# B&Q PROPERTIES FARNBOROUGH LIMITED

# (FORMERLY B&Q PROPERTIES 7 LIMITED)

**Annual Report and Financial Statements**

**for the year ended 31 January 2017**

**Registered number: 07595097**

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# B&Q PROPERTIES FARNBOROUGH LIMITED

## Directors' report

**for the year ended 31 January 2017**

The directors present the Annual Report and the audited financial statements for the year ended 31 January 2017.

**Principal activity**

The Company was incorporated in April 2011 and remained dormant until it commenced trading in September 2016. The principal activity of the Company is that of property investment. On 2 December 2016 the company changed its name from B&Q Properties 7 Limited to B&Q Properties Farnborough Limited.

**Business review and dividends**

The profit for the financial year before taxation amounted to £180k (2016: £nil) and after taxation amounted to a profit of £127k (2016: £nil). No dividend has been paid or is proposed in respect of the year (2016: £nil).

**Future outlook**

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

**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.

**Events after the balance sheet date**

There are no events subsequent to 31 January 2017 impacting the Company's financial statements.

**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 Statement of accounting policies in the notes to the financial statements.

**Directors**

The directors of the Company at 31 January 2017 and throughout the year unless otherwise indicated were:

| | |
|---|---|
| G Smith | |
| M L Loeve | (resigned 3 May 2017) |
| A Watters | (resigned 27 May 2016) |
| D G McGloughlin | (appointed 3 May 2017 / resigned 14 June 2017) |

**Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report including 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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**Directors' responsibilities statement (continued)**

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.

In preparing this report advantage has been taken of the small companies' exemption under Companies Act 2006 s419(2) to provide a strategic report.

**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Appointment of Auditor**

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

Approved by the Board and signed on its behalf by:

G Smith
Director

18 October 2017

# B&Q PROPERTIES FARNBOROUGH LIMITED
## Independent auditor's report to the members of B&Q Properties Farnborough Limited
**for the year ended 31 January 2017**

We have audited the financial statements of B&Q Properties Farnborough Limited for the year ended 31 January 2017 which comprise the Income statement, the Statement of changes in equity, the Balance sheet, and the related notes 1 - 11. 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, 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 members those matters we are required to state to them 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 members as a body, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 January 2017 and of its profit for the year;
- 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, based on the work undertaken in the course of the audit:*

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

### 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report: or
- we have not received all the information and explanations we require for our audit.

C. Siviter

Claire Siviter FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Southampton, United Kingdom
24 October 2017

## Income statement

**for the year ended 31 January 2017**

| £'000 | Notes | 2017<br>Total | 2016<br>Total |
|---|---|---|---|
| **Revenue** | | **749** | - |
| Administrative expenses | | **(83)** | - |
| **Operating profit** | | **666** | - |
| Finance costs | 4 | **(486)** | - |
| **Profit before taxation** | 5 | **180** | - |
| Income tax expense | 6 | **(53)** | - |
| **Profit for the year** | | **127** | - |

All of the above transactions relate to continuing operations.

The Company has no recognised gains or losses in the current or preceding period other than the gains disclosed above; therefore no separate Statement of Comprehensive Income has been presented.

## Statement of changes in equity
**for the year ended 31 January 2017**

| £'000 | Retained earnings | Total |
|---|---|---|
| **At 1 February 2016** | - | - |
| Profit and total comprehensive income for the year | 127 | 127 |
| **At 31 January 2017** | **127** | **127** |
| **At 1 February 2015** | - | - |
| Profit and total comprehensive income for the year | - | - |
| **At 31 January 2016** | - | - |

# B&Q PROPERTIES FARNBOROUGH LIMITED

## Balance sheet
**as at 31 January 2017**

| £'000 | Notes | 2017 | 2016 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment property | 7 | 37,850 | - |
| | | **37,850** | - |
| **Total assets** | | **37,850** | - |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | (37,670) | - |
| Current tax liabilities | | (53) | - |
| | | **(37,723)** | - |
| **Total liabilities** | | **(37,723)** | - |
| | | | |
| **Net assets** | | **127** | - |
| | | | |
| **Equity** | | | |
| Share capital | 9 | - | - |
| Retained earnings | | 127 | - |
| **Total equity** | | **127** | - |

The notes on pages 7 to 12 form part of these financial statements.

