

Registered Number: 2589977

Kingfisher International France Limited

Report and Financial Statements

For the Financial Year Ended

31 January 2003



Kingfisher International France Limited
Report and Financial Statements
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Kingfisher International France Limited
Directors and officers

DIRECTORS

Sir Geoffrey Mulcahy (resigned 21 November 2002)

Jean-Noel Labroue (resigned 15 May 2003)

Helen Weir

Ian Cheshire (appointed 16 April 2002, resigned 16 September 2002, covering
maternity leave of Helen Weir)

Gerard M. Murphy (appointed 15 May 2003)

Helen M. Jones (appointed 15 May 2003)

SECRETARY

Helen M. Jones (resigned 19 May 2003)

Martin H. Stokes (appointed 19 May 2003)

REGISTERED OFFICE

3 Sheldon Square
Paddington
London W2 6PX

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Kingfisher International France Limited

Directors' Report

The directors present their report and financial statements of the Company for the year ended 31 January 2003.

Principal activities and review of the business

The Company operates as an investment company within the Kingfisher plc group and operated a branch in France during the period. The Company intends to enter into a members' voluntary liquidation in the foreseeable future.

Results and Dividends

The loss for the year, after taxation, amounted to £291,727,000 (2002: profit £101,693,000). The directors do not recommend the payment of a dividend (2002: nil).

Post balance sheet events

On 19 May 2003, the Company increased its authorised share capital from 2,228,053,154 ordinary shares of £1 each to 3,100,000,000 ordinary shares of £1 each and 300,000,000 'B' ordinary shares of €1 each.

On 9 June 2003, the Company issued 651,353,700 £1 'D' Ordinary shares fully paid and issued 160,000,000 €1 'A' Ordinary shares and 140,000,000 €1 'B' Ordinary shares which were unpaid.

On 9 June 2003, the Company re-designated its share capital. The authorised share capital of 3,100,000,000 shares of £1 each were re-designated as follows:

- (i) the entire issued share capital of the Company, being 1,654,874,156 Ordinary shares of £1 each were designated as 'D' Ordinary shares of £1 each;
- (ii) 100,000,000 of the authorised but un-issued share capital of 1,445,125,844 Ordinary shares of £1 each were designated as 'C' Ordinary shares of £1 each; and
- (iii) the remainder of the authorised but un-issued share capital of 1,345,125,844 Ordinary shares of £1 each were designated as 'D' Ordinary shares of £1 each.

On 9 June 2003, the Company re-designated its 'B' shares. The authorised but un-issued share capital of 300,000,000 'B' Ordinary shares of €1 each were re-designated as follows:

- (i) 160,000,000 'A' Ordinary shares of €1 each; and
- (ii) 140,000,000 'B' Ordinary shares of €1 each

Kingfisher International France Limited
Directors' report

Elective Resolution

On 2 December 1991 the Company passed an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked. Further elective resolutions were passed at the same time that the Company would dispense with :

- a) the laying of the annual report and financial statements before the Company in general meeting and
- b) the requirement to reappoint annually the auditors of the Company in general meeting.

Auditors

Following the conversion of the Company's auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 10 January 2003 and the directors appointed its successor PricewaterhouseCoopers LLP as auditors.

Directors and directors' interests

The directors of the Company, who served during the financial year, are:

Sir Geoffrey Mulcahy (resigned 21 November 2002)

Jean-Noel Labroue (resigned 15 May 2003)

Helen Weir

Ian Cheshire (appointed 16 April 2002, resigned 16 September 2002, covering maternity leave of Helen Weir)

Gerard M. Murphy and Helen M. Jones were appointed directors of the Company on 15 May 2003.

None of the directors have any beneficial interest in the shares of the Company. The interests of Sir Geoffrey Mulcahy, Jean-Noel Labroue, Helen Weir and Ian Cheshire in the share capital of Kingfisher plc are shown in the financial statements of that company.

Going concern

The financial statements which appear on pages 6 to 15 have not been prepared on a going concern basis, as it is the Company's intention to liquidate in the foreseeable future through a members' voluntary liquidation. All assets have been stated at their estimated net recoverable amounts, and provision has been made for future operating losses.



M.H. Stokes
Secretary
13 June 2003

Kingfisher International France Limited
Statement of directors' responsibilities

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss for the year to that date. In preparing the financial statements the directors are required:

To ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

To take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

To apply suitable accounting policies in a consistent manner and supported by reasonable and prudent judgements and estimates where necessary.

