

BONDCO 1179 LIMITED

REGISTERED NUMBER: 05939756

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 JANUARY 2012

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BONDCO 1179 LIMITED

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FOR THE YEAR ENDED 28 JANUARY 2012

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BONDCO 1179 LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 28 JANUARY 2012

BOARD OF DIRECTORS

W M Phillips
J Skelton
R Brown

COMPANY SECRETARY

S Clifton

REGISTERED ADDRESS

B&Q House
Chestnut Avenue
Chandlers Ford
Eastleigh
Hants
SO53 3LE

INDEPENDENT AUDITOR

Deloitte LLP
London
United Kingdom

BONDCO 1179 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 JANUARY 2012

The directors present their report and the audited financial statements for the year ended 28 January 2012

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the company is property investment

The loss for the financial year before taxation amounted to £6,983,447 (2011 profit of £1,934,612) and after taxation amounted to a loss of £6,938,520 (2011 profit of £1,991,505) No dividend has been paid or is proposed in respect of the year (2011 £nil)

BUSINESS ENVIRONMENT

The company operates in a very challenging environment and the current market remains uncertain, with low rental growth in the retail warehouse market and yield softening, which resulted in a negative impact on the investment property value during the year

STRATEGY

The strategy of the company is to hold, acquire, develop and invest in freehold retail property in the United Kingdom, primarily for occupation by the sister company, B&Q plc

FUTURE OUTLOOK

The property will continue to be held for investment and potential development purposes

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risk affecting the company is set out below

Value of the property

The external property investment market affects the valuation of the property held by the company and adverse 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

GOING CONCERN

The directors continue to adopt the going concern basis in preparing the financial statements Further details regarding the adoption of the going concern basis can be found in the accounting policies note to the financial statements

KEY PERFORMANCE INDICATORS

Given the relatively straightforward nature of the business, the company's directors are of the opinion that extensive analysis using KPIs is not necessary for an understanding of the development, performance or position of the business The main risks of the company are driven as a result of the performance of the Kingfisher group and B&Q plc A fuller understanding of the main risks and KPIs of these companies can be found on pages 8-9 and 18-20 in the Kingfisher plc annual report and accounts, and on page 3 in the B&Q plc financial statements

BONDCO 1179 LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 28 JANUARY 2012

KEY PERFORMANCE INDICATORS (Continued)

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

	Year ended 28 January 2012 £	Year ended 29 January 2011 £
Operating profit before disposals and impairments	1,503,711	1,568,936
Capital expenditure*	-	4,807

*Capital expenditure during both years relates to the development of the B&Q Warehouse in Nursling

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 60 days (2011: 60 days).

The company's average creditor payment period at 28 January 2012 was 51 days (2011: 47 days).

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 LIBOR 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.

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.

BONDCO 1179 LIMITED**DIRECTORS' REPORT (continued)****FOR THE YEAR ENDED 28 JANUARY 2012****FINANCIAL RISK MANAGEMENT (continued)****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) is assessed as low so the directors believe that the credit risk profile for the company is acceptable.

DIRECTORS

The directors of the company at 28 January 2012 and throughout the year unless otherwise indicated were

W M Phillips

J Skelton

R Brown (appointed 23 August 2011)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

BONDCO 1179 LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 28 JANUARY 2012

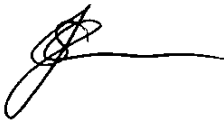
DISCLOSURE OF INFORMATION TO AUDITOR

Each person who is a director at the date of approval of this report confirms that so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

APPOINTMENT OF AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'S Clifton', with a long horizontal line extending to the right.

S Clifton
Secretary

16 July 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BONDCO 1179 LIMITED

We have audited the financial statements of Bondco 1179 Limited for the year ended 28 January 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 January 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

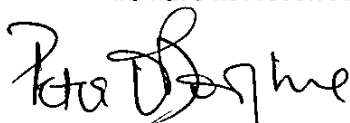
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Peter O'Donoghue FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
16 July 2012

BONDCO 1179 LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 28 JANUARY 2012**

	Notes	Year ended 28 January 2012 £	Year ended 29 January 2011 £
TURNOVER	1	1,666,680	1,732,666
Administrative expenses		(162,969)	(163,729)
(Charge for)/reversal of impairment of fixed assets	5	(6,651,547)	2,299,031
Total operating expenses		(6,814,516)	2,135,302
OPERATING (LOSS)/PROFIT		(5,147,836)	3,867,968
Interest payable and similar charges	3	(1,835,611)	(1,933,356)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,983,447)	1,934,612
Taxation credit on (loss)/profit on ordinary activities	4	44,927	56,893
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	9	(6,938,520)	1,991,505

All activities derive from continuing operations

The company has no recognised gains and losses in either year other than those shown above and, accordingly, no separate statement of total recognised gains and losses is given

BONDCO 1179 LIMITED**BALANCE SHEET AS AT 28 JANUARY 2012****REGISTERED NUMBER 05939756**

	Notes	28 January 2012 £	29 January 2011 £
FIXED ASSETS			
Tangible assets	5	20,990,000	27,800,000
CURRENT ASSETS			
Debtors amounts falling due within one year	6	48,511	56,893
CURRENT LIABILITIES			
Creditors amounts falling due within one year	7	<u>(30,237,210)</u>	<u>(30,117,072)</u>
NET CURRENT LIABILITIES		<u>(30,188,699)</u>	<u>(30,060,179)</u>
NET LIABILITIES		<u>(9,198,699)</u>	<u>(2,260,179)</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	(9,198,700)	(2,260,180)
SHAREHOLDER'S DEFICIT	10	<u>(9,198,699)</u>	<u>(2,260,179)</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors and authorised for issue on 16 July 2012 and were signed on its behalf by



DIRECTOR

J Skelton

BONDCO 1179 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 28 JANUARY 2012

1 STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

(a) Accounting basis

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

The financial statements are prepared under the historical cost convention, and are prepared in accordance with applicable accounting standards in the United Kingdom.

