

# Kingfisher International Products Limited

Annual Report and Financial Statements

for the year ended 31 January 2019

Registered number: 09861549



# Kingfisher International Products Limited

## Contents

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	<b>Page</b>
Company directory	3
Strategic report	4
Directors' report	6
Independent Auditor's Report	8
Income statement	11
Statement of changes in equity	12
Balance Sheet	13
Notes to the Financial Statements	14

# Kingfisher International Products Limited

## Company directory

for the year ended 31 January 2019

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### Registered address

3 Sheldon Square  
London  
W2 6PX  
United Kingdom

### Board of directors

HPD Solère  
JJ Smith  
DL Dew

### Company secretaries

P Moore  
A Lawrence

### Company auditor

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# Kingfisher International Products Limited

## Strategic report

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

### Principal Activities

Kingfisher International Products Limited (the "Company") is now in its third period of operations 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 2019, after taxation, amounted to £6,080,000 (Period to 31 January 2018 - loss of £86,556,000). The profit for this year was primarily due to the Company's income increasing due to reaching a particular level of services provided and the relative stability of expenditure incurred.

Net Assets at period end were £96,252,000 (2018: £87,129,000). This is predominantly composed of intangible assets for £10,878,000 (2018: £14,813,000), a tax liability of £2,229,000 (2018: tax asset of £14,765,000), net amounts owed by Group undertakings for £94,978,000 (2018: £49,510,000) and outstanding amounts owed to third parties of £8,243,000 (2018: £6,201,000).

In addition to its existing staff, the Company has additional employees which transferred over from other parts of the Group in relation to Supply, Logistics and Finance.

### Principal risks and uncertainties

The Company is a wholly-owned subsidiary of Kingfisher plc. From the perspective of the Directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Kingfisher plc and its subsidiaries which provide a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, and a description of the principal risks and uncertainties facing the business can be found on pages 44 to 51 of the Kingfisher plc Annual Report and Accounts 2018/19.

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

### 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 23 of the Kingfisher plc Annual Report and Accounts 2018/19.

### 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)

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### Future developments

The Directors expect a continued increase in the general level of activity in the forthcoming year. This is in line with the Group's strategy, although economic climate and political decisions may affect the decisions taken by the Company.

Approved by the Board and signed on its behalf by:



JJ Smith  
Director  
26 June 2019

# Kingfisher International Products Limited

## Directors' report

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The Directors present their annual report and audited financial statements of the Company for the year ended 31 January 2019.

### Principal activities and review of the business

This period represents the third period of operations as a procurement company within the Kingfisher plc group (the "Group"). The Directors currently envisage the Company will continue stepping up 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 page 4 and 5.

### Results and Dividends

The profit for the 12 months to 31 January 2019, after taxation, amounted to £6,080,000 (Period to 31 January 2018: loss of £86,556,000). The profit for the period was primarily due to the Company reaching a scale in its operations, where revenue from services provided has increased, against a backdrop of relative stability of administrative costs.

The Directors do not recommend the payment of a final dividend for the period (2018: nil). There were no interim dividends in the period (2018 : nil).

### Directors

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

AS Taaveniku	(resigned 19 September 2018)
JJ Smith	
SI Robson	(resigned 27 July 2018)
G Rey	(resigned 19 October 2018)
LJ Haselhurst	(resigned 31 May 2019)
DL Dew	(appointed 7 November 2018)
HPD Solère	(appointed 7 November 2018)
SB Willett	(appointed 7 November 2018 - resigned 31 March 2019)

### Company Secretary

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

P Moore  
A Lawrence

### Going Concern

Having prepared and reviewed cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements. During the year, the Company maintained its "A-2" short-term credit rating from Standard & Poor's, consistent with the rating of its ultimate parent company Kingfisher plc.

# Kingfisher International Products Limited

## Directors' report (continued)

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### 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.

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.

### 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 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; and
- 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:

JJ Smith  
Director  
26 June 2019



# Kingfisher International Products Limited

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

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### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Kingfisher International Products Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its profit 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 17.

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

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

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

We have nothing to report in respect of these matters.



## **Independent auditor's report to the members of Kingfisher International Products Limited (continued)**

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### **Other information**

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

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

We have nothing to report in respect of these matters.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# **Independent auditor's report to the members of Kingfisher International Products Limited (continued)**

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## **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.

