Kingfisher France Limited

Annual Report and Financial Statements

for the year ended 31 January 2019

Registered number: 04213347

Kingfisher France Limited

Contents

Kingfisher France Limited

Company directory

Registered Office

3 Sheldon Square
Paddington
London
W2 6PX
United Kingdom

Company Type

Kingfisher France Limited is a company limited by shares

Directors

P. Moore
G. Kendall

Company Secretary

P. Moore

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Kingfisher France Limited

Strategic report

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 £4,542,000.00 (2017/18 loss of: £6,083,000). The loss is mainly due to a disposal of investments and foreign tax suffered, partly offset by other income.

Net assets at year end were £3,164,097,000 (2017/18: £3,168,740,000). 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 44 to 51 of the Kingfisher plc Annual Report and Financial Statements 2018/19.

The specific risks relating to Brexit are continuing to be reviewed in line with the Brexit timing developments, and plans have been made and are continuously updated to mitigate these.

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 23 of the Kingfisher plc Annual Report and Financial Statements 2018/19.

Key performance indicators

The directors 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, other than the above mentioned net assets and profit (loss). The Group's development, performance and position is discussed in the Kingfisher plc Annual Report and Financial Statements 2018/19, which does not form part of this report.

Future developments

The directors expect the general level of activity to remain consistent with 2018/19 in the forthcoming year.

Post balance sheet events

No significant post balance sheet events have occurred between 31 January 2019 and the approval of the annual report and financial statements.

By order of the board

P Moore
Director
28 October 2019

Kingfisher France Limited

Directors' report

The directors present their annual report and audited financial statements of Kingfisher France Limited (the "Company") for the financial year ended 31 January 2019.

Principal activities

The Company operates as a holding 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. The future developments and financial risk management polices and objectives have been disclosed in Strategic report on page 3.

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 £4,542,000 (2017/18 loss of: £6,083,000). The loss is mainly due to a disposal of investments and foreign tax suffered, partly offset by other income.

The directors do not recommend the payment of a dividend for the year (2017/18: £nil). The directors did not pay an interim dividend during the year (2017/18: £nil), nor will there be any post year-end dividend payouts for the year.

Directors

The directors, who served throughout the year and until the date of signing of these financial statements were as follows:

J-N. Groleau (resigned 19 July 2019)
P. Moore
G. Kendall (appointed 19 July 2019)

Company Secretary

The company secretary, Paul Moore, served throughout the whole year.

Going concern

As at 31 January 2019, the current liabilities of the Company exceed its current assets by £14,389,000 (2017/18: £12,134,000). The Company is a subsidiary of Kingfisher plc and is therefore subject to the overall 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 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 Note 1.

Kingfisher France Limited

Directors' report (continued)

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 following statement, which should be read in conjunction with the independent auditor's report, is made with a view to distinguishing for shareholders the responsibilities of the directors and the auditor in relation to these financial statements.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 judgements and accounting 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
- 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:

P. Moore
Director
28 October 2019

Kingfisher France Limited

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

Report on the audit of the financial statements

Opinion on financial statements

In our opinion the financial statements of Kingfisher France Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs(UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Kingfisher France Limited

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

Responsibilities of directors

As explained more fully in Statement of Director's 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

- 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 or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

D. Winstone

Daryl Winstone FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28th October 2019

Kingfisher France Limited

Income Statement

Year ended 31 January 2019

£'000	Notes	2018/19	2017/18
Administrative expenses		**(869)**	(5,215)
Other income	3	**1,167**	2,089
Disposal of Investments	11	**(1,980)**	-
Operating loss		**(1,692)**	(3,126)
Finance costs		**(376)**	(274)
Finance income		**120**	-
Net finance costs	4	**(256)**	(274)
Loss before taxation		**(1,948)**	(3,400)
Income tax expense	8	**(2,594)**	(2,683)
Loss for the year		**(4,542)**	(6,083)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	9	**(44)**	966
Total comprehensive loss for the year		**(4,586)**	(5,117)

