

P C HOWARD LIMITED AND ITS SUBSIDIARIES

REGISTERED IN ENGLAND NO. 496076

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 1999

DIRECTORS

**A F Howard
A P Howard
B C Howard
P W Howard
R G Howard**

SECRETARY AND REGISTERED OFFICE

**P W Howard
West Hay
Stamford Road
King's Cliffe
Peterborough
PE8 6XX**

BANKERS

**Lloyds TSB Bank plc
65 High Street
Stamford
Lincs
PE9 2AW**

AUDITORS

**Stephenson Smart & Co.
Chartered Accountants
Stephenson House
15 Church Walk
Peterborough
PE1 2TP**



P C HOWARD LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their Annual Report and Audited Accounts for the year ended 31 March 1999.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

During the year the group restructured its operations by focusing primarily on its distribution and warehousing operations.

The group has effectively ceased to provide a parcels service. The intense competition in this market together with the low service levels being attained by WPS, of which the group was a member, resulted in losses being sustained by this operation over recent years. The directors therefore decided to concentrate on its core distribution and warehousing services.

The distribution service is now focused on the distribution of palletised goods, although through our artic fleet we also carry 'flat loads' primarily for British Steel Plc. The distribution fleet is divided between our artic fleet, our rigid fleet and our palletways operation. We have seen a significant growth in our palletways business during the year and we have been successful in obtaining significant distribution contracts with major companies for our artic and rigid fleets.

During the year we have focused on improving service levels within our distribution operations and the initiatives we have taken include the introduction of new operating manuals for each department and improved facilities for the maintenance of the fleet vehicles.

The palletways operation has been ISO9002 approved during the year and we have produced a newsletter aimed at keeping our customers informed of the developments within our business.

Finally we have been continuing with our vehicle replacement policy which was started in the previous financial year; this is fundamental to ensuring that we provide a quality service.

Having restructured and focused the group's operations the directors are now focused on improving the profitability.

The directors are disappointed with the profits for the year, however in view of all the changes made they are considered reasonable. The directors believe that there should be significant improvement in profitability during the coming year.

The consolidated profit and loss account for the year is set out on page 5.

FIXED ASSETS

In the opinion of the directors, the land and buildings have a market value, which is in excess of the amount shown in the financial statements.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (Contd.)

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 a 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 enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

DIRECTORS

The directors who served during the year, together with their interests in the shares of the company, were as follows:

	1999	1998
A F Howard	1,438	1,438
A P Howard	1,438	1,438
B C Howard	1,438	1,438
P W Howard	1,438	1,438
R G Howard	1,438	1,438

YEAR 2000

The Millennium bug or Year 2000 issue refers to potential problems in the processing of data or operation of electronic equipment affected by the transition from 1999 to 2000.

The directors fully recognise the potential risks associated with the issue and are taking reasonable steps to ensure that the company is prepared for the transition. The costs associated with the transition are not considered significant.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (Contd.)


CHANGEOVER TO THE EURO

The directors are fully aware of the implications of the introduction of the Euro. The company is currently taking measures to identify its likely exposure to Euro currency transactions with its customers and suppliers from 1 January 1999.

AUDITORS

The auditors, Stephenson Smart & Co, have indicated their willingness to accept re-appointment under Section 385 (2) of the Companies Act 1985.

By order of the board of directors

A handwritten signature in black ink, appearing to be 'P W Howard', written in a cursive style.

P W Howard
Secretary

Approved by the board on 2 NOVEMBER 1999

AUDITORS' REPORT TO THE MEMBERS OF

P C HOWARD LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 affairs of the company and the group at 31 March 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stephenson House
15 Church Walk
Peterborough PE1 2TP

Stephenson Smart & Co
Registered Auditor
Chartered Accountants

9 November 1999

P C HOWARD LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 1999

Note		Continuing Operations £	Discontinued Operations £	1999 Total £	1998 Total £
2	TURNOVER	5,676,083	187,286	5,863,369	5,697,638
	Cost of Sales	<u>5,032,156</u>	<u>190,716</u>	<u>5,222,872</u>	<u>4,821,201</u>
	GROSS PROFIT	643,927	(3,430)	640,497	876,437
	Net operating expenses	<u>461,927</u>	<u>32,095</u>	<u>494,022</u>	<u>758,003</u>
5	OPERATING PROFIT	<u>182,000</u>	<u>(35,525)</u>	<u>146,475</u>	118,434
	Other interest receivable and similar income			-	2,430
6	Interest payable and similar charges			<u>(114,977)</u>	<u>(76,039)</u>
2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			31,498	44,825
7	Tax on profit on ordinary activities			<u>6,940</u>	<u>(3,533)</u>
8	Retained profit for the financial year			38,438	41,292
	Retained profit brought forward			<u>497,120</u>	<u>455,828</u>
	Retained profit carried forward			<u>535,558</u>	<u>497,120</u>

There were no recognised gains or losses other than those included in the Profit and Loss Account.

