

# **Kingfisher France Limited**

**Annual Report and Financial Statements**

**for the year ended 31 January 2017**

**Registered number: 4213347**

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# Kingfisher France Limited

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# Kingfisher France Limited

## **Company directory**

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### **Registered Office**

3 Sheldon Square  
Paddington  
London  
W2 6PX  
United Kingdom

### **Directors**

P. Moore  
J-N. Groleau

### **Company Secretary**

P. Moore

### **Auditor**

Deloitte LLP  
London  
United Kingdom

# Kingfisher France Limited

## Strategic Report

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The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

### Principal activities

Kingfisher France Limited (the "Company") operates as a holding company within the Kingfisher plc group (the "Group").

### Business review

The loss for the year, after taxation, amounted to £925,000 (2015/16 loss of: £14,497,000). The reduction in loss is mainly due to prior year tax adjustments in 2015/16.

Net assets at year end were £3,174,211,000 (2015/16: £3,169,659,000). This is predominately composed of investments in subsidiaries.

### Principal risks and uncertainties

The Company is a wholly-owned subsidiary of Kingfisher plc. From the perspective of the directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Kingfisher plc and its subsidiaries which provide a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, and a description of the principal risks and uncertainties facing the business can be found on pages 38 to 46 of the Kingfisher plc Annual Report and Accounts 2016/17.

### Financial risk management

The Company operates as an investment company within the Group, and as such, is exposed to a variety of financial risks, which include interest and foreign exchange risk, liquidity and credit risk.

As part of the Group, these risks are managed centrally by Group Treasury, which has in place a board approved treasury policy and a risk management programme that ensures that the impact of such risks is minimised. Further information on the Group's financial risk management policies can be found in note 24 of the Kingfisher plc Annual Report and Accounts 2016/17.

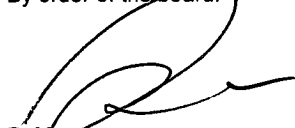
### Key performance indicators

The directors of Kingfisher France Limited manage the Company's operations on a group basis and so the directors of the Company believe that analysis using key performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business of the Company. The Group's development, performance and position is discussed in the Kingfisher plc Annual Report and Accounts, which does not form part of this report.

### Future developments

The directors expect the general level of activity to remain consistent with 2016/17 in the forthcoming year.

By order of the board:



P. Moore  
Director  
6 July 2017

# Kingfisher France Limited

## Directors' report

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The directors present their annual report and audited financial statements of Kingfisher France Limited (the "Company") for the financial year ended 31 January 2017.

### Principal activities and review of the business

The Company operates as an investment company within the Kingfisher plc group (the "Group"). The directors currently envisage the Company will continue these operations for a minimum of 12 months after the signing date.

### Existence of branches outside the UK

The company has a branch, in France, which is defined in section 1046(3) of the Companies Act 2006 as outside the UK. The functional currency of this branch is Euro.

### Results and dividends

The loss for the year, after taxation, amounted to £925,000 (2015/16 loss of: £14,497,000). The reduction in loss is mainly due to prior year tax adjustments in 2015/16.

The directors do not recommend the payment of a dividend for the year (2015/16: £nil). The directors did not pay an interim dividend during the year (2015/16: £nil).

### Directors

The directors, who served throughout the year except as noted, were as follows:

R.C.F. Wardle	(resigned 4 July 2016)
J-N. Groleau	
P. Moore	(appointed 4 July 2016)

### Company Secretary

The company secretaries, who served throughout the year except as noted, were as follows:

R. Cordeschi	(resigned 15 September 2016)
P. Moore	(appointed 15 September 2016)

### Going concern

As at 31 January 2017 the current liabilities of the company exceed its current assets by £353k (2015/16: £4,925k). The company is a subsidiary of Kingfisher plc and is therefore subject to the overall Kingfisher Group financing arrangements. After making enquiries and receiving a letter of support from Kingfisher plc, the ultimate parent company, the directors have a reasonable expectation that the Company, as part of the Kingfisher Group, has adequate resources to continue in operational existence for a minimum of 12 months after the signing date. Accordingly, they 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 in the financial statements.

# Kingfisher France Limited

## Directors' report (continued)

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### Auditor

Deloitte LLP will continue to hold office in accordance with section 487 of the Companies Act 2006.