(b) Going concern

The company's business activities and principal risks, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. After considering the uncertain current economic outlook, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern and have reasonable expectations that the company will continue in operational existence for the foreseeable future. The directors of the company's ultimate parent company, Kingfisher plc, have provided a letter confirming their support in the continuing operations of the company. For this reason they continue to adopt the going concern basis of accounting in preparing these financial statements.

(c) Basis of accounting

The company is exempt under FRS1 (Revised 1996) 'cash flow statements' from the requirement to publish a cash flow 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.

(d) Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any provisions for impairment. The cost of tangible fixed assets is their purchase price, together with any incidental expenses of acquisition.

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:

Freehold land	Not depreciated
Freehold buildings	5%

BONDCO 1179 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 28 JANUARY 2012

STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Turnover

Turnover is defined as rental income receivable of £1,743,226 (2011 £1,743,981), net of rent payable of £nil (2011 £nil) and rental expenses of £76,546 (2011 £11,315). Rental income is derived from land and buildings and is recognised on a straight line basis over the term of the lease. All income is derived in the United Kingdom.

(f) 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.

(g) Capital 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.

(h) Current taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(i) 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.

2 ADMINISTRATIVE EXPENSES

None of the directors received any emoluments in respect of services to the company during the current or prior year. There are no employees of the company in either year other than the directors.

The cost of auditing the financial statements for the year was £3,377 (2011 £3,377), and this has been borne by B&Q Properties Limited.

BONDCO 1179 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 28 JANUARY 2012****3 INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 28 January 2012 £	Year ended 29 January 2011 £
Interest payable:		
To group companies	<u>(1,835,611)</u>	<u>(1,933,356)</u>

Interest on loans from group companies is incurred at a rate of 6.285% (2011: 6.285%)

4 TAXATION ON (LOSS)/PROFIT OF ORDINARY ACTIVITIES

	Year ended 28 January 2012 £	Year ended 29 January 2011 £
Taxation credit on the (loss)/profit of the ordinary activities of the company for the year		
UK corporation tax	<u>(44,927)</u>	<u>(56,893)</u>

Factors affecting the tax (credit)/charge for the year

The tax credit for the year differs from the standard rate of corporation tax in the UK of 26.33% (2011: 28%). The differences are explained below

	£	£
(Loss)/profit on ordinary activities before tax	<u>(6,983,447)</u>	<u>1,934,612</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.33% (2011: 28%)	<u>(1,838,741)</u>	<u>541,691</u>
Effect of		
Expenses not deductible for tax purposes	<u>1,793,814</u>	<u>(598,584)</u>
Total tax credit for year	<u>(44,927)</u>	<u>(56,893)</u>

Tax is paid by the parent company and charged through the inter-company account

BONDCO 1179 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 28 JANUARY 2012****5 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £
COST	
At 30 January 2011	31,690,520
Additions	-
At 28 January 2012	<u>31,690,520</u>
DEPRECIATION	
At 30 January 2011	3,890,520
Charge for year	158,453
Impairment	6,651,547
At 28 January 2012	<u>10,700,520</u>
NET BOOK VALUE	
At 28 January 2012	<u>20,990,000</u>
At 29 January 2011	<u>27,800,000</u>

At 28 January 2012 a review of the carrying value of assets was undertaken. As a consequence of this review an impairment was recorded to reflect movements in the current market value.

6 DEBTORS

	28 January 2012 £	29 January 2011 £
Amounts falling due within one year.		
Prepayments	3,584	-
Corporation tax	44,927	56,893
	<u>48,511</u>	<u>56,893</u>

BONDCO 1179 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 28 JANUARY 2012****7 CREDITORS**

	28 January 2012 £	29 January 2011 £
Amounts falling due within one year:		
Amounts owed to group undertakings	30,193,671	30,074,336
Accruals and deferred income	43,539	42,736
	<u>30,237,210</u>	<u>30,117,072</u>

Interest is earned on the inter-company balance at a rate of 6.285% (2011: 6.285%)

The amount owed to group undertakings has no fixed date of maturity, is repayable on demand and is unsecured

8 CALLED UP SHARE CAPITAL

	28 January 2012 Number and £	29 January 2011 Number and £
Authorised.		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

9 RESERVES

	Profit and loss account £
At 30 January 2011	(2,260,180)
Loss for the year	(6,938,520)
At 28 January 2012	<u>(9,198,700)</u>

BONDCO 1179 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 28 JANUARY 2012

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT

	28 January 2012 £	29 January 2011 £
Opening shareholder's deficit	(2,260,180)	(4,251,685)
(Loss)/profit for the year	(6,938,519)	1,991,505
Closing shareholder's deficit	<u>(9,198,699)</u>	<u>(2,260,180)</u>

11 RELATED PARTY TRANSACTIONS

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

12 ULTIMATE HOLDING COMPANY

The company's immediate parent undertaking is B&Q Properties Limited

The ultimate parent undertaking and controlling party is Kingfisher plc, a company registered in England and Wales. The largest and smallest group preparing consolidated financial statements of which B&Q Properties Limited is a member, is Kingfisher plc. The Annual Report and Accounts of Kingfisher plc may be obtained from the Company Secretary, Kingfisher plc, 3 Sheldon Square, Paddington, London W2 6PX