

Registered Number: 1808597

Report and Financial Statements
HALCYON FINANCE LIMITED
For the Financial Year Ended
3 February 2001



Registered Office: North West House, 119 Marylebone Road, London NW1 5PX

REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 3 FEBRUARY 2001

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REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 3 FEBRUARY 2001

The directors present their report and financial statements of the company for the financial year ended 3 February 2001.

PRINCIPAL ACTIVITY

The company operates as a financial trading company within Kingfisher plc and intends to continue to do so for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,124,000 (2000: £4,984,000) which will be transferred to reserves. The directors do not recommend the payment of a dividend (2000: £Nil).

BOARD OF DIRECTORS

The directors of the company who held office during the year are:

H.M Jones
P.E. Rowley (resigned 29 January 2001)
H Weir (appointed 29 January 2001)

DIRECTORS' INTERESTS

None of the directors have any beneficial interest in the shares of the company.

The interests of H Weir in the share capital of Kingfisher plc are shown in the financial statements of that company. Those of H.M. Jones are as follows:

Ordinary Shares of 12.5p each of Kingfisher plc:

As at 29 Jan 2000	As at 3 Feb 2001
12,907	15,711

Options over 12.5p Ordinary Shares of Kingfisher plc:

<u>As at 29 Jan 2000</u>	<u>Options Granted</u>	<u>Options Exercised</u>	<u>As at 3 Feb 2001</u>
57,931	59,516	2,804	114,643

The options were exercised on 1 August 2000 at an average exercise price of 184.50p. The market price of the shares on this date was 545.00p.

The market price of Kingfisher plc shares at 3 February 2001 was 480.00p and the range during the year was 353.75p to 630.00p.

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an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked.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.

BY ORDER OF THE BOARD



Mr M.H. Stokes
Secretary
12 April 2001

STATEMENT OF THE 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 profit 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.

REPORT OF THE AUDITORS TO THE MEMBERS
OF HALCYON FINANCE LIMITED

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

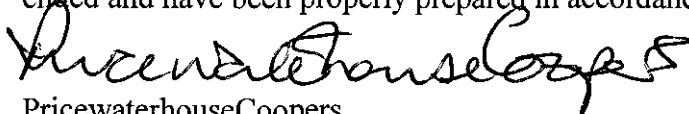
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 3 February 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
12 April 2001

PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 3 FEBRUARY 2001

	Notes	2001 £'000	2000 £'000
Interest rate management		3,433	5,593
Interest payable	4	(1,673)	(92)
Foreign exchange (loss)/gain		(134)	1,641
		<hr/>	<hr/>
Gross profit		1,626	7,142
Operating expenses		(20)	(6)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	1,606	7,136
Taxation	6	(482)	(2,152)
		<hr/>	<hr/>
Retained profit for the year	12	1,124	4,984
		<hr/> <hr/>	<hr/> <hr/>

All income and expense derive from continuing activities.

The company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

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

BALANCE SHEET
AS AT 3 FEBRUARY 2001

	Notes	2001 £'000	2000 £'000
FIXED ASSETS			
Investments	7	-	-
CURRENT ASSETS			
Debtors	8	85,617	72,378
Cash at bank and in hand		63	97
		<hr/>	<hr/>
		85,680	72,475
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(38,535)	(26,191)
		<hr/>	<hr/>
NET CURRENT ASSETS		47,145	46,284
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		47,145	46,284
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(1,738)	(2,001)
		<hr/>	<hr/>
		45,407	44,283
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	11	15,000	15,000
Profit and loss account	12	30,407	29,283
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	13	45,407	44,283
		<hr/>	<hr/>

The financial statements on pages 5 to 10 were approved by the board of directors and were signed on its behalf by:



H A Weir
12 April 2001

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 3 FEBRUARY 2001

1. ACCOUNTING POLICIES

Accounting Conventions

The financial statements of the company are made up to the nearest Saturday to 31 January each year. The financial statements of the company are prepared under the historical cost convention, and are prepared in accordance with applicable accounting standards in the United Kingdom. Group financial statements have not been prepared as the company is a wholly owned subsidiary of another body corporate incorporated in England and Wales.