### Statement of disclosure of information to 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

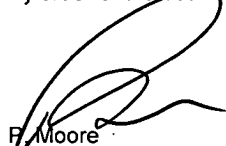
### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' 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), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 income of the Company for that year. 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;
- state whether FRS 101 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.

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.

By order of the board:



F. Moore  
Director  
6 July 2017

# Kingfisher France Limited

## Independent auditor's report to the members of Kingfisher France Limited

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We have audited the financial statements of Kingfisher France Limited for the financial year ended 31 January 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 18. 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 Statement of directors responsibilities, 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 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 matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 strategic report and the directors' report.

# Kingfisher France Limited

## Independent auditor's report to the members of Kingfisher France Limited

---

We have audited the financial statements of Kingfisher France Limited for the financial year ended 31 January 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 18. 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 Statement of directors responsibilities, 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 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 matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 strategic report and the directors' report.

## Independent auditor's report to the members of Kingfisher France Limited (continued)

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### 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.



Richard Muschamp  
Senior statutory auditor  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
6 July 2017

# Kingfisher France Limited

## Statement of Comprehensive Income

Year ended 31 January 2017

£'000	Notes	2016/17	2015/16
Administrative expenses		(2,384)	(5,168)
Other income	3	2,197	8,104
<b>Operating (loss) / profit</b>		<b>(187)</b>	<b>2,936</b>
Finance costs		(251)	(173)
Finance income		-	28
<b>Net finance costs</b>	<b>4</b>	<b>(251)</b>	<b>(145)</b>
<b>(Loss) / profit before taxation</b>		<b>(438)</b>	<b>2,791</b>
Income tax expense	8	(487)	(17,288)
<b>Loss for the year</b>		<b>(925)</b>	<b>(14,497)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences	9	5,415	678
<b>Total comprehensive income / (loss) for the year</b>		<b>4,490</b>	<b>(13,819)</b>

The notes on pages 11 to 19 form part of the financial statements.

All of the above transactions relate to continuing operations.

# Kingfisher France Limited

## Statement of changes in equity

Year ended 31 January 2017

£'000	Notes	Share capital	Retained earnings	Translation reserve	Total
<b>At 1 February 2016</b>		<b>2,937,641</b>	<b>191,068</b>	<b>40,950</b>	<b>3,169,659</b>
Items that may be reclassified subsequently to profit or loss:					
Loss for the year		-	(925)	-	(925)
Other comprehensive income for the year	9	-	-	5,415	5,415
<b>Total comprehensive income for the year</b>		-	(925)	5,415	4,490
Share-based payments	16	-	(79)	-	(79)
Tax on share-based payment transactions		-	141	-	141
<b>At 31 January 2017</b>		<b>2,937,641</b>	<b>190,205</b>	<b>46,365</b>	<b>3,174,211</b>
<b>At 1 February 2015</b>		<b>2,937,641</b>	<b>207,568</b>	<b>40,272</b>	<b>3,185,481</b>
Items that may be reclassified subsequently to profit or loss:					
Loss for the year		-	(14,497)	-	(14,497)
Other comprehensive income for the year	9	-	-	678	678
<b>Total comprehensive loss for the year</b>		-	(14,497)	678	(13,819)
Share-based payments	16	-	(3,350)	-	(3,350)
Tax on share-based payment transactions		-	1,347	-	1,347
<b>At 31 January 2016</b>		<b>2,937,641</b>	<b>191,068</b>	<b>40,950</b>	<b>3,169,659</b>

The notes on pages 11 to 19 form part of the financial statements.