**D. Winstone**

Daryl Winstone  
Senior Statutory Auditor  
for and on behalf of Deloitte LLP  
London, United Kingdom  
28 June 2019

# Kingfisher International Products Limited

## Income Statement

for the Year ended 31 January 2019

£'000	Notes	Year ended 31 Jan 2019	Year ended 31 Jan 2018
<b>Revenue</b>	3	<b>270,713</b>	<b>113,344</b>
<b>Gross profit</b>		<b>270,713</b>	<b>113,344</b>
Administrative expenses		(260,997)	(220,657)
<b>Operating profit / (loss)</b>		<b>9,716</b>	<b>(107,313)</b>
<b>Profit / (loss) before taxation</b>	4	<b>9,716</b>	<b>(107,313)</b>
Income tax (charge) / credit	6	(3,636)	20,757
<b>Profit / (loss) for the period</b>		<b>6,080</b>	<b>(86,556)</b>

All of the above transactions relate to continuing operations. There was no other comprehensive income during the current or prior period 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 2019

£'000	Attributable to equity shareholders of the Company		
	Share capital	Retained loss	Total
<b>At 1st February 2018</b>	<b>200,000</b>	<b>(112,871)</b>	<b>87,129</b>
<b>Total comprehensive profit for the period</b>	-	<b>6,080</b>	<b>6,080</b>
Share-based compensation	-	3,109	3,109
Deferred tax on share-based compensation	-	(66)	(66)
<b>At 31 January 2019</b>	<b>200,000</b>	<b>(103,748)</b>	<b>96,252</b>

£'000	Share capital	Retained loss	Total
<b>At 1st February 2017</b>	<b>50,000</b>	<b>(28,245)</b>	<b>21,755</b>
New shares issued	150,000	-	150,000
<b>Total comprehensive loss for the period</b>	-	<b>(86,556)</b>	<b>(86,556)</b>
Share-based compensation	-	1,864	1,864
Deferred tax on share-based compensation	-	66	66
<b>At 31 January 2018</b>	<b>200,000</b>	<b>(112,871)</b>	<b>87,129</b>

# Kingfisher International Products Limited

## Balance sheet

as at 31 January 2019

£'000	Notes	31-Jan-19	31-Jan-18
<b>Non-current assets</b>			
Intangible assets	9	10,878	14,813
Deferred tax asset	7	1,251	1,045
<b>Total non-current assets</b>		<b>12,129</b>	<b>15,858</b>
<b>Current assets</b>			
Trade and other receivables	10	156,534	168,586
Current tax asset		-	14,765
Cash and cash equivalents		-	840
<b>Total current assets</b>		<b>156,534</b>	<b>184,191</b>
<b>Total assets</b>		<b>168,663</b>	<b>200,049</b>
<b>Current liabilities</b>			
Overdraft		(383)	-
Trade and other payables	11	(69,799)	(112,920)
Current tax liabilities		(2,229)	-
<b>Total current liabilities</b>		<b>(72,411)</b>	<b>(112,920)</b>
<b>Total net current assets</b>		<b>84,123</b>	<b>71,271</b>
<b>Net assets</b>		<b>96,252</b>	<b>87,129</b>
<b>Equity</b>			
Share capital	12	200,000	200,000
Retained loss		(103,748)	(112,871)
<b>Total equity</b>		<b>96,252</b>	<b>87,129</b>

The financial statements of Kingfisher International Products Limited (Registered Number 09861549) were approved by the Board of Directors on 26 June 2019 and signed on its behalf by :

JJ Smith  
Director



# Kingfisher International Products Limited

## Notes to the financial statements

for the year ended 31 January 2019

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### 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 3. The nature of the company's operations and its principal activities are set out in the Directors' Report on page 6.

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

The current financial period is the year ended 31 January 2019 (the "period"). This represents the third period of operations. The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, the impact of new accounting standards not yet effective, financial instruments, capital management 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 :

The following new standards, which are mandatory for the first time for the financial year ended 31 January 2019, are relevant for the Group:

- IFRS 9, 'Financial instruments'; and
- IFRS 15, 'Revenue from contracts with customers'.

The Group has adopted IFRS 9 and IFRS 15 from 1 February 2018. The new standards have been adopted prospectively with no retrospective adjustments required. The effect of adopting these standards is outlined below.

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement' and addresses the classification, measurement and recognition of financial assets and liabilities, and introduces a new impairment model for financial assets as well as new hedge accounting rules. A detailed assessment of the new standard was undertaken and concluded that there are no material impacts on the consolidated financial statements, except for additional disclosure requirements relating to hedge accounting. The standard has also resulted in changes to the presentation of inventory cash flow hedge gains and losses within the consolidated statements of other comprehensive income and changes in equity.

IFRS 9 introduces the following new requirements:

- The classification and measurement of financial assets is now based on the entity's business model for managing the financial asset and its contractual cash flow characteristics. Given the nature of the Group's financial assets, comprising principally derivatives, trade and other receivables and cash, this has had no material impact.
- The new impairment model requires the recognition of expected credit losses, in contrast to the requirement to recognise incurred credit losses under IAS 39. The Group does not hold financial assets for which application of the new impairment model is significant. The Group's trade and other receivables mainly relate to trade receivables and rebates which comprise low individual balances with short maturity spread across a large number of unrelated customers and suppliers, resulting in low credit risk levels. A review of the group structured companies indicates all entities that the Company deals with has a net asset balance sheet position as at Nov17. No impairment impact under IFRS 9 on the structured companies as the balances are revolving credit facilities available on demand.

