

Kingfisher France Limited

Annual Report and Financial Statements

for the year ended 31 January 2021

Registered number: 04213347



Kingfisher France Limited

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Kingfisher France Limited

Company directory

Registered Office

3 Sheldon Square
Paddington
London
W2 6PX
United Kingdom

Company Type

Kingfisher France Limited is a private company limited by shares

Directors

P. Moore
J. Smith

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 of companies (the "Group").

Business review

The loss for the year, after taxation, amounted to £1,360,000 (2019/20: profit of £3,671,000). The loss is mainly due to foreign tax suffered.

Net assets at year end were £3,166,635,000 (2019/20: £3,166,312,000). 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 40 to 46 of the 2020/21 Kingfisher plc Annual Report and Financial Statements.

We have faced limited disruption to the Group resulting from Brexit and the overall impact on the Company is therefore manageable. We expect that initial issues that have affected wider operations to be resolved over time. The residual risk will be addressed within the Group's initiatives and changes to the Company's processes and system interfaces and, as a result, this is no longer assessed as a separate principal risk.

Financial risk management

The Company operates as a holding 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 25 of the 2020/21 Kingfisher plc Annual Report and Financial Statements.

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 (loss) / profit. The Group's development, performance and position is discussed in the 2020/21 Kingfisher plc Annual Report and Financial Statements, which does not form part of this report.

Kingfisher France Limited

Strategic report (continued)

S.172(1) and stakeholder engagement statement

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 (s172) of the Companies Act 2006 (the Act). When making decisions, Directors have regard to the interests of stakeholders relevant to the Company, as a holding company. As well as the likely consequences of any decision in the long term, the desirability of the company maintaining a reputation for high standards of business conduct, and employee interests where appropriate. They also fulfil their responsibilities through Kingfisher's highly developed framework, which includes but is not limited to Kingfisher plc Group policies, business principles and the Kingfisher Code of Conduct.

As is normal for companies that are part of a wider Group of entities, such as Kingfisher France Limited, day-to-day management of the company is delegated to executives who, in turn, engage management in setting, approving, and overseeing execution of the business strategy and related policies. The Board of Kingfisher France Limited reviews financial and operational performance and legal and regulatory compliance pertinent to any decision they are taking.

The purpose of Kingfisher France Limited is primarily to act as a holding company within the Kingfisher Group and the company's key stakeholders are its affiliates in the wider Kingfisher Group in which it operates. While there may be cases where the board judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Kingfisher Group means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social, and other issues than by working as an individual company. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in s172 of the Act. Please see pages 63 to 69 of the 2020/21 Kingfisher plc Annual Report and Accounts for details of operational and Group-level stakeholder engagement that takes place with the company's stakeholders as well as those of the Kingfisher Group regarding issues to which the Directors must have regard.

During the year, the Kingfisher Group received information to help it understand the interests and views of its key stakeholders and other relevant factors when making decisions. As a result of this, we as Directors of Kingfisher France Limited, have had an overview of engagement with stakeholders, and other relevant factors, which allows us to understand the nature of our stakeholders' concerns, and to comply with our s172 duty to promote success of the company for the benefit of its members as a whole. For examples of how that engagement influenced decisions at a Group level please see pages 63 to 69 of the 2020/21 Kingfisher plc Annual Report and Accounts.

Future developments

The Directors expect the Company to continue its principal activity as a holding company.

Approved and authorised for issue by the board of directors:

DocuSigned by:

EE9684CE571E493...
P. Moore
Director
28 July 2021

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 2021.

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 policies and objectives have been disclosed in the Strategic report on page 4.

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 £1,360,000 (2019/20: profit of £3,671,000). The loss is mainly due to foreign tax suffered.

The Directors to the Company do not recommend the payment of a dividend for the year (2019/20: £nil). The Company did not pay an interim dividend during the year (2019/20: £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:

P. Moore

G. Kendall (appointed on 19 July 2019, resigned 6 March 2020)

J. Smith (appointed 6 March 2020)

The Directors of the Company were remunerated by another company in the Group.

Company Secretary

The Company secretary, Paul Moore (resigned 1 June 2021), served throughout the whole year.

Going concern

As at 31 January 2021, the current liabilities of the Company exceed its current assets by £12,112,000 (2019/20: £12,148,000).

The Company has limited activity and benefits from continued financial support from the Group headed by Kingfisher plc to support its continued operations and meeting of obligations as they fall due. Kingfisher plc as the ultimate parent has issued a letter of support to the Company confirming that financial support will continue to be provided by the Group for at least 12 months from the date on which these financial statements are approved.

