

NO: 2582811

HANSON FUNDING (B) Limited
(Formerly Hanson Funding (B) PLC)

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE 15 MONTH PERIOD ENDED

31 DECEMBER 1997



HANSON FUNDING (B) LIMITED (Formerly Hanson Funding (B) PLC)

DIRECTORS' REPORT

Directors: G Dransfield
 K J Ludlam
 S J Hurrell

Secretary: P D Tunnacliffe

Registered Office: 1 Grosvenor Place, London, SW1X 7JH

The directors present their report and the audited accounts of the company for the period ended 31 December 1997.

CHANGE OF NAME

The company re-registered as Hanson Funding (B) Limited on 20 February 1998.

RESULT AND DIVIDENDS

The company did not trade during the period. Having paid an interim dividend of £1,000,000, the directors do not recommend the payment of a final dividend in respect of the period under review.

DIRECTORS

The directors shown at the head of this report are currently in office and served throughout the period under review.

DIRECTORS' INTERESTS

None of the directors had any declarable interests in the share or loan capital of the company. The directors interest in the ultimate parent undertaking Hanson PLC are shown in the accounts of Hanson Holdings (1) Limited an intermediary parent undertaking.

AUDITORS

Ernst & Young, having expressed their willingness to continue in office, a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

HANSON FUNDING (B) LIMITED (Formerly Hanson Funding (B) PLC)

DIRECTORS' REPORT - continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

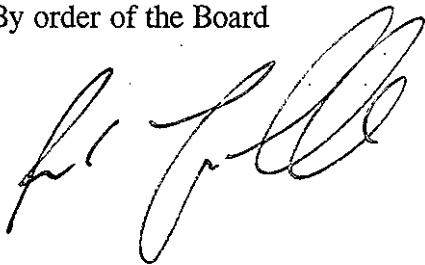
Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- 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;
- 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.

By order of the Board



P D Tunnacliffe
Secretary
July 7, 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HANSON FUNDING (B) LIMITED (Formerly Hanson Funding (B) PLC)**

We have audited the accounts on pages 5 and 8 which have been prepared under the historical cost convention and on the basis of the accounting policy 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.

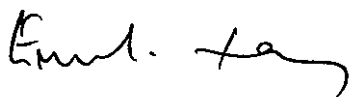
BASIS OF OPINION

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 December 1997 and of the result for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor

Hull

July 7, 1998

HANSON FUNDING (B) LIMITED (Formerly Hanson Funding (B) PLC)

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1997**

	<u>Note</u>	<u>1997</u> <u>(15 months)</u> <u>£</u>	<u>1996</u> <u>(12 months)</u> <u>£</u>
Profit on ordinary activities	2	-	-
Dividends payable		1,000,000	-
LOSS FOR THE PERIOD		<u>(1,000,000)</u>	<u>-</u>

Movements on reserves are set out in note 5

STATEMENT OF RECOGNISED GAINS AND LOSSES

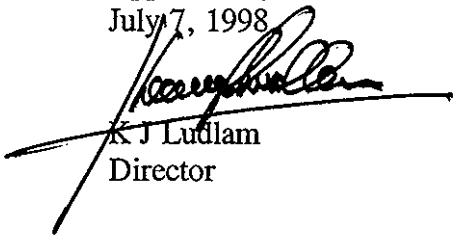
There are no recognised gains or losses in the period ended 31 December 1997 (£nil in the year ended 30 September 1996)

HANSON FUNDING (B) LIMITED (Formerly Hanson Funding (B) PLC)

BALANCE SHEET - 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
CURRENT ASSETS			
Debtors	3	173,239,446	173,239,446
CREDITORS: Amounts falling due within one year			
Amount due to immediate parent undertaking		<u>70,987,500</u>	<u>69,987,500</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>102,251,946</u>	<u>103,251,946</u>
CAPITAL AND RESERVES			
Called up share capital	4	100,000,000	100,000,000
Profit and loss account	5	<u>2,251,946</u>	<u>3,251,946</u>
Equity shareholders' funds		<u>102,251,946</u>	<u>103,251,946</u>

Approved by the Board of Directors on
July 7, 1998


K J Ludlam
Director

HANSON FUNDING (B) PLC (Formerly Hanson Funding (B) PLC)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

1 ACCOUNTING POLICY

Accounting Convention

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

2 PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £	<u>1996</u> £
This is stated after charging		
Auditors' remuneration	-	-
Directors' remuneration	-	-

Certain fees for 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 relates to the company.

3 DEBTORS

	<u>1997</u> £	<u>1996</u> £
Amount due from ultimate parent undertaking	<u>£173,239,446</u>	<u>£173,239,446</u>

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

4 SHARE CAPITAL

At 30 September 1996 and 31 December 1997 the share capital of the company was:

	<u>Authorised</u> £	<u>Allotted, called up and 25p paid</u> £
Ordinary shares of £1 each	<u>1,000,000,000</u>	
400,000,000 ordinary shares of £1 each		<u>100,000,000</u>

HANSON FUNDING (B) LIMITED (Formerly Hanson Funding (B) PLC)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

5 PROFIT AND LOSS ACCOUNT

As at 30 September 1996	3,251,946
Loss for the period	<u>(1,000,000)</u>
As at 31 December 1997	<u>2,251,946</u>

6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Profit attributable to shareholders	-	-
Dividends	(1,000,000)	
Opening shareholders' funds	<u>103,251,946</u>	<u>103,251,946</u>
Closing shareholders' funds	<u>£102,251,946</u>	<u>£103,251,946</u>

7 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.