

REGISTRAR

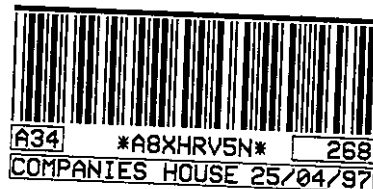
NO: 2582819

HANSON FUNDING (H) PLC

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

30 SEPTEMBER 1996



HANSON FUNDING (H) PLC

DIRECTORS' REPORT

Directors: G Dransfield
K J Ludlam
A J H Dougal

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 year ended 30 September 1996.

PRINCIPAL ACTIVITY

The principal activity of the company was that of a group finance company.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £nil and is dealt with as shown in the profit and loss account. Having paid an interim dividend of £19,000,000, the directors do not recommend the payment of a final dividend in respect of the year under review.

DIRECTORS

The directors shown at the head of this report are currently in office and served throughout the year under review. P Spencer resigned from the board on 5 January 1996.

DIRECTORS' INTERESTS

None of the directors had any declarable interests in the share or loan capital of the company or any associated company during the year under review.

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 (H) PLC

DIRECTORS' REPORT - continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

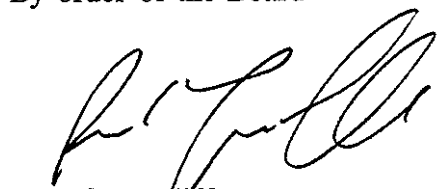
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- 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 Tunnadiffe
Secretary
April 22, 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF HANSON FUNDING (H) PLC

We have audited the accounts on pages 5 to 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 30 September 1996 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor

Hull

April 22, 1997

HANSON FUNDING (H) PLC

PROFIT AND LOSS ACCOUNT - 30 SEPTEMBER 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
Interest receivable from group undertakings		-	78,969,693
Other operating income	2	-	16,851,210
Interest payable	3	-	(75,376,859)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	20,444,044
Taxation	4	-	(1,284,690)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	19,159,354
Dividends		19,000,000	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>£(19,000,000)</u>	<u>£19,159,354</u>

Movements on reserves are set out in note 7.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in the year ended 30 September 1996 (profit of £19,159,354 in the year ended 30 September 1995).

HANSON FUNDING (H) PLC

BALANCE SHEET - 30 SEPTEMBER 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
CURRENT ASSETS			
Debtors	5	119,159,354	119,159,354
Creditors - Amount due to fellow subsidiary		19,000,000	-
NET CURRENT ASSETS		£100,159,354	£119,159,354
CAPITAL AND RESERVES			
Called up share capital	6	100,000,000	100,000,000
Profit and loss account	7	159,354	19,159,354
Equity shareholders' funds		£100,159,354	£119,159,354

Approved by the Board of Directors on
April 22, 1997

Graham Dransfield

G Dransfield
Director

HANSON FUNDING (H) PLC

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1996

1 ACCOUNTING POLICY

a) Accounting Convention

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

b) Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at year-end rates of exchange. Exchange differences thus arising are reported as part of the profit for the year.

2 OTHER OPERATING INCOME

This is stated after crediting/(charging):

	<u>1996</u>	<u>1995</u>
	£	£
Foreign currency fluctuation	-	16,854,628
Bank charges	-	(3,418)
Auditors' remuneration	-	-
Directors' remuneration	-	-
	<u>-</u>	<u>16,851,210</u>

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent undertaking. It is not possible to ascertain what proportion of such fees relates to the company.

3 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
Bank loans and short term promissory notes	-	75,376,859

4 TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
Group relief	-	1,284,690

5 DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Amount due from ultimate parent undertaking	<u>119,159,354</u>	<u>119,159,354</u>

HANSON FUNDING (H) PLC

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1996

6 SHARE CAPITAL

At September 1995 and 1996

Authorised

£

Ordinary shares of £1 each

£1,000,000,000

Allotted, called up
and 25p paid

£

400,000,000 ordinary shares of £1 each

100,000,000

7 PROFIT AND LOSS ACCOUNT

At 30 September 1995

£
19,159,354

Loss for the year

(19,000,000)

At 30 September 1996

159,354

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Profit attributable to members of the company	-	19,159,354
Dividend paid	<u>(19,000,000)</u>	<u>-</u>
Net (reduction in)/addition to shareholders' funds	(19,000,000)	19,159,354
Opening shareholders' funds	<u>119,159,354</u>	<u>100,000,000</u>
Closing shareholders' funds	<u>100,159,354</u>	<u>119,159,354</u>

9 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.