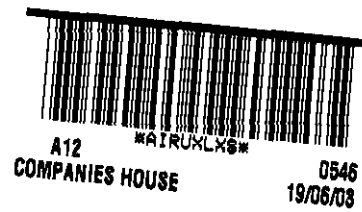


Registration number 01439213

HHT Limited
Directors' report and financial statements
for the year ended 30 September 2002



HHT Limited

Company information

Directors	J.H. Houseman W.L. Paulin S.V. Harrison	Appointed - 10/04/2002 Appointed - 10/04/2002 Resigned - 22/10/2002
Secretary	W.L. Paulin	Appointed - 10/04/2002
Company number	01439213	
Registered office	Pembroke House 11 Northlands Pavement Pitsea, Basildon Essex SS13 3DX	
Auditors	Friend Boyden Accountancy Services Limited Pembroke House 11 Northlands Pavement Pitsea, Basildon Essex SS13 3DX	
Business address	Heath Road Wednesbury West Midlands WS10 8LU	
Bankers	Lloyds TSB Market Place Reading England	
	Barclays Bank Plc PO Box 5 Wolverhampton WV1 1DS	

HHT Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5 - 6
Balance sheet	7
Notes to the financial statements	8 - 21

HHT Limited

Directors' report for the year ended 30 September 2002

The directors present their report and the financial statements for the year ended 30 September 2002.

Principal activity and review of the business

The principal activity of the company is that of heat treatment of metals.

The directors consider the results for the year and the position at the end of it to be satisfactory.

Results and dividends

The results for the year are set out on page 5 - 6.

The dividend amounting to £ 147,268 proposed in the previous years accounts has been waived.

Future developments

The directors feel that the trade purchased from a fellow subsidiary will increase profits in the current year for the company.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Beneficial 30/09/02	Beneficial 01/10/01 or date of appointment	Non- beneficial 30/09/02	Non- beneficial 01/10/01 or date of appointment
C.W. Hammond	Resigned - 10/04/2002	-	50,000	-	50,000
D.L. Grove	Resigned - 10/04/2002	-	-	-	-
J.H. Houseman		-	16,666	-	-
W.L. Paulin	Appointed - 10/04/2002	-	-	-	-
S.V. Harrison	Appointed - 10/04/2002 /Resigned 22/10/2002	-	-	-	-

Mr W.L. Paulin a director of the company is a director of the ultimate parent company, Croftacre Holdings Ltd. Mr W.L. Paulin owns 100% of the issued share capital of Croftacre Holdings Ltd.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

HHT Limited

**Directors' report
for the year ended 30 September 2002**

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.

Auditors

Friend Boyden Accountancy Services Limited were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 9/30/02 and signed on its behalf by

.....
W.L. Paulin
Secretary

HHT Limited

Independent auditors' report to the shareholders of HHT Limited

We have audited the financial statements of HHT Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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 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 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.

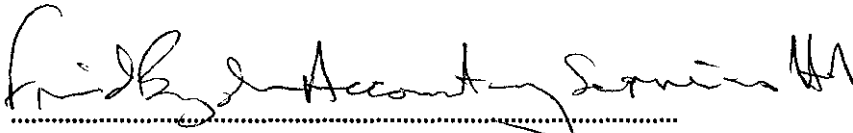
HHT Limited

Independent auditors' report to the shareholders of HHT Limited continued

Qualified opinion arising from disagreement about accounting disclosure

The financial statements do not include the pension disclosure as at 30th September 2002 required by Financial Reporting Standard 17. This has had no effect on the company's results for the year.

