

BONDCO 1179 LIMITED

REGISTERED NUMBER: 05939756

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2009

THURSDAY



ADXPGEPS

A24

05/11/2009

74

COMPANIES HOUSE

BONDCO 1179 LIMITED

CONTENTS PAGE

FOR THE YEAR ENDED 31 JANUARY 2009

<u>CONTENTS</u>	<u>PAGES</u>
Company Information	1
Directors' Report	2 - 5
Independent Auditors' Report	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 - 14

BONDCO 1179 LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 JANUARY 2009

BOARD OF DIRECTORS

D M Childs
G E Orton
W M Phillips
J Skelton

COMPANY SECRETARY

S Clifton

REGISTERED ADDRESS

1 Hampshire Corporate Park
Chandlers Ford
Eastleigh
Hampshire
SO53 3YX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

BONDCO 1179 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2009

The directors present their report and the audited financial statements for the year ended 31 January 2009.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the company is property investment. The company acquired a retail park in Nursling, Southampton during the year.

The loss for the financial year before tax amounted to £9,989,058 (2008: £nil) and after taxation amounted to a loss of £10,270,214 (2008: £nil). No dividend has been paid or proposed in respect of the year (2008: £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 an adverse 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.

RESEARCH AND DEVELOPMENT

Work is being done in support of the Kingfisher Group's Corporate Social Responsibility agenda.

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 portfolio

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 is aware of the trends in the market and the company responds to changes as they arise.

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 Kingfisher group and B&Q plc. A fuller understanding of the main risks and KPIs of these companies can be found on pages 9 & 25-28 in the Kingfisher plc annual report and accounts, and on page 3 in the B&Q plc financial statements.

BONDCO 1179 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2009

KEY PERFORMANCE INDICATORS (Continued)

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

	2009 £	2008 £
Operating profit before disposals and impairments	<u>1,590,797</u>	<u>-</u>
Capital expenditure*	<u>31,663,332</u>	<u>-</u>

*Capital expenditure during the year relates to the acquisition in the year of a retail park in Nursling, Southampton.

EMPLOYEES

The board regards employee involvement and effective communication as being essential to foster good employee engagement, to achieve high 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.

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 45 days (2008: 45 days).

The company's average creditor payment period at 31 January 2009 was 45 days (2008: 40 days).

FINANCIAL RISK MANAGEMENT

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

BONDCO 1179 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2009

FINANCIAL RISK MANAGEMENT (Continued)

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.

Credit Risk

Credit risk is the risk that a counter party 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 counter party (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 31 January 2009 and throughout the year unless otherwise indicated were:

S Barrow (resigned 29/08/2008)
D M Childs
T Hartwell (resigned 30/04/2009)
G E Orton
M W Phillips
J Skelton (appointed 26/11/2008)

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

BONDCO 1179 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2009

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

RE-ELECTION OF AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors of the company.

BY ORDER OF THE BOARD



S Clifton
Secretary

21 September 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BONDCO 1179 LIMITED

We have audited the financial statements of Bondco 1179 Limited for the year ended 31 January 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2009, and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers WP

21/9/09

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

BONDCO 1179 LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JANUARY 2009**

	Notes	2009 £	2008 £
TURNOVER	1	1,748,297	-
Cost of sales		-	-
Gross Profit		<u>1,748,297</u>	<u>-</u>
Administrative expenses		(157,500)	-
Impairment of fixed assets	5	(10,825,830)	-
OPERATING LOSS		<u>(9,235,033)</u>	<u>-</u>
Interest payable and similar charges	3	(754,025)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(9,989,058)</u>	<u>-</u>
Taxation on loss on ordinary activities	4	(281,656)	-
LOSS FOR THE YEAR		<u>(10,270,714)</u>	<u>-</u>

All activities derive from continuing operations.

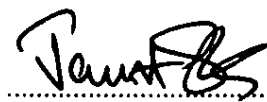
There is no difference between the loss for the year stated above and its historical cost equivalent.

The company has no recognised gains and losses other than those shown above and accordingly no statement of total recognised gains and losses is given.

