

Registered number  
1104811

HANSON FINANCE (2003) LIMITED  
DIRECTORS' REPORT AND ACCOUNTS

in respect of the year ended

31 December 2006

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## **HANSON FINANCE (2003) LIMITED**

### **Directors' Report**

Directors                    R Coulson  
                                 G Dransfield  
                                 K G Fenlon  
                                 A J Murray  
                                 E J Laurie (appointed 22 March 2006)  
                                 D J Egan (appointed 1 June 2007)

Secretary                    P D Tunnaclyffe

Registered office            1 Grosvenor Place, London SW1X 7JH

The Directors present their report and accounts for the year ended 31 December 2006

#### **Principal activities and review of the business**

The principal activity of the Company during the financial year was acting as a finance company. There has been no significant change in the nature of this activity during the year.

#### **Results and dividends**

The loss for the year amounted to £27,875,000 and is dealt with as shown in the profit and loss account. The Directors do not recommend the payment of a dividend for the year.

#### **Directors**

The Directors shown at the head of this report are currently in office. E J Laurie was appointed a Director on 22 March 2006. J C Nicholls resigned on 31 October 2006. N Swift resigned as a director on 1 June 2007 and D J Egan was appointed as a director on the same date. All other Directors served throughout the year.

#### **Annual General Meeting**

Pursuant to an Elective Resolution of the Company passed on 19 July 1991 the Company has dispensed with the need to hold Annual General Meetings on giving due notice to that effect in accordance with S253 of the Companies Act.

#### **Financial Risk Management**

The financial risk management objectives and policies of the Company and its exposure to price risk, credit risk, liquidity risk and cash flow risk are as disclosed in the accounts of Hanson PLC for the year ended 31 December 2006.

#### **Auditors**

Ernst & Young LLP will be re appointed as the Company's auditor in accordance with the elective resolution passed by the Company under S386 of the Companies Act 1985.

## **HANSON FINANCE (2003) LIMITED**

### **Directors' Report**

#### **Directors' responsibilities**

The Directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

#### **Auditors and disclosure of information to auditors**

The Directors who held office at the date of approval of this Report of the Directors each confirm that, so far as they are aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and that they have each taken all the steps that ought to have been taken as a director of the Company to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with provisions of Section 234ZA of the Companies Act 1985.

By order of the Board

P D Tunnacliffe  
Secretary  
25 June 2007



## **HANSON FINANCE (2003) LIMITED**

### **Independent auditors' report to the shareholders of HANSON FINANCE (2003) LIMITED**

We have audited the accounts of the Company for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The Directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, 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 other transactions with the Company is not disclosed.

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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its result for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditors

*27 June 2007*

London

**HANSON FINANCE (2003) LIMITED**  
**Profit and Loss Account**  
**for the year ended 31 December 2006**

	Notes	2006 £000	2005 £000
Administrative expenses		(3)	(3)
Net exchange gains/ (losses)		23,753	(42,154)
Other operating income		-	3
<b>Operating profit/(loss)</b>	<b>2</b>	<b>23,750</b>	<b>(42,154)</b>
Release of provision against amounts due from group undertakings		2,880	-
Dividends receivable from group undertakings		9,131	9,106
Provision against amounts due from group undertakings		(5,262)	(94)
		30,499	(33,142)
Interest receivable	3	34,112	106,000
Interest payable	4	(92,486)	(122,965)
<b>Loss on ordinary activities before taxation</b>		<b>(27,875)</b>	<b>(50,107)</b>
Taxation	5	-	(386)
<b>Retained loss for the financial year</b>		<b><u>(27,875)</u></b>	<b><u>(50,493)</u></b>

Movements in reserves are set out in note 11

**Statement of total recognised gains and losses**

There are no recognised gains or losses other than the loss of £27,875,000 for the year ended 31 December 2006 (loss of £50,493,000 for the year ended 31 December 2005)

**HANSON FINANCE (2003) LIMITED**  
**Balance Sheet**  
**at 31 December 2006**

	Notes	2006 £000	2005 £000
<b>Fixed assets</b>			
Investments	6	249,800	249,800
<b>Current assets</b>			
Debtors	7	34,947,835	34,680,237
Cash at bank and in hand		12	11,368
		34,947,847	34,691,605
<b>Creditors' amounts falling due within one year</b>	8	(34,145,897)	(33,861,780)
<b>Net current assets</b>		801,950	829,825
<b>Total assets less current liabilities</b>		1,051,750	1,079,625
<b>Creditors' amounts falling due after more than one year</b>	9	(199,800)	(199,800)
<b>Net assets</b>		<u>851,950</u>	<u>879,825</u>
<b>Capital and reserves</b>			
Called up share capital	10	1,000,000	1,000,000
Profit and loss account	11	(148,050)	(120,175)
<b>Equity shareholders' funds</b>	12	<u>851,950</u>	<u>879,825</u>

Approved by the Board of Directors  
25 June 2007

K G Fenlon  
Director

*K. G. Fenlon*

**HANSON FINANCE (2003) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

**1 Accounting policies**

***Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

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

***Fixed asset investments***

Fixed asset investments are stated at cost except where it is required to reflect a provision for a permanent diminution in value

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

**2 Operating profit/(loss)**

This is stated after charging

Auditors' remuneration

Directors' remuneration

2006 £000	2005 £000
-	-
-	-
<u>-</u>	<u>-</u>

Fees for audit and non-audit services provided by Ernst and Young LLP to the Company have been borne by a group undertaking. It is not practicable to ascertain what proportion of such fees relates to the Company.

