

Company Registration No. 2730599

SOLENT AGGREGATES LIMITED

Report and Financial Statements

31 December 2003



REPORT AND FINANCIAL STATEMENTS 2003

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SOLENT AGGREGATES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Burgess
K J Seaman
B Dennett
G C Stockbridge
P Deering
T Smith

SECRETARY

Mrs E M Bailey

REGISTERED OFFICE

Francis House
Shopwhyke Road
Chichester
West Sussex
PO20 6AD

BANKERS

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

SOLICITORS

Lawrence Tucketts
Bush House
72 Prince Street
Bristol
BS99 7JZ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period under review was that of the processing and sale of marine aggregates.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company's balance sheet as detailed on page 5 shows a satisfactory position, shareholders' funds amounting to £353,000 (2002: £217,000). The profit and loss account is shown on page 4 and the directors are satisfied with the results and are confident about satisfactory results in the foreseeable future.

DIVIDENDS AND RESERVES

The directors do not recommend a final dividend for the period (2002 - £Nil). No interim dividend was paid in 2003 (2002 - £Nil). The profit for the period after taxation of £136,000 (2002 - profit £144,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period were:

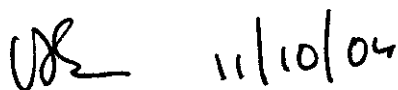
P Burgess
KJ Seaman
B Dennett
GC Stockbridge
P Deering
T Smith

No director had any beneficial interest in the share capital of the company or its group undertakings during the period.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



K J Seaman
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLENT AGGREGATES LIMITED

We have audited the financial statements of Solent Aggregates Limited for the period ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the cashflow statement and related notes, the reconciliation of net cashflow to movement in net debt and the notes to the financial statements 1 to 19. These financial statements 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Neville. Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham

No Quoted 2004

PROFIT AND LOSS ACCOUNT
Period ended 31 December 2003

	Note	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
TURNOVER	2	15,198	13,989
Cost of sales		(14,567)	(13,571)
Gross profit		631	418
Administrative expenses		(393)	(331)
Other operating income		24	29
OPERATING PROFIT	4	262	116
Interest Receivable	5	15	35
Interest Payable	6	(33)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		244	151
Tax on profit on ordinary activities	7	(108)	(7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD		136	144
PROFIT RETAINED FOR THE PERIOD	15	136	144

All activities derive from continuing operations.

There are no recognised gains and losses other than the loss for the financial period. Accordingly, no statement of total recognised gains and losses is given.

SOLENT AGGREGATES LIMITED

BALANCE SHEET
31 December 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	3,693	3,851
CURRENT ASSETS			
Stock	9	754	761
Debtors	10	1,242	1,795
Cash at bank and in hand		714	918
		<u>2,710</u>	<u>3,474</u>
CREDITORS: amounts falling due within one year	11	<u>(1,720)</u>	<u>(3,255)</u>
NET CURRENT ASSETS		<u>990</u>	<u>219</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,683</u>	<u>4,070</u>
CREDITORS : amounts falling due after more than one year	12	(4,000)	(3,600)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(330)</u>	<u>(253)</u>
NET ASSETS		<u>353</u>	<u>217</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account	15	<u>353</u>	<u>217</u>
EQUITY SHAREHOLDERS' FUNDS	16	<u>353</u>	<u>217</u>

These financial statements were approved by the Board of Directors on

11th October 2004

Signed on behalf of the Board of Directors

 11/10/04

K Seaman
Director

CASH FLOW STATEMENT
Period ended 31 December 2003

	Note	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Cash flow from operating activities	(i)	(138)	1,824
Returns on investments and servicing of finance	(ii)	(18)	35
Capital expenditure and financial investment	(ii)	(448)	(2,182)
Cash inflow before use of liquid resources and financing		(604)	(323)
Management of liquid resources	(ii)	-	1,550
Financing	(ii)	400	600
(Decrease) / Increase in cash in the period		(204)	1,827

	Note	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Reconciliation of net cash flow to movement in net debt	(iii)		
(Decrease) / Increase in cash in the period		(204)	1,827
Increase in shareholders' loans		(400)	(600)
Cash movement from management of liquid resources		-	(1,550)
Change in net funds resulting from cash flows		(604)	(323)
Net debt at 1 January		(2,682)	(2,359)
Net debt at 31 December		(3,286)	(2,682)

NOTES TO THE CASH FLOW STATEMENT

Period ended 31 December 2003

(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Operating profit	262	116
Deprecation charges	604	498
Decrease / (Increase) in stocks	7	(210)
Decrease in debtors	553	143
(Decrease)/Increase in creditors	(1,535)	1,376
Decrease in provisions	(31)	(78)
Loss / (Profit) on disposal of fixed assets	2	(21)
Net cash inflow from operating activities	(138)	1,824

(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Net cash inflow on returns on investment and servicing of finance		
Bank Interest received	15	35
Loan Interest paid	(33)	-
	(18)	35
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(446)	(2,205)
(Payments) / Receipts from disposal of tangible fixed assets	(2)	23
Net cash outflow for capital expenditure and financial investments	(448)	(2,182)
Management of liquid resources		
Cash transferred from short term deposit	-	1,550
Net cash outflow from financing		
Increase of shareholder loans	400	600

(iii) ANALYSIS OF NET DEBT

	At 1 Jan 2003 £'000	Cash flow £'000	At 31 Dec 2003 £'000
Cash in hand	918	(204)	714
Share holders' loans	(3,600)	(400)	(4,000)
	(2,682)	(604)	(3,286)

NOTES TO THE FINANCIAL STATEMENTS**Period ended 31 December 2003****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced by the company in respect of goods sold during the period, excluding value added tax and trade discounts, and arises wholly within the United Kingdom.