To comply with all applicable accounting standards (except where any departures from this requirement are explained in the Notes to the Financial Statements).

To prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

We have audited the financial statements which comprise the profit and loss account and the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Basis of preparation

We draw your attention to note 1 "Accounting Policies" which explains that following the year end the directors have decided that the company will be liquidated through a members' voluntary liquidation. Accordingly, the going concern basis of accounting is no longer appropriate. The assets have been stated at their realisable values and adjustments have been made to provide for liabilities arising from the decision, and to reclassify fixed assets and long-term liabilities as current assets and liabilities. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 January 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
13 June 2003

Kingfisher International France Limited
Profit and loss account
For the year ended 31 January 2003

	Notes	2003 £000	2002 £000
Income from fixed asset investments	6	47,503	146,409
Administrative expenses		(164)	(513)
Other operating income		-	367
Impairment charge	5	(14)	-
Exchange (losses)/gains	7	(132,508)	86,105
Provision for future operating losses		(38,166)	-
(Loss)/profit on ordinary activities before interest		(123,349)	232,368
 Net interest payable	 8,9	 (115,118)	 (132,438)
(Loss)/profit on ordinary activities before taxation	 4	 (238,467)	 99,930
Taxation on (loss)/profit on ordinary activities	10	(53,260)	1,763
(Loss)/profit on ordinary activities after taxation		(291,727)	101,693
Retained (loss)/profit for the year	 17	 <u>(291,727)</u>	 <u>101,693</u>

The result for the year arises solely from continuing operations.

The Company has no recognised gains and losses other than the (loss)/profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents.

The notes on pages 8 to 15 form an integral part of these financial statements.

Kingfisher International France Limited
Balance sheet
As at 31 January 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Investments	11	-	4,028,071
Current assets			
Debtors	12	367,828	357,649
Investments	11	4,028,057	-
Creditors: amounts falling due within one year	13	<u>(2,913,101)</u>	<u>(805,181)</u>
Net current assets/(liabilities)		1,482,784	(447,532)
Total assets less current liabilities		<u>1,482,784</u>	<u>3,580,539</u>
Creditors: amounts falling due after more than one year	14	-	(1,846,021)
Provision for liabilities and charges	15	(40,400)	(407)
Net assets		<u><u>1,442,384</u></u>	<u><u>1,734,111</u></u>
Capital and reserves			
Called up share capital	16	1,654,874	1,654,874
Profit and loss account	17	(212,490)	79,237
Equity shareholders' funds	18	<u><u>1,442,384</u></u>	<u><u>1,734,111</u></u>

The financial statements on pages 6 to 15 were approved by the board of directors and were signed on its behalf by:-



H.A. Weir
 Director
 13 June 2003

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The financial statements have not been prepared on a going concern basis, as it is the Company's intention to liquidate in the foreseeable future through a members' voluntary liquidation. All assets have been stated at their estimated net recoverable amounts, and provision has been made for future operating losses.

The Company's ultimate holding company is Kingfisher plc and the cash flows of the Company are shown in the consolidated Group Cash Flow Statement of Kingfisher plc, which is publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

The financial statements contain information about Kingfisher International France Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under Section 228 of the Companies Act 1985 from publishing consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Kingfisher plc which is registered in England and Wales.

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities where 90% or more of the voting rights are controlled within the Kingfisher plc group.

Interest receivable and payable is accrued on a daily basis. Dividend income is recognised when declared.

Fixed asset investments are stated at net realisable value and have been reclassified as current assets.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at contracted rates or where no contract exists, at average monthly rates.

Monetary assets and liabilities denominated in foreign currencies which are held at the balance sheet date are converted into sterling at the year end exchange rates. Exchange differences on monetary items are taken into the profit and loss account.

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

1. Accounting policies (continued)

Deferred taxation

Provision is made for deferred taxation using the incremental provision approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the following:

- (a) Deferred tax is not recognised on un-remitted earnings of overseas subsidiaries unless dividends have been accrued as receivable or there is a binding agreement to distribute past earnings at the balance sheet date.
- (b) Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- (c) Deferred tax is not recognised on permanent differences.

