

Registered Number: 1808597

**Report and Financial Statements**

**HALCYON FINANCE LIMITED**

**For the Financial Year Ended**

**1 February 1997**



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

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REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 1 FEBRUARY 1997

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**REPORT OF THE DIRECTORS**  
**FOR THE FINANCIAL YEAR ENDED 1 FEBRUARY 1997**

The directors present their report and financial statements of the company for the financial year ended 1 February 1997.

**PRINCIPAL ACTIVITY**

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

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £10,822,031 (1996:£5,153,355) which will be transferred to reserves. The directors do not recommend the payment of a dividend (1996:£Nil).

**BOARD OF DIRECTORS**

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

A Percival  
H Jones

**DIRECTORS' INTEREST**

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

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

**Ordinary Shares of 25p each of Kingfisher plc:**

As at 1 Feb 97	As at 3 Feb 96
134	50

**Options over 25p Ordinary Shares of Kingfisher plc:**

<u>As at 3 Feb 96</u>	<u>Options Granted</u>	<u>Options Exercised</u>	<u>As at 1 Feb 97</u>
24,339	10,413	(1,309)	33,443

The options were exercised on 13 September 1996. The market price of the shares on this date was 675p.

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HALCYON FINANCE LIMITED

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Since year end, the interests of the director given above had not changed.

The market price of Kingfisher plc shares at 31 January 1997 was 677p and the range during the year was 507p to 682p.

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an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked.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



Secretary

19 June 1997

**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)

By order of the Board



Secretary

19 June 1997

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

As described in the Statement of the Directors' Responsibilities on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit on those statements and to report our opinion to you.

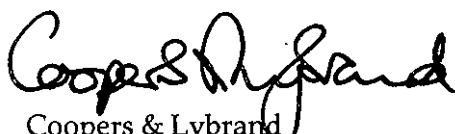
BASIS OF OPINION

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 circumstances of the Company, 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 affairs of the Company at 1 February 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

20 June 1997

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HALCYON FINANCE LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 1 FEBRUARY 1997

	Notes	1997 £	1996 £
Interest receivable		682,747	4,128,232
Interest rate management	2	16,836,650	3,658,673
Foreign exchange gain/(loss)		262,500	(79,147)
		<hr/>	<hr/>
Gross profit		17,781,897	7,707,758
Operating expenses		(9,040)	(16,183)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		17,772,857	7,691,575
Taxation	6	(6,950,826)	(2,538,220)
		<hr/>	<hr/>
Retained profit for the year	12	10,822,031	5,153,355
		=====	=====

All income and operating profit derives from continuing activities.

A statement of total recognised gains and losses and a reconciliation of historical cost profits and losses are not shown as all gains and losses are recognised in the profit and loss account, and there is no difference between the profit reported and that calculated under the historical cost convention.

**HALCYON FINANCE LIMITED**

**BALANCE SHEET**  
**AS AT 1 FEBRUARY 1997**

	Notes	1997 £	1996 £
<b>CURRENT ASSETS</b>			
Debtors	7	49,108,046	762,289
Cash at bank and in hand	8	845,374	80,375,056
		<hr/>	<hr/>
		49,953,420	81,137,345
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	9	(8,112,633)	(32,011,131)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		41,840,787	49,126,214
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		41,840,787	49,126,214
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
	10	-	(18,107,458)
		<hr/>	<hr/>
		41,840,787	31,018,756
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	15,000,000	15,000,000
Profit and loss account	12	26,840,787	16,018,756
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	41,840,787	31,018,756
		=====	=====

Approved by the Board

Director

19 June 1997



**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 1 FEBRUARY 1997**

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 Great Britain.

*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*

The company is a wholly-owned subsidiary of Kingfisher plc and the cashflows are included in the consolidated group cashflow statement of Kingfisher plc. The company is consequently exempt from the requirement to publish a cashflow statement under the terms of Financial Reporting Standard number 1.

2. INTEREST RATE MANAGEMENT

Interest rate management includes an amount received in respect of the closing out of hedging instruments following the early redemption of the Zero Coupon Loan Stock 2003 issued by Kingfisher plc.

3. EMPLOYEES

The company had no employees during the financial year (1996:Nil).

4. DIRECTORS EMOLUMENTS

None of the directors received any emoluments from the company in respect of the financial year ended 1 February 1997 (1996:Nil).

HALCYON FINANCE LIMITED

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 1 FEBRUARY 1997**

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration is borne by the parent company.

6. TAXATION	1997	1996
	£	£
UK Corporation tax charge at 33.0% (1996:33.0%)	5,865,000	2,538,220
Prior year adjustment	1,085,826	-
	<u>6,950,826</u>	<u>2,538,220</u>
	=====	=====

7. DEBTORS: Amounts falling due within one year	1997	1996
	£	£
Amounts owed by parent and fellow subsidiary undertakings	48,928,461	305,426
Financial instruments receivable	-	210,814
Interest receivable	4,864	109,825
Prepayments and accrued income including taxation	174,721	136,224
	<u>49,108,046</u>	<u>762,289</u>
	=====	=====

8. BANK AND CASH

Included in cash at bank are deposits of £Nil (1996: £79,334,843) held for the future repayment of the Zero Coupon Loan Stock 2003 issued by Kingfisher plc.

HALCYON FINANCE LIMITED

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 1 FEBRUARY 1997

9.	CREDITORS: Amounts falling due within one year	1997 £	1996 £
	Amounts owed to parent and fellow subsidiary undertakings	7,177,799	28,141,967
	Corporation tax	-	1,452,536
	Accruals and deferred income	-	2,416,628
	Financial instruments payable	934,834	-
		<hr/>	<hr/>
		8,112,633	32,011,131
		=====	=====
10.	CREDITORS: Amounts falling due after more than one year	1997 £	1996 £
	Accruals and deferred income	-	18,107,458
		<hr/>	<hr/>
		-	18,107,458
		=====	=====
11.	SHARE CAPITAL	1997 £	1996 £
	Authorised:		
	Ordinary shares of £1 each	25,000,000	25,000,000
		=====	=====
	Allotted, called up and fully paid:		
	Ordinary shares of £1 each	15,000,000	15,000,000
		=====	=====
12.	PROFIT AND LOSS ACCOUNT	£	
	Retained profit at 3 February 1996	16,018,756	
	Retained profit for the year	10,822,031	
		<hr/>	
	Retained profit at 1 February 1997	26,840,787	
		=====	

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## 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Retained profit for the financial year	10,822,031	5,153,355
Opening shareholder funds	31,018,756	25,865,401
	<hr/>	<hr/>
Closing shareholder funds	41,840,787	31,018,756
	=====	=====

## 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.