Tangible fixed assets

Depreciation is provided on a straight line basis from the date they are brought into full commercial use. Their cost less estimated residual value is written off over their estimated commercial lives which are as follows

Plant & machinery	-	5 – 20 years
Leasehold land & buildings	-	5 years
Assets under constructions	-	Not depreciated until brought into use

Stock

Stock and consumable stores are valued at the lower of cost and net realisable value. Where applicable, costs include attributable overheads.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred that will result in an obligation to pay more or right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on gains arising from revaluation of fixed assets (and similar fair value adjustments), or gains on disposal of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made when, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets.
- Provision is made for gains which have been rolled over into replacement assets only to the extent that, at the balance sheet date there is a commitment to dispose of the replacement assets.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the full provision method according to Financial Reporting Standard 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Operating Leases

Operating lease rentals are charged to profit and loss account on a straight line basis over the lease term.

Pensions

Regular pension costs for defined benefit schemes are established in accordance with the recommendation on independent actuaries and are charged to the profit and loss account based on expected pension costs over the employees average service lives with the company.

NOTES TO THE FINANCIAL STATEMENTS**Period ended 31 December 2003****2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company and arises wholly in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any remuneration specifically in respect of his services to the company during the year (year to 31 December 2002: £nil).

Average number of persons employed	Year ended	Year ended
	31	31
	December	December
	2003	2002
	No.	No.
Management and administration	4	4
Production and distribution	29	26
	<u>33</u>	<u>30</u>
Staff costs during the period	2003	2002
	£'000	£'000
Wages and salaries	828	757
Social Security Costs	66	58
Other pension costs	68	60
	<u>962</u>	<u>875</u>

4. OPERATING PROFIT

Operating profit is stated after charging	Year ended	Year ended
	31	31
	December	December
	2003	2002
	£'000	£'000
Depreciation	604	498
Rental under operating leases		
Land & buildings	841	905
Audit fees for audit services	7	7
Rents receivable	(24)	(29)
	<u></u>	<u></u>

5. INTEREST RECEIVABLE

	Year ended	Year ended
	31	31
	December	December
	2003	2002
	£'000	£'000
Bank interest receivable	15	35
	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2003

6. INTEREST PAYABLE

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Loan interest payable	33	-

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Current tax:		
United Kingdom corporation tax at 30%	-	-
Deferred taxation	108	7
	<u>108</u>	<u>7</u>
Current tax reconciliation:		
Profit on ordinary activities before tax	244	151
Standard rate of UK corporation tax at 30% (2002: 30%)	73	45
Effects of:		
Expenses not allowable for tax purposes	1	1
Capital allowances for period in excess of depreciation	(54)	(132)
Unrelieved tax losses	-	86
Prior period adjustment	-	-
Decrease in provisions	(6)	-
Brought forward losses offset	(14)	-
	<u>-</u>	<u>-</u>
Total current tax charge (see above)	-	-

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2003

8. TANGIBLE FIXED ASSETS

	Short leasehold buildings £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 January 2003	15	4,631	2,145	6,791
Additions	-	297	149	446
Disposals	-	(18)	-	(18)
Transfers	-	2,132	(2,132)	-
At 31 December 2003	15	7,042	162	7,219
Accumulated depreciation				
At 1 January 2003	5	2,935	-	2,940
Charge for the period	3	601	-	604
Disposals	-	(18)	-	(18)
At 31 December 2003	8	3,518	-	3,526
Net book value				
At 31 December 2003	7	3,524	162	3,693
At 31 December 2002	10	1,696	2,145	3,851

9. STOCKS

	2003 £'000	2002 £'000
Finished goods	215	203
Consumables	539	558
	754	761

10. DEBTORS

	2003 £'000	2002 £'000
Trade debtors	30	268
Trade amounts owed by related parties	1,132	1,497
Other debtors	80	30
	1,242	1,795

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2003

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Trade creditors	435	672
Amounts owed to related parties	805	1,132
Other taxation and social security	178	774
Accruals and deferred income	302	677
	<u>1,720</u>	<u>3,255</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £'000	2002 £'000
Amounts owed to related parties		
United Marine Aggregates Limited	2,000	1,800
Hanson Quarry Products Europe Limited	2,000	1,800
	<u>4,000</u>	<u>3,600</u>

The first £3 million of these loans do not bear interest. The remainder bears interest at base rate plus 1%. There is no fixed repayment schedule but the shareholders have confirmed that these loans cannot be repaid in the next 12 months.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Other £'000	Total £'000
Balance at 31 December 2002	201	52	253
Provision - current period	108	(31)	77
Balance at 31 December 2003	<u>309</u>	<u>21</u>	<u>330</u>

Other provisions relate to contractual commitments in respect of clearing and repairing the berth and quay and disposing of the silt. It is expected to be utilised over the life of the project.

