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HHT plc
AND ITS SUBSIDIARY UNDERTAKINGS
REGISTERED NUMBER 1439213

ACCOUNTS

30 SEPTEMBER 1995

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HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30 September 1995.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for its financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group throughout the year was the heat treatment of metals.

The directors are satisfied with the result for the year which reflects the current economic climate in the group's markets.

The results of HHT Surface Engineering Limited have been included as discontinued operations in the profit and loss account for 1995 on page 5 following the closure of the business on 30 September after the expiry of its trading licence. The 1994 figures include both HHT Surface Engineering Limited and Hammond Fluid Power Limited as discontinued operations.

On 30 September 1995 the company acquired the trade, assets and liabilities of Hammond Heat Treatment Limited and the remaining assets and liabilities of HHT Surface Engineering Limited as part of a restructuring plan whereby all the group's activities are to be carried out by HHT plc. No other group company has traded since 30 September 1995.

The directors are pleased with the current level of demand for its core activity products and consider the group's financial position at the end of the year to have been satisfactory.

DIVIDENDS AND APPROPRIATIONS

Interim dividends of £16,500 have been paid on the participating preferred ordinary shares and an interim dividend of £33,000 has been paid on the ordinary shares. The directors do not recommend the payment of any final dividends.

DIRECTORS

The directors, and the number of the company's ordinary shares in which they had an interest at the beginning and end of the year, were:

	30.9.95	30.9.94
C W Hammond	100,000	100,000
D L Grove	-	-
D S Haggett	-	-

CHARITABLE DONATIONS

The group made charitable donations totalling £370 during the year.

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT (Continued)

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors.

Approved by the board on 5 December 1995
and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C W Hammond', written in a cursive style.

C W HAMMOND

Chairman

AUDITORS' REPORT TO THE MEMBERS OF HHT plc

We have audited the accounts on pages five to nineteen.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors 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 that 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 and the group as at 30 September 1995 and of the result of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants
Registered Auditors

WALSALL

5 December 1995

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 September 1995

	Notes	£	1995 £	£	1994 £
TURNOVER					
Continuing operations			2,803,715		2,623,165
Discontinued operations			497,654		398,121
	5		<u>3,301,369</u>		<u>3,021,286</u>
COST OF SALES					
Continuing operations			1,901,208		1,747,838
Discontinued operations					
- normal		295,101		278,169	
- liabilities no longer required on discontinuance of trade		-		(63,872)	
		<u>295,101</u>		<u>(63,872)</u>	
			<u>295,101</u>		<u>214,297</u>
GROSS PROFIT					
Continuing operations		902,507		875,327	
Discontinued operations		202,553		183,824	
		<u>902,507</u>		<u>875,327</u>	
			<u>1,105,060</u>		<u>1,059,151</u>
Net operating expenses	2		<u>1,056,947</u>		<u>990,527</u>
OPERATING PROFIT					
Continuing operations		52,077		109,065	
Discontinued operations		(3,964)		(40,441)	
		<u>52,077</u>		<u>109,065</u>	
			<u>48,113</u>		<u>68,624</u>
Investment income	3		<u>23</u>		<u>21</u>
			48,136		68,645
Interest payable	4		<u>25,248</u>		<u>44,548</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION					
	5		22,888		24,097
Tax on profit on ordinary activities	7		<u>(3,322)</u>		<u>6,289</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION					
			26,210		17,808
Dividends	8		<u>49,500</u>		<u>49,500</u>
DEFICIT FOR THE YEAR					
			<u>(23,290)</u>		<u>(31,692)</u>
Revaluation reserve	18		1,108		1,108
Retained profits brought forward			<u>707,842</u>		<u>738,426</u>
RETAINED PROFITS CARRIED FORWARD					
			<u>685,660</u>		<u>707,842</u>

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 September 1995

There are no recognised gains and losses other than the profit for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 30 September 1995