The Directors, in combination with the Directors of Kingfisher plc, have analysed the Group's liquidity position and cash flow projections, including a forward looking Covid-19 scenario, up to the date on which these financial statements are approved and are satisfied that such support could be provided to the Company for at least 12 months from the date on which these financial statements are approved. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Kingfisher France Limited

Directors' report (continued)

Engagement with suppliers, customers and others

Please refer to the s.172 statement on page 4 of the Strategic report.

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.

Post balance sheet events

No post balance sheet events have occurred since 31 January 2021.

Approved and authorised for issue by the board of directors:


P. Moore

Director

28 July 2021

Kingfisher France Limited

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

Report on the audit of the financial statements

Opinion

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 2021 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 statement of comprehensive income;
- 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" (United Kingdom Generally Accepted Accounting Practice).

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 (the 'FRC's') 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Kingfisher France Limited

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

Responsibilities of Directors

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, 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Kingfisher France Limited

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

Report on other legal and regulatory requirements

Opinions 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 have 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.



William Smith MA FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 July 2021

Kingfisher France Limited

Statement of comprehensive income

Year ended 31 January 2021

£'000	Notes	2020/21	2019/20
Dividend income from subsidiary		-	7,954
Administrative expenses		(1,861)	(2,431)
Other income	3	1,646	1,443
Impairment losses	11	(12)	-
Operating (loss) / profit		(227)	6,966
Finance costs		(218)	(435)
Finance income		-	-
Net finance costs	4	(218)	(435)
(Loss) / Profit before taxation		(445)	6,531
Income tax expense	8	(915)	(2,860)
(Loss) / Profit for the year		(1,360)	3,671
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	9	1,839	(1,292)
Total comprehensive income for the year		479	2,379

The notes on pages 13 to 20 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 2021

£'000	Notes	Share capital	Retained earnings	Translation reserve	Total
At 1 February 2020		2,937,641	182,676	45,995	3,166,312
Items that may be reclassified subsequently to profit or loss:					
Loss for the year		-	(1,360)	-	(1,360)
Other comprehensive income for the year	9	-	-	1,839	1,839
Total comprehensive income for the year		-	(1,360)	1,839	479
Tax on share-based payment transactions		-	(156)	-	(156)
At 31 January 2021		2,937,641	181,160	47,834	3,166,635
At 1 February 2019		2,937,641	179,169	47,287	3,164,097
Items that may be reclassified subsequently to profit or loss:					
Profit for the year		-	3,671	-	3,671
Other comprehensive loss for the year	9	-	-	(1,292)	(1,292)
Total comprehensive income for the year		-	3,671	(1,292)	2,379
Share-based payments	16	-	(195)	-	(195)
Tax on share-based payment transactions		-	31	-	31
At 31 January 2020		2,937,641	182,676	45,995	3,166,312

The notes on pages 13 to 20 form part of the financial statements.

Kingfisher France Limited

Balance sheet

At 31 January 2021

£'000	Notes	2020/21	2019/20
Non-current assets			
Property, plant and equipment	10	2	2
Investments in subsidiaries	11	3,178,521	3,178,397
Deferred tax assets	14	244	61
		3,178,767	3,178,460
Current assets			
Other receivables	12	32,673	37,279
Current tax assets		1,458	-
		34,131	37,279
Total assets		3,212,898	3,215,739
Current liabilities			
Borrowings		-	(9)
Other payables	13	(43,210)	(42,282)
Current tax liabilities		(3,033)	(7,136)
		(46,243)	(49,427)
Non-current liabilities			
Deferred tax liabilities	14	(20)	-
		(20)	-
Total liabilities		(46,263)	(49,427)
Net current liabilities		(12,112)	(12,148)
Net assets		3,166,635	3,166,312
Equity			
Share capital	15	2,937,641	2,937,641
Retained earnings		181,160	182,676
Translation reserve		47,834	45,995
Total equity		3,166,635	3,166,312

The notes on pages 13 to 20 form part of the financial statements.

The financial statements were approved by the Board of Directors on 28 July 2021 and were signed on its behalf by:

DocuSigned by:

 EE08BACE571E493...
 P. Moore
 Director

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2021

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 5 and 6.

