

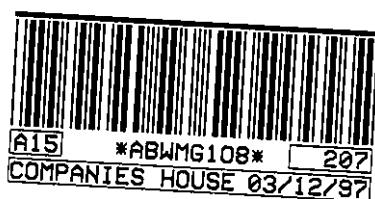
NO: 2904942

SQ CORPORATION LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 MARCH 1997



DIRECTORS' REPORT

Secretary: P D Tunnacliffe

Registered Office: 1 Grosvenor Place, London SW1X 7JH

PRINCIPAL ACTIVITY

The principal activity of the company is that of an investment holding company. The company did not trade during the year and consequently the accounts consist of a balance sheet only.

DIRECTORS

The directors shown at the head of this report are currently in office. G Dransfield was appointed a director on September 30, 1996 and M C Murray resigned from the board on that date, and the remaining directors served throughout the year under review. There were no other directors during the year.

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

ANNUAL GENERAL MEETINGS

Pursuant to an Elective Resolution of the company passed on September 29, 1994, 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.

AUDITORS

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

SQ CORPORATION LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

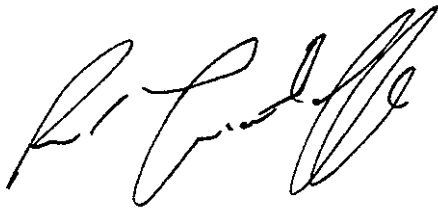
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- 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.

By order of the Board



P D Tunnacliffe
Secretary

November 28, 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF SQ CORPORATION LIMITED

We have audited the accounts on pages 5 and 6 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

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 March 1997 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor

Hull

November 28, 1997

SQ CORPORATION LIMITED

BALANCE SHEET - 31 MARCH 1997

	<u>Note</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
FIXED ASSETS			
Investment in subsidiary undertakings	2	<u>£2,426,371,955</u>	<u>£2,426,371,955</u>
CAPITAL AND RESERVES			
Called-up equity share capital	3	374,382	374,382
Share premium account	4	2,425,997,573	2,425,997,573
EQUITY SHAREHOLDERS' FUNDS		<u>£2,426,371,955</u>	<u>£2,426,371,955</u>

Approved by the Board of Directors

November 28, 1997


K J Ludlam
Director

SQ CORPORATION LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1997

1 ACCOUNTING POLICIES

- a) Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) Fixed asset investments
Fixed asset investments are stated at cost except where it is required to make provisions for diminution in value.

2 FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings at cost:

At 31 March 1997 and 31 March 1996 £2,426,371,955

The company's investment is in SQ Finance No1 Limited, a direct wholly owned subsidiary undertaking registered in England, and which is an investment holding company.

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. 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.

3 SHARE CAPITAL

At 31 March 1997 and 1996 the share capital of the company was:

	Authorised	Allotted, called up and fully paid
	£	£
"A" Ordinary shares of £1 each	3,000	2,426
"B" Ordinary shares of £1 each	<u>372,000</u>	<u>371,956</u>
	<u>375,000</u>	<u>374,382</u>

4 SHARE PREMIUM ACCOUNT

At 31 March 1997 and 1996 £2,425,997,573

Dividend rights, voting rights and the rights to surplus assets on a winding up are in the ratio of 1,000,000 for each "A" share to "B" ordinary share.

5 PROFIT AND LOSS ACCOUNT

The company did not trade during the period and consequently the accounts consist of a balance sheet only.

6 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.