IFRS 15 replaces IAS 18 'Revenue' and establishes a principles-based approach to revenue recognition and measurement based on the concept of recognising revenue when performance obligations are satisfied.

The adoption of IFRS 15 has not had a material effect on the financial statements or the amount, timing or nature of revenue recognised by the Company, this is because all revenue relates to intercompany transactions with other Group entities.

# Kingfisher International Products Limited

## Notes to the financial statements (continued)

for the year ended 31 January 2019

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The Group's accounting policies for financial instruments and revenue recognition have been updated to reflect the above changes in requirements. No retrospective adjustments, restatements or changes to opening retained earnings have been made to the financial statements as a result of adopting IFRS 9 and IFRS 15. Other new standards, amendments and interpretations are in issue and effective for the Group's financial year ended 31 January 2019, but they do not have a material impact on the consolidated financial statements.

**b. Going Concern**

The Directors of Kingfisher International Products Limited, having made appropriate enquiries, consider that adequate resources exist for the company to continue in operational existence for at least twelve months from the date of approval of these financial statements and that, therefore, it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

**c. Revenue**

Revenue is recognised by the Company relating to services provided to the rest of the Group relating to collection of service fees, procurement activities and management of intellectual property rights on behalf of the Group. 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.

**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. Cash and cash equivalents**

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

**f. 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.

**g. Trade and other payables**

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

**h. 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.

# Kingfisher International Products Limited

## Notes to the financial statements (continued)

for the year ended 31 January 2019

### i. Intercompany debtors and creditors

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

### j. 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.

### k. 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.

## 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.

## 3 Revenue

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

£'000	Year ended 31	Year ended 31
	Jan 2019	Jan 2018
Brand royalties	36,882	31,301
Sourcing activity	233,831	82,043
<b>Revenue</b>	<b>270,713</b>	<b>113,344</b>

## 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
<b>Revenue</b>	Year ended 31 Jan 19	<b>103,902</b>	<b>106,968</b>	<b>40,300</b>	<b>19,543</b>	<b>270,713</b>
	Year ended 31 Jan 18	<b>49,238</b>	<b>38,837</b>	<b>11,983</b>	<b>13,286</b>	<b>113,344</b>

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, Turkey and Asia.

## 4 Profit / (loss) before taxation

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

£'000	Year ended 31	Year ended 31
	Jan 2019	Jan 2018
Amortisation of other intangible assets <sup>(1)</sup>	3,817	3,817
Bad debt (release)	(224)	(911)
Foreign exchange losses / (gains)	1,311	(537)
Audit fee payable for the audit of the financial statements	23	15
Asset impairment (note 9)	127	-

(1) The amortisation of intangible assets charge of £3,817,000 is included in administrative expenses



# Kingfisher International Products Limited

## Notes to the financial statements (continued)

for the year ended 31 January 2019

### 5 Employees and directors

£'000	Year ended 31 Jan 2019	Year ended 31 Jan 2018
Wages and salaries	37,843	28,596
Social security costs	3,708	2,437
Post-employment benefits		
- Defined contribution	2,422	1,513
Share-based payments expense	3,109	1,864
<b>Employee benefit expenses</b>	<b>47,082</b>	<b>34,410</b>

Number	31 Jan 2019	31 Jan 2018
Administration	538	369
<b>Average number of persons employed (including Directors)</b>	<b>538</b>	<b>369</b>

Directors' emoluments

£'000	Year ended 31 Jan 2019	Year ended 31 Jan 2018
<b>Directors' remuneration</b>	<b>4,068</b>	<b>3,690</b>

The number of directors who :

	Number	31 Jan 2019	31 Jan 2018
Are members of a defined contribution scheme		5	6
Exercised options during the period		-	4
Had awards receivable in the form of shares under long-term incentive scheme		8	8

Remuneration of the highest paid director :

£'000	31 Jan 2019	31 Jan 2018
<b>Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes</b>	<b>608</b>	<b>780</b>

### 6 Income tax

£'000	Year ended 31 Jan 2019	Year ended 31 Jan 2018
<b>UK corporation tax</b>		
Current tax on (profit) / loss for the period	(2,877)	20,031
Adjustments in respect of prior years	(764)	(71)
	<b>(3,641)</b>	<b>19,960</b>
<b>Overseas tax</b>		
Current tax on profits for the year	(267)	(182)
	<b>(267)</b>	<b>(182)</b>
<b>Deferred tax</b>		
Current year	(139)	979
Adjustment in respect of prior years	411	-
	<b>272</b>	<b>979</b>
<b>Income tax (charge) / credit</b>	<b>(3,636)</b>	<b>20,757</b>

#### Factors affecting tax charge for the period

The UK corporation tax rate was 19% (2017/18 : 19.17% - due to changes in the tax rate in the previous year). From 1 April 2020, the UK corporation tax rate will fall to 17%.

