

**CHB PHR LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**IN RESPECT OF THE YEAR ENDED**

**31 DECEMBER 2004**



**DIRECTORS' REPORT**

Directors: G Dransfield  
A C Bolter

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 2004.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is a group investment holding company.

**RESULTS AND DIVIDENDS**

The loss for the year attributable to shareholders amounted to £122,000. The Directors do not recommend the payment of a final dividend for the year.

**DIRECTORS**

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

**DIRECTORS' INTERESTS**

None of the Directors had any declarable interests in the share 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 2004. Those of A C Bolter are disclosed in the accounts of Houserate Limited.

**ANNUAL GENERAL MEETING**

Pursuant to an Elective Resolution of the Company passed on 14 June 1999, 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 S253 of the Companies Act 1985.

**DIRECTORS' REPORT**

**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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

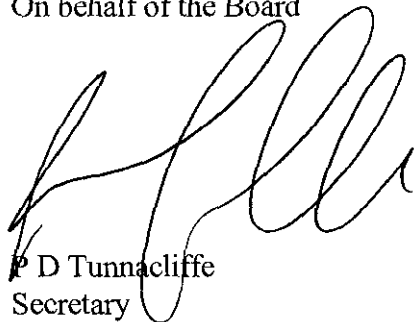
Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those accounts, the Directors are required to:

- 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; 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.

On behalf of the Board



P D Tunncliffe  
Secretary  
10 October 2005

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHB PHR LIMITED**

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We have audited the Company's accounts for the year ended 31 December 2004 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, and the related notes 1 to 12. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with S235 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**

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 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 United Kingdom 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CHB PHR LIMITED (continued)**

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**OPINION**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP.*

Ernst & Young LLP  
Registered Auditor  
London  
10 October 2005

**CHB PHR LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2004**

|   | <u>Note</u> | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|---|-------------|----------------------------|----------------------------|
| Administrative expenses                     |             | (122)                      | (130)                      |
| Exceptional items:                          |             |                            |                            |
| Loss on other disposals and terminations    |             | <u>-</u>                   | <u>(3,900)</u>             |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 2           | (122)                      | (4,030)                    |
| Taxation                                    | 3           | <u>-</u>                   | <u>-</u>                   |
| TRANSFER FROM RESERVES                      |             | <u>(122)</u>               | <u>(4,030)</u>             |

Movements in reserves are set out in note 10.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the loss of £122,000 for the year ended 31 December 2004 (loss of £4,030,000 for the year ended 31 December 2003).

**CHB PHR LIMITED****BALANCE SHEET AT 31 DECEMBER 2004**

|   | <u>Note</u> | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|---|-------------|----------------------------|----------------------------|
| FIXED ASSETS  |             |                            |                            |
| Investments   | 4           | 23,670                     | 23,670                     |
| CURRENT ASSETS  |             |                            |                            |
| Debtors   | 5           | 83,986                     | 83,976                     |
| Cash at bank  |             | 1,899                      | 2,589                      |
|   |             | <u>85,885</u>              | <u>86,565</u>              |
| CREDITORS: Amounts falling due within one year          | 6           | <u>(121,170)</u>           | <u>(120,671)</u>           |
| NET CURRENT LIABILITIES                                 |             | <u>(35,285)</u>            | <u>(34,106)</u>            |
| TOTAL ASSETS LESS CURRENT LIABILITIES                   |             | (11,615)                   | (10,436)                   |
| CREDITORS: Amounts falling due after more than one year | 7           | (20)                       | (20)                       |
| PROVISIONS FOR LIABILITIES AND CHARGES                  | 8           | <u>(2,843)</u>             | <u>(3,900)</u>             |
| NET LIABILITIES   |             | <u>(14,478)</u>            | <u>(14,356)</u>            |
| CAPITAL AND RESERVES                                    |             |                            |                            |
| Called up share capital                                 | 9           | 72,764                     | 72,764                     |
| Share premium account                                   |             | 58,662                     | 58,662                     |
| Profit and loss account                                 | 10          | <u>(145,904)</u>           | <u>(145,782)</u>           |
| EQUITY SHAREHOLDERS' DEFICIT                            | 11          | <u>(14,478)</u>            | <u>(14,356)</u>            |

Approved by the Board of Directors  
10 October 2005



A C Bolter  
Director

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2004****1 ACCOUNTING POLICIES**

The Company's principal accounting policies are set out below:

**(a) Accounting convention**

The financial statements are 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 FRS1 "Cash Flow Statements" not to prepare a statement of cash flows.

