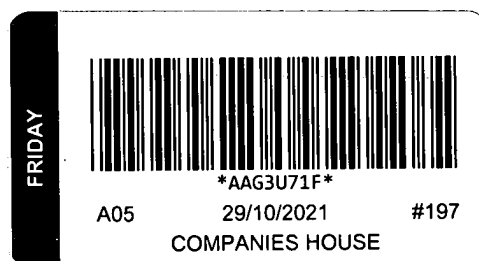


Kingfisher International Products Limited

Annual Report and Financial Statements

for the year ended 31 January 2021

Registered number: 09861549



Kingfisher International Products Limited

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Kingfisher International Products Limited

Company directory

Registered address

3 Sheldon Square

Paddington

London

W2 6PX

United Kingdom

Board of Directors

HPD Solère

JJ Smith

MB Lee

P Moore

Company Auditor

Deloitte LLP

Statutory Auditor

London

United Kingdom

Kingfisher International Products Limited

Strategic report

For the year ended 31 January 2021

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal Activities

Kingfisher International Products Limited (the "company") operates as an offer and procurement company on behalf of the Kingfisher plc group of companies (the "Group"). The company also holds Intellectual Property Rights relating to Kingfisher Group brands.

Business Review

The profit for the year ended 31 January 2021, after taxation, amounted to £90,855,000 (2020: profit of £11,073,000). The profit for this year was primarily due to the company's income increasing due to higher levels of services provided and a lower level of expenditure incurred due to the Pandemic.

Net Assets at year end were £197,983,000 (2020: £107,238,000). This is predominantly composed of intangible assets for £3,460,000 (2020: £6,823,000), net amounts owed by Group undertakings for £229,226,000 (2020: £110,612,000) and outstanding amounts owed to third parties of £23,952,000 (2020: £15,263,000).

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 Kingfisher plc 2020/21 Annual Report and Accounts.

The impact of Covid-19 on our operations, our colleagues and in the communities where we operate has been significant throughout 2020 and into 2021. The evolving and ongoing risks related to this pandemic have been proactively addressed by management and regularly reviewed by the Board.

Financial risk management

The company operates as an offer and procurement 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 the impact of such risks are minimised. Further information on the Group's financial risk management policies can be found in note 25 of the Kingfisher plc 2020/21 Annual Report and Accounts.

Key performance indicators

The Directors of the company manage the company's operations on a Group basis and so the Directors of the company believe that analysis using key performance indicators (KPIs) for the company, other than the above as Profit Before Taxation and Net Assets disclosed as KPIs above, is not necessary for an understanding of the development, performance or position of the business of the company. The Group's development, performance and position is discussed in the Kingfisher plc Annual Report and Accounts which does not form part of this report.

Kingfisher International Products Limited

Strategic report (continued)

For the year ended 31 January 2021

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 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 International Products 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 International Products Limited reviews financial and operational performance and legal and regulatory compliance pertinent to any decision they are taking.

The purpose of Kingfisher International Products Limited is to act as an offer and procurement company within the Kingfisher Group of companies. As well as its affiliates in the wider Kingfisher Group in which it operates, the company's key stakeholders are its workforce, its suppliers and national and international external regulators of product safety. While there are 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. 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 with the company's stakeholders as well as those of the Kingfisher Group regarding issues to which the Directors must have regard.

During the period we received information to help us understand the interests and views of the company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG (environmental, social and governance) matters and the outcomes of specific pieces of engagement (for example, the results of customer and supplier surveys and focus groups). As a result of this we 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.

Set out below are some specific examples of the Board's approach to stakeholder engagement and how that engagement has influenced the Directors of Kingfisher International Products Limited decisions during the year.

Colleagues

- Regular communication using a mix of channels to encourage two-way dialogue; in addition, leader vlogs, Yammer updates, online townhalls, and use of Microsoft Teams.
- Training, learning and development opportunities for all colleagues, adapted for remote working.
- Regular performance check-ins and online or face-to face development for all colleagues.
- Engagement surveys and listening groups such as the Kingfisher Colleague Forum (KCF) and retail banner colleague forums.
- Union dialogue where appropriate.
- We are developing Group Diversity and Inclusion principles and we are training our senior colleagues to model inclusive leadership behaviours.
- Our Wellness Framework helps support colleagues to look after their mental, physical, social and financial health.