	1995 £	1994 £
Reported profit on ordinary activities before taxation	22,888	24,097
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	1,108	1,108
Historical cost profit on ordinary activities before taxation	<u>23,996</u>	<u>25,205</u>
Historical cost loss for the year after taxation and dividends	<u>(22,182)</u>	<u>(30,584)</u>

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET
30 September 1995

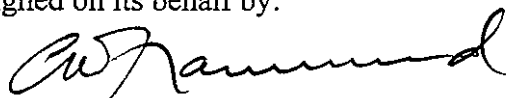
	Notes	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	10		2,095,269		1,914,482
Investments	11		58		58
			<u>2,095,327</u>		<u>1,914,540</u>
CURRENT ASSETS					
Stock	12	7,446		6,737	
Debtors	13	698,728		724,489	
Cash at bank and in hand		1,610		1,415	
			<u>707,784</u>	<u>732,641</u>	
CREDITORS - amounts falling due within one year	14	1,014,572		806,086	
NET CURRENT LIABILITIES			<u>(306,788)</u>		<u>(73,445)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,788,539		1,841,095
CREDITORS - amounts falling due after more than one year	15	99,303		103,769	
PROVISIONS FOR LIABILITIES AND CHARGES	16	63,700		88,500	
			<u>163,003</u>	<u>88,500</u>	<u>192,269</u>
			<u>1,625,536</u>		<u>1,648,826</u>
CAPITAL AND RESERVES					
Called up share capital	17		150,000		150,000
Share premium account			52,100		52,100
Capital redemption reserve			100,000		100,000
Revaluation reserve	18		637,776		638,884
Profit and loss account			685,660		707,842
SHAREHOLDERS' FUNDS	20		<u>1,625,536</u>		<u>1,648,826</u>
ANALYSIS OF SHAREHOLDERS' FUNDS					
Equity interests			1,475,536		1,498,826
Non-equity interests			150,000		150,000
			<u>1,625,536</u>		<u>1,648,826</u>

HHT plc

BALANCE SHEET
30 September 1995

	Notes	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	10		2,095,269		771,053
Investments	11		319		319
			<u>2,095,588</u>		<u>771,372</u>
CURRENT ASSETS					
Stock	12	7,446		-	
Debtors	13	698,728		437,522	
Cash at bank and in hand		1,610		305	
		<u>707,784</u>		<u>437,827</u>	
CREDITORS - amounts falling due within one year	14	1,132,412		402,298	
NET CURRENT (LIABILITIES) ASSETS					
			<u>(424,628)</u>		<u>35,529</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,670,960		806,901
CREDITORS - amounts falling due after more than one year					
PROVISION FOR LIABILITIES AND CHARGES	15	99,303		-	
	16	63,700		-	
		<u>163,003</u>		<u>-</u>	
			<u>1,507,957</u>		<u>806,901</u>
CAPITAL AND RESERVES					
Called up share capital	17		150,000		150,000
Share premium account			52,100		52,100
Capital redemption reserve			100,000		100,000
Revaluation reserve	18		460,596		461,418
Profit and loss account			745,261		43,383
SHAREHOLDERS' FUNDS					
			<u>1,507,957</u>		<u>806,901</u>
ANALYSIS OF SHAREHOLDERS' FUNDS					
Equity interests			1,357,957		656,901
Non-equity interests			150,000		150,000
			<u>1,507,957</u>		<u>806,901</u>

Approved by the board on 5 December 1995
and signed on its behalf by:



C W HAMMOND
Director

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 1995

	£	1995 £	£	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		387,175		309,988
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Dividends received	23		21	
Hire purchase interest	(12,723)		(16,637)	
Interest paid	(12,525)		(27,911)	
Dividends paid	(49,500)		(49,500)	
		<hr/>		<hr/>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(74,725)		(94,027)
TAXATION				
Corporation tax (paid) recovered		(20,613)		73,747
INVESTING ACTIVITIES				
Payments to acquire tangible fixed assets	(420,563)		(65,766)	
Tangible fixed assets on hire purchase	57,092		-	
Receipts from sales of tangible fixed assets	61,050		17,802	
		<hr/>		<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(302,429)		(47,964)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING		(10,584)		241,744
		<hr/>		<hr/>
FINANCING				
Repayments of bank loans and mortgages	-		84,375	
Capital element of hire purchase	42,230		39,931	
		<hr/>		<hr/>
NET CASH OUTFLOW FROM FINANCING		42,230		124,306
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(52,814)		117,438
		<hr/>		<hr/>
		(10,584)		241,744
		<hr/>		<hr/>
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS				
Bank overdraft - (increase) decrease		(53,009)		117,550
Cash at bank and in hand - increase (decrease)		195		(112)
		<hr/>		<hr/>
		(52,814)		117,438
		<hr/>		<hr/>
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit		48,113		68,624
Depreciation		178,726		257,080
(Increase) decrease in stock		(709)		45
Decrease in debtors		23,379		177,143
Increase (decrease) in creditors		137,666		(192,904)
		<hr/>		<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES		387,175		309,988
		<hr/>		<hr/>

NOTES TO THE ACCOUNTS
Year ended 30 September 1995

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of land and buildings.

Tangible fixed assets

Fixed assets other than freehold land have been depreciated so as to write them off over their anticipated useful lives at the following annual rates:

Freehold buildings	2% straight line
Plant and machinery	15% reducing balance and rates between 20% and 50% straight line commencing in the financial year after purchase
Baskets and mesh panels	50% straight line commencing in the month after purchase
Motor vehicles	25% reducing balance commencing in the month after purchase, 33.33% straight line commencing in the year after purchase and 33.33% straight line commencing in the month after purchase

Stock

Stock and work in progress are valued at the lower of cost, including appropriate overhead expenses, and net realisable value.

Deferred tax

Deferred tax is calculated by the liability method and provision is made to the extent that it is probable a liability will crystallise.

Hire purchase and finance lease contracts

Assets held under hire purchase and finance lease contracts which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under hire purchase and finance lease contracts. The capitalised values of the assets are written off over the useful lives of the assets concerned. The interest element of the payments is allocated so as to produce a constant periodic rate of charge throughout the lease or contract period.

Pension costs

Contributions to the pension scheme are charged to profit and loss account so as to spread the cost of pensions over the employees' working lives with the group.

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

2. NET OPERATING EXPENSES

	1995			1994		
	Continuing operations £	Dis- continued operations £	Total £	Continuing operations £	Dis- continued operations £	Total £
Distribution costs	159,452	6,428	165,880	147,114	5,539	152,653
Administrative costs	695,435	200,089	895,524	619,418	218,726	838,144
Other operating income	(4,457)	-	(4,457)	(270)	-	(270)
	<u>850,430</u>	<u>206,517</u>	<u>1,056,947</u>	<u>766,262</u>	<u>224,265</u>	<u>990,527</u>

3. INVESTMENT INCOME

	1995 £	1994 £
Income from listed fixed asset investments	<u>23</u>	<u>21</u>

4. INTEREST PAYABLE

Bank loans and overdrafts and loans repayable within 5 years	12,525	27,911
Hire purchase interest	12,723	16,637
	<u>25,248</u>	<u>44,548</u>

5. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities are attributable to the principal activity of the group.

