Consolidated income statement
Year ended 31 January 2024

		2023/24			2022/23		
£ millions	Notes	Before adjusting items	Adjusting items (note 4)	Total	Before adjusting items	Adjusting items (note 4)	Total
Sales	3	**12,980**	**–**	**12,980**	13,059	–	13,059
Cost of sales		**(8,204)**	**–**	**(8,204)**	(8,264)	–	(8,264)
Gross profit		**4,776**	**–**	**4,776**	4,795	–	4,795
Selling and distribution expenses		**(3,143)**	**(87)**	**(3,230)**	(3,087)	(136)	(3,223)
Administrative expenses		**(982)**	**(8)**	**(990)**	(868)	(12)	(880)
Other income		**23**	**2**	**25**	25	1	26
Share of post-tax results of joint ventures and associates		**(1)**	**–**	**(1)**	5	–	5
Operating profit	3	**673**	**(93)**	**580**	870	(147)	723
Finance costs		**(133)**	**–**	**(133)**	(129)	–	(129)
Finance income		**28**	**–**	**28**	17	–	17
Net finance costs	5	**(105)**	**–**	**(105)**	(112)	–	(112)
Profit before taxation		**568**	**(93)**	**475**	758	(147)	611
Income tax expense	6	**(153)**	**23**	**(130)**	(169)	29	(140)
Profit for the year		**415**	**(70)**	**345**	589	(118)	471

Earnings per share	7						
Basic				**18.2p**			23.8p
Diluted				**18.0p**			23.5p
Adjusted basic				**21.9p**			29.7p
Adjusted diluted				**21.6p**			29.4p

The proposed dividend for the year ended 31 January 2024, subject to approval by shareholders at the Annual General Meeting, is 12.40p per share, comprising an interim dividend of 3.80p in respect of the six months ended 31 July 2023 and a final dividend of 8.60p.

Consolidated statement of comprehensive income
Year ended 31 January 2024

£ millions	Notes	2023/24	2022/23
Profit for the year		**345**	471
Remeasurements of post-employment benefits	9	**(42)**	(278)
Inventory cash flow hedges – fair value (losses)/gains		**(32)**	58
Tax on items that will not be reclassified		**28**	85
Total items that will not be reclassified subsequently to profit or loss		**(46)**	(135)
Currency translation differences			
Group		**(3)**	129
Joint ventures and associates		**(1)**	11
Transferred to income statement		**(2)**	–
Inventory cash flow hedges – losses/(gains) transferred to income statement		**12**	(5)
Tax on items that may be reclassified		**(2)**	–
Total items that may be reclassified subsequently to profit or loss		**4**	135
Other comprehensive expense for the year		**(42)**	–
Total comprehensive income for the year		**303**	471

Consolidated statement of changes in equity
Year ended 31 January 2024

2023/24

£ millions	Notes	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves	Total equity
At 1 February 2023		**305**	**2,228**	**(22)**	**3,796**	**71**	**285**	**6,663**
Profit for the year		**–**	**–**	**–**	**345**	**–**	**–**	**345**
Other comprehensive expense for the year		**–**	**–**	**–**	**(20)**	**–**	**(22)**	**(42)**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**325**	**–**	**(22)**	**303**
Inventory cash flow hedges - losses transferred to inventories		**–**	**–**	**–**	**–**	**–**	**33**	**33**
Share-based compensation		**–**	**–**	**–**	**22**	**–**	**–**	**22**
New shares issued under share schemes		**–**	**–**	**–**	**4**	**–**	**–**	**4**
Own shares issued under share schemes		**–**	**–**	**15**	**(15)**	**–**	**–**	**–**
Purchase of own shares for cancellation		**(11)**	**–**	**–**	**(153)**	**11**	**–**	**(153)**
Purchase of own shares for ESOP trust		**–**	**–**	**(24)**	**–**	**–**	**–**	**(24)**
Dividends	8	**–**	**–**	**–**	**(237)**	**–**	**–**	**(237)**
Tax on equity items		**–**	**–**	**–**	**(1)**	**–**	**(6)**	**(7)**
At 31 January 2024		**294**	**2,228**	**(31)**	**3,741**	**82**	**290**	**6,604**