Kingfisher International Products Limited

Strategic report (continued)

For the year ended 31 January 2021

S.172(1) and stakeholder engagement statement (continued)

Suppliers

- Engaging suppliers with Kingfisher's Code of Conduct and Responsible Business strategy.
- Supplier ethical risk assessment and audit.
- Registration on Sedex, the online supplier data exchange, for Goods For Resale (GFR) suppliers.
- Ethical audits of high-risk production sites.
- An EcoVadis assessment, the sustainability ratings platform, for spend with new Goods Not For Resale (GNFR) suppliers above £75,000.
- A Vendor Engagement Assessment via an online tool, for spend with GNFR suppliers between £5,000 and £75,000 to screen for things such as business integrity, data protection, information security, and ethical practices.
- Factory and site visits.
- Conducting risk-based anti-bribery and corruption due diligence.
- Reviewing our approach to human rights.
- Supplier conferences on topics of significance.
- We report our payment practices under the UK Government's Duty to Report Requirements.

Regulators and Government

We engage with the governments and regulators in each of our key markets and with the EU, both directly and through our trade associations. This includes attending events hosted by governments, responding to consultations, and participating in parliamentary inquiries. The company also regularly engages with regulators and government departments, including in the UK, the Registrar of Companies, the Financial Conduct Authority (FCA), the Financial Reporting Council (FRC), the London Stock Exchange, and the Information Commissioner's Office on matters of statutory or regulatory compliance.


Further, Kingfisher has membership of trade associations, including the British Retail Consortium, Confederation of British Industry, The European DIY Retail Association, the French DIY retail association, the Polish retail employers' organisation, and EuroCommerce on matters of industry importance. A full list will be available in the Responsible Business report, which will be published later in 2021.

Future developments

In March 2021, we signed a franchise agreement with the Al-Futtaim Group to expand Kingfisher into the Middle East, with a first step being the opening of two B&Q-franchised stores in Saudi Arabia in autumn 2021. The stores and support office functions will be fully operated and staffed by the Al-Futtaim Group.

The company also opened a European distribution centre in Summer 2021, based in the Netherlands. This distribution centre holds Kingfisher 'own exclusive brands' and distributes to all retail banners, starting as a proof of concept in 2021/22, with a view to expanding in the future.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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JJ Smith

Director

28 October 2021

Kingfisher International Products Limited

Directors' report and responsibility statement

For the year ended 31 January 2021

The Directors present their annual report and audited financial statements of the company for the year ended 31 January 2021.

Principal activities and review of the business

During the year, the company acted as a procurement company within the Kingfisher plc group (the "Group"). The Directors currently envisage the company will continue these operations going forwards and will continue to support Kingfisher plc's strategic plans.

Future developments and Financial Risk Management are discussed in the Strategic report on pages 2 to 4.

Results and Dividends

The profit for the 12 months to 31 January 2021, after taxation, amounted to £90,855,000 (2020: profit of £11,073,000). The profit for the year was primarily due to the company reaching a scale in its operations, where revenue from services provided has increased, against a backdrop of lower levels of administrative costs due to the Covid-19 pandemic.

The Directors do not recommend the payment of a final dividend for the year (2020: nil). There were no interim dividends in the year (2020: nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The company operates a policy of direct and systematic communication on all relevant matters including the company's business performance and current market issues with employees via several channels of communication, including engagement surveys, briefing groups, employee forums and internal newsletters. Senior management hold quarterly briefing sessions with employees where the financial results of both the company and Kingfisher plc are discussed, along with the economic factors that may impact the performance of the company and the Group.

In addition, Kingfisher plc's intranet systems are used to communicate results announcements for the Group and to distribute information about other important business developments.

All employees are entitled to participate in a savings related share option scheme operated by Kingfisher plc, the parent undertaking, regardless of number of hours worked, provided they meet certain service conditions. In addition, all employees are entitled to participate in the annual bonus scheme.

Engagement with suppliers, customers and other stakeholders

For details on how the company engages with its suppliers, customers and other stakeholders, please refer to the S.172(1) and stakeholder engagement statement on pages 3 to 4.

