

1104811

HANSON FINANCE PLC

Report and Accounts

31 December 2000



Hanson Finance PLC

Registered Number: 1104811

DIRECTORS

A J H Dougal
G Dransfield
K J Ludlam
J C Nicholls
J R Read

SECRETARY

P D Tunnacliffe

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London
SE1 7EU

REGISTERED OFFICE

1 Grosvenor Place
London
SW1X 7JH

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company is to act as a group finance company.

RESULTS AND DIVIDENDS

The loss after taxation for the year amounted to £260,817,000 (1999 – profit of £203,000) as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors shown on page 1 are currently in office, and have served throughout the year under review.

DIRECTORS' INTERESTS

Although the directors at 31 December 2000 had no interest in the share capital of the company they did have an interest in shares of the ultimate parent undertaking, Hanson PLC. The details in respect of these interests are set out in the accounts of Hanson PLC or other intermediary parent undertakings.

TREASURY

The Board's Treasury policy is that all money market deposits and borrowings, foreign exchange activities, derivative products and other similar transactions are only undertaken as a result of its principal trading activity as a group finance company for Hanson PLC and its subsidiaries.

The financial strength of the Hanson Group allows the company to achieve its aims at the lowest possible cost. The company is principally involved in the commercial paper and international banking markets.

The company's Treasury does not operate as a profit centre in respect of its management of the Hanson Group's interest rate and currency exposures, and only uses those financial instruments approved by the Board. Regular reports are made to the Board and the company is subject to independent review by its external auditors.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnership Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board

P D Tunnacliffe
Secretary

23 May 2001



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 of the company for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 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.

REPORT OF THE AUDITORS

to the members of Hanson Finance PLC

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

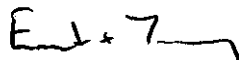
Basis of opinion

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 affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

23 May 2001

Hanson Finance PLC

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 (12 months) £000	1999 (9 months) £000
Interest receivable	2	52,984	152,076
Interest payable	3	(232,967)	(138,902)
Other charges	4	(80,712)	(13,871)
OPERATING (LOSS)		(260,695)	(697)
EXCEPTIONAL ITEMS			
Discontinued operations – profit on disposal relating to prior years		-	500
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(260,695)	(197)
Taxation – (charge)/credit	5	(122)	400
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(260,817)	203
Dividend		-	-
(LOSS)/PROFIT FOR THE PERIOD		(260,817)	203

Movements on reserves are set out in note 9.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

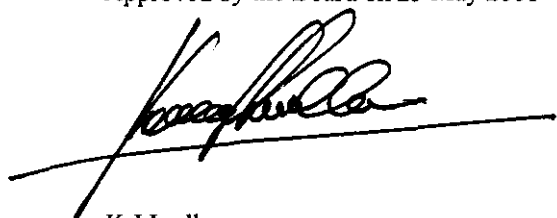
There are no recognised gains or losses other than the loss of £260,817,000 in the year ended 31 December 2000 (1999 – profit of £203,000).

Hanson Finance PLC

BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Investments	6	50,000	50,000
CURRENT ASSETS			
Debtors	7	27,850,815	27,231,626
Cash at bank		66,484	34,467
		<u>27,917,299</u>	<u>27,266,093</u>
CREDITORS: amounts falling due within one year			
Short term promissory notes		884,439	324,831
Bank loans and overdrafts		466,865	617,085
Amounts due to group undertakings		25,849,485	25,351,999
Accruals		6,147	998
		<u>27,206,936</u>	<u>26,294,913</u>
NET CURRENT ASSETS		<u>710,363</u>	<u>971,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>760,363</u>	<u>1,021,180</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000,000	1,000,000
Profit and loss account	9	(239,637)	21,180
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>760,363</u>	<u>1,021,180</u>

Approved by the Board on 23 May 2001



K J Ludlam
Director

NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Fixed asset investments

Fixed asset investments are stated at cost except where any provision for diminution in value is required.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. All monetary assets and liabilities are translated at year end exchange rates and the resulting exchange differences are dealt with in the determination of profit for the period.

