

REGISTERED NUMBER: 2671533 (England and Wales)

H H ASSOCIATES LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004



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H H ASSOCIATES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2004

DIRECTORS:	R MacMillan J Reeves R Charnley H R Hunt M Mills P Samuels
SECRETARY:	Ms S Kench
REGISTERED OFFICE:	Bridge House London Bridge London SE1 9QR
REGISTERED NUMBER:	2671533 (England and Wales)
AUDITORS:	Wilkins Kennedy Chartered Accountants and Registered Auditor Gladstone House 77 - 79 High Street Egham, Surrey TW20 9HY
BANKERS:	Barclays Bank plc PO Box 283 43 High Street Sutton Surrey SM1 1DR

H H ASSOCIATES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report with the financial statements of the company for the year ended 31 March 2004.

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.

The Company was acquired by HH Associates (Holdings) Limited on 10 April 2003. The purchase was partly funded by way of debt finance from GE Commercial Finance Limited.

The Company is one of the UK's fastest growing print management and outsourcing companies. Annualised sales are increasing and this will continue over the coming years as the Company is successful both in securing larger contracts and as a result of greater activity with technology in areas such as digital asset management systems. The Company is growing very quickly in the direct mail and point of sale specialist areas of print management.

It is also the intention of the Company's parent to expand its presence in Europe generally, with operating subsidiaries being established in major markets. To this end in February 2004, H H Danmark A/S was formed to acquire the business of NovaVision, a major player in the Danish print management market.

In March 2004, the Group acquired a 60% holding in a technology company in order to maintain its leading edge in the marketplace.

The Group is focussed on the needs of its customers and the changing demands of the market in which it operates. The Board believes that the combination of its capable team and investment in information technology will provide a strong base for future development.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2004 will be £20,000.

H H ASSOCIATES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2004

DIRECTORS

The directors during the year under review were:

R MacMillan	
J Reeves	
R Charnley	
H R Hunt	
M Mills	- appointed 28.5.2003
P Samuels	- appointed 13.1.2004
L Solari	- resigned 9.4.2003

The beneficial interests of the directors holding office on 31 March 2004 in the issued share capital of the company were as follows:

	31.3.04	1.4.03 or date of appointment if later
Ordinary £1 shares		
R MacMillan	-	-
J Reeves	-	-
R Charnley	-	-
H R Hunt	-	40,009
M Mills	-	-
P Samuels	-	-

R MacMillan owns 1 ordinary share (100% of the issued share capital) in H H Associates (Holdings) Limited, the parent company.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made donations of £1,330. These included donations of £330 made to children's charities and £1,000 to medical research.

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;
- 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.

H H ASSOCIATES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2004

AUDITORS

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

ON BEHALF OF THE BOARD:



.....
R MacMillan - Director

Date:29/9/.....2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
H H ASSOCIATES LIMITED**

We have audited the financial statements of H H Associates Limited for the year ended 31 March 2004 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 three 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.

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wilkins Kennedy

Wilkins Kennedy
Chartered Accountants
and Registered Auditor
Gladstone House
77 - 79 High Street
Egham, Surrey
TW20 9HY

Date: *30 September* 2004

H H ASSOCIATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
TURNOVER	2	22,510,167	20,949,927
Cost of sales		<u>(18,811,913)</u>	<u>(17,817,606)</u>
GROSS PROFIT		3,698,254	3,132,321
Administrative expenses		<u>(2,839,783)</u>	<u>(2,643,929)</u>
OPERATING PROFIT	4	858,471	488,392
Interest receivable and similar income		<u>492</u>	<u>17,861</u>
		858,963	506,253
Interest payable and similar charges	5	<u>(141,461)</u>	<u>(4,169)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		717,502	502,084
Tax on profit on ordinary activities	6	<u>(255,914)</u>	<u>(128,065)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		461,588	374,019
Dividends	7	<u>(20,000)</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>441,588</u>	<u>374,019</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.