£'000	Year ended 31 Jan 2019	Year ended 31 Jan 2018
Profit / (loss) before taxation	9,716	(107,313)
Profit / (loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017/18 : 19.17%)	(1,847)	20,572
Net expenses not deductible for tax purposes	(1,436)	185
Adjustments in respect of prior years	(353)	-
<b>Income tax (charge) / credit</b>	<b>(3,636)</b>	<b>20,757</b>

Expenses not deductible for tax purposes include intangible assets depreciation and share options.

# Kingfisher International Products Limited

## Notes to the financial statements (continued)

for the year ended 31 January 2019

### 7 Deferred tax

£'000	31 Jan 2019	31 Jan 2018
Deferred tax asset	<b>1,251</b>	<b>1,045</b>
	<b>1,251</b>	<b>1,045</b>

£'000	Total	Total
At 1st February	1,045	-
(Charge) / credit to income statement	272	979
(Charge) / credit to statement of change in equity	(66)	66
At 31 January	<b>1,251</b>	<b>1,045</b>

### 8 Dividends

The directors do not recommend the payment of a final dividend for the period (2018 : nil). There were no interim dividends in the period (2018 : nil).

### 9 Intangible assets

£'000	Brands	Total
<b>Cost</b>		
At 1 February 2018	<b>19,084</b>	<b>19,084</b>
Additions	<b>9</b>	<b>9</b>
At 31 January 2019	<b>19,093</b>	<b>19,093</b>
<b>Amortisation</b>		
At 1 February 2018	<b>(4,271)</b>	<b>(4,271)</b>
Charge for the period	<b>(3,817)</b>	<b>(3,817)</b>
Impairment	<b>(127)</b>	<b>(127)</b>
At 31 January 2019	<b>(8,215)</b>	<b>(8,215)</b>
<b>Net carrying amount</b>		
At 31 January 2019	<b>10,878</b>	<b>10,878</b>
At 31 January 2018	<b>14,813</b>	<b>14,813</b>

An impairment of £127k has been recorded during the year against the Performance Power brand to write it down to its recoverable amount.

### 10 Trade and other receivables

£'000	31 Jan 2019	31 Jan 2018
<b>Current</b>		
Trade receivables	<b>3,611</b>	<b>7,824</b>
Accrued income	<b>3,160</b>	<b>14,581</b>
Amounts owed by Group undertakings	<b>149,763</b>	<b>146,181</b>
<b>Trade and other receivables</b>	<b>156,534</b>	<b>168,586</b>

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 2019

### 11 Trade and other payables

£'000	31 Jan 2019	31 Jan 2018
<b>Current</b>		
Amounts owed to Group undertakings	(54,785)	(96,671)
Other taxation and social security	(2,171)	(2,265)
Other payables	(12,843)	(13,984)
<b>Trade and other payables</b>	<b>(69,799)</b>	<b>(112,920)</b>

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

### 12 Authorised share capital

	Number of ordinary shares thousands	Ordinary share capital £'000
At 1 February 2018	200,000	200,000
New shares issued	-	-
At 31 January 2019	200,000	200,000

The total number of shares is 200,000,001.

### 13 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	Year ended 31 Jan 2019	Year ended 31 Jan 2018
Charge to operating profit	2,422	1,513

### 14 Share-based payments

The Company participates in a number of share incentive plans including the Kingfisher Alignment Share Award, Kingfisher Incentive Share Scheme ('KISS'), Long Term Incentive Plan ('LTIP') and UK ShareSave scheme.

The Kingfisher Alignment Share Award is granted based on three-year service condition. KISS 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.

# Kingfisher International Products Limited

## Notes to the financial statements (continued)

for the year ended 31 January 2019

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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.

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 £2.83 (2017/18: £3.20). The options outstanding at the end of the year have exercise prices ranging from nil to £3.15 and a weighted average remaining contractual life of 6.4 years (2017/18: 6.8 years).

The company recognised a total expense of £3.1m in the year ended 31 January 2019 (2018: £1.9m) relating to equity-settled share-based payments transactions.

### 15 Ultimate holding company

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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 Company Secretary 3 Sheldon Square, London W2 6PX.

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, London W2 6PX.

### 16 Subsequent events

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

### 17 Related parties transactions

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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.