The financial statements are prepared in Pounds Sterling (£). The company's functional currency is Euro (€) on the basis that it is the currency of the primary economic environment in which the company operates.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) as issued by the FRC as applied in accordance with the provisions of the Companies Act 2006.

The current financial year is the year ended 31 January 2021 ("the year" or "2020/21"). The comparative financial year is the year ended 31 January 2020 ("the prior year" or "2019/20").

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 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, which are publicly available.

Changes to accounting policies as a result of new standards issued and effective do not have a material impact on the financial statements.

b. Going concern

As at 31 January 2021, the current liabilities of the Company exceed its current assets by £12,112,000 (2019/20: £12,148,000).

The Company has limited activity and benefits from continued financial support from the Group headed by Kingfisher plc to support its continued operations and meeting of obligations as they fall due. Kingfisher plc as the ultimate parent has issued a letter of support to the Company confirming that financial support will continue to be provided by the Group for at least 12 months from the date on which these financial statements are approved.

The Directors, in combination with the Directors of Kingfisher plc, have analysed the Group's liquidity position and cash flow projections, including a forward looking Covid-19 scenario, up to the date on which these financial statements are approved and are satisfied that such support could be provided to the Company for at least 12 months from the date on which these financial statements are approved. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual 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.

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2021

1 Principal accounting policies (continued)

(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
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(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 statement of comprehensive income 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. 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 may differ from profit before taxation as reported in the statement of comprehensive income 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.

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2021

1 Principal accounting policies (continued)

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 statement of comprehensive income. 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 statement of comprehensive income 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 2021

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.

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

3 Other income

£'000	2020/21	2019/20
Recharges to Group undertakings	1,646	1,443
Other income	1,646	1,443

4 Net finance costs

£'000	2020/21	2019/20
Interest payable to Group undertakings	(218)	(435)
Finance costs	(218)	(435)
Other interest receivable	-	-
Finance income	-	-
Net finance costs	(218)	(435)

5 Directors' remuneration

None of the Directors received any emoluments from the Company in respect of the financial year ended 31 January 2021 (2019/20: £nil). The Directors of the Company were remunerated by another company in the Group.

6 Auditor's remuneration

The auditor's remuneration for the auditing of the financial statements of £4,000 (2019/20: £4,000) is borne by Kingfisher plc. No recharge will be made to the Company for these costs.

7 Employees

£'000	2020/21	2019/20
Wages and salaries	1,262	861
Social security costs	485	336
Share-based compensation	-	(155)
Employee benefit expenses	1,747	1,042

The average number of employees during the financial year ended 31 January 2021 was four (2019/20: four).

Kingfisher France Limited

Notes to the financial statements for the year ended 31 January 2021

8 Income tax expense

£'000	2020/21	2019/20
UK corporation tax		
Current tax credit for the year	37	60
Adjustments in respect of prior years	-	2,671
Current tax credit for the year	37	2,731
Overseas tax		
Current tax charge for the year	(1,747)	(5,502)
Adjustments in respect of prior years	656	-
Current tax charge for the year	(1,091)	(5,502)
Deferred tax		
Current tax credit / (charge) for the year	126	(92)
Adjustments in respect of changes in tax rates	13	3
Current tax credit / (charge) for the year	139	(89)
Income tax expense	(915)	(2,860)

The prior year tax adjustments relate to the reassessment of expected outcomes, agreed positions with tax authorities and items that have time expired.

Factors affecting tax charge for the year

The Company's profits for this accounting period are taxed at a rate of 19% (2019/20: 19%).

Following the UK Budget announcement on 3 March 2021, the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. As this rate change had not been substantively enacted by the balance sheet date, the impact is not included in these financial statements.

The corporate tax rate in France for the 2020/21 financial year is 28.92%. Enacted progressive reductions will result in the tax rate falling to 25.83% by 2022/23, with the applicable rate in 2021/22 being 27.37%. These changes were enacted at the balance sheet date and have been reflected in the financial statements.

£'000	2020/21	2019/20
(Loss) / Profit before taxation	(445)	6,531
(Loss) / Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019/20: 19%)	85	(1,241)
Net (expense) / income not deductible / chargeable for tax purposes	78	1,212
Adjustments in respect of prior years	669	2,671
Foreign tax suffered	(1,747)	(5,502)
Income tax expense	(915)	(2,860)

9 Currency translation

£'000	2020/21	2019/20
Currency translation differences	1,839	(1,292)

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 1.13 (2019/20: 1.19).

