

**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2003
for
HH Associates Ltd**

2671533



A24
COMPANIES HOUSE

ATJ670K4

0497
22/09/03

**Contents of the Financial Statements
for the Year Ended 31 March 2003**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	11
Trading and Profit and Loss Account	17

Company Information
for the Year Ended 31 March 2003

DIRECTORS:	R McMillan J Reeves R Charnley
SECRETARY:	Ms S Kench
REGISTERED OFFICE:	8/10 South Street Epsom Surrey KT18 7PF
REGISTERED NUMBER:	2671533 (England and Wales)
AUDITORS:	Williams & Co Chartered Accountants & Registered Auditors 8/10 South Street Epsom Surrey KT18 7PF
BANKERS:	Barclays Bank plc PO Box 283 43 High Street Sutton Surrey SM1 1DR

**Report of the Directors
for the Year Ended 31 March 2003**

The directors present their report with the financial statements of the company for the year ended 31 March 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of print managers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2003.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

H R Hunt	
L Solari	
Ms L Hunt	- resigned 25.10.02
R McMillan	
J Reeves	- appointed 12.12.02

The beneficial interests of the directors holding office on 31 March 2003 in the issued share capital of the company were as follows:

	31.3.03	1.4.02 or date of appointment if later
Ordinary £1 shares		
H R Hunt	40,009	40,009
L Solari	-	-
R McMillan	-	-
J Reeves	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- 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.

**Report of the Directors
for the Year Ended 31 March 2003**

AUDITORS

The auditors, Williams & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
R Charnley - Director

Date: 16 September 2003

**Report of the Independent Auditors to the Shareholders of
HH Associates Ltd**

We have audited the financial statements of HH Associates Ltd for the year ended 31 March 2003 on pages six to eighteen. These financial statements have been prepared under the historical cost convention and 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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 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.

HH Associates Ltd

**Report of the Independent Auditors to the Shareholders of
HH Associates Ltd**

Opinion

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



Williams & Co
Chartered Accountants
& Registered Auditors
8/10 South Street
Epsom
Surrey
KT18 7PF

Date: 16th September 2003

Profit and Loss Account
for the Year Ended 31 March 2003

		<u>2003</u>	<u>2002</u>
	Notes	£	£
TURNOVER		20,949,927	15,020,414
Cost of sales		<u>18,011,123</u>	<u>12,662,205</u>
GROSS PROFIT		2,938,804	2,358,209
Administrative expenses		<u>2,450,413</u>	<u>2,123,123</u>
OPERATING PROFIT	3	488,391	235,086
Interest receivable and similar income		<u>17,861</u>	<u>17,458</u>
		506,252	252,544
Interest payable and similar charges	4	<u>4,169</u>	<u>5,256</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		502,083	247,288
Tax on profit on ordinary activities	5	<u>128,064</u>	<u>68,312</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		374,019	178,976
Dividends	6	<u>-</u>	<u>40,009</u>
		374,019	138,967
Retained profit brought forward		<u>713,555</u>	<u>574,588</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£1,087,574</u></u>	<u><u>£713,555</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

Balance Sheet
31 March 2003

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		527,374		308,388
CURRENT ASSETS:					
Stocks	8	520,495		490,484	
Debtors	9	4,330,987		3,244,412	
Cash at bank and in hand		<u>930,815</u>		<u>804,421</u>	
		5,782,297		4,539,317	
CREDITORS: Amounts falling due within one year	10	<u>5,160,238</u>		<u>4,094,141</u>	
NET CURRENT ASSETS:			<u>622,059</u>		<u>445,176</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,149,433		753,564
CREDITORS: Amounts falling due after more than one year	11		(15,846)		-
PROVISIONS FOR LIABILITIES AND CHARGES:	13		<u>(6,004)</u>		<u>-</u>
			<u>£1,127,583</u>		<u>£753,564</u>
CAPITAL AND RESERVES:					
Called up share capital	14		40,009		40,009
Profit and loss account			<u>1,087,574</u>		<u>713,555</u>
SHAREHOLDERS' FUNDS:	17		<u>£1,127,583</u>		<u>£753,564</u>

ON BEHALF OF THE BOARD:



- R McMillan

Approved by the Board on 16 September 2003

**Cash Flow Statement
for the Year Ended 31 March 2003**

	Notes	2003		2002	
		£	£	£	£
Net cash inflow from operating activities	1		546,155		452,198
Returns on investments and servicing of finance	2		13,692		12,202
Taxation			(67,750)		(94,552)
Capital expenditure	2		(357,831)		(228,305)
Equity dividends paid			-		(40,009)
			134,266		101,534
Financing	2		(7,872)		(10,472)
Increase in cash in the period			<u>£126,394</u>		<u>£91,062</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period			126,394		91,061
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing			<u>(30,133)</u>		<u>10,472</u>
Change in net funds resulting from cash flows			<u>96,261</u>		<u>101,533</u>
Movement in net funds in the period			96,261		101,533
Net funds at 1 April			<u>801,854</u>		<u>700,321</u>
Net funds at 31 March			<u>£898,115</u>		<u>£801,854</u>

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2003**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	488,391	235,086
Depreciation charges	144,098	114,496
Loss on sale of fixed assets	-	5,513
Profit on sale of fixed assets	(5,252)	-
(Increase)/Decrease in stocks	(30,011)	27,032
Increase in debtors	(1,051,365)	(600,931)
Increase in creditors	<u>1,000,294</u>	<u>671,002</u>
Net cash inflow from operating activities	<u><u>546,155</u></u>	<u><u>452,198</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	17,861	17,458
Interest paid	<u>(4,169)</u>	<u>(5,256)</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>13,692</u></u>	<u><u>12,202</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(416,031)	(276,575)
Sale of tangible fixed assets	<u>58,200</u>	<u>48,270</u>
Net cash outflow for capital expenditure	<u><u>(357,831)</u></u>	<u><u>(228,305)</u></u>
Financing		
Capital repayments on HP	<u>(7,872)</u>	<u>(10,472)</u>
Net cash outflow from financing	<u><u>(7,872)</u></u>	<u><u>(10,472)</u></u>

Notes to the Cash Flow Statement
for the Year Ended 31 March 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.02 £	Cash flow £	At 31.3.03 £
Net cash:			
Cash at bank and in hand	<u>804,421</u>	<u>126,394</u>	<u>930,815</u>
	<u>804,421</u>	<u>126,394</u>	<u>930,815</u>
Debt:			
Hire purchase	<u>(2,567)</u>	<u>(30,133)</u>	<u>(32,700)</u>
	<u>(2,567)</u>	<u>(30,133)</u>	<u>(32,700)</u>
Total	<u>801,854</u>	<u>96,261</u>	<u>898,115</u>
Analysed in Balance Sheet			
Cash at bank and in hand	804,421		930,815
Hire purchase			
within one year	(2,567)		(16,854)
after one year	<u>-</u>		<u>(15,846)</u>
	<u>801,854</u>		<u>898,115</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2003**

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 33% on reducing balance
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2003 £	2002 £
Wages and salaries	1,477,863	1,226,516
Social security costs	182,457	152,071
Other pension costs	<u>84,300</u>	<u>109,300</u>
	<u>1,744,620</u>	<u>1,487,887</u>

The average monthly number of employees during the year was as follows:

	2003	2002
Directors	4	4
Other	<u>21</u>	<u>18</u>
	<u>25</u>	<u>22</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2003**

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2003 £	2002 £
Hire of plant and machinery	27,164	43,804
Depreciation - owned assets	144,098	114,496
(Profit)/Loss on disposal of fixed assets	(5,252)	5,513
Auditors' remuneration	<u>8,500</u>	<u>7,250</u>
 Directors' emoluments	 527,208	 421,588
Directors' pension contributions to money purchase schemes	<u>483,000</u>	<u>60,800</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2003 £	2002 £
Emoluments etc	225,625	97,258
Pension contributions to money purchase schemes	<u>-</u>	<u>60,500</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	73	2,362
Hire purchase interest	<u>4,096</u>	<u>2,894</u>
	<u>4,169</u>	<u>5,256</u>

5. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	122,060	67,750
Underprovision prior years	<u>-</u>	<u>562</u>
Total current tax	122,060	68,312
Deferred taxation	<u>6,004</u>	<u>-</u>
Tax on profit on ordinary activities	<u>128,064</u>	<u>68,312</u>

UK corporation tax has been charged at 25.50% (2002 - 21%).

