

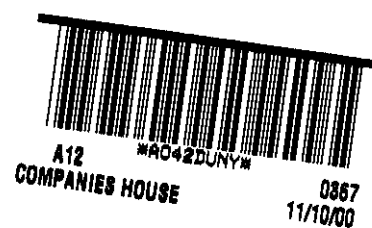
NO 2670582

CHB PHR LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 DECEMBER 1999



CHB PHR LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
 K J Ludlam

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 31 December 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is an investment holding company.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounts to £35,000 and is dealt with in the profit and loss account. The directors do not recommend the payment of a dividend.

YEAR 2000

An internal review has been carried out of the impact on management information and operating systems both in administrative and production environments, and the change over to the new millennium did not cause any major disruption or involve significant cost to the company. Full details are disclosed in Hanson PLC group accounts for the year.

DIRECTORS AND THEIR INTERESTS

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

The shareholding and related interest in Hanson PLC of G Dransfield is disclosed in the Hanson PLC accounts for the year ended 31 December 1999. The interests of K J Ludlam in Hanson PLC are disclosed in the accounts of Houserate Ltd for the year ended 31 December 1999.

CHB PHR LIMITED
DIRECTORS' REPORT

ANNUAL GENERAL MEETING

Pursuant to an Elective Resolution of the Company passed on 13 October 1998 the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with Section 253 of the Companies Act 1985.

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.

AUDITORS

Ernst & Young, having consented to act, will continue in office as auditors.

By order of the Board

P D Tunnacliffe
Secretary



2 October 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF CHB PHR LIMITED

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

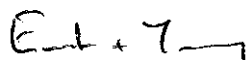
BASIS OF OPINION

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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

2 October 2000

CHB PHR LIMITED

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Note</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Administrative expenses		(48)	(506)
Other operating income		-	295
OPERATING LOSS	2	<u>(48)</u>	<u>(211)</u>
Net interest (payable)/receivable	4	<u>13</u>	<u>-</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(35)	(211)
Taxation	5	<u>-</u>	<u>-</u>
(LOSS) ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		<u>(35)</u>	<u>(211)</u>

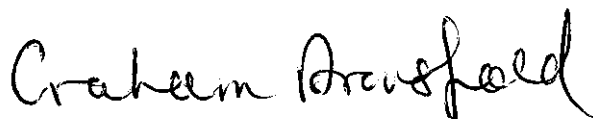
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss on ordinary activities after taxation of £35,000 in the year ended 31 December 1999 (loss of £211,000 in the year ended 31 December 1998).

CHB PHR LIMITED**BALANCE SHEET – 31 DECEMBER 1999**

	<u>Note</u>	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
CURRENT ASSETS			
Investments	6	40,090	40,090
Debtors	7	83,972	83,981
Cash at bank		442	-
		<u>124,504</u>	<u>124,071</u>
 CREDITORS: amounts falling due within one year	8	<u>(120,404)</u>	<u>(119,936)</u>
 NET CURRENT ASSETS		4,100	4,135
 CREDITORS: amounts falling due after more than one year	9	(20)	(20)
 PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>(29,205)</u>	<u>(29,205)</u>
		<u>(25,125)</u>	<u>(25,090)</u>
 CAPITAL AND RESERVES			
Called up share capital	12	72,764	72,764
Share premium account	13	58,662	58,662
Profit and loss account	13	<u>(156,551)</u>	<u>(156,516)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>(25,125)</u>	<u>(25,090)</u>

Approved by the Board of Directors
2 October 2000



G Dransfield
Director

CHB PHR LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
(Loss) for the financial year	(35)	(211)
Opening shareholders' funds	(25,090)	(24,879)
Closing shareholders' funds	<u>(25,125)</u>	<u>(25,090)</u>

NOTES TO THE ACCOUNTS – 31 DECEMBER 1999**1 ACCOUNTING POLICIES**

The company's principal accounting policies are set out below

Basis of preparation

The accounts have been prepared on a break-up basis reflecting that the company has ceased to trade. Accordingly adjustments have been made in the accounts of the company to reclassify tangible fixed assets as current assets, to reduce current assets to their realisable amount and, within the accounts of HPL1 Limited (formerly City & St James Property Co. Limited), to provide for any estimate of further liabilities which may arise.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards. No cashflow statement has been prepared as the company is entitled to the exemption available under Financial Reporting Standard No 1 where a consolidated cashflow statement is presented in the parent company financial statements.

