

# Hanson Finance PLC

## Report and Accounts

31 March 1999



# Hanson Finance PLC

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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

# Hanson Finance PLC

## DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 March 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 year amounted to £200,000 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. A J Murray resigned as a director on 30 November 1998 and J R Read was appointed a director on 19 August 1998. The other directors served throughout the year under review.

### DIRECTORS' INTERESTS

Although the directors at 31 March 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

An internal review has been carried out of the potential impact on management information and operating systems which indicates that the change over to the new millennium will not cause any major disruption or significant cost to the company. Full details are disclosed in Hanson PLC group accounts for the year ended 31 December 1998 and the interim report for the six months ended 30 June 1999.

### 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

22 September 1999



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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 on the basis of 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. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

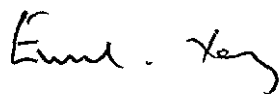
**Basis of opinion**

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 affairs of the company as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young  
Registered Auditor  
Hull

22 September 1999

# Hanson Finance PLC

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1999

	<i>Notes</i>	<i>1999 £000</i>	<i>1998 £000</i>
Interest receivable	2	277,441	291,884
Interest payable	3	(269,345)	(277,020)
Other operating charges	4	(7,896)	(14,623)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>200</b>	<b>241</b>
Taxation - credit	5	-	18
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>200</b>	<b>259</b>
Dividend - interim paid		-	-
<b>RETAINED PROFIT FOR THE YEAR</b>		<b>200</b>	<b>259</b>

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 £200,000 in the year ended 31 March 1999 (profit of £259,000 in the year ended 31 March 1998).

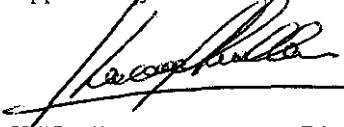
# Hanson Finance PLC

## BALANCE SHEET

at 31 March 1999

	Notes	1999 £000	1998 £000
<b>FIXED ASSETS</b>			
Investments	6	50,000	50,000
<b>CURRENT ASSETS</b>			
Debtors	7	26,331,054	24,665,520
Cash at bank		180,785	355,980
		<u>26,511,839</u>	<u>25,021,500</u>
<b>CREDITORS: amounts falling due within one year</b>			
Short term promissory notes		200,905	216,128
Bank loans and overdrafts		196,886	333,627
Amount due to group undertakings		25,140,953	23,498,699
Accruals		2,118	2,269
		<u>25,540,862</u>	<u>24,050,723</u>
<b>NET CURRENT ASSETS</b>		<u>970,977</u>	<u>970,777</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,020,977</u>	<u>1,020,777</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	8	1,000,000	1,000,000
Profit and loss account	9	20,977	20,777
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>1,020,977</u>	<u>1,020,777</u>

Approved by the Board on 22 September 1999

  
K J Ludlam - Director

# Hanson Finance PLC

## NOTES TO THE ACCOUNTS

at 31 March 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 year.

#### *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

	1999 £000	1998 £000
Interest from group undertakings	264,538	284,221
Bank interest	12,903	7,663
	<u>277,441</u>	<u>291,884</u>

### 3. INTEREST PAYABLE

	1999 £000	1998 £000
Bank loans and short term promissory notes	14,107	16,083
Interest payable to group undertakings	255,238	260,937
	<u>269,345</u>	<u>277,020</u>

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

	1999 £000	1998 £000
Auditors' remuneration	-	-
Directors' remuneration	-	-
Exchange fluctuations	(8,553)	(9,365)
Other expenses	(111)	(5,258)
Exceptional item - inter company debtor waived	(3,824)	-
- inter company creditor waived	4,592	-
	<u>(7,896)</u>	<u>(14,623)</u>



# Hanson Finance PLC

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 4. OTHER OPERATING (CHARGES)/INCOME (continued)

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

	1999 £000	1998 £000
Corporation tax - credit	-	18

### 6. INVESTMENTS

Shares in subsidiary undertakings at cost:

Cost:	£000
At 1 April 1998 and 31 March 1999	50,000

The subsidiary undertakings at 31 March 1999 were:

	Nature of business	Country of registration/ incorporation	Proportion of shares held
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.

# Hanson Finance PLC

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 7. DEBTORS

	1999 £000	1998 £000
Other debtors	2,307	230
Amounts owed by ultimate parent undertaking	1,020,662	596,116
Amounts owed by group undertakings	25,308,085	24,069,174
	<u>26,331,054</u>	<u>24,665,520</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>	
	1999 £000	1998 £000
1,000,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 9. PROFIT AND LOSS ACCOUNT

	£000
At 1 April 1998	20,777
Profit for the year	200
At 31 March 1999	<u>20,977</u>

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

	1999 £000	1998 £000
Profit attributable to members of the company	200	259
Dividends	-	-
Net addition to shareholders' funds	<u>200</u>	<u>259</u>
Opening shareholders' funds	1,020,777	1,020,518
Closing shareholders' funds	<u>1,020,977</u>	<u>1,020,777</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 £70 million (1998 - £126 million).

## Hanson Finance PLC

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### NOTES TO THE ACCOUNTS

at 31 March 1999

#### 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.