

Registered Number: 1808597

Report and Financial Statements
HALCYON FINANCE LIMITED
For the Financial Year Ended
29 January 2000



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

REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 29 JANUARY 2000

CONTENTS

	Page
Report of the Directors	1-2
Statement of the Directors' Responsibilities	3
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Accounts	7-10

REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 29 JANUARY 2000

The directors present their report and financial statements of the company for the financial year ended 29 January 2000.

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 £4,984,000 (1999: loss £1,532,000) which will be transferred to reserves. The directors do not recommend the payment of a dividend (1999: £Nil).

BOARD OF DIRECTORS

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

A.H. Percival (resigned 10 August 1999)
H.M Jones
P.E. Rowley (appointed 10 June 1999)

DIRECTORS' INTERESTS

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

The interests of A.H. Percival and P.E. Rowley 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 31 Jan 99	As at 29 Jan 2000
1,854	12,907

Options over 12.5p Ordinary Shares of Kingfisher plc:

<u>As at 31 Jan 99</u>	<u>Options Granted</u>	<u>Options Exercised</u>	<u>As at 29 Jan 2000</u>
101,893	14,724	58,686	57,931

The options were exercised on 29 July 1999 at an average exercise price of 251.1p. The market price of the shares on this date was 706.5p.

The market price of Kingfisher plc shares at 29 January 2000 was 477p and the range during the year was 477p to 930p.

YEAR 2000

The company, together with its ultimate parent company Kingfisher plc, successfully prepared for the potential year 2000 problems. The company did not incur any costs in respect of this preparation. (1999: Nil)

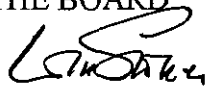
ELECTIVE RESOLUTION

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



21 June 2000

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.

By order of the Board



Mr M.H. Stokes
Secretary

21 June 2000

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.

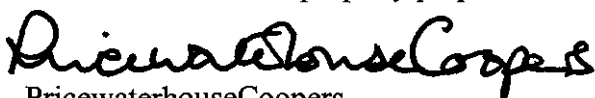
Basis of audit opinion

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 29 January 2000 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

26/6/00

PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 29 JANUARY 2000

	Notes	2000 £'000	1999 £'000
Interest rate management		5,593	(2,361)
Interest payable	4	(92)	(818)
Foreign exchange gain		1,641	981
		<hr/>	<hr/>
Gross profit/(loss)		7,142	(2,198)
Operating expenses		(6)	(22)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	5	7,136	(2,220)
Taxation	6	(2,152)	688
		<hr/>	<hr/>
Retained profit/(loss) for the year	12	4,984	(1,532)
		<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 29 JANUARY 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Investments	7	-	-
CURRENT ASSETS			
Debtors	8	72,378	84,358
Cash at bank and in hand		97	2,551
		<hr/>	<hr/>
		72,475	86,909
 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 9	 (26,191)	 (47,610)
		<hr/>	<hr/>
NET CURRENT ASSETS		46,284	39,299
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		46,284	39,299
 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	 10	 (2,001)	 -
		<hr/>	<hr/>
		44,283	39,299
		<hr/>	<hr/>
 CAPITAL AND RESERVES			
Called up share capital	11	15,000	15,000
Profit and loss account	12	29,283	24,299
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	13	44,283	39,299
		<hr/>	<hr/>

The financial statements on pages 5 to 10 were approved by the board of directors on 19 June 2000 and were signed on its behalf by:

P.E. Rowley
21 June 2000



NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 29 JANUARY 2000

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 that are part of the Kingfisher plc group.

2. EMPLOYEES

The company had no employees during the financial year (1999: Nil).

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 29 JANUARY 2000

3. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments from the company in respect of the financial year ended 29 January 2000 (1999: Nil).

4. INTEREST AND SIMILAR CHARGES	2000 £'000	1999 £'000
Bank loans and overdrafts	(106)	(34)
Other	14	(784)
	<u>(92)</u>	<u>(818)</u>

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration is borne by the parent company.

6. TAXATION	2000 £'000	1999 £'000
UK Corporation tax at 30.16% (1999: 31.00%)	(2,152)	688
	<u>(2,152)</u>	<u>688</u>

7. INVESTMENTS	Investment in subsidiary undertaking £
Cost	
At 31 January 1999	
Additions	2
At 29 January 2000	<u>2</u>

On 30 June 1999, the company acquired, for consideration of £2, 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 29 JANUARY 2000

8.	DEBTORS: Amount falling due within one year	2000 £'000	1999 £'000
	Amounts owed by parent and fellow subsidiary undertakings.	55,578	74,591
	Financial instruments receivable	16,484	9,668
	Prepayments and accrued income	316	99
		<hr/>	<hr/>
		72,378	84,358
		<hr/>	<hr/>
9.	CREDITORS: Amounts falling due within one year	2000 £'000	1999 £'000
	Bank loan and overdrafts	2,548	-
	Corporation tax	1,909	-
	Amounts owed to parent and fellow subsidiary undertakings	21,460	46,531
	Interest payable	11	10
	Accruals and deferred income	263	1,069
		<hr/>	<hr/>
		26,191	47,610
		<hr/>	<hr/>
10.	CREDITORS: Amounts falling due after more than one year	2000 £'000	1999 £'000
	Accruals and deferred income	2,001	-
		<hr/>	<hr/>
11.	SHARE CAPITAL	2000 £'000	1999 £'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 29 JANUARY 2000

12.	PROFIT AND LOSS ACCOUNT	2000	1999
		£'000	£'000
	Retained profit at start of the year	24,299	25,831
	Retained profit/(loss) for the year	4,984	(1,532)
	Retained profit at end of the year	<u>29,283</u>	<u>24,299</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Retained profit/(loss) for the financial year	4,984	(1,532)
Opening shareholders' funds	<u>39,299</u>	<u>40,831</u>
Closing shareholders' funds	<u>44,283</u>	<u>39,299</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.