2022/23

£ millions	Notes	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves	Total equity
At 1 February 2022		325	2,228	(46)	4,025	50	196	6,778
Profit for the year		–	–	–	471	–	–	471
Other comprehensive (expense)/income for the year		–	–	–	(181)	–	181	–
Total comprehensive income for the year		–	–	–	290	–	181	471
Inventory cash flow hedges - gains transferred to inventories		–	–	–	–	–	(117)	(117)
Share-based compensation		–	–	–	19	–	–	19
New shares issued under share schemes		1	–	–	7	–	–	8
Own shares issued under share schemes		–	–	24	(24)	–	–	–
Purchase of own shares for cancellation		(21)	–	–	(275)	21	–	(275)
Dividends	8	–	–	–	(246)	–	–	(246)
Tax on equity items		–	–	–	–	–	25	25
At 31 January 2023		305	2,228	(22)	3,796	71	285	6,663

Consolidated balance sheet
At 31 January 2024

£ millions	Notes	2023/24	2022/23
Non-current assets			
Goodwill		**2,398**	2,408
Other intangible assets		**368**	371
Property, plant and equipment		**3,206**	3,205
Investment property		**27**	30
Right-of-use assets		**1,881**	1,947
Investments in joint ventures and associates		**19**	30
Post-employment benefits	9	**212**	251
Deferred tax assets		**10**	16
Other tax authority asset		**68**	64
Other receivables		**15**	19
		8,204	8,341
Current assets			
Inventories		**2,914**	3,070
Trade and other receivables		**344**	347
Derivative assets		**2**	16
Current tax assets		**73**	40
Cash and cash equivalents		**360**	286
Assets held for sale		**3**	3
		3,696	3,762
Total assets		**11,900**	12,103
Current liabilities			
Trade and other payables		**(2,445)**	(2,483)
Borrowings		**(7)**	(16)
Lease liabilities		**(366)**	(343)
Derivative liabilities		**(23)**	(47)
Current tax liabilities		**(12)**	–
Provisions		**(9)**	(10)
		(2,862)	(2,899)
Non-current liabilities			
Other payables		**(3)**	(4)
Borrowings		**(102)**	(102)
Lease liabilities		**(2,001)**	(2,101)
Derivative liabilities		**(1)**	(5)
Deferred tax liabilities		**(207)**	(205)
Provisions		**(7)**	(10)
Post-employment benefits	9	**(113)**	(114)
		(2,434)	(2,541)
Total liabilities		**(5,296)**	(5,440)
Net assets		**6,604**	6,663
Equity			
Share capital		**294**	305
Share premium		**2,228**	2,228
Own shares held in ESOP trust		**(31)**	(22)
Retained earnings		**3,741**	3,796
Capital redemption reserve		**82**	71
Other reserves		**290**	285
Total equity		**6,604**	6,663

The financial statements were approved by the Board of Directors on 24 March 2024 and signed on its behalf by:

Thierry Garnier
Chief Executive Officer

Bernard Bot
Chief Financial Officer

Consolidated cash flow statement

Year ended 31 January 2024

£ millions	Notes	2023/24	2022/23
Operating activities			
Cash generated by operations	10	**1,438**	984
Income tax paid		**(117)**	(130)
French tax authority payment		**–**	(34)
Net cash flows from operating activities		**1,321**	820
Investing activities			
Purchase of property, plant and equipment and intangible assets		**(363)**	(449)
Disposal of property, plant and equipment, intangible assets and assets held for sale		**2**	2
Purchase of businesses		**(3)**	–
Disposal of subsidiaries and associates		**9**	8
Interest received		**16**	5
Interest element of lease rental receipts		**1**	1
Principal element of lease rental receipts		**3**	3
Advance payments on right-of-use assets		**(4)**	(7)
Advance receipts on right-of-use assets		**–**	2
Dividends received from joint ventures and associates		**–**	3
Net cash flows used in investing activities		**(339)**	(432)
Financing activities			
Interest paid		**(7)**	(5)
Interest element of lease rental payments		**(126)**	(124)
Principal element of lease rental payments		**(348)**	(329)
Issue of fixed term debt		**–**	99
New shares issued under share schemes		**4**	8
Purchase of own shares for cancellation		**(160)**	(337)
Purchase of own shares for ESOP trust		**(24)**	(9)
Ordinary dividends paid to equity shareholders of the Company	8	**(237)**	(246)
Net cash flows used in financing activities		**(898)**	(943)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**84**	(555)
Cash and cash equivalents and bank overdrafts at beginning of year		**270**	809
Exchange differences		**(1)**	16
Cash and cash equivalents and bank overdrafts at end of year	11	**353**	270