The notes form part of these financial statements

H H ASSOCIATES LIMITED

BALANCE SHEET
31 MARCH 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	392,309	527,373
Investments	9	44,943	-
		<u>437,252</u>	<u>527,373</u>
CURRENT ASSETS			
Stocks	10	221,007	520,496
Debtors	11	9,409,941	4,330,989
Cash at bank and in hand		11,828	930,815
		<u>9,642,776</u>	<u>5,782,300</u>
CREDITORS			
Amounts falling due within one year	12	(8,465,579)	(5,160,240)
NET CURRENT ASSETS		<u>1,177,197</u>	<u>622,060</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,614,449</u>	<u>1,149,433</u>
CREDITORS			
Amounts falling due after more than one year	13	(45,278)	(15,846)
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(6,004)
		<u>1,569,171</u>	<u>1,127,583</u>
CAPITAL AND RESERVES			
Called up share capital	17	40,009	40,009
Profit and loss account	18	1,529,162	1,087,574
SHAREHOLDERS' FUNDS	20	<u>1,569,171</u>	<u>1,127,583</u>

ON BEHALF OF THE BOARD:


.....
R MacMillan - Director

Approved by the Board on 29/9/2004

The notes form part of these financial statements

H H ASSOCIATES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Net cash inflow from operating activities	1	1,163,015	546,155
Returns on investments and servicing of finance	2	(140,969)	13,692
Taxation		(122,061)	(67,750)
Capital expenditure and financial investment	2	<u>(103,183)</u>	<u>(357,831)</u>
		796,802	134,266
Financing	2	<u>(4,414,170)</u>	<u>(7,872)</u>
(Decrease)/Increase in cash in the period		<u><u>(3,617,368)</u></u>	<u><u>126,394</u></u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		(3,617,368)	126,394
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>77,704</u>	<u>(30,133)</u>
Change in net funds resulting from cash flows		(3,539,664)	96,261
New finance leases		<u>(112,260)</u>	<u>-</u>
Movement in net funds in the period		<u>(3,651,924)</u>	96,261
Net funds at 1 April		<u>898,115</u>	<u>801,854</u>
Net (debt)/funds at 31 March		<u><u>(2,753,809)</u></u>	<u><u>898,115</u></u>

The notes form part of these financial statements

H H ASSOCIATES LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

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

	2004 £	2003 £
Operating profit	858,471	488,392
Depreciation charges	229,210	144,098
Loss/(Profit) on disposal of fixed assets	24,505	(5,252)
Decrease/(Increase) in stocks	299,489	(30,012)
Increase in debtors	(701,698)	(1,051,365)
Increase in creditors	<u>453,038</u>	<u>1,000,294</u>
Net cash inflow from operating activities	<u>1,163,015</u>	<u>546,155</u>

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

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	492	17,861
Interest paid	(135,850)	(3,107)
Interest element of hire purchase payments	<u>(5,611)</u>	<u>(1,062)</u>
Net cash (outflow)/inflow for returns on investments and servicing of finance	<u>(140,969)</u>	<u>13,692</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(84,890)	(416,031)
Purchase of fixed asset investments	(44,793)	-
Sale of tangible fixed assets	<u>26,500</u>	<u>58,200</u>
Net cash outflow for capital expenditure and financial investment	<u>(103,183)</u>	<u>(357,831)</u>
Financing		
New loans made in year	(4,338,255)	-
Capital repayments in year	(77,704)	(7,872)
Amount introduced by directors	17,972	-
Amount withdrawn by directors	<u>(16,183)</u>	<u>-</u>
Net cash outflow from financing	<u>(4,414,170)</u>	<u>(7,872)</u>

The notes form part of these financial statements

H H ASSOCIATES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.03 £	Cash flow £	Other non-cash changes £	At 31.3.04 £
Net cash:				
Cash at bank and in hand	930,815	(918,987)		11,828
Bank overdrafts	<u>-</u>	<u>(2,698,381)</u>		<u>(2,698,381)</u>
	<u>930,815</u>	<u>(3,617,368)</u>		<u>(2,686,553)</u>
Debt:				
Hire purchase	<u>(32,700)</u>	<u>77,704</u>	<u>(112,260)</u>	<u>(67,256)</u>
	<u>(32,700)</u>	<u>77,704</u>	<u>(112,260)</u>	<u>(67,256)</u>
Total	<u>898,115</u>	<u>(3,539,664)</u>	<u>(112,260)</u>	<u>(2,753,809)</u>

The notes form part of these financial statements

H H ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

Accounting convention

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

Exemption from preparing consolidated financial statements

The financial statements contain information about H H Associates Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, H H Associates (Holdings) Limited, a company registered in England and Wales.