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 2019

£'000	Notes	Share capital	Retained earnings	Translation reserve	Total
At 1 February 2018		**2,937,641**	**183,768**	**47,331**	**3,168,740**
Items that may be reclassified subsequently to profit or loss:					
Loss for the year		**-**	**(4,542)**	**-**	**(4,542)**
Other comprehensive loss for the year	9	**-**	**-**	**(44)**	**(44)**
Total comprehensive loss for the year		**-**	**(4,542)**	**(44)**	**(4,586)**
Share-based payments	16	**-**	**(72)**	**-**	**(72)**
Tax on share-based payment transactions		**-**	**15**	**-**	**15**
At 31 January 2019		**2,937,641**	**179,169**	**47,287**	**3,164,097**
At 1 February 2017		2,937,641	190,205	46,365	3,174,211
Items that may be reclassified subsequently to profit or loss:					
Loss for the year		-	(6,083)	-	(6,083)
Other comprehensive income for the year	9	-	-	966	966
Total comprehensive income for the year		-	(6,083)	966	(5,117)
Share-based payments	16	-	(544)	-	(544)
Tax on share-based payment transactions		-	190	-	190
At 31 January 2018		2,937,641	183,768	47,331	3,168,740

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

Kingfisher France Limited

Balance sheet

At 31 January 2019

£'000	Notes	2018/19	2017/18
Non-current assets			
Property, plant and equipment	10	**2**	2
Investments in subsidiaries	11	**3,178,397**	3,180,378
Deferred tax assets	14	**87**	494
		3,178,486	3,180,874
Current assets			
Other receivables	12	**33,244**	43,864
		33,244	43,864
Total assets		**3,211,730**	3,224,738
Current liabilities			
Other payables	13	**(42,460)**	(46,942)
Borrowings		**-**	(4)
Current tax liabilities		**(5,173)**	(9,052)
Total liabilities		**(47,633)**	(55,998)
Net current liabilities		**(14,389)**	(12,134)
Net assets		**3,164,097**	3,168,740
Equity			
Share capital	15	**2,937,641**	2,937,641
Retained earnings		**179,169**	183,768
Translation reserve		**47,287**	47,331
Total equity		**3,164,097**	3,168,740

The notes on pages 11 to 18 form part of the financial statements.

The financial statements were approved by the Board of Directors on 28 October 2019 and were signed on its behalf by:

P Moore
Director

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2019

1 Principal accounting policies

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 limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. 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 Company's functional currency is sterling (GBP).

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

The current financial year is the year ended 31 January 2019 ("the year" or "2018/19"). The comparative financial year is the year ended 31 January 2018 ("the prior year" or "2017/18").

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 financial statements 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 financial statements of Kingfisher plc. The consolidated financial statements of Kingfisher plc are publicly available at www.kingfisher.com.

IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', are new accounting standards that are effective from 1 April 2018.

The new standards have been adopted prospectively with no retrospective adjustments required. The effect of adopting these standards is outlined below.

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement' and addresses the classification, measurement and recognition of financial assets and liabilities, and introduces a new impairment model for financial assets. A detailed assessment of the new standard was undertaken and concluded that there are no material impacts on the Company's financial statements.

IFRS 9 introduces the following new requirements:

- The classification and measurement of financial assets is now based on the entity's business model for managing the financial asset and its contractual cash flow characteristics. Given the nature of the Company's financial assets, comprising principally investments in subsidiaries and intercompany loans this has had no material impact.

- The new impairment model requires the recognition of expected credit losses, in contrast to the requirement to recognise incurred credit losses under IAS 39. The Company's other receivables mainly relate to intercompany loans which are contractually repayable on demand. The Company has considered the liquidity of the borrowers and concluded that the borrowers have sufficient resources and the intention to repay on demand. As such, the change from the incurred loss impairment model of IAS 39 to the expected loss model in IFRS 9 has not had a material impact on the credit loss provision.

IFRS 15 replaces IAS 18 'Revenue' and establishes a principles-based approach to revenue recognition and measurement based on the concept of recognising revenue when performance obligations are satisfied. IFRS 15 has no impact on the Company's results because the Company does generate any revenue within the scope of either IAS 18 or IFRS 15.

1 Principal accounting policies (continued)

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 2019, the current liabilities of the Company exceed its current assets by £14,389,000 (2017/18: £12,134,000). The Company is a subsidiary of Kingfisher plc and is therefore subject to the overall 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 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.

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.

(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.

1 Principal accounting policies (continued)

f. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

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

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.

1 Principal accounting policies (continued)

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.

2 Critical accounting estimates and judgements

The preparation of the financial statements under FRS 101 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

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.