The financial statements of B&Q Properties Farnborough Limited (registered number 07595097) were approved by the Board of Directors on 18 October 2017 and signed on its behalf by:

G Smith
Director

# Notes to the financial statements
for the year ended 31 January 2017

## 1 General information

B&Q Properties Farnborough Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is B&Q House, Chestnut Avenue, Chandlers Ford, Eastleigh, Hampshire, SO53 3LE. The nature of the company's operations and its principal activities are set out in the directors report on pages 1 to 2.

## 2 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to non current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, presentation of a cashflow statement and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of Kingfisher plc, which are publicly available.

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, and considering cashflow forecasts and projections which take into account reasonably possible changes in trading performance, 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.

c. Revenue recognition

Revenue is comprised primarily of external rental income. Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Other income is comprised of profits and losses on disposal of assets and the impairment or reversal of impairment of investment properties.

d. Investment property

(i) Cost
Investment property is property held by the Company to earn rental income or for capital appreciation. The Company's investment properties are carried at cost less depreciation and provision for impairment.

(ii) Depreciation
Depreciation is provided to reflect a straight line reduction from cost to estimated residual value over the estimated useful life of the asset as follows:

| | | |
|---|---|---|
| Freehold land | – | not depreciated |
| Freehold and long leasehold buildings | – | over remaining useful life |
| Short leasehold land and buildings | – | over remaining period of the lease |

Long leaseholds are defined as those having remaining lease terms of more than 50 years. Asset lives and residual values are reviewed at each Balance sheet date.

## 2 Significant accounting policies (continued)

(iii) Impairment

Investment properties are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows ('value-in-use') of the relevant cash generating unit or fair value less costs to sell if higher. The discount rate applied is based upon the Group's weighted average cost of capital with appropriate adjustments for the risks associated with the relevant cash generating unit. Any impairment in value is charged to the income statement in the period in which it occurs.

(iv) Disposal

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Sales of land and buildings are accounted for when there is an unconditional exchange of contracts.

e. Leased assets

Where assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the lower of the fair value or the present value of the minimum lease payments during the lease term at the inception of the lease. The assets are depreciated over the shorter of the lease term or their useful life. Obligations relating to finance leases, net of finance charges in respect of future periods, are included, as appropriate, under borrowings due within or after one year. The finance charge element of rentals is charged to finance costs in the income statement over the lease term.

All other leases are operating leases and the rental payments are generally charged to the income statement in the period to which the payments relate, except for those leases which incorporate fixed minimum rental uplift clauses. Leases which contain fixed minimum rental uplifts are charged to the income statement on a straight line basis over the lease term.

Where a lease is taken out for land and buildings combined, the buildings element of the lease may be capitalised as a finance lease if it meets the criteria for a finance lease, but the land element will in most cases be classified as an operating lease. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease.

Incentives received or paid to enter into lease agreements are released to the income statement on a straight line basis over the lease term.

f. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense which are taxable or deductible in other years or which are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill in a business combination. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are calculated using tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised.

## 2 Significant accounting policies (continued)

Current and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the current or deferred tax is also recognised directly in equity.

Current and deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Company intends to settle its current tax assets and liabilities on a net basis.

g. Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Company has substantially transferred the risks and rewards of ownership. Financial liabilities (or a part of a financial liability) are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and liabilities are offset only when the Company has a currently enforceable legal right to set-off the respective recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Trade receivables
Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost less any provision for bad and doubtful debts.

(ii) Trade payables
Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

## 3 Critical accounting estimates and judgements

The preparation of the financial statements under FRS101 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates, judgements and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

**Impairment of assets**

As required, the Company applies procedures to ensure that its assets are carried at no more than their recoverable amount. The procedures, by their nature, require estimates and assumptions to be made. The most significant are set out below.