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 year end, are translated into sterling at year end exchange rates. Exchange differences on monetary items are taken to the profit and loss account.

Financial Instruments

Where floating interest rates have been fixed under interest rate swap agreements the net accrued income or expense is taken to the profit and loss account.

Cashflow Statement and Related Party Disclosures

The company is a wholly-owned subsidiary of Kingfisher plc and is included in the consolidated financial statements of Kingfisher plc, which are publicly available. The company is consequently exempt from the requirement to publish a cashflow statement under the terms of Financial Reporting Standard number 1 (Revised 1996).

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.

2. EMPLOYEES

The company had no employees during the financial year (2000: Nil).

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 3 FEBRUARY 2001

3. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments from the company in respect of the financial year ended 3 February 2001 (2000: Nil).

4. INTEREST AND SIMILAR CHARGES	2001 £'000	2000 £'000
Bank loans and overdrafts	(315)	(106)
Group interest payable	(1,358)	14
	<u>(1,673)</u>	<u>(92)</u>
	=====	=====

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration is borne by the parent company.

6. TAXATION	2001 £'000	2000 £'000
UK Corporation tax at 30.00 % (2000: 30.16%)	(482)	(2,152)
	<u>(482)</u>	<u>(2,152)</u>
	=====	=====

7. INVESTMENTS	Investment in subsidiary undertaking £
Cost	
At 29 January 2000	2
Additions	-
	<u>2</u>
At 3 February 2001	=====

The company owns 100% of the called up share capital of Halycon Sourcing Ltd, whose principal activity is management services. Halycon Sourcing Ltd is incorporated in Great Britain, registered in England & Wales, and operates in its country of incorporation.

In the opinion of the directors the value of the investment in the subsidiary is not less than the amount stated in the Company's balance sheet.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 3 FEBRUARY 2001

8.	DEBTORS: Amount falling due within one year	2001 £'000	2000 £'000
	Amounts owed by group undertakings	64,848	55,578
	Financial instruments receivable	20,762	16,484
	Prepayments and accrued income	7	316
		<hr/>	<hr/>
		85,617	72,378
		<hr/>	<hr/>
9.	CREDITORS: Amounts falling due within one year	2001 £'000	2000 £'000
	Bank loan and overdrafts	944	2,548
	Corporation tax	482	1,909
	Amounts owed to group undertakings	36,772	21,460
	Interest payable	37	11
	Accruals and deferred income	300	263
		<hr/>	<hr/>
		38,535	26,191
		<hr/>	<hr/>
10.	CREDITORS: Amounts falling due after more than one year	2001 £'000	2000 £'000
	Accruals and deferred income	1,738	2,001
		<hr/>	<hr/>
11.	SHARE CAPITAL	2001 £'000	2000 £'000
	Authorised:		
	Ordinary shares of £1 each	25,000	25,000
		<hr/>	<hr/>
	Allotted and fully paid:		
	Ordinary shares of £1 each	15,000	15,000
		<hr/>	<hr/>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 3 FEBRUARY 2001

12.	PROFIT AND LOSS ACCOUNT	2001	2000
		£'000	£'000
	Retained profit at start of the year	29,283	24,299
	Retained profit for the year	1,124	4,984
	Retained profit at end of the year	<u>30,407</u>	<u>29,283</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Retained profit for the financial year	1,124	4,984
Opening shareholders' funds	44,283	39,299
	<u>45,407</u>	<u>44,283</u>
Closing shareholders' funds	<u>45,407</u>	<u>44,283</u>

14. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of its business the company enters into short and long term interest rate and foreign exchange contracts (for example, swaps, caps, futures and forward rate agreements) as well as letters of credit. At the year end the company had various outstanding commitments under such contracts.

15. ULTIMATE PARENT COMPANY

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, North West House, 119 Marylebone Road, London, NW1 5PX.