**(b) Basis of preparation**

The accounts have been prepared under the going concern concept because a group undertaking has stated that subject to unforeseen circumstances it intends to provide financial support to enable the Company to meet its liabilities as they fall due.

**(c) 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.

**2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:-

|                         | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|-------------------------|----------------------------|----------------------------|
| Auditors' remuneration  | -                          | -                          |
| Directors' remuneration | -                          | -                          |

Fees for audit and non-audit services provided by Ernst & 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.



## NOTES TO THE ACCOUNTS – 31 DECEMBER 2004

## 3 TAXATION

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

|   | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|---|----------------------------|----------------------------|
| Loss on ordinary activities before taxation   | (122)                      | (4,030)                    |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%) | (37)                       | (1,209)                    |
| Effects of:   |                            |                            |
| Permanent difference  | (436)                      | -                          |
| Group relief surrendered for nil charge   | 473                        | 1,209                      |
| Current tax charge for the year   | -                          | -                          |

## 4 FIXED ASSET INVESTMENTS

|  | <u>Shares in</u><br><u>group</u><br><u>undertaking</u><br><u>£000</u> | <u>Other</u><br><u>investments</u><br><u>£000</u> | <u>Total</u><br><u>£000</u> |
|--|---|---|-----------------------------|
| Investments at cost and net book value |   |   |                             |
| At 31 December 2003 and 2004           | 23,650  | 20  | 23,670                      |

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 at 31 December 2004 are as follows:

|                 | <u>Country of</u><br><u>registration and</u><br><u>operation</u> | <u>Holding</u> | <u>Principal</u><br><u>activity</u> | <u>Proportion of</u><br><u>voting rights and</u><br><u>shares held</u> |
|-----------------|--|----------------|-------------------------------------|--|
| E Sub Limited   | England and Wales  | Ordinary       | Dormant                             | 100%   |
| M E Sub Limited | England and Wales  | Ordinary       | Dormant                             | 100%   |

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.

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2004****5 DEBTORS**

|                                   | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|-----------------------------------|----------------------------|----------------------------|
| Amounts owed by group undertaking | 83,963                     | 83,963                     |
| Other debtors                     | 23                         | 13                         |
|                                   | <u>83,986</u>              | <u>83,976</u>              |

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

**6 CREDITORS: Amounts falling due within one year**

|   | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|---|----------------------------|----------------------------|
| Amounts owed to ultimate group undertakings | <u>121,170</u>             | <u>120,671</u>             |

**7 CREDITORS: Amounts falling due after more than one year**

|             | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|-------------|----------------------------|----------------------------|
| Other loans | <u>20</u>                  | <u>20</u>                  |

**8 PROVISIONS FOR LIABILITIES AND CHARGES**

|                             | <u>2004</u><br><u>£000</u> | <u>2003</u><br><u>£000</u> |
|-----------------------------|----------------------------|----------------------------|
| At 31 December 2003         | 3,900                      | -                          |
| Utilised during the year    | (1,057)                    | -                          |
| Established during the year | -                          | 3,900                      |
| At 31 December 2004         | <u>2,843</u>               | <u>3,900</u>               |

The provision represents leasehold property liabilities in relation to the discontinued Powerhouse businesses.

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2004****9 SHARE CAPITAL**

|   | <u>A Ordinary</u><br><u>£1 shares</u><br><u>£'000</u> | <u>Ordinary £1</u><br><u>shares</u><br><u>£'000</u> | <u>Total</u><br><u>£'000</u> |
|---|---|---|------------------------------|
| Authorised, allotted, called up and fully paid ordinary shares of £1 at 31 December 2003 and 2004 | <u>20,000</u>   | <u>52,764</u>                                       | <u>72,764</u>                |

All ordinary shares carry equal rights.

**10 PROFIT AND LOSS ACCOUNT**

|                     | <u>£'000</u>     |
|---------------------|------------------|
| At 31 December 2003 | (145,782)        |
| Loss for the year   | <u>(122)</u>     |
| At 31 December 2004 | <u>(145,904)</u> |

**11 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' DEFICIT**

|                                      | <u>2004</u><br><u>£'000</u> | <u>2003</u><br><u>£'000</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Loss for the year                    | (122)                       | (4,030)                     |
| Opening equity shareholders' deficit | <u>(14,356)</u>             | <u>(10,326)</u>             |
| Closing equity shareholders' deficit | <u>(14,478)</u>             | <u>(14,356)</u>             |

**12 GROUP ACCOUNTS**

The immediate parent undertaking of CHB PHR Limited is CHB Group 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 CHB PHR Limited is Hanson PLC.

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.