

**Registered Number: 1808597**

**HALCYON FINANCE LIMITED**  
**Report and Financial Statements**  
**For the Financial Year Ended**  
**1 February 2003**



**Halcyon Finance Limited**  
**Report and Financial Statements**  
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**Halcyon Finance Limited**  
**Directors and officers**

**DIRECTORS**

H.M. Jones

H.A. Weir

I. Cheshire (appointed 16 April 2002, resigned 16 September 2002, covering maternity leave of H.A. Weir)

**SECRETARY**

M.H. Stokes

**REGISTERED OFFICE**

3 Sheldon Square

Paddington

London

W2 6PX

**AUDITORS**

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

## **Halcyon Finance Limited Directors' Report**

The directors present their report and financial statements of the Company for the year ended 1 February 2003.

### **Principal activities and review of the business**

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 £7,428,000 (2002: £5,928,000). An interim dividend of £19,950,000 has been paid in the financial year (2002: £Nil) and the directors do not recommend the payment of a final dividend. The retained loss for the year of £12,522,000 (2002: profit of £5,928,000) has been transferred to reserves.

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an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked.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

H.M. Jones

H.A. Weir

I. Cheshire (appointed 16 April 2002, resigned 16 September 2002, covering maternity leave of H.A. Weir)

None of the directors have any beneficial interest in the shares of the Company. The interests of H.A. Weir and I. Cheshire in the share capital of Kingfisher plc are shown in the financial statements of that company.

**Halcyon Finance Limited  
Directors' Report**

**Directors and directors' interests (continued)**

The interests of H.M. Jones in the share capital of Kingfisher plc are as follows:

Ordinary Shares of 13.75p each of Kingfisher plc:

	As at 2 Feb 2002	As at 1 Feb 2003
H.M. Jones	15,102	33,809

Options for 13.75p Ordinary Shares of Kingfisher plc:

	As at 2 Feb 2002	Options Granted	Options Exercised	Options Lapsed	Rights issue Adjustment	As at 1 Feb 2003
H.M. Jones	141,891	72,266	-	(6,168)	52,640	260,629

The market price of Kingfisher plc shares at 1 February 2003 was 192.5p and the range during the year was 165.0p to 307.0p.

Kingfisher plc launched a one for one Rights Issue of 1,293,642,792 new Kingfisher shares at 155 pence per share in connection with the offer for Castorama Dubois Investissements S.C.A. which closed on 2 August 2002.

**GOING CONCERN**

The directors confirm that, after making enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these accounts.



M.H. Stokes  
Secretary

6 May 2003

**Halcyon Finance 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 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.

## **Independent auditor's report to the members of Halcyon Finance 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 1 February 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
6 May 2003

**Halcyon Finance Limited**  
**Profit and Loss account**  
**For the year ended 1 February 2003**

	<b>Notes</b>	<b>2003 £000</b>	<b>2002 £000</b>
Interest income from interest rate management		10,947	7,313
Interest (payable)/receivable	4	(483)	989
Foreign exchange gain		170	179
Operating expenses		(22)	(12)
<b>Profit on ordinary activities before taxation</b>	5	<u>10,612</u>	<u>8,469</u>
Taxation on profit on ordinary activities	6	(3,184)	(2,541)
<b>Profit on ordinary activities after taxation</b>		<u>7,428</u>	<u>5,928</u>
Dividends payable	7	<u>(19,950)</u>	<u>-</u>
<b>Retained (loss)/profit for the year</b>	13	<u>(12,522)</u>	<u>5,928</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 profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 8 to 11 form an integral part of these financial statements.



