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# HANSON FINANCE PLC

Revised Report and Financial Statements

31 December 2001



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# Hanson Finance PLC

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Registered Number: 1104811

## **DIRECTORS**

G Dransfield

K G Fenlon

K J Ludlam

A J Murray

J C Nicholls

J R Read

## **SECRETARY**

P D Tunnacliffe

## **AUDITORS**

Ernst & Young LLP

Becket House

1 Lambeth Palace Road

London

SE1 7EU

## **REGISTERED OFFICE**

1 Grosvenor Place

London SW1X 7JH

## REVISED DIRECTORS' REPORT

The directors present their revised report and the revised audited financial statements of the company for the year ended 31 December 2001.

### REVISED FINANCIAL STATEMENTS

These revised financial statements replace the original financial statements for the year ended 31 December 2001 and approved on 30 May 2002.

The financial statements have been revised as at 30 May 2002 and not as at 1 July 2002 and accordingly do not deal with events between these two dates.

The revised financial statements constitute the statutory accounts of the company for the year ended 31 December 2001.

The original financial statements did not present a true and fair view as required by the Companies Act 1985, in that amounts owed to the company by group undertakings were stated as £26,463 million when in fact they amounted to £25,464 million.

Consequential amendments have been made to the value of debtors and total current assets on the balance sheet and to the analysis of debtors provided in note 8 to the financial statements.

### 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 year amounted to £21,158,000 (2000 – loss of £260,817,000) as shown in the revised 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. A J H Dougal resigned as a director of the company on 14 May 2002, having served throughout the year under review. A J Murray and K G Fenlon were both appointed as directors on 14 May 2002. The remaining directors served throughout the year.

### DIRECTORS' INTERESTS

Although the directors at 31 December 2001 had no interest in the share capital of the company they did have an interest in shares of the ultimate parent undertaking, Hanson PLC. For A J H Dougal, G Dransfield and J C Nicholls the details in respect of these interests are set out in the financial statements of Hanson PLC for the year ended 31 December 2001.

The interests of K J Ludlam and J R Read in the shares of Hanson PLC are disclosed in the accounts of Houserate Limited for the year ended 31 December 2001.

### TREASURY

The company'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's treasury function is subject to periodic independent review by its external auditors.

REVISED DIRECTORS' REPORT

**AUDITORS**

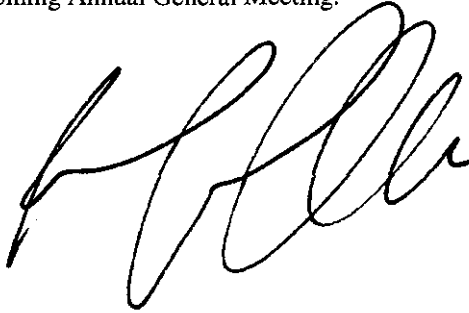
On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

P D Tunnacliffe

Secretary

1 July 2002

A handwritten signature in black ink, appearing to be 'P D Tunnacliffe', written in a cursive style.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

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 of the company for that year. 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 confirm that the financial statements 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANSON FINANCE PLC**

We have audited the company's revised financial statements for the year ended 31 December 2001, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein. The revised financial statements replace the original financial statements approved by the directors on 30 May 2002.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed. We are also required to report whether, in our opinion, the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

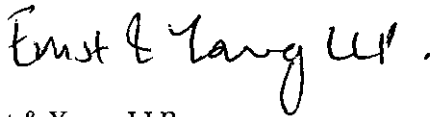
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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.

### **Opinions**

In our opinion:

- (1) the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 1990; and
- (2) the original financial statements for the year ended 31 December 2001 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in note 1.



Ernst & Young LLP  
Registered Auditor  
London

1 July 2002

# Hanson Finance PLC

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

|  | <i>Notes</i> | <i>2001</i><br><i>£000</i> | <i>2000</i><br><i>£000</i> |
|--|--------------|----------------------------|----------------------------|
| Interest receivable  | 3            | 192,041                    | 52,984                     |
| Interest payable   | 4            | (161,982)                  | (232,967)                  |
| Other operating charges  | 5            | (8,599)                    | (80,712)                   |
| <b>OPERATING PROFIT/(LOSS)</b>                                       |              | <u>21,460</u>              | <u>(260,695)</u>           |
| <b>EXCEPTIONAL ITEMS</b>   |              |                            |                            |
| Discontinued operations – profit on disposal relating to prior years |              | 366                        | –                          |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>          |              | <u>21,826</u>              | <u>(260,695)</u>           |
| Tax on profit/(loss) on ordinary activities                          | 6            | (668)                      | (122)                      |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>           |              | <u>21,158</u>              | <u>(260,817)</u>           |
| Dividend   |              | –                          | –                          |
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>                                  |              | <u><u>21,158</u></u>       | <u><u>(260,817)</u></u>    |

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 £21,158,000 in the year ended 31 December 2001 (2000 – loss of £260,817,000).