# Kingfisher France Limited

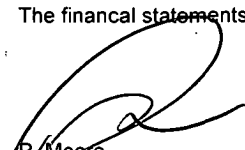
## Balance sheet

At 31 January 2017

£'000	Notes	2016/17	2015/16
<b>Non-current assets</b>			
Property, plant and equipment	10	2	4
Investments in subsidiaries	11	3,174,237	3,174,237
Deferred tax assets	14	325	343
		<b>3,174,564</b>	<b>3,174,584</b>
<b>Current assets</b>			
Current tax assets		160	623
Other receivables	12	49,687	44,645
		<b>49,847</b>	<b>45,268</b>
<b>Total assets</b>		<b>3,224,411</b>	<b>3,219,852</b>
<b>Current liabilities</b>			
Other payables	13	(43,895)	(43,590)
Borrowings		(16)	(1)
Current tax liabilities		(6,289)	(6,602)
<b>Total liabilities</b>		<b>(50,200)</b>	<b>(50,193)</b>
<b>Net current liabilities</b>		<b>(353)</b>	<b>(4,925)</b>
<b>Net assets</b>		<b>3,174,211</b>	<b>3,169,659</b>
<b>Equity</b>			
Share capital	15	2,937,641	2,937,641
Retained earnings		190,205	191,068
Translation reserve		46,365	40,950
<b>Total equity</b>		<b>3,174,211</b>	<b>3,169,659</b>

The notes on pages 11 to 19 form part of the financial statements.

The financial statements were approved by the Board of Directors on 6 July 2017 and were signed on its behalf by:

  
P. Moore  
Director

# Kingfisher France Limited

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

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### 1 Principal accounting policies

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The principal 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

Kingfisher France Limited is a private company incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the directors report on pages 4 and 5.

The financial statements have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council and applied in accordance with the provisions of the Companies Act 2006.

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.

These financial statements are separate financial statements. The Company is exempt under section 400 of the Companies Act 2006 from the preparation of consolidated financial statements as it is included in the group accounts of its ultimate parent, Kingfisher plc.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, presentation of a cash flow statement, impairment of assets, related party transactions, financial instruments, standards not yet effective and capital management. Where required, equivalent disclosures are given in the consolidated accounts of Kingfisher plc. The consolidated accounts of Kingfisher plc are publicly available.

There are no new standards, amendments or interpretations, which are mandatory for the first time for the financial year ended 31 January 2017, that are relevant and material for Kingfisher France Limited.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 3. As at 31 January 2017 the current liabilities of the company exceed its current assets by of £353k (2015/16: £4,925k). The company is a subsidiary of Kingfisher plc and is therefore subject to the overall Kingfisher Group financing arrangements. After making enquiries and receiving a letter of support from Kingfisher plc, the ultimate parent company, the directors have a reasonable expectation that the Company, as part of the Kingfisher Group, has adequate resources to continue in operational existence for a minimum of 12 months after the signing date. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

c. Interest payable and receivable

Interest receivable and payable is accrued on a daily basis.

d. Dividends

Interim dividends are recognised when they are paid to the Company's shareholders. Final dividends are recognised when they are approved by the Company's shareholders.

e. Property, plant and equipment

(i) Cost

Property, plant and equipment held for use in the business are carried at cost less accumulated depreciation and any provisions for impairment.

# Kingfisher France Limited

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

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### (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:

Fixtures and fittings	–	between 4 and 20 years
Office equipment	–	between 3 and 5 years

### (iii) Impairment

Property, plant and equipment 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 statement of comprehensive income 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 statement of comprehensive income.

### (v) Subsequent costs

Subsequent costs are included in the related asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

## f. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. 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.

Current and deferred tax are charged or credited to the statement of comprehensive income, 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.

# Kingfisher France Limited

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

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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. Investments in subsidiary companies

Investments in subsidiary companies are held at cost less accumulated impairment losses.

h. Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the dates of the transactions or, for practical reasons, at average monthly rates where exchange rates do not fluctuate significantly.

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange at the balance sheet date. Exchange differences on monetary items are taken to the income statement. Exceptions to this are where the monetary items form part of the net investment in a foreign operation or are designated and effective net investment or cash flow hedges. Such exchange differences are initially deferred in equity.

i. Employee benefits

(i) Share-based compensation

The Company participates in several equity-settled, share-based compensation plans. The plans are settled on vesting with ultimate parent company shares and accounted for as equity-settled arrangements. As a result, the profit and loss account is charged with the expense with the corresponding entry to equity. On vesting of the individual arrangements, the employee obligation is settled by Kingfisher plc and the Company is recharged for the award.

The fair value of the Company's employees' services received in exchange for the grant of options or deferred shares is recognised as an expense and is calculated using Black-Scholes and stochastic models. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or deferred shares granted, excluding the impact of any non-market vesting conditions. The value of the charge is adjusted to reflect expected and actual levels of options vesting due to non-market vesting conditions.

j. Financial assets and liabilities

*Classification*

Financial assets are classified into the following specific category: 'other receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as 'other payables'.