Deferred taxation

Deferred taxation is provided on the liability method in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

2. INTEREST RECEIVABLE

	2000 (12 months) £000	1999 (9 months) £000
Interest from group undertakings	43,302	144,463
Bank interest	9,682	7,613
	<u>52,984</u>	<u>152,076</u>

3. INTEREST PAYABLE

	2000 (12 months) £000	1999 (9 months) £000
Bank loans and short term promissory notes	75,694	30,739
Interest payable to group undertakings	157,273	108,163
	<u>232,967</u>	<u>138,902</u>

Hanson Finance PLC

NOTES TO THE ACCOUNTS at 31 December 2000

4. OTHER OPERATING CHARGES

	2000 (12 months) £000	1999 (9 months) £000
Auditors' remuneration	-	-
Directors' remuneration	-	-
Exchange fluctuations	(80,556)	(13,789)
Other expenses	(156)	(82)
	<u>(80,712)</u>	<u>(13,871)</u>

Fees for audit and non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent undertaking. It is not practicable to ascertain what proportion of such fees relate to the company.

The directors are also directors of the ultimate parent undertaking and/or other group undertakings. The emoluments of all the directors were paid by the ultimate parent undertaking and/or other group undertakings. The directors do not believe it is practicable to apportion these emoluments between their services as directors of the company and their services as directors of the ultimate parent undertaking and/or other group undertakings.

The loss before taxation, which is generated wholly within the United Kingdom, and the company's operating net assets are attributable to one continuing activity, group finance.

5. TAXATION

	2000 (12 months) £000	1999 (9 months) £000
Corporation tax – (charge)/credit	(122)	400

6. INVESTMENTS

Shares in subsidiary undertaking at cost:

	£000
Cost:	
At 31 December 1999 and 31 December 2000	<u>50,000</u>

Hanson Finance PLC

NOTES TO THE ACCOUNTS at 31 December 2000

6. INVESTMENTS (continued)

The subsidiary undertakings at 31 December 2000 were:

	<i>Nature of business</i>	<i>Country of registration/ incorporation</i>	<i>Proportion of shares held</i>
Marnee Limited	Finance Company	England and Wales	100% (Direct)
Hanson Trust Nederland BV	Investment Holding Company	Netherlands	50% (Indirect)

The company is a wholly owned subsidiary undertaking of another body incorporated in the European Union and advantage has been taken of Section 228 of the Companies Act 1985 in that consolidated accounts have not been prepared.

7. DEBTORS

	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Other debtors	8,159	3,292
Amounts owed by ultimate parent undertaking	1,189,305	1,503,042
Amounts owed by group undertakings	26,653,351	25,725,292
	<u>27,850,815</u>	<u>27,231,626</u>

There are no formal agreements for the repayment of amounts owed by the ultimate parent undertaking or group undertakings.

8. CALLED UP SHARE CAPITAL

	<i>Authorised, allotted called up and fully paid</i>	
	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
1,000,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Hanson Finance PLC

NOTES TO THE ACCOUNTS at 31 December 2000

9. PROFIT AND LOSS ACCOUNT

	£000
At 1 January 2000	21,180
Loss for the period	(260,817)
At 31 December 2000	<u>(239,637)</u>

10. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2000 £000	1999 £000
(Loss)/Profit attributable to members of the company	(260,817)	203
Net (reduction)/addition to shareholders' funds	<u>(260,817)</u>	<u>203</u>
Opening shareholders' funds	1,021,180	1,020,977
Closing shareholders' funds	<u>760,363</u>	<u>1,021,180</u>

11. CONTINGENT LIABILITIES

The company has guaranteed the obligations of certain group undertakings and a former group undertaking which obligations in aggregate do not exceed £41 million (1999 £75 million).

12. GROUP ACCOUNTS

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Hanson PLC, registered in England and Wales. Hanson PLC is also the ultimate parent undertaking. Copies of Hanson PLC's accounts can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Hanson PLC group.