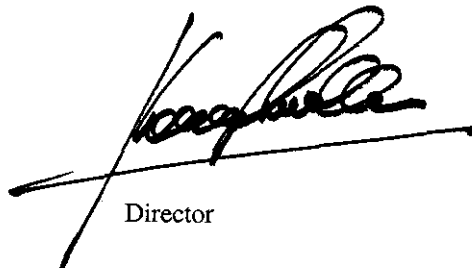
# Hanson Finance PLC

## REVISED BALANCE SHEET

at 31 December 2001

|   | Notes | 2001<br>£000      | 2000<br>£000      |
|---|-------|-------------------|-------------------|
| <b>FIXED ASSETS</b>                                   |       |                   |                   |
| Investments   | 7     | 50,000            | 50,000            |
| <b>CURRENT ASSETS</b>                                 |       |                   |                   |
| Debtors   | 8     | 26,867,095        | 27,850,815        |
| Cash at bank  |       | 74,149            | 66,484            |
|   |       | <u>26,941,244</u> | <u>27,917,299</u> |
| <b>CREDITORS: amounts falling due within one year</b> |       |                   |                   |
| Short term promissory notes                           |       | 567,830           | 884,439           |
| Bank loans and overdrafts                             |       | 138,604           | 466,865           |
| Amounts due to group undertakings                     |       | 25,501,667        | 25,849,485        |
| Accruals  |       | 1,622             | 6,147             |
|   |       | <u>26,209,723</u> | <u>27,206,936</u> |
| <b>NET CURRENT ASSETS</b>                             |       | <u>731,521</u>    | <u>710,363</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>781,521</u>    | <u>760,363</u>    |
| <b>CAPITAL AND RESERVES</b>                           |       |                   |                   |
| Called up share capital                               | 9     | 1,000,000         | 1,000,000         |
| Profit and loss account                               | 10    | (218,479)         | (239,637)         |
| <b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>               | 11    | <u>781,521</u>    | <u>760,363</u>    |

Approved by the Board on 1 July 2002



Director

NOTES TO THE REVISED FINANCIAL STATEMENTS

at 31 December 2001

**1. REVISED FINANCIAL STATEMENTS**

These revised financial statements replace the original financial statements for the year ended 31 December 2001 and approved on 30 May 2002.

The financial statements have been revised as at 30 May 2002 and not as at 1 July 2002 and accordingly do not deal with events between these two dates.

The revised financial statements constitute the statutory accounts of the company for the year ended 31 December 2001.

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Consequential amendments have been made to the value of debtors and total current assets on the balance sheet and to the analysis of debtors provided in note 8 to the financial statements.

**2. ACCOUNTING POLICIES**

***Accounting convention***

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

***Statement of cash flows***

The company has taken advantage of the exemption available to it under FRS 1 "Statements of Cash Flows" not to prepare a statement of cash flows.

***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 year.

***Deferred taxation***

FRS 19 "Deferred Tax" has been adopted in preparing these accounts. Deferred tax is now recognised in respect of most timing differences (subject to the exceptions outlined in FRS 19) that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or the right to pay less, tax.

Previously provision was only made to the extent that a gain or loss was expected to crystallise. This represents a change in accounting policy, but has resulted in no adjustment to the comparatives in respect of the year ended 31 December 2000.