*Recognition and measurement*

*Other receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'other receivables'. Other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

*Other payables*

Other payables, including borrowings, are initially measured at fair value, net of transaction costs. Other payables are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where approximate, a shorter period to the net carrying amount on initial recognition.

# Kingfisher France Limited

## Notes to the financial statements

for the year ended 31 January 2017

### 2 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.

#### Source of estimation uncertainty

##### a. Impairment of investments

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.

At each reporting date the Company is required to assess whether there is objective evidence that its investments in subsidiaries may be impaired. This requires estimates of the investments' recoverable amounts, including present values of the Company's share of future cash flows. Please refer to note 11.

### 3 Other income

£'000	2016/17	2015/16
Dividends received	-	1,489
Recharges	2,197	6,615
<b>Other income</b>	<b>2,197</b>	<b>8,104</b>

### 4 Net finance costs

£'000	2016/17	2015/16
Interest payable to Group undertakings	(251)	(173)
<b>Finance costs</b>	<b>(251)</b>	<b>(173)</b>
Other interest receivable	-	28
<b>Finance income</b>	<b>-</b>	<b>28</b>
<b>Net finance costs</b>	<b>(251)</b>	<b>(145)</b>

### 5 Directors' remuneration

None of the directors received any emoluments from the Company in respect of the financial year ended 31 January 2017 (2015/16: £nil).

### 6 Auditor's remuneration

The auditor's remuneration for the auditing of the financial statements of £4,000 (2015/16: £4,000) is borne by Kingfisher plc. No recharge will be made to the Company for these costs.

# Kingfisher France Limited

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

### 7 Employees

£'000	2016/17	2015/16
Wages and salaries	1,186	2,399
Social security costs	408	813
Share-based compensation	71	974
<b>Employee benefit expenses</b>	<b>1,665</b>	<b>4,186</b>

The average number of employees during the financial year ended 31 January 2017 was three (2015/16: five).

### 8 Income tax expense

£'000	2016/17	2015/16
<b>UK corporation tax</b>		
Current tax on losses / profits for the year	(123)	328
Adjustments in respect of prior years	-	15,773
	<b>(123)</b>	<b>16,101</b>
<b>Overseas tax</b>		
Current tax on profits for the year	484	1,037
<b>Deferred tax</b>		
Current year	126	145
Adjustments in respect of changes in tax rates	-	5
	<b>126</b>	<b>- 150</b>
<b>Income tax expense</b>	<b>487</b>	<b>17,288</b>

#### 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% (2015/16: 20.17%).

From 1 April 2017, the rate of Corporation Tax will fall from 20% to 19%, and from 1 April 2020 will fall again to 17%. In France, new legislation enacted in the year will reduce the tax rate to 28.92% progressively from 1 January 2018. These changes were enacted at the balance sheet date and have been reflected in the financial statements.

£'000	2016/17	2015/16
(Loss) / profit before taxation	(438)	2,791
(Loss) / profit multiplied by the standard rate of corporation tax in the UK of 20% (2015/16: 20.17%)	(88)	563
Net expense / (income) not deductible / chargeable for tax purposes	91	(90)
Foreign tax suffered	484	1,037
Adjustments in respect of prior years	-	15,773
Adjustments in respect of changes in tax rates	-	5
<b>Income tax expense</b>	<b>487</b>	<b>17,288</b>

### 9 Currency translation

£'000	2016/17	2015/16
Currency translation differences	5,415	678

Currency translation differences represent the foreign exchange gain (or loss) from converting the net investment in the French branch from Euro to Sterling. These amounts are unrealised and fluctuate from year to year based on the exchange rate. The effective closing rate of GBP/EUR at year end was 1.16 (2015/16: 1.31).