Kingfisher International Products Limited

Directors' report and responsibility statement (continued)

For the year ended 31 January 2021

Directors

The Directors, who served during the year and up to the date of signing, were as follows:

JJ Smith

HPD Solère

MB Lee

P Moore (appointed 01 June 2021)

DL Dew (resigned 30 April 2020)

ES Nebol (appointed 01 March 2021) (resigned 01 June 2021)

Company Secretaries

The company secretaries of the company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

P Moore (resigned 01 June 2021)

A Lawrence (resigned 26 February 2021)

Going Concern

The Directors of Kingfisher International Products Limited, having made appropriate enquiries and based on the company's liquidity position and cash flow projections, including a forward looking remote scenario, the Directors have a reasonable expectation that the Company have 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 financial statements for the year ended 31 January 2021 (note 1b).

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed re-appointed as auditor in the absence of an Annual General Meeting.

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 provision of S418 of the Companies Act 2006.

Kingfisher International Products Limited

Directors' report and responsibility statement (continued)

For the year ended 31 January 2021

Directors' responsibilities statement

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 year.

In preparing these financial statements, the Directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Subsequent events

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

Approved by the Board and signed on its behalf by:

DocuSigned by:

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JJ Smith

Director

28 October 2021

Kingfisher International Products Limited

Independent auditor's report to the members of Kingfisher International Products Limited

For the year ended 31 January 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kingfisher Properties Investments 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 income statement;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 12.

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.

Kingfisher International Products Limited

Independent auditor's report to the members of Kingfisher International Products Limited

For the year ended 31 January 2021

Other information (continued)

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 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.

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.

Kingfisher International Products Limited

Independent auditor's report to the members of Kingfisher International Products Limited

For the year ended 31 January 2021

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

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Kingfisher International Products Limited

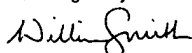
Independent auditor's report to the members of Kingfisher International Products Limited

For the year ended 31 January 2021

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.

DocuSigned by:



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William Smith MA FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 October 2021

Kingfisher International Products Limited

Income Statement

For the year ended 31 January 2021

£'000	Notes	31 Jan 2021		31 Jan 2020	
		Before exceptional items	Exceptional items (note 4)	Total	Total
Revenue	3	367,175	-	367,175	307,280
Cost of sales		(360)	-	(360)	-
Gross profit		366,815	-	366,815	307,280
Administrative expenses		(250,042)	(2,974)	(253,017)	(296,439)
Operating profit		116,772	(2,974)	113,798	10,841
Finance costs		(158)	-	(158)	(177)
Profit before taxation	5	116,614	(2,974)	113,640	10,664
Income tax (charge) / credit	7	(23,350)	565	(22,785)	409
Profit for the year		93,264	(2,409)	90,855	11,073

All the above transactions relate to continuing operations. There was no other comprehensive income during the current or prior year and accordingly a separate statement of comprehensive income has not been prepared.

Kingfisher International Products Limited

Statement of changes in equity

For the year ended 31 January 2021

£'000	Attributable to equity shareholders of the company			
	Share capital	Retained loss	Cash flow hedge reserve	Total
At 1st February 2020	200,000	(92,762)	-	107,238
Total comprehensive profit for the year	-	90,855	-	90,855
Share-based compensation	-	(169)	-	(169)
Deferred tax on share-based compensation	-	63	-	63
Cash flow hedge reserve	-	-	(5)	(5)
Deferred tax on cash flow hedge reserve	-	-	1	1
At 31 January 2021	200,000	(2,013)	(4)	197,983

£'000	Attributable to equity shareholders of the company			
	Share capital	Retained loss	Cash flow hedge reserve	Total
At 1st February 2019	200,000	(103,817)	-	96,183
Total comprehensive profit for the year	-	11,073	-	11,073
Share-based compensation	-	(19)	-	(19)
Deferred tax on share-based compensation	-	1	-	1
At 31 January 2020	200,000	(92,762)	-	107,238


Kingfisher International Products Limited

Balance sheet

As at 31 January 2021

£'000	Notes	31 January 2021	31 January 2020
Non-current assets			
Intangible assets	10	3,460	6,823
Property, plant and equipment	11	1,712	1,713
Deferred tax asset	8	1,219	1,425
Total non-current assets		6,391	9,961
Current assets			
Trade and other receivables	12	292,185	173,486
Current tax asset		-	6,296
Cash and cash equivalents		3	107
Total current assets		292,188	179,889
Total assets		298,579	189,850
Current liabilities			
Trade and other payables	13	(89,773)	(80,767)
Derivative liabilities	14	(6)	-
Current tax liabilities		(7,469)	-
Lease liabilities		(463)	(248)
Provisions	15	(1,430)	-
Total current liabilities		(99,141)	(81,015)
Non-current liabilities			
Lease liabilities		(1,455)	(1,597)
Total non-current liabilities		(1,455)	(1,597)
Total liabilities		(100,596)	(82,612)
Total net current assets		193,047	98,874
Net assets		197,983	107,238
Equity			
Share capital	16	200,000	200,000
Retained loss		(2,013)	(92,762)
Cash flow hedge reserve		(4)	-
Total equity		197,983	107,238