2. Employees

	2003	2002
	£'000	£'000
Included within administration expenses are the following staff costs:		
Wages and salaries	221	232
Social security costs	95	108
	<u>316</u>	<u>340</u>

The average number of employees during the financial year ended 31 January 2003 is 7 (2002: 9)

3. Directors' remuneration

None of the directors received any emoluments from the Company in respect of the financial year ended 31 January 2003 (2002: £Nil).

4. Loss on ordinary activities before taxation

Auditors' remuneration is borne by the parent company.

5. Impairment charge

The impairment charge represents a write down of 40,966 ordinary shares held by the Company in Rolls Royce plc. The investments have been written down to reflect recoverable value.

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

6. Income from fixed asset investments

	2003	2002
	£000	£000
Income from shares in group undertakings	47,500	146,406
Income from shares in listed investments	3	3
	<u>47,503</u>	<u>146,409</u>

7. Exchange (losses) / gains

	2003	2002
	£000	£000
Exchange (losses) / gains	<u>(132,508)</u>	<u>86,105</u>

Exchange losses and gains arise principally from the translation of Euro denominated loans.

8. External interest receivable

	2003	2002
	£000	£000
External interest receivable	<u>4</u>	<u>4</u>

9. Interest payable

	2003	2002
	£000	£000
Interest payable to group undertakings	<u>115,122</u>	<u>132,442</u>
	<u>115,122</u>	<u>132,442</u>

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

10. Taxation on profit on ordinary activities

	2003	2002
	£000	£000
<u>UK Corporation tax</u>		
Current tax charge/(credit) on profits for the period at 30% (2002: 30%)	513	42,731
Double taxation relief	(13,626)	(64,040)
Adjustments in respect of prior periods	53,495	-
Unrelieved foreign tax	-	2,337
	<u>40,382</u>	<u>(18,972)</u>
<u>Foreign tax</u>		
Current tax charge on profits for the period	11,090	16,377
Adjustments in respect of prior periods	(39)	(150)
	<u>11,051</u>	<u>16,227</u>
Current corporation tax charge/(credit) for the period	51,433	(2,745)
Deferred tax charge for the period	1,827	982
Total tax charge/(credit) for the period	<u>53,260</u>	<u>(1,763)</u>

	2003	2002
	£000	£000
Factors affecting tax charge for the period		
(Loss)/profit on ordinary activities before taxation	<u>(238,467)</u>	<u>99,930</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax for the UK of 30% (2002: 30%)	(71,540)	29,979
Effects of:		
Non-taxable / non-deductible items including foreign exchange	2,630	(5,478)
Timing differences provided for	(1,827)	(982)
Tax on underlying tax	2,765	19,212
Double taxation relief	(13,626)	(64,040)
Unrelieved foreign taxation	-	2,337
UK dividends	(2)	-
Foreign tax	11,090	16,377
Provision for future operating losses	11,450	-
Group relief surrendered for nil consideration	57,037	-
Adjustments to prior period corporation tax	53,456	(150)
Current corporation tax charge/(credit) for the period	51,433	(2,745)
Current year deferred tax charge for the period	1,827	982
Total tax charge/(credit) for the period	<u>53,260</u>	<u>(1,763)</u>

The adjustment to prior period corporation tax mainly arises as a result of the surrender of group relief for nil consideration.

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

11. Investments

	Investments in subsidiary undertakings £000	Other investments £000	Total £000
Cost			
At 1 February 2002	4,027,963	108	4,028,071
Additions	-	-	-
Disposals	-	-	-
Impairment	-	(14)	(14)
Transfer to current assets	(4,027,963)	(94)	(4,028,057)
At 31 January 2003	-	-	-

Other investments	2003 £000	2002 £000
Listed investments	94	108
Valuation:		
Listed investments - market value	114	137

Interests in Group Undertakings

	Country of incorporation	Class of Share	% owned	Main Activity
Castorama Dubois Investissements S.C.A.	France	Ordinary	55.2	Retail
Kingfisher France S.A.	France	Ordinary	99.7	Investment
Alcedo Finance Limited	England & Wales	Ordinary	100	Investment
Comet Group plc	England & Wales	Ordinary	100	Retail
KESA Electricals SAS	France	Ordinary	100	Service

In the opinion of the directors the aggregate value of the investments in the subsidiaries is not less than the amount stated in the Company's balance sheet.