The Directors are also directors of, and were paid by, the ultimate parent undertaking and/or other group undertakings. The Directors do not believe that 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.

**3 Interest receivable**

Receivable from group undertakings

Bank and other interest

2006 £000	2005 £000
33,513	105,553
599	447
<u>34,112</u>	<u>106,000</u>

**HANSON FINANCE (2003) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

<b>4 Interest payable</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Payable to group undertakings	83,238	113,743
Bank loans and short term promissory notes	9,248	9,222
	<u>92,486</u>	<u>122,965</u>

<b>5 Taxation</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of charge in year</b>		
Current tax		
UK corporation tax on profits of the year	-	386
Double tax relief		(386)
Adjustments in respect of previous years	-	-
Foreign tax	-	386
	-	386
 Tax on profit on ordinary activities	 <u>-</u>	 <u>386</u>

**Factors affecting tax charge for year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%)  
The differences are explained below

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before taxation	<u>(27,875)</u>	<u>(50,107)</u>
 Standard rate of corporation tax in the UK	 30%	 30%
	<b>£000</b>	<b>£000</b>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	(8,363)	(15,032)
 Effects of		
Income from UK dividends not taxable	(2,739)	(2,732)
Provision against amounts due from group undertakings not deductible	1,579	28
Release of provision against amount due from group undertakings not taxable	(864)	-
Imputed interest	224,152	64,730
Interest payments deductible on a paid basis	-	-
Group relief not paid for	(213,765)	(46,608)
 Current tax charge for the year	 <u>-</u>	 <u>386</u>



**HANSON FINANCE (2003) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

**6 Investments**

	<b>Cost</b>	<b>Provision</b>	<b>Net</b>
	<b>£000</b>	<b>£000</b>	<b>Book Value</b>
<b>Investments in subsidiary undertakings</b>			<b>£000</b>
At 1 January 2006	249,800	-	249,800
At 31 December 2006	<u>249,800</u>	<u>-</u>	<u>249,800</u>

On January 13, 2003 "A" preference shares in VEA Limited were sold to a third party for £199.8m. At the same time, an agreement was entered into by the Company to repurchase the "A" preference shares in VEA Limited on or before January 2008 for £199.8m. The "A" preference shares were subsequently redeemed by VEA Limited and it was agreed that "B" preference shares would be repurchased by the Company in substitution for the "A" preference shares.

In accordance with FRS 5, 'Reporting the substance of transactions', the Company is required to account for this transaction as an investment in VEA Limited and a bank loan (note 9).

In the opinion of the Directors, the value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet. The principal subsidiary undertakings are as follows:

<b>Company</b>	<b>Country of registration and operation</b>	<b>Shares held Class</b>	<b>Principal activity</b>	<b>Proportion of voting rights and shares held</b>
Marnee Limited	England and Wales	Ordinary	Finance company	100%
Hanson Trust Netherlands BV	Netherlands	Ordinary	Investment holding company	50% indirect holding
VEA Limited	England and Wales	Ordinary	Finance company	100% "B" preference shares

The Company is a wholly-owned subsidiary undertaking of a body incorporated in the European Union and advantage has been taken of S228 of the Companies Act 1985 in that consolidated accounts have not been prepared. The accounts present information about the Company as an individual undertaking.

**HANSON FINANCE (2003) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

<b>7 Debtors</b>	<b>2006 £000</b>	<b>2005 £000</b>
Amounts owed by group undertakings	34,941,913	34,673,650
Other debtors	5,922	6,587
	<u>34,947,835</u>	<u>34,680,237</u>

There are no formal agreements for the repayment of amounts due to or from group undertakings

<b>8 Creditors amounts falling due within one year</b>	<b>2006 £000</b>	<b>2005 £000</b>
Bank loans and overdrafts	35,765	-
Amounts owed to group undertakings	34,109,952	33,861,676
Other creditors	7	-
Accruals and deferred income	173	104
	<u>34,145,897</u>	<u>33,861,780</u>

<b>9 Creditors amounts falling due after one year</b>	<b>2006 £000</b>	<b>2005 £000</b>
Bank loans	<u>199,800</u>	<u>199,800</u>

The bank loan is unsecured and repayable in 2008. It is interest bearing, fixed for the duration of the loan, at 4.57% per annum.

<b>10 Share capital</b>	<b>2006 £000</b>	<b>2005 £000</b>
Authorised Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

	<b>2006 No</b>	<b>2005 No</b>	<b>2006 £000</b>	<b>2005 £000</b>
Allotted, called up and fully paid Ordinary shares of £1 each	1,000,000,000	1,000,000,000	<u>1,000,000</u>	<u>1,000,000</u>

<b>11 Profit and loss account</b>	<b>2006 £000</b>	<b>2005 £000</b>
At 1 January	(120,175)	(69,682)
Loss for the financial year	(27,875)	(50,493)
At 31 December	<u>(148,050)</u>	<u>(120,175)</u>

**HANSON FINANCE (2003) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

<b>12 Reconciliation of movement in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
At 1 January	879,825	930,318
Loss for the financial year	(27,875)	(50,493)
At 31 December	<u>851,950</u>	<u>879,825</u>

**13 Group accounts**

The immediate parent undertaking of Hanson Finance (2003) PLC is Hanson Financial Services Limited, a company registered in England and Wales and the ultimate parent undertaking is Hanson PLC, a company registered in England and Wales. The largest and smallest group preparing consolidated group accounts which include Hanson Finance (2003) is Hanson PLC for the year ended 31 December 2006.

Copies of the accounts of Hanson PLC 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.