**Halcyon Finance Limited**  
**Balance sheet**  
**As at 1 February 2003**

	Notes	2003 £000	2002 £000
<b>Fixed assets</b>			
Investments	8	-	-
<b>Current assets</b>			
Debtors	9	45,773	63,779
Cash at bank and in hand		556	892
<b>Creditors: amounts falling due within one year</b>	10	<u>(6,303)</u>	<u>(11,861)</u>
<b>Net current assets</b>		40,026	52,810
<b>Creditors: amounts falling due after more than one year</b>	11	(1,213)	(1,475)
<b>Net assets</b>		<u>38,813</u>	<u>51,335</u>
<b>Capital and reserves</b>			
Called up share capital	12	15,000	15,000
Profit and loss account	13	23,813	36,335
<b>Equity shareholders' funds</b>	14	<u>38,813</u>	<u>51,335</u>

The financial statements on pages 6 to 11 were approved by the board of directors and were signed on its behalf by:-



H.A. Weir  
 Director  
 6 May 2003

**Halcyon Finance Limited**  
**Notes to the financial statements**  
**at 1 February 2003**

**1 Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are made up to the nearest Saturday to 31 January, so as to coincide with its ultimate holding company.

The Company's ultimate holding company is Kingfisher plc and the cash flows of the Company are shown in the consolidated 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 Halcyon Finance Ltd as an individual company and do not contain consolidated financial statements 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 subsidiary 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 is accrued on a daily basis. Dividend income is recognised when declared.

Fixed asset investments are stated at cost except when there has been a permanent diminution in their value when they are stated at net realisable value.

*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.

*Interest income from Interest rate management*

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.

**Halcyon Finance Limited**  
**Notes to the financial statements**  
**at 1 February 2003**

**2 Employees**

The Company had no employees during the financial year (2002: Nil).

**3 Directors' remuneration**

None of the directors received any emoluments from the Company or from any of its subsidiaries in respect of the financial year ended 1 February 2003 (2002: £Nil).

**4 Interest and similar charges**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	(326)	(102)
Group interest (payable)/receivable	(157)	1,091
	<u>(483)</u>	<u>989</u>

**5 Profit on ordinary activities before taxation**

Auditors' remuneration is borne by the parent company.

**6 Taxation**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax at 30% (2002: 30%)	<u>3,184</u>	<u>2,541</u>

The corporation tax charge for the financial year represents profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%).

**7 Equity Dividends**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Equity dividends paid	<u>19,950</u>	<u>-</u>

**Halcyon Finance Limited**  
**Notes to the financial statements**  
**at 1 February 2003**

**8 Investments**

**Investment in  
subsidiary  
undertaking**  
**£**  
2

At 2 February 2002 and 1 February 2003

The Company owns 100% of the called up share capital of Halcyon Sourcing Ltd, whose principal activity is the sourcing of product on behalf of Group companies. Halcyon 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.

**9 Debtors: amounts falling due within one year**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by Group undertakings	23,680	41,710
Interest receivable on financial instruments	22,052	21,951
Other interest receivable	11	58
Prepayments and accrued income	30	60
	<u>45,773</u>	<u>63,779</u>

**10 Creditors: amounts falling due within one year**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	-	310
Corporation tax	1,585	1,682
Amounts owed to group undertakings	4,274	9,544
Interest payable	182	62
Accruals and deferred income	262	263
	<u>6,303</u>	<u>11,861</u>

**11 Creditors: amounts falling due after more than one year**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Accruals and deferred income	<u>1,213</u>	<u>1,475</u>

**Halcyon Finance Limited**  
**Notes to the financial statements**  
**at 1 February 2003**

**12 Share capital**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Authorised:		
25,000,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted and fully paid:		
15,000,000 ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

**13 Profit and loss account**

	<b>2003</b>
	<b>£000</b>
At start of year	36,335
Retained loss for the financial year	<u>(12,522)</u>
At end of year	<u>23,813</u>

**14 Reconciliation of movements in shareholders' funds**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial year	7,428	5,928
Dividends	<u>(19,950)</u>	-
Net (reduction in) / addition to shareholders' funds	(12,522)	5,928
Opening shareholders' funds	<u>51,335</u>	<u>45,407</u>
Closing shareholders' funds	<u>38,813</u>	<u>51,335</u>

**15 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 1 February 2003, the Company had no outstanding commitments, except for the long term interest rate swap agreements, as all other commitments with counterparties external to the Kingfisher group are matched with commitments from Kingfisher group companies.

**16 Ultimate holding 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, 3 Sheldon Square, Paddington, London W2 6PX.