

Hera Finance Limited

Report and Accounts

2 February 2002



Hera Finance Limited
Report and accounts
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Hera Finance Limited
Directors and officers

DIRECTORS

H.M. Jones
H.A.Weir

SECRETARY

M.H. Stokes

REGISTERED OFFICE

North West House
119 Marylebone Road
London NW1 5PX

AUDITORS

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH

Hera Finance Limited

Directors' report

The directors present their report and financial statements for the year ended 2 February 2002.

Principal activities and review of the business

The Company operates as an investment 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 £5,922,000 (2001:£654,000). The directors do not recommend the payment of a dividend (2001:£626,000). The retained profits for the year of £5,922,000 have been transferred to reserves (2001: £28,000).

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an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked.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 during the financial year, are:

H.M. Jones
H.A. Weir

None of the directors has any beneficial interest in the shares of the Company. The interests of H.A. Weir 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.

H.M Jones had the following interest in 13.75p₍₁₎ Ordinary shares of Kingfisher plc:

	As at 3 Feb 2001	As at 2 Feb 2002
H.M. Jones	15,711	15,102

H.M Jones had the following interest in options for 13.75p₍₁₎ ordinary shares in Kingfisher plc :

	As at 3 Feb 2001	Options Granted	Options Exercised	Options Lapsed	As at 2 Feb 2002
H.M. Jones	114,643	31,636	(2,216)	(2,172)	141,891

Hera Finance Limited
Directors' report

The market price of Kingfisher plc shares at 2 February 2002 was 388.0p and the range during the year was 275.0p to 494.0p. The options were exercised on 7 August 2001 at an exercise price of 233.5p. The market price of the shares on this date was 376.5p.

(1) The nominal value of Kingfisher plc shares changed on 28 August 2001 as approved by the shareholders at an extraordinary general meeting on 24 August 2001 when the ordinary shares of 12.5p were consolidated on a 10 for 11 basis into ordinary shares of 13.75p.

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
18 November 2002

Hera 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 at any time 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 accounts).

To prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

Hera Finance Limited

Independent auditors' report to the members of Hera Finance Limited

We have audited the accounts on pages 6 to 11.

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 on page 4.

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.

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.

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 2 February 2002 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

18/6/02

Hera Finance Limited
Profit and Loss Account
for the year ended 2 February 2002

	Notes	2002 £000	2001 £000
Profit on sale of investment	4	-	2
Income from fixed asset investments	5	<u>5,922</u>	<u>656</u>
		5,922	658
Administrative expense		<u>-</u>	<u>(4)</u>
Profit on ordinary activities before taxation	4	5,922	654
Taxation on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		<u>5,922</u>	<u>654</u>
Dividends on equity shares	7	-	(626)
Retained profit for the year	12	<u>5,922</u>	<u>28</u>

The result for the year arises solely from continuing operations.


The Company has no recognised gains and losses other than the result 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 years stated above and their historical cost equivalents.

Hera Finance Limited
Balance Sheet
as at 2 February 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Investments	8	194,299	202,744
Current assets			
Debtors	9	226,485	220,559
Creditors: amounts falling due within one year	10	<u>(194,292)</u>	<u>(202,733)</u>
Net current assets		32,193	17,826
Net assets		<u>226,492</u>	<u>220,570</u>
Capital and reserves			
Called up share capital	11	248,300	248,300
Profit and loss account	12	(21,808)	(27,730)
Equity shareholders' funds	13	<u>226,492</u>	<u>220,570</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
 18 November 2002

Hera Finance Limited
Notes to the Accounts
at 2 February 2002

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 Hera Finance Limited as an individual company and do not contain consolidated financial information 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 ultimate 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.

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 balance sheet date are converted into sterling at the year end exchange 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.

Investments in overseas subsidiary undertakings are translated into sterling at the year end exchange rates. The accounts have been prepared using the "offset" procedure in line with SSAP20 with the exchange differences on borrowings used to finance, or provide a hedge against, foreign equity investments are recorded as movements on reserves.

