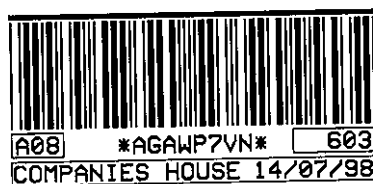


KINGFISHER REVERSIONS LIMITED

REPORT & FINANCIAL STATEMENTS

30 September 1997



Company registration number: 02957009

KINGFISHER REVERSIONS LIMITED

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KINGFISHER REVERSIONS LIMITED

Directors and advisers

Directors:

Max Rosen, *chairman*

Alan S. Wilkinson LLB (Hons), Solicitor

both of SEC House, 49 Theobald Street, Borehamwood, Hertfordshire, WD6 4RZ

Company secretary:

Jeffrey Pinnick FCA

Auditors:

Harford Michaels

Chartered certified accountants and registered auditors

250 Hendon Way

London

NW4 3NL

Solicitors to the company:

Titmuss Sainer Dechert

2 Serjeants' Inn

London

EC4Y 1LT

Bankers:

Barclays Bank PLC

8/9 Hanover Square

London

W1A 4ZW

Registered office:

250 Hendon Way

London

NW4 3NL

KINGFISHER REVERSIONS LIMITED

Statement of directors' and auditor's responsibilities for the year ended 30 September 1997

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR'S RESPONSIBILITIES

Company law requires auditors to form an independent opinion on the financial statements presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the company has maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the financial statements; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditor's opinion does not encompass the directors' report on pages 4 and 5. However, the Companies Act 1985 requires auditors to report to the shareholders if the matters contained in the directors' report are inconsistent with the financial statements.

KINGFISHER REVERSIONS LIMITED

Directors' report

for the year ended 30 September 1997

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 30 September 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continues to be that of an investor in financial products.

The company's balance sheet, as detailed on page 8, shows a balance on shareholders' funds of £114,337.

It is the directors' intention to continue the company's investment policy so as to enable it to at least maintain its surplus on shareholders' funds.

HOLDING COMPANY

The company is a wholly owned subsidiary undertaking of SEC Group PLC, a company incorporated in Great Britain.

RESULTS AND DIVIDENDS

Results and transfers to reserves are as follows:

	£
Retained profit at 30 September 1996	84,662
Profit for the year ended 30 September 1997 after taxation	29,673
	<hr/>
Retained profit at 30 September 1997	114,335
	<hr/>

The directors do not propose payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors, who served throughout the year, are:

M. Rosen
A.S. Wilkinson LLB (Hons), Solicitor

The directors are directors of SEC Group PLC. Their interests in the share capital of that company are disclosed within its financial statements.

KINGFISHER REVERSIONS LIMITED

Directors' report (continued) for the year ended 30 September 1997

PAYMENT OF SUPPLIERS

It is the company's policy to aim to pay suppliers within the agreed terms of trading. Where queries arise as to the quality of the goods or services received, or the amounts charged, the company aims to pay suppliers as soon as is practicable after the query has been mutually resolved.

FIXED ASSETS

Information relating to changes in fixed assets is given in note 5 to the financial statements.

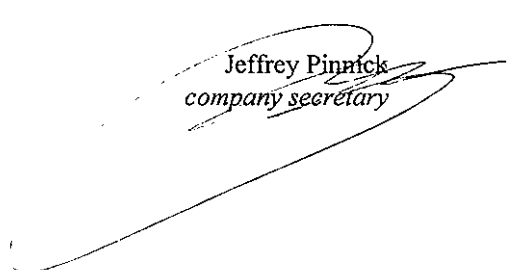
AUDITORS

The directors will place a resolution before the annual general meeting to re-appoint Harford Michaels as auditors for the ensuing year.

250 Hendon Way
London
NW4 3NL

By order of the board

3 December 1997


Jeffrey Pinnick
company secretary

KINGFISHER REVERSIONS LIMITED

Auditor's report

TO THE SHAREHOLDERS OF KINGFISHER REVERSIONS LIMITED:

We have audited the financial statements on pages 7 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the 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 mis-statement, 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 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Harford Michaels
Chartered certified accountants and registered auditors
250 Hendon Way
London
NW4 3NL

3 December 1997

KINGFISHER REVERSIONS LIMITED

Profit and loss account for the year ended 30 September 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
Net operating expenses:			
Selling and marketing costs		(2,645)	(49,383)
Administrative expenses		(7,318)	(13,878)
		<hr/>	<hr/>
Operating loss		(9,963)	(63,261)
Investment income	1	48,286	107,891
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	38,323	44,630
Tax on profit on ordinary activities	4	(8,650)	(10,486)
		<hr/>	<hr/>
Profit on ordinary activities after taxation	9	29,673	34,144
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in either year other than the profit for each year.

A statement of movement in reserves is given in note 9.

None of the company's activities were acquired or discontinued during the year ended 30 September 1997.

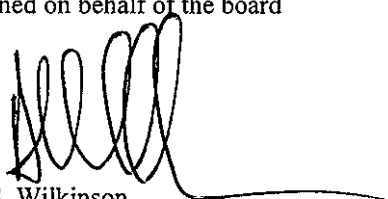
The accompanying notes are an integral part of this profit and loss account.