With the exception of the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Friend Boyden Accountancy Services Limited
Chartered Certified Accountants and
Registered auditors

Pembroke House
11 Northlands Pavement
Pitsea, Basildon
Essex
SS13 3DX



HHT Limited

**Profit and loss account
for the year ended 30 September 2002**

Continuing operations			
2002			
2001			
	Notes	£	£
Turnover	2	3,850,838	2,332,456
Cost of sales		(2,675,339)	(1,554,137)
Gross profit		1,175,499	778,319
Distribution costs		(119,721)	(108,428)
Administrative expenses		(917,242)	(733,676)
Other operating income		237,585	240,504
Operating profit	3	376,121	176,719
Investment income	4	37	100
Other interest receivable and similar income	5	189	-
Interest payable and similar charges	6	(244,565)	(86,334)
Profit on ordinary activities before taxation		131,782	90,485
Tax on profit on ordinary activities	9	(41,000)	(9,500)
Profit on ordinary activities after taxation		90,782	80,985
Transfer from revaluation reserve		11,966	-
Dividends	10	147,268	-
Retained profit for the year		250,016	80,985
Retained profit brought forward		884,430	803,445
Retained profit carried forward		1,134,446	884,430
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		90,782	80,985
Unrealised movement on revaluation of property		650,338	-
Total recognised gains relating			

The notes on pages 8 to 21 form an integral part of these financial statements.

HHT Limited

to the year	741,120	80,985
Prior year adjustment	<u>(108,000)</u>	<u>-</u>
Total recognised gains since last annual report	<u>633,120</u>	<u>80,985</u>
Note of historical cost profits and losses		
Profit on ordinary activities before taxation	131,782	90,485
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>(11,966)</u>	<u>-</u>
Historical cost profit on ordinary activities before taxation	<u>119,816</u>	<u>90,485</u>
Historic cost profit for the year retained after taxation and dividends	<u>238,050</u>	<u>80,985</u>

The notes on pages 8 to 21 form an integral part of these financial statements.

HHT Limited

Balance sheet
as at 30 September 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	11		275,000		-
Tangible assets	12		3,440,424		2,567,573
Investments	13		500,013		500,013
			<u>4,215,437</u>		<u>3,067,586</u>
Current assets					
Stocks	14	7,598		2,124	
Debtors	15	2,124,987		589,432	
Cash at bank and in hand		1,861		887	
			<u>2,134,446</u>	<u>592,443</u>	
Creditors: amounts falling due within one year	16	(2,056,666)		(1,152,560)	
Net current assets/(liabilities)			<u>77,780</u>		<u>(560,117)</u>
Total assets less current liabilities			4,293,217		2,507,469
Creditors: amounts falling due after more than one year	17		(1,295,635)		(439,275)
Provisions for liabilities and charges	18		(367,000)		(326,000)
Net assets			<u>2,630,582</u>		<u>1,742,194</u>
Capital and reserves					
Called up share capital	20		166,666		166,666
Share premium account	21		135,434		135,434
Revaluation reserve	21		1,094,036		455,664
Other reserves	21		100,000		100,000
Profit and loss account	21		1,134,446		884,430
Equity shareholders' funds	22		<u>2,630,582</u>		<u>1,742,194</u>

The financial statements were approved by the Board on 29.9.02 and signed on its behalf by

.....
W.L. Paulin
Director

The notes on pages 8 to 21 form an integral part of these financial statements.

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line basis over fifty years
Plant and machinery	-	15% reducing balance basis and 33.3% straight line basis
Fixtures, fittings and equipment	-	50% straight line basis
Motor vehicles	-	33.3% straight line basis

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.6. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

1.9. Deferred taxation

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date.

Prior to the adoption of FRS 19, the company provided for deferred taxation only to the extent that timing differences were expected to materialise in the foreseeable future. The adoption of the new policy has been made by way of a prior year adjustment as though the revised policy had always been applied.