Notes

1 General information

Kingfisher plc ('the Company'), its subsidiaries, joint ventures and associates (together 'the Group') supply home improvement products and services through a network of retail stores and other channels, located mainly in the United Kingdom and continental Europe.

The Company is incorporated in England and Wales, United Kingdom, and is listed on the London Stock Exchange. The address of its registered office is One Paddington Square, London, W2 1GG.

2 Basis of preparation

The consolidated financial statements of the Company, its subsidiaries, joint ventures and associates are made up to 31 January. The current financial year is the year ended 31 January 2024 ('the year' or '2023/24'). The comparative financial year is the year ended 31 January 2023 ('the prior year' or '2022/23').

The condensed financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes do not constitute statutory financial statements for the year ended 31 January 2024, but are derived from those statements. Statutory financial statements for 2022/23 have been filed with the Registrar of Companies and those for 2023/24 will be filed in due course. The Group's auditors have reported on both years' accounts; their reports were unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The condensed financial information has been abridged from the 2023/24 statutory financial statements, which have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB. The consolidated income statement and related notes represent results for continuing operations, there being no discontinued operations in the years presented. The condensed financial information has been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post-employment benefits.

Going concern

Based on the Group's liquidity position and cash flow projections, including a forward-looking remote downside scenario, the Directors have a reasonable expectation that the Company and the Group 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 condensed consolidated financial statements for the year ended 31 January 2024.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review in part 1 of this announcement. The Directors have considered these areas alongside the principal risks and how they may impact the going concern assessment. Further details, including the analysis performed and conclusions reached, are set out below.

As of 31 January 2024, Kingfisher had access to over £900m of liquidity, comprising cash and cash equivalents (net of bank overdrafts) of £353m and access to an undrawn Revolving Credit Facility (RCF) of £550m (of which £46m expires at the end of May 2025, with the balance expiring at the end of May 2026). The ratio of net debt to EBITDA was 1.6 as of 31 January 2024.

In considering whether the Group's financial statements can be prepared on a going concern basis, the Directors have reviewed the Group's business activities together with factors likely to affect its performance, financial position and access to liquidity (including consideration of financial covenants and credit ratings).

The terms of the RCF require that the ratio of Group operating profit (excluding adjusting items) to net interest payable (excluding interest on lease liabilities) must be no less than 3:1 for the preceding 12 months as at the half and full year-ends. As of 31 January 2024, Kingfisher was compliant with this requirement.

In forming their outlook on the future financial performance, the Directors considered the risk of higher business volatility and the potential negative impact of the general economic environment on household and trade spend.

The Directors' review also included consideration of a remote scenario that models the impact of a significant demand or supply shock preventing the Group from realising a large part of its sales over the period of a month followed by subdued demand for the remainder of the year. The total loss of sales in this scenario is c.£1.5bn (12% over the impacted period). The scenario assumes the impact of lost sales is partially offset by a limited set of mitigating actions on variable and discretionary costs, capital expenditure and the suspension of capital returns to shareholders. Even under this remote scenario, which requires drawing on the RCF for a few months, the Group retains headroom on its credit facilities.

Given current trading and expectations for the business, the Directors believe that this scenario reflects a remote outcome for the Group. Should a more extreme scenario occur than currently modelled by the Directors under this remote scenario, the Group would need to implement additional operational or financial measures.

Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2023, as described in note 2 of those financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements and key sources of estimation uncertainty are consistent with those of the annual financial statements for the year ended 31 January 2023, as described in note 3 of those financial statements.

New and amended accounting standards

New standards, amendments and interpretations are in issue and effective for the Group's financial year ended 31 January 2024, but they do not have a material impact on the consolidated financial statements.