The accompanying notes form part of these accounts.


P C HOWARD LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 1999

Note	£	1999 £	£	1998 £
	FIXED ASSETS			
9	Tangible assets		1,593,397	1,220,898
15	Investments		<u>-</u>	<u>761</u>
			1,593,397	1,221,659
	CURRENT ASSETS			
10	Stocks	57,065		48,550
11	Debtors	1,387,373		1,451,795
	Cash in hand	<u>1,524</u>		<u>2,626</u>
		1,445,962		1,502,971
12	CREDITORS: Amounts falling due within one year	(1,411,563)		(1,298,190)
	NET CURRENT ASSETS		<u>34,399</u>	<u>204,781</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES		1,627,796	1,426,440
13	CREDITORS: Amounts falling due after more than one year		(1,006,353)	(836,498)
14	PROVISION FOR LIABILITIES AND CHARGES		<u>(75,695)</u>	<u>(82,632)</u>
	NET ASSETS		<u>545,748</u>	<u>507,310</u>
	CAPITAL AND RESERVES			
	Called up share capital		7,190	7,190
	Share premium account		3,000	3,000
	Profit and loss account		<u>535,558</u>	<u>497,120</u>
			<u>545,748</u>	<u>507,310</u>

Signed on behalf of the board of directors


P. Howard
Director

Approved by the board on 2 November 1999

The accompanying notes form part of these accounts.

P C HOWARD LIMITED

BALANCE SHEET

AS AT 31 MARCH 1999

Note		1999	1998
	£	£	£
	FIXED ASSETS		
9	Tangible assets	1,049,696	618,037
15	Investments	<u>2,000</u>	<u>2,100</u>
		1,051,696	620,137
	CURRENT ASSETS		
10	Stocks	57,065	48,250
11	Debtors	1,263,858	1,346,825
	Cash in hand	<u>1,524</u>	<u>2,626</u>
		1,322,447	1,397,701
12	CREDITORS: Amounts falling due within one year	(1,278,285)	(1,147,819)
	NET CURRENT ASSETS	<u>44,162</u>	<u>249,882</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	1,095,858	870,019
13	CREDITORS: Amounts falling due after more than one year	(879,470)	(686,980)
14	PROVISION FOR LIABILITIES AND CHARGES	<u>(34,303)</u>	<u>(34,303)</u>
	NET ASSETS	<u>182,085</u>	<u>148,736</u>
	CAPITAL AND RESERVES		
16	Called up share capital	7,190	7,190
	Share premium account	3,000	3,000
	Profit and loss account	<u>171,895</u>	<u>138,546</u>
		<u>182,085</u>	<u>148,736</u>

Signed on behalf of the board of directors


A.W. Howard
Director

Approved by the board on 2 NOVEMBER 1999

The accompanying notes form part of these accounts

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 1999

Note		1999	1998
	£	£	£
18	Net cash inflow from operating activities	419,920	260,681
	Returns on investments & servicing of finance		
	Interest received	-	2,430
	Interest paid	(114,977)	(76,039)
	Net cash outflow from returns on investments and servicing of finance	(114,977)	(73,609)
	Taxation		
	Income tax paid	-	(486)
	Corporation tax paid	(1,585)	(10,775)
	Corporation tax repaid	—	15,290
		(1,585)	4,029
	Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(659,218)	(220,145)
	Receipts from sales of tangible fixed assets	15,316	23,386
	Net cash outflow from capital expenditure and financial investment	(643,902)	(196,759)
	Net cash outflow before financing	(340,544)	(5,658)
	Financing		
	New finance leases and hire purchase agreements	505,022	143,766
	Capital element of finance lease and hire purchase repayments	(196,301)	(141,202)
	Bank loan received	-	240,000
	Bank loan repaid	(57,856)	(22,044)
	Amount repaid to Howard Farms	—	(1,079)
	Net cash inflow from financing	250,865	219,441
	(Decrease)/Increase in cash in the period	(89,679)	213,783

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's accounts:

(a) Basis of preparation of Financial Statements

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

The effect of events in relation to the year ended 31 March 1999 which occurred before the date of approval of the Financial Statements by the Board of Directors, have been included in the Statements to the extent required to show a true and fair view of the state of affairs at 31 March 1999 and of the results for the year ended on that date.