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2021

10 Property, plant and equipment

£'000	Fixtures and fittings	Total
Cost		
At 1 February 2020	17	17
At 31 January 2021	17	17
Depreciation		
At 1 February 2020	(15)	(15)
At 31 January 2021	(15)	(15)
Net carrying amount		
At 31 January 2020	2	2
At 31 January 2021	2	2

11 Investments in subsidiaries

£'000	Investments in subsidiary undertakings
Net book value	
At 1 February 2020	3,178,397
Additions	153
Disposals	(17)
Impairment losses	(12)
At 31 January 2021	3,178,521
At 1 February 2019	3,178,397
At 31 January 2020	3,178,397

For a full list of subsidiaries and related undertakings at 31 January 2021 see note 18.

12 Other receivables

£'000	2020/21	2019/20
Current		
Other receivables	2	895
Amounts owed by Group undertakings	32,671	36,384
Other receivables	32,673	37,279

Amounts owed by Group undertakings at 31 January 2021 include £33m (2019/20: £36m) of Euro denominated balances, are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Other payables

£'000	2020/21	2019/20
Current		
Amounts owed to Group undertakings	42,725	41,885
Other creditors and accruals	485	397
Other payables	43,210	42,282

Amounts owed to Group undertakings include £43m (2019/20: £42m) 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	2020/21	2019/20
Deferred tax assets	244	61
Deferred tax liabilities	(20)	-
	224	61

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2021

15 Share capital

	Number of ordinary shares in thousands	Ordinary share capital £'000
At 1 February 2020	2,937,641	2,937,641
At 31 January 2021	2,937,641	2,937,641
At 1 February 2019	2,937,641	2,937,641
At 31 January 2020	2,937,641	2,937,641

At 31 January 2021, 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 previously participated 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 are 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 were exercised on a regular basis throughout the prior year. On that basis, the weighted average share price during the year, rather than at the exercise date, was £2.19. There were no outstanding options at the end of the prior year.

The Company recognised £nil in the statement of comprehensive income in the year ended 31 January 2021 (2019/20: total credit of £155,000) relating to equity-settled share-based compensation.

£'000	2020/21	2019/20
Recharge of share awards from Group undertakings	-	40
Share based compensation	-	155
Total charge to equity	-	195

Further details of share based payments are given in note 31 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, Paddington, 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, Paddington, London W2 6PX.

Kingfisher France Limited

Notes to the financial statements

for the year ended 31 January 2021

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 2021, 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 ⁽¹⁾	Kingfisher Holdings B.V. ⁽⁸⁾
Alcedo Finance Limited ^{(a) (2)}	Kingfisher Information Technology Services (France) SASU ^{(a) (1)}
B&Q Limited ⁽³⁾	Kingfisher Information Technology Services (UK) Limited ⁽²⁾
Brico Dépôt SASU ⁽⁴⁾	Kingfisher Investissements SAS ^{(a) (b) (6)}
Castim Sp z.o.o. ⁽⁵⁾	Kingfisher International Products France ^{(a) (1)}
Castorama France SASU ⁽⁶⁾	Kingfisher UK Limited ⁽²⁾
Castorama Polska Sp. z o.o. ⁽⁵⁾	L'Immobiliere Castorama SASU ⁽⁶⁾
Dickens Limited ⁽³⁾	New England Paint Company Limited ⁽²⁾
Euro Depot España SAU ⁽⁷⁾	Owl Development Sp. z.o.o. ⁽⁵⁾
Euro Dépôt Immobilier SASU ⁽⁴⁾	Screwfix SASU ^{(a) (1)}
KF7 SASU ⁽¹⁾	Sheldon Poland Investments Limited ⁽²⁾
KFL8 SASU ^{(a) (1)}	SOCODI ^{(a) (1)}
Kingfisher Développement ⁽⁶⁾	Société Letranne SCI ⁽⁴⁾

(a) Held directly by Kingfisher France Limited

(b) 54% ownership

Related undertakings other than subsidiaries

Crealfi SA (49%) ⁽⁹⁾

Koçtaş Yapi Marketleri Ticaret A.S. (50%) ⁽¹⁰⁾

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 Victor Basch, CS 70001, 91068, MASSY CEDEX, France

(10) Tasdelen, Sile otobani 11, Km, Alemdar Sapagi Simi Celik Bulvarı, No. 1 C, Blok Cekmekoy, Istanbul, 34788, Turkey

19 Subsequent events

There were no post balance sheet events requiring adjustment or disclosure in these financial statements.