Principal rates of exchange against Sterling

	2023/24		2022/23	
	Average rate	Year end rate	Average rate	Year end rate
Euro	**1.15**	**1.17**	1.17	1.13
US Dollar	**1.25**	**1.27**	1.23	1.23
Polish Zloty	**5.20**	**5.08**	5.48	5.34
Romanian Leu	**5.71**	**5.83**	5.76	5.58
Turkish Lira*	**38.64**	**38.64**	23.18	23.18

** the Turkish Lira average exchange rates represent the closing rates for the year, due to the application of hyperinflation accounting in Turkey.*

Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles ('GAAP') under which the Group reports. Kingfisher believes that retail profit, adjusted pre-tax profit, adjusted effective tax rate, and adjusted earnings per share provide additional useful information on performance and trends to shareholders. These and other non-GAAP measures (also known as 'Alternative Performance Measures'), such as net debt, are used by Kingfisher for internal performance analysis and incentive compensation arrangements for employees. The terms 'retail profit', 'adjusting items', 'adjusted', 'adjusted effective tax rate', 'net cashflow' and 'net debt' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Retail profit is defined as continuing operating profit before central costs, the Group's share of interest and tax of joint ventures and associates and adjusting items. Central costs principally comprise the costs of the Group's head office before adjusting items.

Adjusting items, which are presented separately within their relevant income statement category, include items which by virtue of their size and/or nature, do not reflect the Group's ongoing trading performance. Adjusting items may include, but are not limited to:

- non-trading items included in operating profit such as profits and losses on the disposal, closure, exit or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's ongoing trading activities;
- the costs of significant restructuring and incremental acquisition integration costs;
- profits and losses on the disposal/exit of properties, impairments of goodwill and significant impairments (or impairment reversals) of other non-current assets;
- prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items;
- financing fair value remeasurements i.e. changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value (or non-designated) hedge relationships. Financing derivatives are those that relate to hedged items of a financing nature.

The term 'adjusted' refers to the relevant measure being reported for continuing operations excluding adjusting items.

The adjusted effective tax rate is calculated as continuing income tax expense excluding prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items, divided by continuing profit before taxation excluding adjusting items. Prior year tax items represent income statement tax relating to underlying items originally arising in prior years, including the impact of changes in tax rates on deferred tax. The exclusion of items relating to prior years, and those not in the ordinary course of business, helps provide a better indication of the Group's ongoing rate of tax.

Net debt comprises lease liabilities, borrowings and financing derivatives (excluding accrued interest) less cash and cash equivalents and short-term deposits, including such balances classified as held for sale.

Refer to the Financial Review for definitions of all of the Group's Alternative Performance Measures, including further information on why they are used and details of where reconciliations to statutory measures can be found where applicable.

3 Segmental analysis

Income statement

	2023/24					
	UK & Ireland	France	*Poland*	*Other*	Other International	Total
Sales	**6,387**	**4,246**	*1,694*	*653*	**2,347**	**12,980**
Retail profit/(loss)	**555**	**139**	*82*	*(27)*	**55**	**749**
Central costs						**(60)**
Share of interest and tax of joint ventures and associates						**(16)**
Adjusting items						**(93)**
Operating profit						**580**
Net finance costs						**(105)**
Profit before taxation						**475**

	2022/23					
	UK & Ireland	France	*Poland*	*Other*	Other International	Total
Sales	6,200	4,452	*1,734*	*673*	2,407	13,059
Retail profit/(loss)	603	195	*148*	*(23)*	125	923
Central costs						(49)
Share of interest and tax of joint ventures and associates						(4)
Adjusting items						(147)
Operating profit						723
Net finance costs						(112)
Profit before taxation						611

The operating segments disclosed above are based on the information reported internally to the Board of Directors and Group Executive, representing the geographical areas in which the Group operates. The Group only has one reportable business segment, being the supply of home improvement products and services. The majority of the sales in each geographical area are derived from in-store and online sales of products.

The ‘Other International’ segment consists of Poland, Iberia, Romania, the joint venture Koçtaş in Turkey, Screwfix International, NeedHelp and results from franchise and wholesale agreements. Poland has been shown separately due to its significance.

