

1104811

Hanson Finance PLC

Report and Accounts

31 December 1999

 ERNST & YOUNG



Hanson Finance PLC

Registered No. 1104811

DIRECTORS

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

SECRETARY


P D Tunnacliffe

AUDITORS

Ernst & Young
PO Box 3
Lowgate House
Lowgate
Hull HU1 1JJ

REGISTERED OFFICE

1 Grosvenor Place
London SW1X 7JH

 **ERNST & YOUNG**

The directors present their report and the audited accounts of the company for the period ended 31 December 1999.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit after taxation for the period amounted to £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.

DIRECTORS' INTERESTS

Although the directors at 31 December 1999 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.

YEAR 2000

The implementation of Hanson's year 2000 programme was completed successfully. No disruption to the business operations occurred, nor is any expected to occur, as a result of the date change. There was no direct cost to the company.

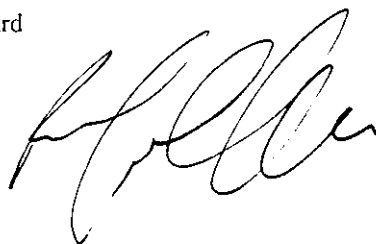
AUDITORS

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.

By order of the Board

P D Tunnacliffe
Secretary

17 May 2000



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 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;
- 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.

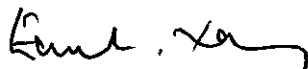
Basis of opinion

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 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Hull

17 May 2000

Hanson Finance PLC

PROFIT AND LOSS ACCOUNT for the period ended 31 December 1999

	Notes	31 December 1999 (9 months) £000	31 March 1999 (12 months) £000
Interest receivable	2	152,076	277,441
Interest payable	3	(138,902)	(269,345)
Other operating charges	4	(13,871)	(7,896)
OPERATING (LOSS)/PROFIT		(697)	200
EXCEPTIONAL ITEMS			
Discontinued operations - profit on disposal relating to prior years		500	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(197)	200
Taxation - credit	5	400	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		203	200
Dividend - interim paid		-	-
PROFIT FOR THE PERIOD		203	200

Movements on reserves are set out in note 10.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit of £203,000 in the period ended 31 December 1999 (profit of £200,000 in the year ended 31 March 1999).

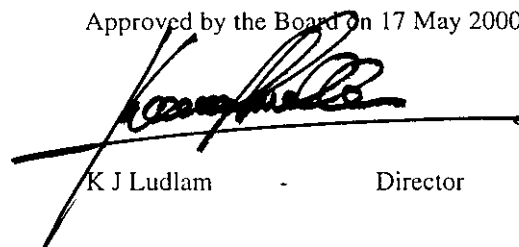
Hanson Finance PLC

BALANCE SHEET

at 31 December 1999

	Notes	31 December 1999 £000	31 March 1999 £000
FIXED ASSETS			
Investments	6	50,000	50,000
CURRENT ASSETS			
Debtors	7	27,231,626	26,331,054
Cash at bank		34,467	180,785
		<u>27,266,093</u>	<u>26,511,839</u>
CREDITORS: amounts falling due within one year			
Short term promissory notes		324,831	200,905
Bank loans and overdrafts		617,085	196,886
Amount due to group undertakings		25,351,999	25,140,953
Accruals		998	2,118
		<u>26,294,913</u>	<u>25,540,862</u>
NET CURRENT ASSETS		<u>971,180</u>	<u>970,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,021,180</u>	<u>1,020,977</u>
CAPITAL AND RESERVES			
Called up equity share capital	8	1,000,000	1,000,000
Profit and loss account	9	21,180	20,977
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>1,021,180</u>	<u>1,020,977</u>

Approved by the Board on 17 May 2000.


K J Ludlam - Director

NOTES TO THE ACCOUNTS

at 31 December 1999

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

	31 December 1999 (9 months) £000	31 March 1999 (12 months) £000
Interest from group undertakings	144,463	264,538
Bank interest	7,613	12,903
	<u>152,076</u>	<u>277,441</u>

3. INTEREST PAYABLE

	31 December 1999 (9 months) £000	31 March 1999 (12 months) £000
Bank loans and short term promissory notes	30,739	14,107
Interest payable to group undertakings	108,163	255,238
	<u>138,902</u>	<u>269,345</u>

Hanson Finance PLC

NOTES TO THE ACCOUNTS at 31 December 1999

4. OTHER OPERATING CHARGES

	<i>31 December 1999 (9 months) £000</i>	<i>31 March 1999 (12 months) £000</i>
Auditors' remuneration	-	-
Directors' remuneration	-	-
Exchange fluctuations	(13,789)	(8,553)
Other expenses	(82)	(111)
Exceptional item - inter company debtor waived	-	(3,824)
- inter company creditor waived	-	4,592
	<u>(13,871)</u>	<u>(7,896)</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 practical 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 profit 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

	<i>31 December 1999 (9 months) £000</i>	<i>31 March 1999 (12 months) £000</i>
Corporation tax - credit	400	-

6. INVESTMENTS

Shares in subsidiary undertakings at cost:

Cost:	<i>£000</i>
At 1 April 1999 and 31 December 1999	<u>50,000</u>

Hanson Finance PLC

NOTES TO THE ACCOUNTS at 31 December 1999

6. INVESTMENTS (continued)

The subsidiary undertakings at 31 December 1999 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)
Handcraft Clothes (Isle of Man) Limited	Investment Holding Company	Isle of Man	100% (Indirect)
Bombardier Loans Limited	Investment Holding Company	Isle of Man	100% (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>31 December 1999 £000</i>	<i>31 March 1999 £000</i>
Other debtors	3,292	2,307
Amounts owed by ultimate parent undertaking	1,503,042	1,020,662
Amounts owed by group undertakings	25,725,292	25,308,085
	<u>27,231,626</u>	<u>26,331,054</u>

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

8. CALLED UP EQUITY SHARE CAPITAL

	<i>Authorised, allotted called up and fully paid</i>	
	<i>31 December 1999 £000</i>	<i>31 March 1999 £000</i>
1,000,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

9. PROFIT AND LOSS ACCOUNT

	<i>£000</i>
At 1 April 1999	20,977
Profit for the period	203
At 31 December 1999	<u>21,180</u>

Hanson Finance PLC

NOTES TO THE ACCOUNTS

at 31 December 1999

10. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>31 December 1999 £000</i>	<i>31 March 1999 £000</i>
Profit attributable to members of the company	203	200
Net addition to shareholders' funds	203	200
Opening shareholders' funds	1,020,977	1,020,777
Closing shareholders' funds	1,021,180	1,020,977

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 £75 million (31 March 1999 - £70 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.