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

Investments

Fixed asset investments are included at cost less amounts written off.

Any profit or loss arising from the disposals of investments are treated as part of the result from ordinary activities.

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.

Deferred tax

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated on the same basis as shown above. Leasing payments are treated as consisting of capital and interest, the interest element being charged to profit and loss account over the period of the lease.

Rental costs under operating leases are charged to profit and loss account when incurred.

H H ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES - continued

Pensions

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

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom	22,213,154	20,949,927
Continental Europe	297,013	-
	<u>22,510,167</u>	<u>20,949,927</u>

3. STAFF COSTS

	2004 £	2003 £
Wages and salaries	1,442,792	1,477,862
Social security costs	173,679	182,456
Other pension costs	21,355	84,300
	<u>1,637,826</u>	<u>1,744,618</u>

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

	2004	2003
Directors	6	4
Other	<u>29</u>	<u>21</u>
	<u>35</u>	<u>25</u>

H H ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

4. OPERATING PROFIT

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

	2004	2003
	£	£
Other operating leases	114,827	125,825
Depreciation - owned assets	229,210	144,098
Loss/(Profit) on disposal of fixed assets	24,505	(5,252)
Foreign exchange differences	(5,632)	-
Auditors' remuneration	9,500	8,500
Hire of plant and machinery	<u>35,085</u>	<u>27,164</u>
 Directors' emoluments	 340,183	 527,208
Directors' pension contributions to money purchase schemes	<u>20,605</u>	<u>84,300</u>

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

Money purchase schemes	<u>1</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2004	2003
	£	£
Emoluments etc	193,236	225,625
Pension contributions to money purchase schemes	<u>20,605</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	24,053	3,107
Other interest charges	111,797	-
Hire purchase	<u>5,611</u>	<u>1,062</u>
	<u>141,461</u>	<u>4,169</u>

6. TAXATION

Analysis of the tax charge

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

	2004	2003
	£	£
Current tax:		
UK corporation tax	261,918	122,061
Deferred tax	<u>(6,004)</u>	<u>6,004</u>
Tax on profit on ordinary activities	<u>255,914</u>	<u>128,065</u>

H H ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

6. TAXATION - continued

Factors affecting the tax charge

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

	2004 £	2003 £
Profit on ordinary activities before tax	<u>717,502</u>	<u>502,084</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	215,251	150,625
Effects of:		
disallowable expenditure	40,730	26,226
excess depreciation over capital allowances	24,500	-
excess capital allowances over depreciation	-	(27,255)
marginal relief	<u>(18,563)</u>	<u>(27,535)</u>
Current tax charge	<u>261,918</u>	<u>122,061</u>

7. DIVIDENDS

	2004 £	2003 £
Equity shares:		
Interim	<u>20,000</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2003	364,289	181,083	339,338	884,710
Additions	1,846	116,759	78,545	197,150
Disposals	<u>(178,338)</u>	<u>(117,008)</u>	<u>-</u>	<u>(295,346)</u>
At 31 March 2004	<u>187,797</u>	<u>180,834</u>	<u>417,883</u>	<u>786,514</u>
DEPRECIATION				
At 1 April 2003	233,660	76,011	47,666	357,337
Charge for year	51,946	39,363	137,901	229,210
Eliminated on disposal	<u>(146,429)</u>	<u>(45,913)</u>	<u>-</u>	<u>(192,342)</u>
At 31 March 2004	<u>139,177</u>	<u>69,461</u>	<u>185,567</u>	<u>394,205</u>
NET BOOK VALUE				
At 31 March 2004	<u>48,620</u>	<u>111,373</u>	<u>232,316</u>	<u>392,309</u>
At 31 March 2003	<u>130,629</u>	<u>105,072</u>	<u>291,672</u>	<u>527,373</u>

H H ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

8. TANGIBLE FIXED ASSETS - continued

Included within motor vehicles are vehicles held under hire purchases agreements which cost £112,260 (2003 - £25,725) and with accumulated depreciation of £15,311 (2003 - £14,873).