Central costs principally comprise the costs of the Group’s head office before adjusting items.

4 Adjusting items

£ millions	2023/24	2022/23
Included within selling and distribution expenses		
Net store asset impairment losses	**(76)**	(139)
Operating model restructuring	**(11)**	–
Release of France and other restructuring provisions	**–**	3
	(87)	(136)
Included within administrative expenses		
NeedHelp goodwill impairment	**(8)**	–
Romania goodwill impairment	**–**	(16)
Release of Castorama Russia disposal warranty liability	**–**	4
	(8)	(12)
Included within other income		
Profit on disposal of Crealfi associate investment	**2**	–
Profit on exit of properties	**–**	1
	2	1
Adjusting items before tax	**(93)**	(147)
Prior year and other adjusting tax items	**23**	29
Adjusting items	**(70)**	(118)

In consideration of 2023/24 performance, we have revised future projections for a number of stores across the Group's portfolio. This has resulted in the recognition of £76m of net store impairment charges in the year. Impairment charges of £104m have been recorded principally in France, Romania and the UK, partially offset by impairment reversals of £28m principally in the UK.

An impairment charge of £8m has been recorded relating to the goodwill originally recorded on the acquisition of NeedHelp in 2020/21, principally driven by revised financial projections.

During the year, the Group commenced formal consultation with employee representatives regarding a proposed Group Technology operating model restructuring programme. Operating model restructuring costs of £11m have been recorded in the year, primarily related to this programme. The total cost is expected to be c.£15m by FY 2024/25.

On 30 June 2023, the Group completed the disposal of its 49% interest in its French associate investment Crealfi S.A., for cash proceeds of £9m, resulting in a gain on disposal of £2m.

Prior year and other adjusting tax items relate principally to deferred tax credits recorded in respect of the impairment and restructuring expenses noted above, movements in prior year provisions to reflect a reassessment of expected outcomes, agreed positions with tax authorities and items that have time-expired.

5 Net finance costs

£ millions	2023/24	2022/23
Bank overdrafts, bank loans and derivatives	**–**	(3)
Fixed term debt	**(7)**	(2)
Lease liabilities	**(126)**	(124)
Finance costs	**(133)**	(129)
Cash and cash equivalents and short-term deposits	**16**	5
Net interest income on defined benefit pension schemes	**7**	11
Finance lease income	**1**	1
Other interest income	**4**	–
Finance income	**28**	17
Net finance costs	**(105)**	(112)

6 Income tax expense

£ millions	2023/24	2022/23
UK corporation tax		
Current tax on profits for the year	**(73)**	(44)
Adjustments in respect of prior years	**2**	3
	(71)	(41)
Overseas tax		
Current tax on profits for the year	**(37)**	(77)
Adjustments in respect of prior years	**8**	4
	(29)	(73)
Current tax	**(100)**	(114)
Deferred tax		
Current year	**(25)**	(25)
Adjustments in respect of prior years	**(4)**	(3)
Adjustments in respect of changes in tax rates	**(1)**	2
Deferred tax	**(30)**	(26)
Income tax expense	**(130)**	(140)

The adjusted effective tax rate on profit before adjusting items is 27% (2022/23: 22%). The adjusted effective tax rate calculation is set out in the Financial Review in part 1 of this announcement.

7 Earnings per share

Pence	2023/24	2022/23
Basic earnings per share	**18.2**	23.8
Effect of dilutive share options per share	**(0.2)**	(0.3)
Diluted earnings per share	**18.0**	23.5
Basic earnings per share	**18.2**	23.8
Adjusting items before tax per share	**4.9**	7.4
Prior year and other adjusting tax items per share	**(1.2)**	(1.5)
Adjusted basic earnings per share	**21.9**	29.7
Diluted earnings per share	**18.0**	23.5
Adjusting items before tax per share	**4.8**	7.3
Prior year and other adjusting tax items per share	**(1.2)**	(1.4)
Adjusted diluted earnings per share	**21.6**	29.4

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year, excluding those held in the Employee Share Ownership Plan trust ('ESOP trust') which for the purpose of this calculation are treated as cancelled.

For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where both the exercise price is less than the average market price of the Company's shares during the year and any related performance conditions have been met.