The financial statements of Kingfisher International Products Limited (Registered Number 09861549) were approved by the Board of Directors on 28 October 2021 and signed on its behalf by:

DocuSigned by:

 JJ Smith
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Director

Kingfisher International Products 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 International Products Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' report on page 5.

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"). 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 presented in pounds sterling which is the currency of the primary economic environment in which the company operates.

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, the impact of new accounting standards not yet effective, financial instruments, capital management, share-based payments and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of Kingfisher plc. The consolidated accounts of Kingfisher plc are publicly available and can be obtained from the Company Secretary, 3 Sheldon Square, Paddington, W2 6PX.

Changes to accounting policies as a result of new standards issued and effective:

New standards, amendments and interpretations are in issue and effective for the company's financial year ended 31 January 2021, but they do not have a material impact on the financial statements.

b. Going Concern

The Directors of Kingfisher International Products Limited, having made appropriate enquiries in particular in light of the unprecedented circumstances that have arisen since the outbreak of the Covid-19 pandemic, consider that adequate resources exist for the company to continue in operational existence along with have strength of the balance sheet in terms of a having a strong net asset position and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 January 2021. Furthermore, the Directors have concluded that there is not a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern.

c. Revenue

Revenue is recognised by the company for services provided to the rest of the Group, relating to both procurement activities and the collection of service fees, and the management of intellectual property rights. Amounts are stated net of value added taxes where applicable. Sourcing fees are recognised when the sourcing service is provided. Brand royalties are recognised as per volumes sold or on a fixed fee basis where applicable

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

Revenue is also recognised by the company for the sale of goods to our franchise partner in other territories. Kingfisher stock is sold to the partner, either directly from our vendors or through a distribution centre within the Group. The associated product sales and cost of goods is recognised at the point the ownership of the goods is passed onto our partner, which occurs at either the far-east or UK port, depending on the distribution route.

Amounts are stated net of value added taxes where applicable. Revenue is recognised when control of the goods is transferred to the customer at the point of shipment at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

d. Taxation

The income tax charge represents the sum of the tax currently payable. 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. Deferred tax has been recognised where required.

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 assets and liabilities are not generally recognised if the temporary difference arises from the initial recognition 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, 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.

e. Foreign Exchange Transactions

Transactions denominated in foreign currencies are translated into the functional currency GBP at the exchange rates prevailing on the date of the transaction 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 pounds at the rates of exchange at the balance sheet date. Exchange differences on monetary items are taken to the income statement.

f. Intercompany debtors and creditors

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

Amounts due by Group undertakings are unsecured, an interest applied, have no fixed date of repayment and are repayable on demand (Note 12).

g. Intangible assets

Intangible assets are carried in the balance sheet at cost less accumulated amortisation and any provisions for impairment. Amortisation is provided to reflect a straight-line reduction from cost to estimated residual value over the estimated useful life of the asset. The useful economic life of the intangible assets has been assessed as five years from acquisition date. Intangible assets are reviewed for impairment if events or changes in circumstances indicate that their carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined as the higher of fair value less costs to sell and value-in-use, calculated on the basis of management's assumptions and estimates.

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

h. Pensions

For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

i. Leased assets

Lessee accounting

The company assesses whether a contract is or contains a lease at inception of the contract. Typically, lease contracts relate to properties such as distribution centres, and equipment leases such as vehicles. For leases in which the company is a lessee, the company recognises a right-of-use asset and a lease liability.

The liability is initially measured as the present value of the lease payments not yet paid at the commencement date, discounted at an appropriate discount rate. Where the implicit rate in the lease is not readily determinable, an incremental borrowing rate is calculated and applied. The calculation methodology is based upon applying a financing spread to a risk-free rate, with the resulting rate including the effect of the credit worthiness of the company, as well as the underlying term, currency and start date of the lease agreement.