12. Debtors: amounts falling due within one year

	2003 £000	2002 £000
Amounts due from group undertakings	363,202	354,189
Other debtors	9	5
Corporation tax	4,617	3,455
	<u>367,828</u>	<u>357,649</u>

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

13. Creditors: amounts falling due within one year

	2003	2002
	£000	£000
Bank loans and overdrafts	4,952	375
Amounts owed to group undertakings	2,906,663	804,759
Corporation tax	1,409	-
Other creditors	77	47
	<u>2,913,101</u>	<u>805,181</u>

14. Creditors: amounts falling due after one year

	2003	2002
	£000	£000
Amounts owed to group undertakings	<u>-</u>	<u>1,846,021</u>

15. Provision for liabilities and charges

	Deferred Tax	Other	Total
	£000	£000	£000
Balance as at 1 February 2002	(407)	-	(407)
Charge to profit and loss account	<u>(1,827)</u>	<u>(38,166)</u>	<u>(39,993)</u>
Balance as at 31 January 2003	<u>(2,234)</u>	<u>(38,166)</u>	<u>(40,400)</u>

	Provided		Not provided	
	2003	2002	2003	2002
	£000	£000	£000	£000
Short term timing differences	<u>(2,234)</u>	<u>(407)</u>	<u>-</u>	<u>-</u>

16. Share capital

	2003	2002
	£000	£000
Authorised:		
2,228,053,154 ordinary shares of £1 each	<u>2,228,053</u>	<u>2,228,053</u>
Allotted and fully paid:		
1,654,874,156 ordinary shares of £1 each	<u>1,654,874</u>	<u>1,654,874</u>

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

17. Profit and loss account

	2003 £000
At start of year	79,237
Retained loss for the financial year	<u>(291,727)</u>
At end of year	<u>(212,490)</u>

18. Reconciliation of movements in shareholders' funds

	2003 £000	2002 £000
(Loss) / profit for the financial year	<u>(291,727)</u>	<u>101,693</u>
Net (reduction in)/addition to shareholders' funds	<u>(291,727)</u>	<u>101,693</u>
Opening shareholders' funds	<u>1,734,111</u>	<u>1,632,418</u>
Closing shareholders' funds	<u>1,442,384</u>	<u>1,734,111</u>

19 Post balance sheet events

On 19 May 2003, the Company increased its authorised share capital from 2,228,053,154 ordinary shares of £1 each to 3,100,000,000 ordinary shares of £1 each and 300,000,000 'B' ordinary shares of €1 each.

On 9 June 2003, the Company issued 651,353,700 £1 'D' Ordinary shares fully paid and issued 160,000,000 €1 'A' shares and 140,000,000 'B' shares which were unpaid.

On 9 June 2003, the Company re-designated its share capital. The authorised share capital of 3,100,000,000 shares of £1 each were re-designated as follows:

- (i) the entire issued share capital of the Company, being 1,654,874,156 Ordinary shares of £1 each were designated as 'D' Ordinary shares of £1 each;
- (ii) 100,000,000 of the authorised but un-issued share capital of 1,445,125,844 Ordinary shares of £1 each were designated as 'C' Ordinary shares of £1 each;
- (iii) the remainder of the authorised but un-issued share capital of 1,345,125,844 Ordinary shares of £1 each were designated as 'D' Ordinary shares of £1 each.

On 9 June 2003, the Company designated its 'B' shares. The authorised but un-issued share capital of 300,000,000 'B' Ordinary shares of €1 each were re-designated as follows:

- (i) 160,000,000 'A' Ordinary shares of €1 each;
- (ii) 140,000,000 'B' Ordinary shares of €1 each

Kingfisher International France Limited
Notes to the financial statements
at 31 January 2003

20 Ultimate holding company

The immediate parent company is Sheldon Holdings Limited (formerly Halcyon Electric Limited), which is registered in England and Wales.

The ultimate parent company is Kingfisher plc, which is registered in England and Wales. A copy of the Annual Report and Financial Statements of the ultimate parent company can be obtained from The Secretary, Kingfisher plc, 3 Sheldon Square, Paddington, London W2 6PX.

21 Contingent liabilities

The company intends to enter into a members' voluntary liquidation in the foreseeable future. As a consequence of the liquidation, the existing French tax group (headed by KIFL's French branch) is expected to cease and may crystallise French tax liabilities amounting to approximately £110m.