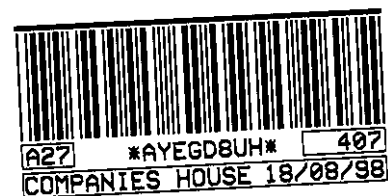


Hera Finance Limited

Report and Accounts

31 January 1998



Registration number 2518727

Hera Finance Limited
Report and accounts
Contents

	Page
Directors and officers	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Audit report	5
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Notes to the accounts	9-12

**Hera Finance Limited
Directors and Officers**

DIRECTORS

A.H. Percival

H.M. Jones

SECRETARY

C.E.R. Thomas

REGISTERED OFFICE

North West House
119 Marylebone Road
London NW1 5PX

AUDITORS

Coopers & Lybrand
1 Embankment Place
London WC2N 6NN

Hera Finance Limited

Directors' Report

The directors present their report and accounts for the year ended 31 January 1998.

Principal activities and review of the business

The Company is and will continue to be an investment company.

Results and dividends

The profit for the year, after taxation, amounted to £9.7m (1997:£14.2m). The directors recommend a final ordinary dividend of £9.9m (1997:£14.7m interim dividend paid). The retained loss of £0.2m (1997:£0.5m) will be transferred to reserves.

Elective Resolution

On 15 March 1993 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an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked.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.

Directors and directors' interests

The directors of the Company, who served throughout the financial year, are:

A.H. Percival
H.M. Jones

None of the directors has any beneficial interest in the shares of the Company. The interests of A.H. Percival in the share capital of the ultimate holding company, Kingfisher plc, at the end of the year are shown in the financial statements of that company.

The other director had the following interest in 25p Ordinary shares of Kingfisher plc:

	As at 1 Feb 1997	As at 31 Jan 1998
H.M. Jones	134	927

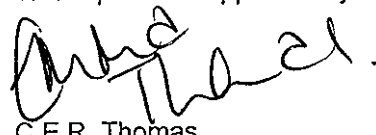
Hera Finance Limited
Directors' Report

Options for 25p Ordinary shares in Kingfisher plc :

	As at 1 Feb 1997	Options Granted	Options Exercised	As at 31 Jan 1998
H.M. Jones	33,443	9,601	(856)	42,188

The market price of Kingfisher plc shares at 31 January 1998 was 958p and the range during the year was 652.5p to 960p. The options were exercised on 14 August 1997. The market price of the shares on this date was 732.5p.

This report was approved by the board on 25 June 1998.



C.E.R. Thomas
Secretary

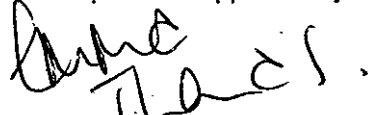
Hera Finance Limited
Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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.

This report was approved by the board on 25 June 1998.



C.E.R. Thomas
Secretary

Hera Finance Limited
Auditors' Report

Report of the auditors
to the shareholders of Hera Finance Limited

We have audited the accounts on pages 6 to 12 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 4, the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 January 1998 and of its 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

25 June 1998

Hera Finance Limited
Profit and Loss Account
for the year ended 31 January 1998

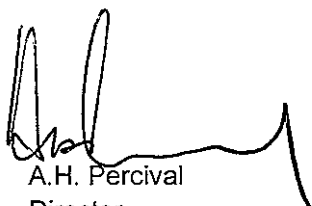
	Notes	1998 £000	1997 £000
Income from investments	5	<u>9,745</u>	<u>14,182</u>
Profit on ordinary activities before interest		9,745	14,182
Interest receivable	6	3	3
Profit on ordinary activities before taxation	4	<u>9,748</u>	<u>14,185</u>
Taxation on profit on ordinary activities	7	(1)	(1)
Profit on ordinary activities after taxation		<u>9,747</u>	<u>14,184</u>
Dividends payable		(9,900)	(14,700)
Retained loss for the year	12	<u>(153)</u>	<u>(516)</u>

A statement of total recognised gains and losses appears on page 8. A reconciliation of historical profits and losses is not shown as there is no difference between the loss reported and that calculated under the historical cost convention.

There were no discontinued operations in the period.

Hera Finance Limited
Balance Sheet
as at 31 January 1998

	Notes	1998 £000	1997 £000
Fixed assets			
Investments	8	248,342	248,342
Current assets			
Debtors	9	65,459	20,593
Creditors: amounts falling due within one year	10	(59,855)	(14,700)
Net current assets		5,604	5,893
Total assets less current liabilities		<u>253,946</u>	<u>254,235</u>
Capital and reserves			
Called up share capital	11	248,300	248,300
Profit and loss account	12	5,646	5,935
Shareholders' funds:			
Equity	13	<u>253,946</u>	<u>254,235</u>



A.H. Percival
Director

Approved by the board on 25 June 1998

Hera Finance Limited
Statement of total recognised gains and losses
for the year ended 31 January 1998

	1998	1997
	£000	£000
Profit on ordinary activities after taxation	9,747	14,184
Unrealised foreign exchange loss	(136)	-
Total recognised gains and losses related to the year	<u>9,611</u>	<u>14,184</u>

Hera Finance Limited
Notes to the Accounts
at 31 January 1998

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 cashflows of the Company are shown in the consolidated Group Cashflow Statement of Kingfisher plc.