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to equity shareholders of the Company. A reconciliation of statutory earnings to adjusted earnings is set out below:

£ millions	2023/24	2022/23
Earnings	**345**	471
Adjusting items before tax	**93**	147
Prior year and other adjusting tax items	**(23)**	(29)
Adjusted earnings	**415**	589

The weighted average number of shares in issue during the year, excluding those held in the Employee Share Ownership Plan Trust ('ESOP trust'), is set out below:

Weighted average number of shares (millions)	2023/24	2022/23
Basic	**1,898**	1,980
Diluted	**1,921**	2,002

8 Dividends

£ millions	2023/24	2022/23
Dividends paid to equity shareholders of the Company		
Ordinary interim dividend for the year ended 31 January 2024 of 3.80p per share (year ended 31 January 2023: 3.80p per share)	**72**	74
Ordinary final dividend for the year ended 31 January 2023 of 8.60p per share (year ended 31 January 2022: 8.60p per share)	**165**	172
	237	246

The proposed dividend for the year ended 31 January 2024, subject to approval by shareholders at the Annual General Meeting, is 12.40p per share, comprising an interim dividend of 3.80p in respect of the six months ended 31 July 2023 and a final dividend of 8.60p.

9 Post-employment benefits

£ millions	2023/24 UK	2023/24 Overseas	2023/24 Total	2022/23 UK	2022/23 Overseas	2022/23 Total
Net surplus/(deficit) in schemes at beginning of year	**251**	**(114)**	**137**	540	(130)	410
Current service cost	**(3)**	**(8)**	**(11)**	(3)	(10)	(13)
Past service credit	**–**	**3**	**3**	–	–	–
Administration costs	**(4)**	**–**	**(4)**	(4)	–	(4)
Net interest income/(expense)	**11**	**(4)**	**7**	12	(1)	11
Net remeasurement (losses)/gains	**(43)**	**1**	**(42)**	(308)	30	(278)
Contributions paid by employer	**–**	**5**	**5**	14	4	18
Exchange differences	**–**	**4**	**4**	–	(7)	(7)
Net surplus/(deficit) in schemes at end of year	**212**	**(113)**	**99**	251	(114)	137
Present value of defined benefit obligations	**(1,826)**	**(133)**	**(1,959)**	(1,979)	(134)	(2,113)
Fair value of scheme assets	**2,038**	**20**	**2,058**	2,230	20	2,250
Net surplus/(deficit) in schemes	**212**	**(113)**	**99**	251	(114)	137

The assumptions used in calculating the costs and obligations of the Group's defined benefit pension schemes are set by the Directors after consultation with independent professionally qualified actuaries. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations, as illustrated in the sensitivity analysis.

A full actuarial valuation of the scheme is carried out every three years by an independent actuary for the Trustee and the last full valuation was carried out as at 31 March 2022. Following this valuation and in accordance with the scheme's Statement of Funding Principles, the Trustee and Kingfisher have agreed to cease annual employer contributions during the period from August 2022 to July 2025. This agreement has been reached with reference to a funding objective that targets a longer-term, low risk funding position in excess of the minimum statutory funding requirements. This longer-term objective is based on the principle of the scheme reaching a point where it can provide benefits to members with a high level of security, thereby limiting its reliance on the employer for future support. The Company monitors the scheme funding level on a regular basis and will reassess with the scheme Trustee the appropriate level of contributions at future valuations.

A key assumption in valuing the pension obligations is the discount rate. Accounting standards require this to be set based on market yields on high-quality corporate bonds at the balance sheet date. The UK scheme discount rate is derived using a single equivalent discount rate approach, based on the yields available on a portfolio of high-quality Sterling corporate bonds with the same duration as that of the scheme liabilities.