There have been no other critical accounting judgements and key sources of estimation uncertainty during the year.

There have been no critical accounting judgements and key sources of estimation uncertainty which are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3 Other income

£'000	2018/19	2017/18
Recharges to Group undertakings	**1,157**	2,089
Other income	**1,157**	2,089

4 Net finance costs

£'000	2018/19	2017/18
Interest payable to Group undertakings	**(376)**	(274)
Finance costs	**(376)**	(274)
Other interest receivable	**120**	-
Finance income	**120**	-
Net finance costs	**(256)**	(274)

Kingfisher France Limited

Notes to the financial statements
for the year ended 31 January 2019

5 Directors' remuneration

None of the directors received any emoluments from the Company in respect of the financial year ended 31 January 2019 (2017/18: £nil).

6 Auditor's remuneration

The auditor's remuneration for the auditing of the financial statements of £4,000 (2017/18: £4,000) is borne by Kingfisher plc. No recharge will be made to the Company for these costs.

7 Employees

£'000	2018/19	2017/18
Wages and salaries	**123**	4,479
Social security costs	**225**	937
Share-based compensation	**203**	(544)
Employee benefit expenses	**551**	4,872

The average number of employees during the financial year ended 31 January 2019 was four (2017/18: three).

8 Income tax expense

£'000	2018/19	2017/18
UK corporation tax		
Current tax on profit/(losses) for the year	**41**	(782)
Overseas tax		
Current tax on profits for the year	**2,072**	3,440
Deferred tax		
Current year	**476**	25
Adjustments in respect of changes in tax rates	**5**	-
Current year	**481**	25
Income tax expense	**2,594**	2,683

Factors affecting tax charge for the year
The Company's loss for this accounting year are taxed at a rate of 19% (2017/18: 19.17%).

From 1 April 2020 the UK corporation tax rate will fall to 17%. This change was enacted at the balance sheet date and has been reflected in the calculation of deferred tax balances.

The corporate tax rate in France for the 2018/19 financial year is 34.43%. New legislation enacted in the year will progressively reduce the tax rate to 25.83% by 2022/23. The first reduction is applicable to the company in 2019/20 when the rate will become 32.02%. These changes were enacted at the balance sheet date and have been reflected in the financial statements.

£'000	2018/19	2017/18
Loss before taxation	**(1,948)**	(3,400)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017/18: 19.17%)	**(370)**	(652)
Net expense / (income) not deductible / chargeable for tax purposes	**892**	(105)
Foreign tax suffered	**2,072**	3,440
Income tax expense	**2,594**	2,683

9 Currency translation

£'000	2018/19	2017/18
Currency translation differences	**(44)**	966

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 1.15 (2017/18: 1.14).

10 Property, plant and equipment

£'000	Fixtures and fittings	Total
Cost		
At 1 February 2018	17	17
At 31 January 2019	**17**	**17**
Depreciation		
At 1 February 2018	(15)	(15)
At 31 January 2019	**(15)**	**(15)**
Net carrying amount		
At 31 January 2018	2	2
At 31 January 2019	**2**	**2**

11 Investments in subsidiaries

£'000	Investments in subsidiary undertakings
Net book value	
At 1 February 2018	**3,180,377**
Disposal	**(1,980)**
At 31 January 2019	**3,178,397**
At 1 February 2017	3,174,237
Additions	6,141
At 31 January 2018	3,180,378

During the financial year the Company sold 100% of their investment in the following companies Eijsvogel (£485,000), Halcyon (£361,000), Martin Pecheur (£356,000), Pescador SARL (£402,000), Kingfisher SARL (£326,000), KFL 5 (£15,000) and KFL6 (£35,000). The movements related to the disposal of investments have been reflected in the income statement.

For a full list of subsidiaries and related undertakings at 31 January 2019 see note 18.

12 Other receivables

£'000	2018/19	2017/18
Current		
Other receivables	**1,592**	441
Amounts owed by Group undertakings	**31,652**	43,423
Other receivables	**33,244**	43,864

Amounts owed by Group undertakings at 31 January include £32m (2017/18: £43m) of Euro denominated balances, is unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at a floating rate based on a daily Euro Overnight Index Average (EONIA) rate.