Deferred taxation

The amounts provided in the accounts are as follows:

	2003 £'000	2002 £'000
Capital allowances in advance of depreciation	398	201
Other timing differences	(89)	-
	<u>309</u>	<u>201</u>

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2003

14. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
50 Ordinary 'A' shares of £1 each	50	50
50 Ordinary 'B' shares of £1 each	50	50
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
50 Ordinary 'A' shares of £1 each	50	50
50 Ordinary 'B' shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Each class of share is held solely by one corporate member, and each member has equal voting rights. Accordingly, the company is not a subsidiary undertaking and as a result has no ultimate parent undertaking.

15. MOVEMENTS IN RESERVES

	2003 £'000	2002 £'000
Opening Profit and Loss reserve	217	73
Profit for the period	136	144
	<u>353</u>	<u>217</u>
Closing Profit and Loss reserve		

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Opening shareholders funds	217	73
Profit for the period	136	144
	<u>353</u>	<u>217</u>
Closing shareholders' funds		

17. FINANCIAL COMMITMENTS

	2003 £'000	2002 £'000
Capital commitments contracted for but not provided	<u>38</u>	<u>48</u>

	2003		2002	
Operating Lease commitments	Land& Buildings £'000	Other £'000	Land& Buildings £'000	Other £'000
Leases which expire:				
Within one year	-	-	-	-
In two to five years	140	-	204	-
In more than five years	701	-	701	-
	<u>841</u>	<u>-</u>	<u>905</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2003**18. PENSION COSTS**

During the year, the company participated in defined benefit schemes sponsored by Hanson PLC. Assets and liabilities of the scheme are held independently from the Hanson group.

The employer's share of meeting the cost of the pension scheme, including the amortisation of any scheme surplus or deficit, is recognised in the profit and loss account on a systematic and even basis over the periods benefiting from the employees' services.

The pension cost is assessed in accordance with the advice of qualified actuaries, using the projected unit method. The latest actuarial valuation of the scheme was carried out as at 1 January 2001. For accounting purposes it has been assumed that future investment returns would be at the rate of 4.6% per annum. It has been assumed that the basic level of pay increases would average 4.0% per annum and that pension increases would average 2.5% on pensions in excess of the GMP (Guaranteed Minimum Pension) (with statutory increases applied to the GMP)

The total pension cost for the company for the period ended 31 December 2003 was £68,208 (2002: £60,378).

The company participates in the schemes along with several other Hanson group companies. Although the schemes are of a defined benefit nature, it is not possible to identify the company's share of the assets and liabilities of the schemes separately, on any reasonable basis. The contributions of the company depend upon the financial position of the schemes as a whole. Under FRS17, the pension cost is therefore contributions paid by the company.

The last full actuarial valuation of the principal pension scheme was at 1 January 2001. This was updated by a qualified actuary at 31 December 2003. All the UK Hanson plc pension schemes revealed a deficit of £36,600,000 (2002: £100,100,000). The market value of the assets of all the schemes represent 97% (2002: 91%) of the present value of the scheme liabilities at 31 December 2003. The company is contributing at a rate of 22.8% of pensionable pay to the Hanson Pension schemes for the next 12 months.

Full disclosures of the pension schemes under FRS 17 are given in the accounts of Hanson plc.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2003

19. RELATED PARTY TRANSACTIONS

	Sales of aggregate to related party	Purchase of materials from related party	Amounts owed to related party	Amounts owed by related party
	£000	£000	£000	£000
31 December 2003				
United Marine Aggregates Limited	7,937	4,752	287	686
United Marine Dredging Limited	9	441	109	-
Hanson Quarry Products Europe Limited	7,210	1,974	103	446
Hanson Marine Limited	-	2,841	306	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2002	£000	£000	£000	£000
United Marine Aggregates Limited	7,357	4,514	741	1,131
United Marine Dredging Limited	31	705	47	9
Hanson Quarry Products Europe Limited	7,066	1,409	99	572
Hanson Marine Limited	-	2,848	181	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Also see note 11 for details of loans due to the shareholders.

The company's share capital is held equally between United Marine Aggregates Limited and Hanson Quarry Products Ventures Limited.

Hanson plc and Tarmac Limited both hold a 50% interest in the shares of United Marine Holdings Limited. United Marine Aggregates Limited and United Marine Dredging Limited are wholly owned subsidiaries of United Marine Holdings Limited.

Hanson Quarry Products Europe Limited and Hanson Marine Limited are all members of the same group whose ultimate holding company is Hanson plc.