1.10. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation and other amounts written off intangible assets	25,000	-
Depreciation and other amounts written off tangible assets	270,152	298,738
Auditors' remuneration	4,500	4,500
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	1,475	6,010
Government grants	7,500	7,500
	<u> </u>	<u> </u>

4. Income from investments

Income from investments

	2002	2001
	£	£
	37	100
	<u> </u>	<u> </u>

5. Interest receivable and similar income

Bank interest

	2002	2001
	£	£
	189	-
	<u> </u>	<u> </u>

HHT Limited

**Notes to the financial statements
for the year ended 30 September 2002**

..... continued

6. Interest payable and similar charges	2002	2001
	£	£
On bank loans and overdrafts	178,539	52,451
Lease finance charges and hire purchase interest	20,780	33,883
Factoring interest	45,246	-
	<u>244,565</u>	<u>86,334</u>
7. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:	2002	2001
Production	39	29
Selling and distribution	7	6
Administration	6	13
	<u>52</u>	<u>48</u>
Employment costs	2002	2001
	£	£
Wages and salaries	932,317	882,345
Social security costs	61,951	66,129
Other pension costs	73,499	74,152
	<u>1,067,767</u>	<u>1,022,626</u>
7.1. Directors' emoluments	2002	2001
	£	£
Remuneration and other emoluments	53,810	46,230
Pension contributions	4,997	4,762
	<u>58,807</u>	<u>50,992</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

8. Pension costs

	2002	2001
	£'s	£'s
Regular pension cost	144,795	148,465
Variation from regular cost	(5,327)	(5,327)
	<u>139,468</u>	<u>143,138</u>

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 the employees' working lives within 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 at 6th April 2002. 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 2.5 % per annum higher than average salary increases and that the present and future pensions would increase in line with statutory requirements.

The most recent actuarial valuation showed the value of the assets held by the fund totalled £ 3,375,000 and that the actuarial value of those assets represents an average 87 % of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The variation from regular costs represents the difference between assets and liabilities in the pension scheme at the 1996 actuarial valuation, and is being spread over 18 years, being the average remaining services lives of the employees at the time of the 1996 valuation.

HHT Limited

**Notes to the financial statements
for the year ended 30 September 2002**

..... continued

9. Tax on profit on ordinary activities

Analysis of charge in period	2002	2001
	£	£
Current tax		
UK corporation tax	-	8,500
Total current tax charge	<u>-</u>	<u>8,500</u>
Deferred tax		
Timing differences, origination and reversal	41,000	1,000
Total deferred tax	<u>41,000</u>	<u>1,000</u>
Tax on profit on ordinary activities	<u><u>41,000</u></u>	<u><u>9,500</u></u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before taxation	<u>131,782</u>	<u>90,485</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2001 : 30%)	39,535	27,146
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	7,500	5,750
Capital allowances for period in excess of depreciation	(4,032)	20,215
Utilisation of tax losses	(11,343)	(28,382)
Group loss relief	(31,660)	(16,228)
Current tax charge for period	<u>-</u>	<u>8,501</u>

10. Dividends

	2002	2001
	£	£
Dividends on equity shares:		
Ordinary shares - interim paid	<u>(147,268)</u>	<u>-</u>

HHT Limited

**Notes to the financial statements
for the year ended 30 September 2002**

..... continued

11. Intangible fixed assets

	Goodwill	Total
	£	£
Cost		
Additions	300,000	300,000
At 30 September 2002	<u>300,000</u>	<u>300,000</u>
Provision for diminution in value		
Charge for year	25,000	25,000
At 30 September 2002	<u>25,000</u>	<u>25,000</u>
Net book values		
At 30 September 2002	<u><u>275,000</u></u>	<u><u>275,000</u></u>

12. Tangible fixed assets	Land and buildings freehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 October 2001	1,231,534	2,951,534	399,506	124,008	4,706,582
Additions	-	474,327	1,038	17,300	492,665
Revaluation	563,466	-	-	-	563,466
Disposals	-	-	-	(13,500)	(13,500)
At 30 September 2002	<u>1,795,000</u>	<u>3,425,861</u>	<u>400,544</u>	<u>127,808</u>	<u>5,749,213</u>
Depreciation					
At 1 October 2001	86,872	1,578,253	376,875	97,009	2,139,009
Revaluation	(86,872)	-	-	-	(86,872)
On disposals	-	-	-	(13,500)	(13,500)
Charge for the year	22,700	217,500	16,500	13,452	270,152
At 30 September 2002	<u>22,700</u>	<u>1,795,753</u>	<u>393,375</u>	<u>96,961</u>	<u>2,308,789</u>
Net book values					
At 30 September 2002	<u><u>1,772,300</u></u>	<u><u>1,630,108</u></u>	<u><u>7,169</u></u>	<u><u>30,847</u></u>	<u><u>3,440,424</u></u>
At 30 September 2001	<u><u>1,144,662</u></u>	<u><u>1,373,281</u></u>	<u><u>22,631</u></u>	<u><u>26,999</u></u>	<u><u>2,567,573</u></u>

Freehold land and buildings includes land of £660,000 (2001: £660,000) which is not depreciated.