(b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 1999.

(c) Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful lives. In general the rates of depreciation are as follows:

Freehold land	-	Nil
Freehold buildings	-	Nil/written off over 30 years
Plant and machinery	-	25% on written down value
Motor vehicles	-	25% on written down value
Fixtures and fittings	-	15%/25% on written down value

(d) Stocks

Stocks are valued at cost or net realisable value, where lower. Cost is determined on the basis of 'first in, first out'.

(e) Deferred taxation

Deferred taxation is provided using the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

1. ACCOUNTING POLICIES (Contd.)

(f) Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

2. TURNOVER

Turnover, which excludes value added tax and sales between group companies, represents amounts invoiced in respect of sales and work done during the year.

The analysis by class of business of the group's turnover and profit before taxation is set out below.

	Haulage £	Warehousing £	Parcels £		Total £
1999			Continuing	Discontinued	
Turnover	<u>5,109,197</u>	<u>488,470</u>	<u>78,416</u>	<u>187,286</u>	<u>5,863,369</u>
Profit/(loss) before taxation	<u>19,202</u>	<u>8,378</u>	<u>39,443</u>	<u>(35,525)</u>	<u>31,498</u>
1998					
Turnover	<u>3,737,116</u>	<u>530,573</u>	<u>1,429,949</u>	<u>-</u>	<u>5,697,638</u>
Profit/(loss) before taxation	<u>60,638</u>	<u>47,604</u>	<u>(63,417)</u>	<u>-</u>	<u>44,825</u>

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the group (including directors) during the year was:

	1999	1998
Management	5	4
Administration	20	23
Drivers	75	89
Maintenance	5	15
Other	<u>8</u>	<u>9</u>
The aggregate payroll costs of these persons were:	£	£
Wages and salaries	1,556,914	1,645,002
Social Security costs	<u>123,248</u>	<u>155,228</u>
	<u>1,680,162</u>	<u>1,800,230</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

4. DIRECTORS' EMOLUMENTS	1999	1998
	£	£
Emoluments for services as directors	<u>88,160</u>	<u>88,160</u>
Emoluments excluding pension contributions:		
Highest paid director	<u>35,000</u>	<u>35,000</u>

5. OPERATING PROFIT

Analysis of Profit and Loss Account Group

	Continuing	Discontinued	1999 Total	Continuing	Discontinued	1998 Total
Turnover	5,676,083	187,286	5,863,369	5,697,638	-	5,697,638
Cost of sales	<u>(5,032,156)</u>	<u>(190,716)</u>	<u>(5,222,872)</u>	<u>(4,821,201)</u>	-	<u>(4,821,201)</u>
	643,927	(3,430)	640,497	876,437	-	876,437
Net operating expenses						
Distribution costs	-	(1,641)	(1,641)	(1,450)	-	(1,450)
Administration expenses	<u>(461,927)</u>	<u>(30,454)</u>	<u>(492,381)</u>	<u>(756,553)</u>	-	<u>(756,553)</u>
Operating profit/(loss)	<u>182,000</u>	<u>(35,525)</u>	<u>146,475</u>	<u>118,434</u>	-	<u>118,434</u>

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

	£	£
Directors' emoluments	88,160	88,160
Auditors' remuneration	8,350	9,804
Depreciation - owned assets	120,879	116,757
Depreciation - assets held under hire purchase agreements	129,546	85,949
Loss/(Profit) on disposals of fixed assets	20,977	(887)
Plant hire	<u>73,000</u>	<u>8,625</u>

6. INTEREST PAYABLE

On bank overdraft	39,310	54,041
On hire purchase agreements	54,086	21,901
On long term loan	21,581	-
On corporation tax	-	97
	<u>114,977</u>	<u>76,039</u>

7. TAXATION

The charge for taxation based on loss for the year:

Current year

UK corporation tax at 21% (1998: 21%)	-	1,443
Deferred taxation	(6,937)	1,436
Other tax	-	486
	(6,937)	3,365

Prior year

Corporation tax (over)/under provided	(3)	168
	<u>(6,940)</u>	<u>3,533</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

8. PROFIT FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the parent company's Profit and Loss Account has not been included in these financial statements. The parent company's profit for the financial year was £33,349 (1998: £54,770 loss).

