell	-	424,877	-	-	-	424,877
M Cutt	-	308,496	-	-	-	308,496
D Tatton-Brown	-	183,312	-	-	-	183,312

a) These options are exercisable on varying dates through to 17 April 2013, at prices between 157.0p and 589.8p per share.

b) The market price of Kingfisher plc Ordinary Shares at 31 January 2004 was 277.8p and the range of market prices during the financial year was 189.7p and 293.2p.

c) Mrs H Weir is also a director of Kingfisher plc and her interests in shares and options are disclosed in the financial statements of that company.

21 CONTINGENT LIABILITIES

The company has contingent liabilities outstanding in respect of indemnities and guarantees given by its bankers amounting to £1,500,000 (2003: £1,500,000). The directors do not consider that any material loss will arise to the company as a result of these arrangements.

B&Q PROPERTIES LIMITED (FORMERLY CHARTWELL LAND PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

22 RELATED PARTY DISCLOSURES

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Kingfisher plc group or investees of the Kingfisher plc group.

23 ULTIMATE PARENT COMPANY

The company's ultimate parent company is Kingfisher plc, a company registered in England and Wales. The financial statements of Kingfisher plc can be obtained from the Company Secretary, Kingfisher plc, 3 Sheldon Square, Paddington, London, W2 6PX.