Profit on ordinary activities has been arrived at after charging:	1995 £	1994 £
Hire of plant and machinery	8,466	6,563
Depreciation of owned fixed assets	108,715	197,146
Depreciation of fixed assets held under hire purchase contracts	70,011	59,934
Auditors' remuneration - company	2,000	2,000
	<u>189,192</u>	<u>265,643</u>

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

6. DIRECTORS AND EMPLOYEES

The average number of persons employed by the group during the year was:	1995 Number	1994 Number
Production	66	64
Selling and distribution	10	10
Administration	23	18
	<u>99</u>	<u>92</u>

Staff costs, including directors, were:	£	£
Wages and salaries	1,398,963	1,290,052
Social security costs	103,760	102,714
Pension costs	92,533	87,371
	<u>1,595,256</u>	<u>1,480,137</u>

The emoluments of the directors were: For services as executives	<u>21,936</u>	<u>22,859</u>
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The individual emoluments, excluding pension contributions, of all the directors who held office during the year were: Chairman and highest paid director	<u>16,936</u>	<u>17,859</u>
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Other directors in the range:	Number	Number
£0 - £5,000	<u>2</u>	<u>2</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Corporation tax at rates between 25% and 33%	21,478	23,289
Deferred tax (note 16)	(24,800)	(17,000)
	<u>(3,322)</u>	<u>6,289</u>

8. DIVIDENDS

Non-equity Participating preferred ordinary shares Accrued at 30 September 1994	(2,750)	(2,750)
Interim paid	16,500	16,500
Accrued at 30 September 1995	2,750	2,750
	<u>16,500</u>	<u>16,500</u>
Equity Ordinary shares Interim paid	33,000	33,000
Total dividends	<u>49,500</u>	<u>49,500</u>

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

9. PROFIT AND LOSS ACCOUNT

In accordance with Section 230 of the Companies Act 1985 the company has not presented its own profit and loss account.

The profit for the financial year included in the accounts of the company amounted to £750,556 (1994 - £35,684), after dividends received from subsidiaries.

10. TANGIBLE FIXED ASSETS

	Total £	Freehold land and buildings £	Plant, machinery, and vehicles £
GROUP			
Cost and valuation			
At 30 September 1994	3,698,623	1,131,040	2,567,583
Additions	420,563	57,014	363,549
Disposals	(86,226)	-	(86,226)
At 30 September 1995	<u>4,032,960</u>	<u>1,188,054</u>	<u>2,844,906</u>
Depreciation			
At 30 September 1994	1,784,141	9,400	1,774,741
Charge for the year	178,726	9,444	169,282
Disposals	(25,176)	-	(25,176)
At 30 September 1995	<u>1,937,691</u>	<u>18,844</u>	<u>1,918,847</u>
Net book value			
At 30 September 1995	<u>2,095,269</u>	<u>1,169,210</u>	<u>926,059</u>
At 30 September 1994	<u>1,914,482</u>	<u>1,121,640</u>	<u>792,842</u>

The net book value of plant and machinery includes £221,678 (1994 - £339,596) in respect of assets held under hire purchase and finance lease contracts.

The freehold land and buildings were valued on 12 November 1993 by a firm of chartered surveyors on an open market value for existing use basis, at £1,130,000.

On the historical cost basis the freehold land and buildings would have been included at:	1995 £	1994 £
Cost	622,627	565,613
Aggregate depreciation	(91,193)	(82,857)
	<u>431,434</u>	<u>482,756</u>

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

10. TANGIBLE FIXED ASSETS (Continued)

	Total £	Freehold land and buildings £	Plant, machinery and vehicles £
PARENT			
Cost and valuation			
At 30 September 1994	1,025,856	720,000	305,856
Additions	60,368	57,014	3,354
Transfers from subsidiary undertakings	2,962,855	411,040	2,551,815
At 30 September 1995	<u>4,049,079</u>	<u>1,188,054</u>	<u>2,861,025</u>
Depreciation			
At 30 September 1994	254,803	4,400	250,403
Charge for the year	25,752	4,404	21,348
Transfers from subsidiary undertakings	1,673,255	10,040	1,663,215
At 30 September 1995	<u>1,953,810</u>	<u>18,844</u>	<u>1,934,966</u>
Net book value			
At 30 September 1995	<u>2,095,269</u>	<u>1,169,210</u>	<u>926,059</u>
At 30 September 1994	<u>771,053</u>	<u>715,600</u>	<u>55,453</u>

The freehold land and buildings were valued on 12 November 1993 by a firm of chartered surveyors on an open market value for existing use basis.