Investment properties are reviewed for impairment on an annual basis. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined as the higher of fair value less costs to sell and value-in-use, calculated on the basis of external valuations, management's assumptions and estimates.

## Notes to the financial statements (continued)
**for the year ended 31 January 2017**

### 4 Finance Cost

| £'000 | 2017 | 2016 |
|---|---|---|
| Interest payable to Group undertakings | (486) | - |
| **Net Finance Cost** | **(486)** | - |

Interest is incurred at a rate of 3.7842% (2016: nil)

### 5 Profit before taxation

The following items of revenue have been credited in arriving at profit before taxation:

| £'000 | 2017 | 2016 |
|---|---|---|
| **Revenue** | **749** | - |

The following items of expense have been charged in arriving at profit before taxation:

| £'000 | 2017 | 2016 |
|---|---|---|
| Depreciation of property, plant and equipment and investment property | | |
| - Owned assets | 83 | - |

The cost of auditing the financial statements for the year was £688 (2016: none). This has been borne by B&Q Properties Limited and has not been recharged. There were no fees for non-audit services in the year (2016: none).

None of the directors received any emoluments in respect of services to the Company during the current year or prior period. The directors are remunerated by another group company which is not recharged. There are no employees of the Company other than the directors.

### 6 Income tax expense

| £'000 | 2017 | 2016 |
|---|---|---|
| ***UK corporation tax*** | | |
| Current tax on profits for the year | 53 | - |
| **Income tax expense** | **53** | - |

Factors affecting tax charge for the year

The UK corporation tax rate reduced in the prior year from 21% to 20% with effect from 1 April 2015, and accordingly, the company's profits for this accounting period are taxed at a rate of 20% (2016: 20.17%).

From 1 April 2017 the rate of Corporation Tax has fallen from 20% to 19%, and from 1 April 2020 will fall again to 17%. These changes were enacted at the balance sheet date and have been reflected in the calculation of deferred tax balances.

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20.00% (2016: 20.17%). The differences are explained below:

| £'000 | 2017 | 2016 |
|---|---|---|
| Profit before taxation | 180 | - |
| Profit multiplied by the standard rate of corporation tax in the UK of 20.00% (2016: 20.17%) | 36 | - |
| Net expenses/(income) not chargeable for tax purposes | 17 | - |
| **Income tax expense** | **53** | - |

## 7 Investment property

| £'000 | Land and buildings |
|---|---|
| **Cost** | |
| At 1 February 2016 | - |
| Additions | **37,933** |
| Disposals | - |
| At 31 January 2017 | **37,933** |
| | |
| **Depreciation** | |
| At 1 February 2016 | - |
| Charge for the year | **(83)** |
| At 31 January 2017 | **(83)** |
| | |
| **Net carrying amount** | |
| At 31 January 2017 | **37,850** |
| At 31 January 2016 | - |

A property valuation exercise is performed for internal purposes annually. Based on this exercise the property is not impaired, and the fair value of investment property is £37,851k (2016: £nil).

## 8 Trade and other payables

| £'000 | 2017 | 2016 |
|---|---|---|
| **Current** | | |
| Amounts owed to Group undertakings | **37,670** | - |
| **Trade and other payables** | **37,670** | - |

Amounts due to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Interest is paid on the intercompany balance at a rate of 3.7842% (2016: nil).

## Notes to the financial statements (continued)
**for the year ended 31 January 2017**

### 9 Share capital

| Ordinary £1 shares | Number of ordinary shares | Ordinary share capital £ |
|---|---|---|
| At 1 February 2016 and at 31 January 2017 | 1 | 1 |

There were no changes to share capital during the year.

### 10 Related party transactions

As permitted by FRS 101 the Company has taken advantage of the exemption not to disclose transactions either with its immediate parent undertaking and with other wholly owned subsidiaries of the Kingfisher plc group.

### 11 Ultimate parent undertaking

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

The Company's 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 of Kingfisher plc. The Annual Report and financial statements of Kingfisher plc may be obtained from the Company Secretary, Kingfisher plc, 3 Sheldon Square, Paddington, London W2 6PX.