The principal financial assumptions for the UK scheme are as follows:

Annual % rate	2023/24	2022/23
Discount rate	**4.85**	4.50
Rate of pension increases	**2.95**	3.15

For the UK scheme, the mortality assumptions used have been selected with regard to the characteristics and experience of the membership of the scheme as assessed from time to time relating to triennial funding valuations. The assumptions for life expectancy of UK scheme members are as follows:

Years	2023/24	2022/23
Age to which current pensioners are expected to live (60 now)		
- Male	**85.6**	86.2
- Female	**88.3**	88.7
Age to which future pensioners are expected to live (60 in 15 years' time)		
- Male	**86.9**	87.5
- Female	**90.4**	90.8

The following sensitivity analysis for the UK scheme shows the estimated impact on the obligation resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £137m
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £113m
Mortality	Increase/decrease in life expectancy by one year	Increase/decrease by £66m

10 Cash generated by operations

£ millions	2023/24	2022/23
Operating profit	**580**	723
Share of post-tax results of joint ventures and associates	**1**	(5)
Depreciation and amortisation	**641**	582
Net impairment losses	**87**	155
Gain on disposal of investments in associates	**(2)**	–
Lease gains	**(7)**	(2)
Share-based compensation charge	**22**	19
Decrease/(increase) in inventories	**132**	(234)
Increase in trade and other receivables	**(6)**	(44)
Decrease in trade and other payables	**(14)**	(196)
Movement in provisions	**(3)**	(13)
Movement in post-employment benefits	**7**	(1)
Cash generated by operations	**1,438**	984

11 Net debt

£ millions	2023/24	2022/23
Cash and cash equivalents	**360**	286
Bank overdrafts	**(7)**	(16)
Cash and cash equivalents and bank overdrafts	**353**	270
Bank loans	**(3)**	(3)
Fixed term debt	**(99)**	(99)
Lease liabilities	**(2,367)**	(2,444)
Net financing derivatives	**–**	2
Net debt	**(2,116)**	(2,274)

£ millions	2023/24	2022/23
Net debt at beginning of year	**(2,274)**	(1,572)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**84**	(555)
Issue of fixed term debt	**–**	(99)
Net cash flow	**84**	(654)
Movements in lease liabilities	**71**	(41)
Exchange differences and other non-cash movements	**3**	(7)
Net debt at end of year	**(2,116)**	(2,274)

12 Contingent liabilities

The Group is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice.

The Group files tax returns in many jurisdictions around the world and at any one time is subject to periodic tax audits in the ordinary course of its business. Applicable tax laws and regulations are subject to differing interpretations and the resolution of a final tax position can take several years to complete. Where it is considered that future tax liabilities are more likely than not to arise, an appropriate provision is recognised in the financial statements.

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption section of the UK controlled foreign company rules. While the Group has complied with the requirements of UK tax law in force at the time, in April 2019 the European Commission concluded that aspects of the UK controlled foreign company regime partially constitute illegal state aid. In January 2021, the Group received a charging notice from HM Revenue & Customs for £57m, which was paid in February 2021, with a further £7m interest paid in April 2021.

The UK Government and the Group, along with other UK-based multinational groups, appealed the European Commission decision to the European Courts. In June 2022, the General Court of the European Union dismissed several of those appeals, including the UK Government's. This decision has been appealed to the European Court of Justice and the hearing took place on 10 January 2024. The Advocate General's opinion is expected on 11 April 2024 and the final decision will follow after that, the date of which is not known.

The final impact on the Group remains uncertain but, based upon advice taken, the Group continues to consider that the amount paid of £64m plus accrued interest of £4m, which is included in non-current assets, will ultimately be recovered.

Whilst the procedures that must be followed to resolve these types of tax issues make it likely that it will be some years before the eventual outcome is known, the Group does not currently consider the likelihood of adverse outcomes in relation to these matters (other than those matters for which liabilities have already been recorded) to be probable.

13 Post balance sheet events

An accounting surplus is recognised for the UK defined benefit pension scheme – refer to note 9. The surplus has been recognised on the basis that the future economic benefits are unconditionally available to the Group, which is assumed to be via a refund assuming the full settlement of plan liabilities in the event of a plan wind-up. On 22 November 2023, the UK government announced that the authorised surplus payments charge would be reduced from 35% to 25% from 6 April 2024. The legislation had not been substantively enacted as at 31 January 2024 and the corresponding deferred tax liability therefore continues to be recognised at 35% at the balance sheet date, although this was enacted on 11 March 2024. Should this legislation have been enacted at the year-end this would have resulted in a reduction in the deferred tax liability of £32m with a corresponding credit to other comprehensive income.