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2019

13 Other payables

£'000	2018/19	2017/18
Current		
Amounts owed to Group undertakings	**41,716**	46,060
Other creditors and accruals	**744**	882
Other payables	**42,460**	46,942

Amounts owed to Group undertakings include £42m (2017/18: £46m) of Sterling denominated balances are unsecured and repayable on demand. Interest is charged at a floating rate based on a daily Sterling Overnight Index Average ("SONIA") rate.

14 Deferred tax

£'000	2018/19	2017/18
Deferred tax assets on share based payments	**87**	494

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 2018	**2,937,641**	**2,937,641**
At 31 January 2019	**2,937,641**	**2,937,641**
At 1 February 2017	2,937,641	2,937,641
At 31 January 2018	2,937,641	2,937,641

At 31 January 2019, 2,937,640,653 ordinary shares have been issued at £1 each.
The shares have attached to them full voting, dividend and capital distribution rights.

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 a deferred bonus, with share awards deferred for three years. LTIP was granted annually based on performance over a three-year period, with performance conditions based on 50% Earnings per share (EPS) and 50% Kingfisher Economic Profit ("KEP"). All awards are granted as nil costs 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 exercise date, is £2.83 (2017/18: £3.20) The options outstanding at the end of the year have a weighted average remaining contractual life of 2 years (2017/18: 5 years).

The Group recognised a total expense of £203,000 in the income statement in the year ended 31 January 2019 (2017/18: total credit of £544,000) relating to equity-settled share-based compensation.

£'000	2018/19	2017/18
Recharge of share awards from Group undertakings	**275**	-
Share based compensation	**(203)**	544
Total charge to equity	**72**	544

Further details of share based payments are given in note 29 of the consolidated financial statements of Kingfisher plc, the Company's ultimate parent.

17 Ultimate holding company

The Company's ultimate parent company is Kingfisher plc, 3 Sheldon Square, London W2 6PX, 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 is publicly available at www.kingfisher.com.

The Company's immediate parent undertaking is Sheldon Holdings Limited a company incorporated in the United Kingdom and registered in England and Wales. The registered address of Sheldon Holdings Limited is 3 Sheldon Square, London W2 6PX.

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 2019, 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.

ADSR Real Estate SASU (b)(1)
Alcedo Finance Limited (a)(2)
B&Q plc (b)(3)
Brico Dépôt SASU (b)(4)
Castim Sp z.o.o. (b)(5)
Castorama France SASU (b)(6)
Castorama Partenariat SNC (b)(1)
Castorama Polska Sp. z o.o. (b)(5)
Euro Depot España SAU (b)(7)
Euro Dépôt Immobilier SASU (b)(4)
Immobiliere de l'Epinoy SASU (b)(1)
KF3 SASU (b)(1)
KFL7 SASU (a)(1)
KFL8 SASU (a)(1)
Kingfisher France Services SASU (b)(1)
Kingfisher Holdings B.V. (b)(8)
Kingfisher Information Technology Services (France) SASU (a)(1)
Kingfisher Information Technology Services (UK) Limited (b)(2)
Kingfisher International Holdings SASU (b)(1)
Kingfisher Investissements SAS (a)(b)(6)
Kingfisher International Products France (a)(1)
Kingfisher UK Limited (b)(2)
La Tourelle SASU (b)(4)
L'Immobiliere Castorama SASU (b)(6)
Owl Development Sp. z.o.o (b)(5)
Screwfix SASU (a)(1)
SNC Dynastock (b)(1)
Société Commanditée de Castorama Dubois Investissements - Socodi SARL (a)(1)
Société Letranne SCI (b)(4)

(a) Held directly by Kingfisher France Limited
(b) 54% ownership

Related undertakings other than subsidiaries
Crealfi SA (27%) (9)
New England Paint Company Limited (27%) (2)
Koçtas Yapi Marketleri Ticaret A.S. (0.1%) (10)
Sheldon Poland Investments Limited (51%) (2)
Dickens Limited (0.2%) (3)

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. Krakowoakow 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 Victor Basch, CS 70001, 91068, MASSY CEDEX, France
(10) Tasdelen, Sile otobani 11,Km, Alemdar Sapagi Sirri Celik Bulvari, No. 1 C, Blok Cekmekoy, Istanbul, 34788, Turkey

19 Subsequent events

There were no events after the reporting period which required adjustment or disclosure in these financial statements.