HHT Limited

**Notes to the financial statements
for the year ended 30 September 2002**

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2002		2001	
	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Plant and machinery	561,312	87,475	595,083	102,911
Motor vehicles	30,847	13,452	8,801	5,568
	<u>592,159</u>	<u>100,927</u>	<u>603,884</u>	<u>108,479</u>

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2002	2001
	£	£
Cost	790,415	790,415
Depreciation	112,151	101,417
Net book value	<u>678,264</u>	<u>688,998</u>

The freehold land buildings were valued on 17 September 2001 by DTZ Debenham Tie Leung a firm of chartered surveyors on an open market value for existing use basis, at £1,795,000.

13. Fixed asset investments	Subsidiary	Listed	Total
	undertakings	investments	
	shares		
	£	£	£
Cost			
At 1 October 2001			
At 30 September 2002	498,492	1,521	500,013
Net book values			
At 30 September 2002	498,492	1,521	500,013
At 30 September 2001	498,492	1,521	500,013

13.1. Fixed asset investments	2002	2001
	£	£
Market valuation of listed investments	<u>2,165</u>	<u>2,955</u>

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

13.2. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

The principal subsidiary undertakings, together with their principal activities, are :

Company	Nature of business	Proportion of shares held	Accounting Reference date
Subsidiary undertaking			
Hammond Heat Treatment (SQ) Limited	The heat treatment of metals	60%	30 September
Hammond Heat Treatment Limited	Dormant agency Company	100 %	30 September

In the directors' opinion the net realisable values of the investments in subsidiary undertakings are not less than their balance sheet values.

14. Stocks	2002	2001
	£	£
Finished goods and goods for resale	<u>7,598</u>	<u>2,124</u>
15. Debtors	2002	2001
	£	£
Trade debtors	1,423,501	501,117
Amounts owed by group undertakings	663,131	43,691
Other debtors	834	703
Prepayments and accrued income	<u>37,521</u>	<u>43,921</u>
	<u>2,124,987</u>	<u>589,432</u>

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

16. Creditors: amounts falling due within one year	2002 £	2001 £
Bank overdraft	77,639	243,157
Bank loan	62,496	132,583
Factoring account	914,494	-
Net obligations under finance leases and hire purchase contracts	177,631	175,092
Trade creditors	305,932	236,233
Amounts owed to group undertaking	131,042	255
Corporation tax	8,500	8,500
Other taxes and social security costs	245,930	80,826
Directors' accounts	-	25,564
Other creditors	5,327	5,327
Accruals and deferred income	127,675	97,755
Proposed dividend	-	147,268
	<u>2,056,666</u>	<u>1,152,560</u>

The bank loan, overdraft and similar finance are secured by a legal mortgage over all of the company's freehold property, debentures over all the company's assets and by cross guarantees with certain subsidiary undertakings. The amounts owed to group undertakings are interest free and have no specified terms of repayments. The finance leases and hire purchase contracts are secured on the assets concerned. The factoring account is secured by a charge over the book debts.