**9. TANGIBLE FIXED ASSETS
THE GROUP**

	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 April 1998	593,021	220,402	2,060,997	173,473	3,047,893
Additions	-	21,600	636,792	826	659,218
Disposals	-	(12,000)	(377,192)	(1,600)	(390,792)
At 31 March 1999	<u>593,021</u>	<u>230,002</u>	<u>2,320,597</u>	<u>172,699</u>	<u>3,316,319</u>
Depreciation					
At 1 April 1998	102,719	142,992	1,494,183	87,101	1,826,995
Charge for the year	14,232	22,515	198,392	15,286	250,425
Disposals	-	(9,566)	(344,054)	(878)	(354,498)
At 31 March 1999	<u>116,951</u>	<u>155,941</u>	<u>1,348,521</u>	<u>101,509</u>	<u>1,722,922</u>
Net book value					
At 31 March 1999	<u>476,070</u>	<u>74,061</u>	<u>972,076</u>	<u>71,190</u>	<u>1,593,397</u>
At 31 March 1998	<u>490,302</u>	<u>77,410</u>	<u>566,814</u>	<u>86,372</u>	<u>1,220,898</u>

The cost of depreciable assets included in land and buildings at 31 March 1999 was £422,485.

Included in the total net book value of tangible fixed assets held at 31 March 1999 was £661,751 (1998: £358,732) in respect of assets held under finance lease and hire purchase contracts.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

9. (Contd.)
TANGIBLE FIXED ASSETS
THE COMPANY

	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 April 1998	62,171	93,396	1,982,105	78,867	2,216,539
Additions	-	20,700	636,792	826	658,318
Disposals	-	(12,000)	(346,192)	-	(358,192)
At 31 March 1999	<u>62,171</u>	<u>102,096</u>	<u>2,272,705</u>	<u>79,693</u>	<u>2,516,665</u>
Depreciation					
At 1 April 1998	11,054	70,912	1,457,267	59,269	1,598,502
Charge for the year	541	8,612	189,916	4,996	204,065
Disposals	-	(9,564)	(326,034)	-	(335,598)
At 31 March 1999	<u>11,595</u>	<u>69,960</u>	<u>1,321,149</u>	<u>64,265</u>	<u>1,466,969</u>
Net book value					
At 31 March 1999	<u>50,576</u>	<u>32,136</u>	<u>951,556</u>	<u>15,428</u>	<u>1,049,696</u>
At 31 March 1998	<u>51,117</u>	<u>22,484</u>	<u>524,838</u>	<u>19,598</u>	<u>618,037</u>

The cost of depreciable assets included in land and buildings at 31 March 1999 was £11,636.

Included in the total net book value of tangible fixed assets held at 31 March 1999 was £632,003 (1998: £295,779) in respect of assets held under finance lease and hire purchase contracts.

10. STOCK	1999	1998
	£	£
<u>The Group</u>		
Spares, tyres and fuel	<u>57,065</u>	<u>48,550</u>
<u>The Company</u>		
Spares, tyres and fuel	<u>57,065</u>	<u>48,250</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

11. DEBTORS	1999	1998
	£	£
The Group		
Trade debtors	1,266,453	1,331,761
Other debtors	24,628	44,995
Prepayments	<u>96,292</u>	<u>75,039</u>
	<u>1,387,373</u>	<u>1,451,795</u>
The Company		
Trade debtors	1,146,045	981,725
Amount due from group undertakings	-	248,170
Other debtors	21,521	41,891
Prepayments	<u>96,292</u>	<u>75,039</u>
	<u>1,263,858</u>	<u>1,346,825</u>
12. CREDITORS: Amounts falling due within one year		
The Group		
Bank loans and overdraft	505,150	429,759
Trade creditors	623,885	621,102
Other creditors	11,422	38,589
Corporation tax	4	1,593
Taxation and Social Security	49,958	77,218
Accruals	6,999	9,980
Obligations under hire purchase agreements	<u>214,145</u>	<u>119,949</u>
	<u>1,411,563</u>	<u>1,298,190</u>
The Company		
Bank loan and overdraft	371,649	331,575
Trade creditors	614,681	548,264
Amount due to group undertaking	39,674	78,196
Other creditors	-	18,536
Taxation and social security	45,097	69,463
Corporation tax	4	150
Accruals	6,999	2,109
Hire purchase agreements	<u>200,181</u>	<u>99,526</u>
	<u>1,278,285</u>	<u>1,147,819</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

	1999	1998
	£	£
13. CREDITORS: Amounts falling due after more than one year		
The Group		
Bank loans	298,312	342,982
Other creditors	350,000	350,000
Hire purchase agreements	<u>358,041</u>	<u>143,516</u>
	<u>1,006,353</u>	<u>836,498</u>
The Company		
Bank loan	171,429	205,714
Other creditors - Howard Farms	350,000	350,000
Hire purchase agreements	<u>358,041</u>	<u>131,266</u>
	<u>879,470</u>	<u>686,980</u>

There are no specified repayment terms for the interest free loan from Howard Farms and repayments will be made when funds permit. Howard Farms is a partnership comprising four of the five directors of P C Howard Limited.