BONDCO 1179 LIMITED**BALANCE SHEET****FOR THE YEAR ENDED 31 JANUARY 2009**

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible Assets	5	20,680,002	-
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	-	1
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	(30,950,715)	-
NET CURRENT (LIABILITIES)/ASSETS		(30,950,715)	1
TOTAL ASSETS LESS CURRENT LIABILITIES		(10,270,713)	1
PROVISIONS FOR LIABILITIES AND CHARGES		-	-
NET (LIABILITIES)/ASSETS		(10,270,713)	1
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	(10,270,714)	-
TOTAL SHAREHOLDER'S FUNDS	10	(10,270,713)	1

The financial statements on pages 7 to 14 were approved by the Board of Directors on 21 September 2009 and were signed on its behalf by:

..... DIRECTOR
J Skelton

BONDCO 1179 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2009

1 STATEMENT OF ACCOUNTING POLICIES

(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.

Accounting policies have been consistently applied.

(b) Going concern

The accounts have been prepared under the going concern concept because B&Q Properties Limited has agreed to support the company and will ensure that it is able to continue its activities and meet its liabilities as they fall due.

(c) Basis of accounting

The company is exempt under FRS1 (Revised 1996) '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.

(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 and 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%
Short leaseholds	Over remaining period of lease

BONDCO 1179 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2009

(e) Turnover

Turnover is defined as rental income receivable £1,816,282 (2008: £nil), net of rent payable £nil (2008: £nil) and rental expenses £67,985 (2008: £nil). 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) 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 other than the directors.

The cost of auditing the financial statements for the year was £5,700 (2008: £nil), and this has been borne by B&Q Properties Limited

BONDCO 1179 LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2009****3 INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £	2008 £
Interest payable:		
To group companies	754,025	-

Interest is incurred at a rate of 4.77125% (2008: nil).

4 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2009 £	2008 £
Taxation charge on the loss of the ordinary activities of the company for the year:		
UK Corporation tax at 28% (2008: 30%)	281,656	-

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 28% (2008: 30%). The differences are explained below:

	£	£
Loss on ordinary activities before tax	(9,989,058)	-
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	(2,796,936)	-
Effect of:		
Expenses not deductible for tax purposes		-
	3,075,332	
Adjustments in respect of changes in tax rates	3,260	
Total tax charge for year	281,656	-

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.33% and will be taxed at 28% in the future.

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

BONDCO 1179 LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2009****5 TANGIBLE ASSETS**

	Freehold Land and Buildings £	Assets in the course of construction £	Total £
COST			
At 3 February 2008	-	-	-
Additions	31,663,332	-	31,663,332
Reclassification	-	-	-
Disposals	-	-	-
At 31 January 2009	<u>31,663,332</u>	<u>-</u>	<u>31,663,332</u>
DEPRECIATION			
At 3 February 2008	-	-	-
Charge for year	157,500	-	157,500
Impairment	10,825,830	-	10,825,830
Disposals	-	-	-
At 31 January 2009	<u>10,983,330</u>	<u>-</u>	<u>10,983,330</u>
NET BOOK VALUE			
At 3 February 2008	<u>-</u>	<u>-</u>	<u>-</u>
At 31 January 2009	<u>20,680,002</u>	<u>-</u>	<u>20,680,002</u>

At 31 January 2009 a review of the carrying value of assets was undertaken. As a consequence of this review an adjustment was made to reduce the value of the property to its market value. A corresponding charge was made to the profit and loss account.

6 DEBTORS

	2009 £	2008 £
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>-</u>	<u>1</u>

BONDCO 1179 LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 2009****7 CREDITORS**

	2009 £	2008 £
Amounts falling due within one year:		
Amounts owed to group undertakings	<u>30,950,715</u>	<u>-</u>

Interest is earned on the inter company balance at a rate of 4.77125% (2008: Nil%).

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

8 CALLED UP SHARE CAPITAL

	2009 Number and £	2008 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 3 February 2008	-
Loss for the year	(10,270,714)
At 31 January 2009	<u>(10,270,714)</u>

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS/(DEFICIT)

	2009 £	2008 £
Opening total shareholder's funds	1	1
Loss for the year	(10,270,714)	-
Closing total shareholder's deficit	<u>(10,270,713)</u>	<u>1</u>

BONDCO 1179 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2009

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.