Investments

Investments are stated at the lower of cost and net realisable value.

The company is a wholly owned subsidiary of a 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.

Deferred taxation

Deferred taxation in respect of accelerated capital allowances and other timing differences is provided only to the extent that it is probably that a liability or asset will crystallise. Any such provision is made using the liability method.

2 OPERATING (LOSS)

This is stated after charging:-

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Audit fees	-	12
Rentals paid under operating leases		
- other	-	603
	<u>-</u>	<u>603</u>

3 EMPLOYEES AND DIRECTORS

Directors' and employees' remuneration and related costs amounted to £nil (1998: £nil). The average number of employees during the year was nil (1998: nil).

CHB PHR LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 1999****4 INTEREST (PAYABLE)/RECEIVABLE**

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Bank interest receivable	14	1
Bank interest payable	(1)	(1)
	<u>13</u>	<u>-</u>

5 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There is no corporation tax in the current period (1998 - £nil) due to losses being surrendered to other group companies without consideration.

6 INVESTMENTS

	Shares in group undertaking £000	Other investments £000	Total £000
Investments as at 31 December 1998 and 1999	<u>40,070</u>	<u>20</u>	<u>40,090</u>

Four wholly owned subsidiaries, 'E' Sub Limited, 'S' Sub Limited, 'ME' Sub Limited and E&S Retail Limited, all registered in England, were dormant at the year end.

7 DEBTORS

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Amounts owed by parent undertaking	83,963	83,963
Amounts owed by fellow subsidiary undertakings	-	5
Taxation and social security	9	13
	<u>83,972</u>	<u>83,981</u>

CHB PHR LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 1999****8 CREDITORS – falling due within one year**

	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Bank overdraft	-	43
Amounts owed to ultimate parent undertaking	6	6
Amounts owed to parent undertakings	32,978	32,981
Amounts owed to fellow subsidiary companies	47,346	46,834
Amounts owed to subsidiary companies	40,070	40,070
Accruals and deferred income	4	2
	<u>120,404</u>	<u>119,936</u>

9 CREDITORS – falling due after more than one year

	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Other loans	<u>20</u>	<u>20</u>

10 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Provision for cessation of operations	<u>29,205</u>	<u>29,205</u>

The provisions relate to tax, property, pension and other issues arising from the disposal of the Powerhouse businesses in 1996. It is expected that these issues will be settled within the next five years.

11 DEFERRED TAXATION

There was no deferred tax liability at 31 December 1999 (1998: £nil).

CHB PHR LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 1999****12 CALLED UP SHARE CAPITAL**

	<u>A Ordinary</u> <u>£1 shares</u> <u>£000</u>	<u>Ordinary £1</u> <u>shares</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Authorised, allotted and fully paid ordinary shares of £1 at 31 December 1998 and 1999	<u>20,000</u>	<u>52,764</u>	<u>72,764</u>

All ordinary shares carry equal rights.

13 RESERVES

	<u>Share</u> <u>premium</u> <u>£'000</u>	<u>Company</u> <u>profit and loss</u> <u>£'000</u>
At 31 December 1998	58,662	(156,516)
Retained loss for the year	-	(35)
At 31 December 1999	<u>58,662</u>	<u>(156,551)</u>

14 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Hanson PLC, which is registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Hanson PLC. Copies of their accounts can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption in FRS8 from disclosing related party transactions with member of the Hanson PLC group.