Lease payments used in the measurement of the lease liability principally comprise fixed lease payments (subject to indexation/rent reviews) less any incentives. The lease liability is subsequently measured using an effective interest method whereby the carrying amount of the lease liability is measured on an amortised cost basis, and the interest expense is allocated over the lease term. The lease term comprises the non-cancellable lease term, in addition to optional periods when the company is reasonably certain to exercise an option to extend (or not to terminate) a lease.

The company remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever an event occurs that changes the term or payment profile of a lease, such as the renewal of an existing lease, the exercise of lease term options, market rent reviews and indexation.

The right-of-use assets are initially measured at the amount equal to the lease liability, adjusted by any upfront lease payments or incentives and any initial direct costs incurred. Subsequently, the assets are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the remaining lease term.

j. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

k. Financial instruments

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

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

(ii) Trade and other receivables

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

(iii) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost.

(iv) Derivatives and hedge accounting

Where hedge accounting is not applied, or to the extent to which it is not effective, changes in the fair value of derivatives are recognised in the income statement as they arise. Changes in the fair value of derivatives transacted as hedges of operating items and financing items are recognised in operating profit and net finance costs respectively.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently carried at fair value. The accounting treatment of derivatives and other financial instruments classified as hedges depends on their designation, which occurs at the start of the hedge relationship. The Company designates a financial instrument as:

- a hedge of a highly probable forecast transaction or firm commitment ('cash flow hedge').

Cash flow hedges

Changes in the effective portion of the fair value of derivatives that are designated as hedges of future cash flows are recognised directly in other comprehensive income, with any ineffective portion being recognised immediately in the income statement where relevant. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time it is recognised, the associated gains or losses on the derivative that had previously been deferred in equity are included in the initial measurement of the non-financial asset or liability. For hedges that result in the recognition of a financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

I. Exceptional items

The separate reporting of exceptional items, which are presented as exceptional within their relevant income statement category, include items which by virtue of their size and/or nature, do not reflect the Company's ongoing trading performance. The principal items which are included as exceptional items are the costs of significant restructuring.

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

2 Critical accounting estimates and judgements

The preparation of the financial statements under FRS101 requires the company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Directors do not consider that any of the judgements or estimates made within these financial statements are significant.

Critical accounting judgements

Exceptional adjusting items

The Company separately reports exceptional adjusting items in order to calculate adjusted results, as it believes these adjusted measures provide additional useful information on continuing performance and trends to shareholders.

Judgement is required in determining whether an item should be classified as an exceptional adjusting item or included within adjusted results.

The company's definition of exceptional adjusting items is outlined in note 1(l). During the year the company has recorded, before taxation, exceptional adjusting items of £2,974,000 (2020: nil). Refer to note 4 for further information on exceptional adjusting items.

3 Revenue

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

£'000	31 Jan 2021	31 Jan 2020
Brand royalties	108,180	39,414
Sourcing activity	258,551	267,866
Franchising	444	-
Revenue	367,175	307,280

Segmental analysis

An analysis of the company's revenue by geographical market is set out below.

£'000		Other International				Total
		UK and Ireland	France	Poland	Other	
Revenue	31 Jan 2021	159,411	133,934	50,390	23,440	367,175
	31 Jan 2020	120,331	111,362	57,360	18,227	307,280

The operating segments disclosed above are based on the information reported internally, representing the geographical areas in which the company's related parties operate. There is only one business segment which is being a procurement company within the Group. The 'Other' category consists of Spain, Portugal, Russia, Romania and UAE.

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

4 Exceptional items

£'000	31 Jan 2021	31 Jan 2020
Included within administrative expenses		
Commercial operating model restructuring	(2,974)	-
Exceptional items before tax	(2,974)	-
Tax on exceptional items	565	-
Exceptional items	(2,409)	-

In September 2020, the Company commenced formal consultation with employee representatives regarding its proposal to implement a new commercial operating model. Exceptional costs of £2,974,000 have been recorded, predominately related to redundancy costs.

5 Profit before taxation

The following items of expense/(income) have been charged / (credited) in arriving at profit before taxation:

£'000	31 Jan 2021	31 Jan 2020
Amortisation of other intangible assets ⁽¹⁾	4,195	3,787
Profit on disposal	(14)	-
- Fixtures, fittings and equipment		
Foreign exchange losses	1,069	945
Audit fee payable for the audit of the financial statements	21	23
Intangible asset impairment (note 10)	-	260

(1) The amortisation of intangible assets charge of £4,195,000 (2020: £3,787,000) is included in administrative expenses.