KINGFISHER REVERSIONS LIMITED

Balance sheet as at 30 September 1997

	Notes	1997 £	1996 £
<u>Fixed assets</u>			
Investments	5	<u>265,670</u>	<u>195,079</u>
<u>Current assets</u>			
Debtors	6	422,936	454,768
<u>Creditors:</u> Amounts falling due within one year	7	(574,269)	(565,183)
<u>Net current liabilities</u>		<u>(151,333)</u>	<u>(110,415)</u>
<u>Net assets</u>		<u>114,337</u>	<u>84,664</u>
<u>Capital and reserves</u>			
Called-up share capital	8	2	2
Profit and loss account	9	<u>114,335</u>	<u>84,662</u>
<u>Shareholders' funds (all equity)</u>	10	<u>114,337</u>	<u>84,664</u>

Signed on behalf of the board


A.S. Wilkinson
director

3 December 1997

The accompanying notes are an integral part of this balance sheet.

KINGFISHER REVERSIONS LIMITED

Accounting policies

30 September 1997

A summary of the principal accounting policies is set out below.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable accounting standards.

(b) Fixed asset investments

Insurance policies classified as fixed asset investments are those intended to be held for the longer term and are carried at cost less any provisions for permanent diminution in value. Income in respect of these investments is credited to the profit and loss account on a constant rate of return basis over the maximum expected period of investment. In the event of an earlier realisation of the investment, any unrecognised income is credited to the profit and loss account.

(c) Taxation

Corporation taxes payable are provided on taxable profits at current rates.

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that they are expected to reverse in the future. The provision is calculated at the rate at which it is estimated that tax will be payable.

(d) Cash flow statement

The company has taken advantage of the exemption provided by Financial Reporting Standard no. 1 and has not prepared a cash flow statement for the year ended 30 September 1997. A consolidated cash flow statement can be found in the financial statements of the parent undertaking, SEC Group PLC.

(e) Intra-group transactions

The company has taken advantage of the exemption provided by Financial Reporting Standard no. 8 not to disclose details of transactions with SEC Group PLC or other group undertakings as the consolidated financial statements of SEC Group PLC, in which the company is included, are publicly available.

KINGFISHER REVERSIONS LIMITED

Notes to the financial statements

30 September 1997

1. INVESTMENT INCOME

	1997	1996
	£	£
Income from fixed asset investments	46,860	104,167
Other interest receivable	1,426	3,724
	<u>48,286</u>	<u>107,891</u>

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is stated after charging:

	1997	1996
	£	£
Staff costs (see note 3)	—	2,221
Auditor's remuneration - audit services	1,642	1,475
	<u>1,642</u>	<u>1,475</u>

Fees paid to auditors in respect of non-audit services amounted to £631 (1996- £574)

The profit on ordinary activities is stated on an historical cost basis.

3. STAFF COSTS

Employee costs during each year amounted to:

	1997	1996
	£	£
Wages and salaries	—	2,051
Social security costs	—	170
	<u>—</u>	<u>2,221</u>

The average monthly number of persons employed by the company during the year was as follows:

	1997 Number	1996 Number
Administration	<u>—</u>	<u>—</u>

KINGFISHER REVERSIONS LIMITED

Notes to the financial statements (continued)

30 September 1997

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for each year and comprises:

	1997	1996
	£	£
UK corporation tax	8,650	10,486

Provision for corporation tax is at 24% for six months and 21% for six months (1996 – six months at 25% and six months at 24%).

No charge or provision is required in respect of deferred taxation.

5. FIXED ASSET INVESTMENTS

Fixed asset investments comprise:

	<i>Other investments</i>
	£
<u>Cost:</u>	
Beginning of year	195,079
Additions	195,903
Disposals	(125,312)
End of year	265,670
<u>Net book values:</u>	
At 30 September 1997	265,670
At 30 September 1996	195,079

Fixed asset investments comprise life assurance policies that it is intended will be held for the longer term. The actual period of retention is dependant on the life span of the assured.

6. DEBTORS

	1997	1996
	£	£
<u>Amounts falling due within one year:</u>		
Trade debtors	126,052	178,517
Amounts owed by group undertakings	261,182	238,215
Other debtors	36	197
Accrued income	35,666	37,839
	422,936	454,768

KINGFISHER REVERSIONS LIMITED

Notes to the financial statements (continued)

30 September 1997

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Bank overdraft	83	—
Amounts owed to group undertakings	563,163	551,952
UK corporation tax payable	7,965	10,486
Other taxation and social security	218	521
Accruals and deferred income	2,840	2,224
	<u>574,269</u>	<u>565,183</u>

The bank overdraft is repayable on demand and is secured by way of a fixed and floating charge over the assets of the company and one other group company.

8. CALLED-UP SHARE CAPITAL

	1997	1996
	£	£
<u>Authorised</u>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<u>Allotted, called-up and fully-paid</u>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

9. PROFIT AND LOSS ACCOUNT

	1997	1996
	£	£
At beginning of year	84,662	50,518
Retained profit for the year	<u>29,673</u>	<u>34,144</u>
At end of year	<u>114,335</u>	<u>84,662</u>

KINGFISHER REVERSIONS LIMITED

Notes to the financial statements (continued)

30 September 1997

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the year	29,673	34,144
Shareholders' funds at the beginning of the year	84,664	50,520
Shareholders' funds at the end of the year	<u>114,337</u>	<u>84,664</u>

11. ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of SEC Group PLC. The largest group of which Kingfisher Reversions Limited is a member and for which group accounts are drawn up is SEC Group PLC. The consolidated financial statements of this group are available to the public and may be obtained from 250 Hendon Way, London, NW4 3NL.