On the historical cost basis the freehold land and buildings would have been included at:	1995 £	1994 £
Cost	335,895	278,881
Aggregate depreciation	(28,277)	(24,699)
	<u>307,618</u>	<u>254,182</u>

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

11. FIXED ASSET INVESTMENTS

	Total £	Investment in group undertakings £	Other investments - listed £
Cost			
At 30 September 1994 and 30 September 1995	<u>319</u>	<u>261</u>	<u>58</u>

The principal trading subsidiary undertakings during the year, all of which are wholly owned and registered and operate in England and Wales, were:

	Nature of business
HHT Surface Engineering Limited	Heat treatment
Hammond Heat Treatment Limited	Heat treatment

At 30 September 1995 the market value of the listed investment (which is listed on a recognised stock exchange) was £414 (1994 - £308).

12. STOCK

	1995 £	1994 £
Consumables	2,389	3,737
Finished goods and goods for resale	5,057	3,000
	<u>7,446</u>	<u>6,737</u>

13. DEBTORS

	1995 £	Group 1994 £	1995 £	Parent 1994 £
Trade debtors	657,637	659,204	657,637	-
Subsidiary undertakings	-	-	-	390,362
Taxation and social security	4,296	2,445	4,296	-
Other debtors	400	1,152	400	1,150
Prepayments and accrued income	36,395	59,306	36,395	43,628
	<u>698,728</u>	<u>722,107</u>	<u>698,728</u>	<u>435,140</u>
Corporation tax	-	2,382	-	2,382
	<u>698,728</u>	<u>724,489</u>	<u>698,728</u>	<u>437,522</u>

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

14. CREDITORS - amounts falling due within one year

	1995 £	Group 1994 £	1995 £	Parent 1994 £
Short term loan	25,000	25,000	25,000	25,000
Trade creditors	356,227	237,018	356,227	37,695
Subsidiary undertakings	-	-	117,840	-
Taxation and social security	49,736	63,143	49,736	11,583
Other creditors	2,105	2,105	2,105	2,105
Director's loan	29,603	33,960	29,603	33,960
Accruals and deferred income	136,978	100,757	136,978	22,374
	<u>599,649</u>	<u>461,983</u>	<u>717,489</u>	<u>132,717</u>
Hire purchase contracts	63,247	43,919	63,247	-
Corporation tax	31,651	33,168	31,651	11,000
Bank overdraft	317,275	264,266	317,275	255,831
Dividends	2,750	2,750	2,750	2,750
	<u>1,014,572</u>	<u>806,086</u>	<u>1,132,412</u>	<u>402,298</u>

Bank facilities are secured by a debenture over all the company's assets.

The short term loan is unsecured and repayable on demand.

15. CREDITORS - amounts falling due after more than one year

	1995 £	Group 1994 £	1995 £	Parent 1994 £
Hire purchase contracts	99,303	103,769	99,303	-

All are payable within two to five years.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £	Group 1994 £	1995 £	Parent 1994 £
Deferred tax				
At 30 September 1994	88,500	105,500	-	-
Transfer from subsidiary undertakings	-	-	88,500	-
Credit for the year	(24,800)	(17,000)	(24,800)	-
At 30 September 1995	<u>63,700</u>	<u>88,500</u>	<u>63,700</u>	<u>-</u>

The deferred tax provision at 33% comprises the excess of capital allowances over depreciation charged.

The potential liability, not provided for in the accounts at 33% is:

	1995 £	Group 1994 £	1995 £	Parent 1994 £
Accelerated capital allowances	26,400	26,400	26,400	-
Industrial buildings allowances	41,600	42,400	41,600	-
	<u>68,000</u>	<u>68,800</u>	<u>68,000</u>	<u>-</u>

There is no potential liability in respect of the revaluation of the land and buildings.