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

6 Employees and Directors

£'000	31 Jan 2021	31 Jan 2020
Wages and salaries	45,743	38,665
Social security costs	4,170	4,672
Post-employment benefits		
- Defined contribution	3,712	3,506
Share-based payments expense	1,659	1,144
Employee benefit expenses	55,284	47,987

Number	31 Jan 2021	31 Jan 2020
Administration	560	592
Average monthly number of persons employed (including Directors)	560	592

Directors' emoluments		
£'000	31 Jan 2021	31 Jan 2020
Directors' remuneration	2,005	1,560

The number of Directors who :	Number	31 Jan 2021	31 Jan 2020
Are members of a defined contribution scheme		3	3
Exercised options during the year		4	3
Had awards receivable in the form of shares under long-term incentive scheme		3	6

Remuneration of the highest paid Director :		
£'000	31 Jan 2021	31 Jan 2020
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	593	588

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

7 Income tax

£'000	31 Jan 2021	31 Jan 2020
UK corporation tax		
Current tax on profit for the year	(21,561)	280
Adjustments in respect of prior years	(254)	346
	(21,815)	626
Overseas tax		
Current tax on profits for the year	(700)	(376)
	(700)	(376)
Deferred tax		
Current year	(264)	(24)
Effect of change in tax rate charge	126	(138)
Adjustment in respect of prior years	(132)	321
	(270)	159
Income tax credit / (charge)	(22,785)	409

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. Had the 25% tax rate been substantively enacted, the effect would be to increase the net deferred tax asset as reported of £1,219k by £13k.

£'000	31 Jan 2021	31 Jan 2020
Profit before taxation	113,640	10,664
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019/20 : 19%)	(21,591)	(2,026)
Net expenses not deductible for tax purposes	(934)	2,280
Adjustments in respect of prior years	(386)	667
Adjustments in respect of changes in tax rates	126	(136)
Overseas tax	-	(376)
Income tax (charge) / credit	(22,785)	409

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

8 Deferred tax

£'000	31 Jan 2021	31 Jan 2020
Deferred tax asset	1,219	1,425
	1,219	1,425

£'000	Total	Total
At 1st February	1,425	1,265
(Debit) / Credit to income statement	(270)	159
Credit to statement of changes in equity	64	1
At 31 January	1,219	1,425

9 Dividends

The Directors do not recommend the payment of a final dividend for the year (2020: nil). There were no interim dividends in the year (2020: nil).

10 Intangible assets

£'000	Brands	Total
Cost		
At 1 February 2020	19,085	19,085
Additions	832	832
At 31 January 2021	19,917	19,917
Amortisation		
At 1 February 2020	(12,262)	(12,262)
Charge for the year	(4,195)	(4,195)
At 31 January 2021	(16,457)	(16,457)
Net carrying amount		
At 31 January 2021	3,460	3,460

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

10 Intangible assets (continued)

£'000	Brands	Total
Cost		
At 1 February 2019	19,085	19,085
At 31 January 2020	19,085	19,085
Amortisation		
At 1 February 2019	(8,215)	(8,215)
Charge for the year	(3,787)	(3,787)
Impairment	(260)	(260)
At 31 January 2020	(12,262)	(12,262)
Net carrying amount		
At 31 January 2020	6,823	6,823

11 Property, plant and equipment

£'000	Rights-of-use assets Property	Rights-of-use assets Equipment	Cars	Total
Cost				
At 1 February 2020	1,830	272	33	2,135
Additions	317	132	-	449
At 31 January 2021	2,147	404	33	2,584
Accumulated Depreciation				
At 1 February 2020	(275)	(114)	(33)	(422)
Charge for the year	(371)	(79)	-	(450)
At 31 January 2021	(646)	(193)	(33)	(872)
Net carrying amount				
At 31 January 2021	1,501	211	0	1,712