**Notes to the Financial Statements
for the Year Ended 31 March 2003**

5. TAXATION - continued**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>502,083</u>	<u>247,288</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 21%)	150,625	51,930
Effects of:		
Excess depreciation over capital allowances	-	(4,159)
Disallowable expenditure	26,226	19,979
Adjustment re previous year	-	562
Excess capital allowances over depreciation	(27,255)	-
Marginal relief	<u>(27,536)</u>	<u>-</u>
Current tax charge	<u>122,060</u>	<u>68,312</u>

6. DIVIDENDS

	2003 £	2002 £
Equity shares:		
Interim dividend paid	<u>-</u>	<u>40,009</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Computer software	Totals
	£	£	£	£
COST:				
At 1 April 2002	358,468	249,321	-	607,789
Additions	5,822	70,871	339,338	416,031
Disposals	<u>-</u>	<u>(139,109)</u>	<u>-</u>	<u>(139,109)</u>
At 31 March 2003	<u>364,290</u>	<u>181,083</u>	<u>339,338</u>	<u>884,711</u>
DEPRECIATION:				
At 1 April 2002	171,852	127,548	-	299,400
Charge for year	61,808	34,624	47,666	144,098
Eliminated on disposals	<u>-</u>	<u>(86,161)</u>	<u>-</u>	<u>(86,161)</u>
At 31 March 2003	<u>233,660</u>	<u>76,011</u>	<u>47,666</u>	<u>357,337</u>
NET BOOK VALUE:				
At 31 March 2003	<u>130,630</u>	<u>105,072</u>	<u>291,672</u>	<u>527,374</u>
At 31 March 2002	<u>186,615</u>	<u>121,773</u>	<u>-</u>	<u>308,388</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2003**

8. STOCKS

	2003 £	2002 £
Stock	126,671	177,469
Work in progress	<u>393,824</u>	<u>313,015</u>
	<u>520,495</u>	<u>490,484</u>

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003 £	2002 £
V.A.T.	15,424	63,734
Trade debtors	4,083,948	3,103,677
Other debtors	74,422	20,724
Prepayments & accrued income	61,032	56,277
Owed from holding company	76,375	-
Directors loan accounts	<u>19,786</u>	<u>-</u>
	<u>4,330,987</u>	<u>3,244,412</u>

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003 £	2002 £
Hire purchase contracts (see note 12)	16,854	2,567
Trade creditors	4,515,688	3,604,000
Directors current account	-	7,388
Other creditors	11,395	32,244
Social security & other taxes	66,004	47,578
Taxation	122,060	67,750
Accrued expenses	<u>428,237</u>	<u>332,614</u>
	<u>5,160,238</u>	<u>4,094,141</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2003 £	2002 £
Hire purchase contracts (see note 12)	<u>15,846</u>	<u>-</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2003**

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2003 £	2002 £
Gross obligations repayable:		
Within one year	18,354	2,857
Between one and five years	<u>17,478</u>	<u>-</u>
	<u>35,832</u>	<u>2,857</u>
Finance charges repayable:		
Within one year	1,500	290
Between one and five years	<u>1,632</u>	<u>-</u>
	<u>3,132</u>	<u>290</u>
Net obligations repayable:		
Within one year	16,854	2,567
Between one and five years	<u>15,846</u>	<u>-</u>
	<u>32,700</u>	<u>2,567</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Deferred taxation	<u>6,004</u>	<u>-</u>
	Deferred tax	
	£	
Arising as a result of timing differences	<u>6,004</u>	
Balance at 31 March 2003	<u>6,004</u>	

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2003 £	2002 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003 £	2002 £
40,009	Ordinary	£1	<u>40,009</u>	<u>40,009</u>

15. OTHER FINANCIAL COMMITMENTS

The company has obligations under a lease to rent premises for a period to July 2004 at the rate of £113,825 per annum.

**Notes to the Financial Statements
for the Year Ended 31 March 2003**

16. POST BALANCE SHEET EVENTS

On 26th April 2003, the whole of the issued share capital in HH Associates Limited was acquired by H H Associates (Holdings) Limited

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	374,019	178,976
Dividends	-	(40,009)
Net addition to shareholders' funds	374,019	138,967
Opening shareholders' funds	<u>753,564</u>	<u>614,597</u>
Closing shareholders' funds	<u>1,127,583</u>	<u>753,564</u>
Equity interests	<u>1,127,583</u>	<u>753,564</u>