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

17. CALLED UP SHARE CAPITAL	1995 £	1994 £
Authorised		
Ordinary shares of £1 each	100,000	100,000
Cumulative convertible participating preferred ordinary shares of £1 each	50,000	50,000
Cumulative redeemable preference shares of £1 each	100,000	100,000
	<u>250,000</u>	<u>250,000</u>
Allotted and fully paid		
Equity		
Ordinary shares of £1 each	100,000	100,000
Non-equity		
Cumulative convertible participating preferred ordinary shares of £1 each	50,000	50,000
	<u>150,000</u>	<u>150,000</u>

Dividend rights

The profits which the company determines to distribute in respect of any financial year is applied as follows:

- Pay to preferred ordinary shareholders in each financial year a fixed cumulative net cash preferential dividend (fixed dividend) of 11% of the total subscription price paid. It is payable half yearly on 31 March and 30 September each year. A further dividend of 8% of adjusted net profit of the group less the fixed dividend already paid is payable not more than 14 days after the annual general meeting.
- Pay to the ordinary shareholders a dividend equal to the amount of dividend paid on each preferred ordinary share.
- The balance of profits will be distributed amongst the preferred ordinary and ordinary shareholders pro-rata to the amounts paid up on the shares held by them respectively.

Winding up

On a return of assets on liquidation or otherwise, the assets of the company remaining after a payment of its liabilities shall be applied as follows:

- In paying to the preferred ordinary shareholders subscription price per share together with a sum equal to any arrears on the dividends calculated to the date of the return of capital.
- In paying to the ordinary shareholders a sum equal to the amount of capital paid on each preferred ordinary share per share.
- The balance of such assets shall be distributed amongst the preferred ordinary shareholders and ordinary shareholders in proportion to the amounts paid up on the shares.

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

17. SHARE CAPITAL (Continued)

Voting rights

- Ordinary shareholders are entitled to one vote per share.
- Preferred ordinary shareholders are entitled to receive notice but are not entitled to attend or vote at any general meeting unless at the date of the notice to convene the meeting the fixed dividend on the preferred ordinary shares is six months in arrears and such a right shall cease once the fixed dividend is no longer in arrears.

Conversion rights

The holders of the preferred ordinary shares are entitled at any time to convert the whole, but not part, of the preferred ordinary shares into ordinary shares on a one to one basis subject to certain provisions being fulfilled.

18. REVALUATION RESERVE

	1995 £	Group 1994 £	1995 £	Parent 1994 £
At 30 September 1994	638,884	639,992	461,418	462,240
Transfer to profit and loss account	(1,108)	(1,108)	(822)	(822)
At 30 September 1995	<u>637,776</u>	<u>638,884</u>	<u>460,596</u>	<u>461,418</u>

19. PENSION COSTS

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested separately in a trust administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was as at 5 April 1993. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 1% per annum higher than average salary increases and that present and future pensions would increase in line with statutory requirements.

The pension charge for the year in respect of this scheme was £92,533 (1994 - £87,371).

The most recent actuarial valuation showed the value of the assets held by the fund totalled £1,470,000 and that the actuarial value of those assets represents an average 100.8% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

HHT plc AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS (Continued)
Year ended 30 September 1995

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the year	26,210	17,808
Dividends	(49,500)	(49,500)
Net movement in shareholders' funds	<u>(23,290)</u>	<u>(31,692)</u>
Shareholders' funds at 30 September 1994	1,648,826	1,680,518
Shareholders' funds at 30 September 1995	<u>1,625,536</u>	<u>1,648,826</u>

21. CONTINGENT LIABILITIES

The company has guaranteed the bank overdrafts of its subsidiary undertakings. The amount outstanding by the group at 30 September 1995 was £317,275 (1994 - £264,266).

22. FUTURE CAPITAL EXPENDITURE

There was capital expenditure authorised and contracted for by the directors at the year end not provided for in the accounts amounting to £579,193.