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

11 Property, plant and equipment (continued)

£'000	Rights-of-use assets Property	Rights-of-use assets Equipment	Cars	Total
Cost				
At 1 February 2019	1,766	224	33	2,023
Additions	64	48	-	112
At 31 January 2020	1,830	272	33	2,135
Accumulated Depreciation				
At 1 February 2019	-	-	(25)	(25)
Charge for the year	(275)	(114)	(8)	(397)
At 31 January 2020	(275)	(114)	(33)	(422)
Net carrying amount				
At 31 January 2020	1,555	158	-	1,713

12 Trade and other receivables

£'000	31 Jan 2021	31 Jan 2020
Current		
Trade receivables	625	714
Amounts owed by Group undertakings	291,560	172,772
Trade and other receivables	292,185	173,486

Interest is received on the intercompany balance at a rate of 0.13% (2020: 0.71%) for GBP balances of £191,974,873 (2020: £144,565,179) and 0.39% (2020: 0.4%) for EUR balances of €24,118,265 (2020: €7,873,893).

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

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

13 Trade and other payables

£'000	31 Jan 2021	31 Jan 2020
Current		
Amounts owed to Group undertakings	(62,334)	(62,160)
Other taxation and social security	(2,862)	(2,630)
Other payables	(24,577)	(15,977)
Trade and other payables	(89,773)	(80,767)

There is no interest paid on the intercompany balance. Amounts due to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

14 Derivatives

£'000	31 Jan 2021	31 Jan 2020
Foreign exchange contracts	(6)	-
Derivative liabilities	(6)	-

The fair values are calculated by discounting future cash flows arising from the instruments and adjusted for credit risk. These fair value measurements are all made using observable market rates of interest, foreign exchange and credit risk.

Forward foreign exchange contracts hedge currency exposures of forecast inventory purchases. At 31 January 2021 the amount of such contracts is £1.6m. The associated fair value gains and losses will be transferred to inventories when the purchases occur during the next 12 months.

15 Provisions

£'000	Restructuring	Total
At 1 February 2020	-	-
Charge to income statement	(2,974)	(2,974)
Utilised in the year	1,544	1,544
At 31 January 2021	(1,430)	(1,430)

In September 2020, the Company commenced formal consultation with employee representatives regarding its proposal to implement a new commercial operating model. Provisions of £2,974,000 for the cost of the related employee redundancy plan have been recognised as exceptional adjusting items.

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

16 Share capital

	Number of ordinary shares thousands	Ordinary share capital £'000
At 1 February 2020	200,000	200,000
New shares issued	-	-
At 31 January 2021	200,000	200,000

As at 31 January 2021, 200,000,001 ordinary shares have been issued at £1 each. The shares have attached to them full voting, dividend and capital distribution rights.

There were no changes in share capital during the year.

17 Post-employment benefits

The company participates in a funded defined contribution scheme.

Defined contribution schemes

Pension costs for the defined contribution scheme, at rates specified in the scheme's rules, are as follows

£'000	31 Jan 2021	31 Jan 2020
Charge to operating profit	3,712	3,506

18 Share based payments

The company participates in a number of share incentive plans including the Kingfisher Alignment Share and Transformation Incentive Plan (KASTIP), Kingfisher Incentive Share Plan ('KISP'), Long Term Incentive Plan ('LTIP') and UK ShareSave scheme.

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

Under the ShareSave scheme, eligible employees have been invited to enter into HMRC approved savings contracts for a period of three or five years, whereby shares may be acquired with savings under the contract. The option price is the average market price over three days shortly before the invitation to subscribe, discounted by 20%. Options are exercisable within a six-month period from the conclusion of a three- or five-year period.

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 the fair value of the award.

Kingfisher International Products Limited

Notes to the financial statements (continued)

For the year ended 31 January 2021

Options have been exercised on a regular basis throughout the year. On that basis, the weighted average share price during the year, rather than at the date of exercise, is £2.36 (2019/20: £2.19). The options outstanding at the end of the year have exercise prices ranging from nil to £3.06, as per Note 31 – Shared based payments of the Group accounts (page 162), and a weighted average remaining contractual life of 6.4 years (2019/20: 6.5 years).

The company recognised a total expense of £1,659,000 in the year ended 31 January 2021 (2020: £1,144,000 expense) relating to equity-settled share-based payments transactions.

19 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 can be obtained from www.kingfisher.com.

The company's immediate parent company 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.

20 Subsequent events

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

21 Related party transactions

The company has taken advantage of the exemptions available under FRS 101 not to disclose transactions with wholly-owned members of the Group headed by Kingfisher plc.