Financial Reporting Standard 18 - "Accounting Policies" has been adopted for these financial statements. The directors have reviewed the accounting policies adopted by the Company and have confirmed that they are the most appropriate to the particular circumstances of the Company. There is no change to the previously reported numbers as a result of the adoption of this standard.

Financial Reporting Standard 19 - "Deferred Tax" has been adopted for the first time in these financial statements. As required by the Standard, deferred taxation has been calculated using the full provision approach rather than the partial provision approach previously employed. There is no change to the previously reported numbers as a result of the adoption of this standard.

Hera Finance Limited
Notes to the Accounts
at 2 February 2002

2 Employees

The Company had no employees during the financial year (2001:nil).

3 Directors' remuneration

None of the directors of the Company received any remuneration from the Company in respect of the financial year ended 2 February 2002 (2001:£nil).

4 Profit on ordinary activities before taxation

	2002 £000	2001 £000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of listed investments	-	2

Auditors' remuneration is borne by the ultimate parent company.

5 Income from fixed asset investments

	2002 £000	2001 £000
Income from shares in group undertakings	5,922	656

6 Tax on profit on ordinary activities

	2002 £000	2001 £000
Current tax on profits for the period at 30% (2001:30%)	2,769	314
Double taxation relief	(3,310)	(314)
Unrelieved foreign taxation	541	-
	-	-

Factors affecting tax charge for the period

	2002 £000	2001 £000
Profit on activities before taxation	5,922	654

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)

1,777 196

Effects of:

Taxation on underlying taxation	992	118
Double taxation relief	(3,310)	(314)
Unrelieved foreign taxation	541	-

Total tax charge for the period

- -

7 Equity dividends

	2002 £000	2001 £000
Equity dividends paid	-	626

Hera Finance Limited
Notes to the Accounts
at 2 February 2002

8 Fixed asset investments

	Investments in subsidiary undertakings £000	
Cost		
At 3 February 2001		202,739
Unrealised foreign exchange movements		(8,440)
At 2 February 2002		194,299
Other investments		
	Listed investments £000	
At 3 February 2001		5
Disposals		(5)
At 2 February 2002		-
	2002	2001
	£000	£000
Valuation:		
Listed investments - market value	-	5

The investment in subsidiary undertakings at 2 February 2002 has been restated to show the effect of unrealised exchange losses.

Interests in subsidiary undertakings

The following company is the subsidiary undertaking of the Company at 2 February 2002.

	<u>Country of Incorporation</u>	<u>Class of Share</u>	<u>% owned</u>	<u>Main Activity</u>
Financière Kingfisher S.A.	France	Ordinary	68.56	Financing

The Company's percentage holding in Financière Kingfisher S.A.(FKSA) has reduced from 100% at 3 February 2001 to 68.56%, as FKSA has issued new shares to another group company. In the opinion of the directors the value of the investment in its subsidiary is not less than the amount stated in the Company's balance sheet.

9 Debtors: amounts falling due within one year	2002	2001
	£000	£000
Amounts due from group undertakings	226,485	220,559

Hera Finance Limited
Notes to the Accounts
at 2 February 2002

10 Creditors: amounts falling due within one year	2002	2001
	£000	£000
Amounts owed to group undertakings	<u>194,292</u>	<u>202,733</u>
11 Share capital	2002	2001
	£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	2002	2001
	£000	£000
At beginning of year	(27,730)	(27,758)
Retained profit for the year	<u>5,922</u>	<u>28</u>
At end of year	<u>(21,808)</u>	<u>(27,730)</u>
13 Reconciliation of movements in shareholders' funds	2002	2001
	£000	£000
Profit for the financial year	5,922	654
Dividends	-	(626)
Net addition to shareholders' funds	<u>5,922</u>	<u>28</u>
Opening shareholders' funds	<u>220,570</u>	<u>220,542</u>
Closing shareholders' funds	<u>226,492</u>	<u>220,570</u>

14 Ultimate holding company

The immediate parent company is Kingfisher International France Limited 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.