Consequently the Company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cashflow statement.

The Company is exempt under Section 229 of the Companies Act 1985 from publishing consolidated financial statements as it is a wholly owned subsidiary of Kingfisher Electrical Retailing Ltd which is registered in England and Wales.

Interest receivable is accrued on a daily basis. Dividend income is recognised when declared.

Transactions denominated in foreign currencies are translated into sterling at contracted rates or where no contract exists, at average monthly rates.

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.

Monetary assets and liabilities denominated in foreign currencies which are held at the balance sheet date are converted into sterling at the year end exchange rates. Exchange differences on monetary items are taken into the profit and loss account.

Exchange differences arising on borrowings used to finance, or provide a hedge against, the Company's equity investments in foreign enterprises are recorded as movements on reserves.

2 Employees

The Company had no employees during the financial year, (1997:nil).

3 Directors' remuneration

None of the directors of the Company received any remuneration from the Company or from any of its subsidiaries in respect of the financial year ended 31 January 1998 (1997:nil).

4 Profit on ordinary activities before taxation

Auditors' remuneration is borne by the parent company.

5 Income from investments

	1998 £000	1997 £000
Proposed dividend from subsidiary undertaking	9,744	14,181
Dividends received from listed investments	1	1
	<u>9,745</u>	<u>14,182</u>

Hera Finance Limited
Notes to the Accounts
at 31 January 1998

6 Interest receivable and similar income	1998	1997
	£000	£000
Interest receivable - Exchequer stock	<u>3</u>	<u>3</u>

7 Tax on profit on ordinary activities	1998	1997
	£000	£000
United Kingdom corporation tax at 31.33% (1997:33%)	3,054	6,754
Less double taxation relief	<u>(3,053)</u>	<u>(6,753)</u>
	<u>1</u>	<u>1</u>

8 Investments

	Investments in subsidiary undertakings	Other investments	Total
	£000	£000	£000
Cost			
At 1 February 1997	248,292	50	248,342
At 31 January 1998	<u>248,292</u>	<u>50</u>	<u>248,342</u>
Other investments		1998	1997
		£000	£000
Listed investments		50	50
Unlisted investments		<u>-</u>	<u>-</u>
		<u>50</u>	<u>50</u>
Valuation:			
Listed investments - market value		<u>51</u>	<u>44</u>

Interests in Group Undertakings

The following company is the subsidiary undertaking of the Company at 31 January 1998.

	<u>Country of Incorporation</u>	<u>Class of Share</u>	<u>% owned</u>	<u>Main Activity</u>
Financiere Kingfisher S.A.	France	Ordinary	100	Financing

Hera Finance Limited
Notes to the Accounts
at 31 January 1998

9 Debtors: amounts falling due within one year	1998	1997
	£000	£000
Amounts due from group undertakings	<u>65,459</u>	<u>20,593</u>
10 Creditors: amounts falling due within one year	1998	1997
	£000	£000
Amounts owed to group undertakings	59,854	14,700
Corporation tax	<u>1</u>	<u>-</u>
	<u>59,855</u>	<u>14,700</u>
11 Share capital	1998	1997
	£000	£000
Authorised: 750,000,000 ordinary shares of £1 each	<u>750,000</u>	<u>750,000</u>
Allotted, called up and fully paid: 248,300,000 ordinary shares of £1 each	<u>248,300</u>	<u>248,300</u>
12 Profit and loss account	1998	1997
	£000	£000
At 1 February	5,935	6,451
Retained loss	(153)	(516)
Effect of foreign exchange rate changes	(136)	-
At 31 January	<u>5,646</u>	<u>5,935</u>
13 Reconciliation of movements in shareholders' funds	1998	1997
	£000	£000
At 1 February	254,235	254,751
Profit for the financial year	9,747	14,184
Dividends	(9,900)	(14,700)
Exchange Loss	(136)	-
At 31 January	<u>253,946</u>	<u>254,235</u>

Hera Finance Limited
Notes to the Accounts
at 31 January 1998

14 Ultimate holding company

The immediate parent company is Kingfisher Electrical Retailing Ltd, which is registered in England and Wales and operates in France and the UK.

The ultimate parent company is Kingfisher plc, which is registered in England and Wales.

Copies of the annual report and financial statements of Kingfisher plc can be obtained from The Secretary, Kingfisher plc, North West House, 119 Marylebone Road, London NW1 5PX.