# Hanson Finance PLC

## NOTES TO THE REVISED FINANCIAL STATEMENTS

at 31 December 2001

### 3. INTEREST RECEIVABLE

|                                  | 2001<br>£000   | 2000<br>£000  |
|----------------------------------|----------------|---------------|
| Interest from group undertakings | 180,845        | 43,302        |
| Bank interest                    | 11,196         | 9,682         |
|                                  | <u>192,041</u> | <u>52,984</u> |

### 4. INTEREST PAYABLE

|  | 2001<br>£000   | 2000<br>£000   |
|--|----------------|----------------|
| Bank loans and short term promissory notes | 53,005         | 75,694         |
| Interest payable to group undertakings     | 108,977        | 157,273        |
|  | <u>161,982</u> | <u>232,967</u> |

### 5. OTHER OPERATING INCOME/(CHARGES)

|                         | 2001<br>£000   | 2000<br>£000    |
|-------------------------|----------------|-----------------|
| Auditors' remuneration  | —              | —               |
| Directors' remuneration | —              | —               |
| Exchange fluctuations   | 9,368          | (80,556)        |
| Other expenses          | (17,967)       | (156)           |
|                         | <u>(8,599)</u> | <u>(80,712)</u> |

Fees for audit and non-audit services provided by Ernst & Young LLP 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 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.

### 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

|                            | 2001<br>£000 | 2000<br>£000 |
|----------------------------|--------------|--------------|
| Corporation tax – (charge) | (668)        | (122)        |
|                            | <u></u>      | <u></u>      |

# Hanson Finance PLC

## NOTES TO THE REVISED FINANCIAL STATEMENTS

at 31 December 2001

### 7. INVESTMENTS

Shares in subsidiary undertaking at cost:

|  |        |
|--|--------|
|  | £000   |
| Cost:                                    |        |
| At 31 December 2000 and 31 December 2001 | 50,000 |

The subsidiary undertakings at 31 December 2001 were:

| <i>Company</i>            | <i>Nature of business</i>  | <i>Country of registration<br/>incorporation</i> | <i>Proportion of<br/>shares held</i> |
|---------------------------|----------------------------|--|--------------------------------------|
| Marnee Limited            | Finance Company            | England and<br>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 financial statements have not been prepared

### 8. DEBTORS

|   | 2001<br>£000 | 2000<br>£000 |
|---|--------------|--------------|
| Other debtors                               | 7,436        | 8,159        |
| Amounts owed by ultimate parent undertaking | 1,395,301    | 1,189,305    |
| Amounts owed by group undertakings          | 25,464,358   | 26,653,351   |
|   | 26,867,095   | 27,850,815   |

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

### 9. SHARE CAPITAL

|  | <i>Authorised, allotted<br/>called up and fully paid</i> |              |
|--|--|--------------|
|  | 2001<br>£000   | 2000<br>£000 |
| 1,000,000,000 ordinary shares of £1 each | 1,000,000  | 1,000,000    |

# Hanson Finance PLC

## NOTES TO THE REVISED FINANCIAL STATEMENTS

at 31 December 2001

### 10. PROFIT AND LOSS ACCOUNT

|                       | £000      |
|-----------------------|-----------|
| At 31 December 2000   | (239,637) |
| Profit for the period | 21,158    |
| At 31 December 2001   | (218,479) |

### 11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

|  | 2001<br>£000 | 2000<br>£000 |
|--|--------------|--------------|
| Profit/(loss) attributable to members of the company | 21,158       | (260,817)    |
| Net addition/(reduction) to shareholders' funds      | 21,158       | (260,817)    |
| Opening shareholders' funds                          | 760,363      | 1,021,180    |
| Closing shareholders' funds                          | 781,521      | 760,363      |

### 12. CONTINGENT LIABILITIES

The company has guaranteed the obligations of certain group undertakings and some former group undertakings whose obligations in aggregate do not exceed £21.6 million (2000 – £41.4 million).

### 13. GROUP FINANCIAL STATEMENTS

The immediate parent undertaking of Hanson Finance PLC is Hanson Financial Services Limited, a company registered in England and Wales, and the company's ultimate parent undertaking is Hanson PLC, a company registered in England and Wales.

The largest group preparing consolidated group accounts which include Hanson Finance PLC is Hanson PLC, and the smallest group preparing consolidated group accounts which include Hanson Finance PLC is Houserate Limited, a company registered in England and Wales.

Copies of the accounts of Hanson PLC and Houserate Limited can be obtained from 1 Grosvenor Place, London SW1X 7JH.

The company has taken advantage of the exemption available to it in FRS 8 "Related Party Disclosures" from disclosing transactions with related parties that are part of the Hanson PLC group.