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	<u>44,943</u>
At 31 March 2004	<u>44,943</u>
NET BOOK VALUE	
At 31 March 2004	<u><u>44,943</u></u>

The company's investments at the balance sheet date in the share capital of companies include the following:

H H Danmark A/S

Country of incorporation: Denmark

Nature of business: Print management service

Class of shares:	%
Ordinary	holding 100.00

H H Technology Limited

Nature of business: Computer supplies and services

Class of shares:	%
Ordinary	holding 60.00

10. STOCKS

	2004 £	2003 £
Work-in-progress	221,007	393,824
Finished goods	<u>-</u>	<u>126,672</u>
	<u><u>221,007</u></u>	<u><u>520,496</u></u>

H H ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

11. DEBTORS

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	4,821,805	4,083,949
Amounts owed by group undertakings	4,190,053	76,375
Other debtors	48,572	89,847
Directors' current accounts	-	19,786
Prepayments and accrued income	<u>66,148</u>	<u>61,032</u>
	<u>9,126,578</u>	<u>4,330,989</u>

Included within amounts owed by group undertakings are amounts due from H H Danmark A/S, a subsidiary of the company, totalling £146,111 (2003 - £nil) and £4,043,942 (2003 - £76,375) from H H Associates (Holdings) Limited, parent company.

	2004 £	2003 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>283,363</u>	<u>-</u>
 Aggregate amounts	 <u>9,409,941</u>	 <u>4,330,989</u>

This amount relates to a subordinated loan of £283,363 to H H Danmark A/S.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts (see note 14)	2,698,381	-
Hire purchase contracts (see note 15)	21,978	16,854
Trade creditors	4,324,618	4,515,689
Amounts owed to group undertakings	150	-
Corporation tax	261,918	122,061
Other taxes and social security	166,873	66,004
Other creditors	-	11,395
Directors' current accounts	8,789	-
Accruals and deferred income	<u>982,872</u>	<u>428,237</u>
	<u>8,465,579</u>	<u>5,160,240</u>

Included within amounts due to group undertakings is an amount of £150 owed to H H Technology Limited, a subsidiary of the company.

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

	2004 £	2003 £
Hire purchase contracts (see note 15)	<u>45,278</u>	<u>15,846</u>

H H ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004

14. LOANS

An analysis of the maturity of loans is given below:

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,698,381</u>	<u>-</u>

Bank overdrafts totalling £2,341,334 have been secured by fixed and floating charge over all of the assets of the company.

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2004 £	2003 £
Net obligations repayable:		
Within one year	21,978	16,854
Between one and five years	<u>45,278</u>	<u>15,846</u>
	<u>67,256</u>	<u>32,700</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2004 £	2003 £
Expiring:		
Within one year	113,825	-
Between one and five years	<u>-</u>	<u>113,825</u>
	<u>113,825</u>	<u>113,825</u>

16. PROVISION FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Deferred tax	<u>-</u>	<u>6,004</u>
		Deferred tax
		£
Balance at 1 April 2003		6,004
Reversal of accelerated capital allowances		<u>(6,004)</u>
Balance at 31 March 2004		<u>-</u>

H H ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

17. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2004 £	2003 £
Number:	Class:			
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid:		Nominal value:	2004 £	2003 £
Number:	Class:			
40,009	Ordinary	£1	<u>40,009</u>	<u>40,009</u>

A legal charge over the shares of the company was registered on 10 April 2003.

18. RESERVES

	Profit and loss account £
At 1 April 2003	1,087,574
Retained profit for the year	<u>441,588</u>
At 31 March 2004	<u>1,529,162</u>

19. RELATED PARTY DISCLOSURES

Until 10 April 2003 the ultimate controlling party was H Hunt, director. From this date the company was controlled by H H Associates (Holdings) Limited, a company incorporated in England and Wales.

The ultimate controlling party of H H Associates (Holdings) Limited is R MacMillan, director.

As a subsidiary, the company is entitled to take advantage of the exemption from disclosing transactions with group entities as the parent company produces consolidated accounts which are publicly available.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	461,588	374,019
Dividends	<u>(20,000)</u>	<u>-</u>
Net addition to shareholders' funds	441,588	374,019
Opening shareholders' funds	<u>1,127,583</u>	<u>753,564</u>
Closing shareholders' funds	<u>1,569,171</u>	<u>1,127,583</u>
Equity interests	<u>1,569,171</u>	<u>1,127,583</u>