# Kingfisher France Limited

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

### 10 Property, plant and equipment

£'000	Office equipment	Fixtures and fittings	Total
<b>Cost</b>			
At 1 February 2016	455	29	484
At 31 January 2017	455	29	484
<b>Depreciation</b>			
At 1 February 2016	(453)	(27)	(480)
Charge for the year	(2)	-	(2)
At 31 January 2017	(455)	(27)	(482)
<b>Net carrying amount</b>			
At 1 February 2016	2	2	4
At 31 January 2017	-	2	2

### 11 Investments

£'000	Investments in subsidiary undertakings
<b>Net book value</b>	
At 1 February 2016	3,174,237
At 31 January 2017	3,174,237
At 1 February 2015	3,174,153
Additions	84
At 31 January 2016	3,174,237

For a full list of subsidiaries and related undertakings at 31 January 2017 see note 18.

### 12 Other receivables

£'000	2016/17	2015/16
<b>Current</b>		
Other receivables	122	51
Amounts owed by Group undertakings	49,565	44,594
<b>Other receivables</b>	<b>49,687</b>	<b>44,645</b>

Amounts owed by Group undertakings include £50m (2015/16: £45m) of Euro denominated balances, accruing interest at a floating rate based on a daily EONIA (Euro Overnight Index Average) rate, which are unsecured, have no fixed date of repayment and are repayable on demand.

# Kingfisher France Limited

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

### 13 Other payables

£'000	2016/17	2015/16
<b>Current</b>		
Amounts owed to Group undertakings	43,257	42,145
Other creditors and accruals	638	1,445
<b>Other payables</b>	<b>43,895</b>	<b>43,590</b>

Amounts owed to Group undertakings include £43m (2015/16: £42m) of Sterling denominated balances, accruing interest at a floating rate based on a daily SONIA (Sterling Overnight Index Average) rate, which is repayable on demand.

### 14 Deferred tax

£'000	2016/17	2015/16
Deferred tax assets on share based payments	325	343

Deferred tax assets are offset where the Company has a legally enforceable right to do so.

### 15 Share capital

	Number of ordinary shares in thousands	Ordinary share capital £'000
At 1 February 2016	2,937,641	2,937,641
At 31 January 2017	2,937,641	2,937,641

### 16 Share-based payments

The Company participates in a number of share incentive plans including the Kingfisher Alignment Share Award, Kingfisher Incentive Share Plan ('KISP') Deferred Bonus Award and Long Term Incentive Plan ('LTIP').

The Kingfisher Alignment Share Award is granted based on a three-year service condition. KISP operates as a deferred bonus, with shares awards deferred for three years. LTIP was granted annually based on performance over a three-year period, with performance conditions based on EPS, Operating Profit and Kingfisher Economic Profit ('KEP'). All awards are granted as nil cost options and vesting dates may vary according to individual grants.

The rules of all schemes include provision for the early exercise of options in certain circumstances.

The rights for each of the instruments is granted by the ultimate parent company, Kingfisher plc, and settled by shares in Kingfisher plc. On vesting of the individual arrangements, the employee obligation is settled by Kingfisher plc and the Company is recharged on a last in first out (LIFO) cost value of the award.

Options have been exercised on a regular basis throughout the year. On that basis, the weighted average share price during the year, rather than at the date of exercise, is £3.53 (2015/16: £3.54). The options outstanding at the end of the year have a weighted average remaining contractual life of 5 years (2015/16: 5 years).

The Group recognised a total expense of £71,000 in the year ended 31 January 2017 (2015/16: £974,000) relating to equity-settled share-based payment transactions.

# Kingfisher France Limited

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

£'000	2016/17	2015/16
Recharge of share awards	<b>150</b>	<b>4,324</b>
Share based compensation	<b>(71)</b>	<b>(974)</b>
	<b>79</b>	<b>3,350</b>

Further details of share based payments are given in note 30 of the consolidated financial statements of Kingfisher plc, the Company's ultimate parent.

### **17 Ultimate holding company**

The Company's immediate parent undertaking is Sheldon Holdings Limited<sup>(1)</sup> a company incorporated in the United Kingdom and registered in England and Wales.

The Company's ultimate parent company is Kingfisher plc<sup>(1)</sup>, which is incorporated in the United Kingdom and registered in England and Wales. The largest and smallest group into which the Company's financial statements are consolidated is that headed by Kingfisher plc. A copy of the Annual Report and Accounts for Kingfisher plc can be obtained from [www.kingfisher.com](http://www.kingfisher.com).