HHT Limited

**Notes to the financial statements
for the year ended 30 September 2002**

..... continued

17. Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loan	57,296	219,157
Deferred income	-	5,000
Other creditors	55,929	61,256
Other loan	1,100,000	-
Net obligations under finance leases and hire purchase contracts	82,410	153,862
	<u>1,295,635</u>	<u>439,275</u>
Loans		
Repayable in one year or less, or on demand (Note 16)	976,990	132,583
Repayable between one and two years	1,157,296	184,493
Repayable between two and five years	-	34,664
	<u>2,134,286</u>	<u>351,740</u>
Repayable in five years or more:	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
The bank loan and similar finance are secured as stated in note 15.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	200,310	195,083
Repayable between one and five years	98,455	160,935
	<u>298,765</u>	<u>356,018</u>
Finance charges and interest allocated to future accounting periods	(38,724)	(27,064)
	<u>260,041</u>	<u>328,954</u>

HHT Limited

Notes to the financial statements
for the year ended 30 September 2002

..... continued

18 Provisions for liabilities and charges

	Deferred taxation (Note 19) £	Total £
At 1 October 2001	326,000	326,000
Movements in the year	41,000	41,000
At 30 September 2002	<u>367,000</u>	<u>367,000</u>

19. Provision for deferred taxation

	2002 £	2001 £
Accelerated capital allowances	<u>367,000</u>	<u>326,000</u>
Provision at 1 October 2001	326,000	
Deferred tax charge in profit and loss account	41,000	
Provision at 30 September 2002	<u>367,000</u>	

No provision has been made in these accounts for the liability to taxation at £300,000 (2001 £ Nil) on capital gains, which arise if the property were to be sold at the amounts at which it was re-valued and included in the accounts.

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

20. Share capital	2002	2001
	£	£
Authorised		
124,999 Ordinary shares of £1 each	124,999	124,999
50,000 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>274,999</u>	<u>274,999</u>
116,666 Ordinary shares of £1 each	116,666	116,666
50,000 Cumulative convertible participating preferred ordinary shares of £1 each	50,000	50,000
	<u>166,666</u>	<u>166,666</u>

Dividend rights

The profit 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 ordinary shareholders a dividend equal to the amount of dividend paid on each preferred ordinary share.
- Pay to the preferred ordinary shareholders and ordinary shareholders an amount equal to one third of the distributable profits of the company earned in that year less a sum equal to the total of any fixed dividend participating dividend and ordinary shareholders dividend paid or declared in that year.
- 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.

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

- 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.

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.

21. Equity Reserves	Share premium account £	Revaluation reserve £	Profit and loss account £	Capital redemption reserve £	Total £
At 30 September 2001					
as previously stated			992,430		992,430
Prior year adjustment			(108,000)		(108,000)
At 1 October 2001	135,434	455,664	884,430	100,000	1,575,528
Transfer of realised profit		(11,966)	-		(11,966)
Revaluation of property		650,338			650,338
Retained profit for the year			250,016		250,016
At 30 September 2002	<u>135,434</u>	<u>1,094,036</u>	<u>1,134,446</u>	<u>100,000</u>	<u>2,463,916</u>

HHT Limited

Notes to the financial statements for the year ended 30 September 2002

..... continued

22. Reconciliation of movements in shareholders' funds	2002	2001
	£	£
Profit for the year	90,782	80,985
Dividends	147,268	-
	<u>238,050</u>	<u>80,985</u>
Other recognised gains or losses	650,338	-
Net addition to shareholders' funds	888,388	80,985
Opening shareholders' funds (Originally £1,850,194 before deducting prior year adjustment £108,000)	1,742,194	1,661,209
Closing shareholders' funds	<u>2,630,582</u>	<u>1,742,194</u>

23. Related party transactions

As a wholly owned subsidiary undertaking of Croftacre Holdings Ltd, in accordance with FRS 8 "Related party disclosures", the company is not required to disclose transactions with other members of the group.

24. Ultimate parent undertaking

Croftacre Holdings Ltd is the company's ultimate parent company. Croftacre Holdings Ltd produces group accounts, copies may be obtained from the Secretary at Croftacre Holdings Ltd, Pembroke House, 11 Northlands Pavement, Pitsea, Basildon, Essex, SS13 3DX.

25. Controlling interest

Mr W.L. Paulin is the company's ultimate controlling party due to holding 100% of the shares in Croftacre Holdings Ltd.