(1) Registered office: 3 Sheldon Square, Paddington, London, W2 6PX

# Kingfisher France Limited

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

### 18 Related undertakings of the Group

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings as at 31 January 2017, together with their country of incorporation, is shown below. Where the Company holds shares directly, this is shown below.

#### Subsidiary undertakings

All subsidiary undertakings, unless otherwise noted, are consolidated in the Group's financial statements, have only one class of share in issue (being ordinary shares), and have all their shares held by companies within the Group other than the Company (Kingfisher plc).

ADSR Real Estate SASU <sup>(b) (1)</sup>	KFL6 SASU <sup>(a) (1)</sup>
Alcedo Finance Limited <sup>(a) (2)</sup>	KFL7 SASU <sup>(a) (1)</sup>
B&Q plc <sup>(b) (3)</sup>	KFL8 SASU <sup>(a) (1)</sup>
Brico Dépôt SASU <sup>(b) (4)</sup>	Kingfisher France SAS <sup>(b) (6)</sup>
Castim Sp z.o.o. <sup>(b) (5)</sup>	Kingfisher France Services SASU <sup>(b) (1)</sup>
Castorama Dubois Investissements SCA <sup>(a) (b) (6)</sup>	Kingfisher Holdings B.V. <sup>(b) (8)</sup>
Castorama France SASU <sup>(b) (6)</sup>	Kingfisher Information Technology Services (France) SASU <sup>(a) (1)</sup>
Castorama Partenariat SNC <sup>(b) (1)</sup>	Kingfisher Information Technology Services (UK) Limited <sup>(b) (2)</sup>
Castorama Polska Sp. z o.o. <sup>(b) (5)</sup>	Kingfisher International Holdings SASU <sup>(b) (1)</sup>
Eijsvogel SARL <sup>(a) (1)</sup>	Kingfisher International Investments SASU <sup>(b) (1)</sup>
Euro Depot España SAU <sup>(b) (7)</sup>	Kingfisher SARL <sup>(a) (1)</sup>
Euro Dépôt Immobilier SASU <sup>(b) (4)</sup>	Kingfisher UK Limited <sup>(b) (7)</sup>
Halcyon SARL <sup>(a) (2)</sup>	La Tourelle SASU <sup>(b) (9)</sup>
Immobiliere de l'Epinoy SASU <sup>(b) (1)</sup>	L'Immobiliere Castorama SASU <sup>(b) (6)</sup>
KF3 SASU <sup>(b) (1)</sup>	Martin Pecher SARL <sup>(a) (1)</sup>
KF5 SASU <sup>(b) (1)</sup>	Pescador SARL <sup>(a) (1)</sup>
KF6 SASU <sup>(b) (1)</sup>	Screwfix SASU <sup>(a) (1)</sup>
KF7 SASU <sup>(b) (1)</sup>	SNC Dynastock <sup>(b) (1)</sup>
KFL1 SASU <sup>(a) (1)</sup>	Société Commanditée de Castorama Dubois Investissements - Socodi SARL <sup>(a) (1)</sup>
KFL2 SASU <sup>(a) (1)</sup>	
KFL3 SASU <sup>(a) (1)</sup>	
KFL5 SASU <sup>(a) (1)</sup>	Société Letranne SCI <sup>(b) (4)</sup>

(a) Held directly by Kingfisher France Limited

(b) 54% ownership

#### Related undertakings other than subsidiaries

Crealfi SA (27%)

Sheldon Poland Investments Limited (50%)

New England Paint Company Limited (27%)

#### Registered offices and country of incorporation:

(1) Parc d'Activités, 59175 Templemars, France

(2) 3 Sheldon Square, Paddington, London, W2 6PX, United Kingdom

(3) B&Q House, Chestnut Avenue, Chandlers Ford, Eastleigh, SO53 3LE, United Kingdom

(4) 30-32 Rue de la Tourelle, 91310 Longpont-sur-Orge, France

(5) ul. Krakowakow 78, 02-255, Warsaw, Poland

(6) Zone Industrielle, 59175 Templemars, France

(7) C/ la Selva, 10 Inblau Edificio A 1a, 08820 El Prat de Llobregat, Barcelona, Spain

(8) Rapenburgerstraat 175, E, 1011 VM, Amsterdam, Netherlands

(9) Rue de la Tourelle, 91310 Longpont-sur-Orge, France