Obligations under finance leases and hire purchase contracts

Within two to five years	358,041	143,516
After five years	—	—
	<u>358,041</u>	<u>143,516</u>

Obligations under finance leases and hire purchase contracts are secured.

Analysis of debt maturity

Within one year or on demand	505,150	429,759
Between one and two years	59,796	72,982
Between two and five years	179,387	201,430
In five years or more	<u>59,129</u>	<u>68,570</u>
	<u>803,462</u>	<u>772,741</u>

Repayable by instalments		
Amounts falling due after five years	<u>59,129</u>	<u>68,570</u>

The bank loan and overdraft with Lloyds TSB Bank plc is secured by standard debentures dated 1 January 1993 in favour of the bank together with unlimited all monies guarantees from Howard Warehousing Limited and Howard Parcels Limited dated 13 May 1988 and 29 March 1993 respectively.

The bank loan with National Westminster Bank plc is secured on the land at Corby.

The bank loans bear interest at 9.50% and 9.00%.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

14.	PROVISION FOR LIABILITIES AND CHARGES	1999	1998
	The Group	£	£
	Deferred taxation		
a)	Balance at 1 April 1998	82,632	81,196
	(Credit)/charge for the year in the Profit and Loss Account	<u>(6,937)</u>	<u>1,436</u>
	Balance at 31 March 1999	<u>75,695</u>	<u>82,632</u>
b)	Full provision has been made for deferred tax calculated on the liability method as follows:		
	Accelerated capital allowances	<u>75,695</u>	<u>82,632</u>
	The Company		
	Deferred taxation		
a)	Balance as at 1 April 1998	34,303	32,441
	Charge for the year in the Profit and Loss Account	<u>-</u>	<u>1,862</u>
	Balance at 31 March 1999	<u>34,303</u>	<u>34,303</u>
b)	Full provision has been made for deferred tax calculated on the liability method as follows:		
	Accelerated capital allowances	<u>34,303</u>	<u>34,303</u>
15.	INVESTMENTS		
	The Group		
	Mid Anglia Training Limited		
	100 Ordinary £1 shares	-	100
	Officebefore Limited		
	300 Ordinary £1 shares	<u>-</u>	<u>661</u>
		<u>-</u>	<u>761</u>

The investments were written off in the year.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

15.	INVESTMENTS (Contd.)	1999	1998
	The Company	£	£
	Mid Anglia Training Limited		
	100 Ordinary £1 shares	-	100
	Howard Warehousing Limited		
	1,000 Ordinary £1 shares	1,000	1,000
	Howard Parcels Limited		
	1,000 Ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
		<u>2,000</u>	<u>2,100</u>

Howard Warehousing Limited and Howard Parcels Limited are both wholly owned subsidiaries of P C Howard Limited. The principal activity of Howard Warehousing Limited is that of storage and providing warehousing services. The principal activity of Howard Parcels Limited is that of providing a parcel and pallet distribution service.

16.	CALLED UP SHARE CAPITAL	1999	1998
		£	£
	Authorised 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	Allotted, called up and fully paid:		
	7,190 Ordinary shares of £1 each (1998: 7,190 shares)	<u>7,190</u>	<u>7,190</u>

17.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
	Opening shareholders' funds	507,310	466,018
	Profit for the financial year	<u>38,438</u>	<u>41,292</u>
	Closing shareholders' funds	<u>545,748</u>	<u>507,310</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

18.	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	146,475	118,434
	Depreciation on tangible fixed assets	250,425	202,706
	Loss/(profit) on sale of tangible fixed assets	20,977	(887)
	Fixed asset investments written off	761	643
	(Increase)/decrease in stock	(8,515)	621
	Decrease/(increase) in debtors	64,422	(113,009)
	(Decrease)/increase in creditors	<u>(54,625)</u>	<u>52,173</u>
	Net cash inflow from operating activities	<u>419,920</u>	<u>260,681</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1999

19. Reconciliation of net cash flow to movement in net debt	1999	1998
	£	£
(Decrease)/increase in cash in the period	(89,679)	213,783
Cash inflow from increase in debt	(250,865)	(219,441)
Movement in net debt in the period	(340,544)	(5,658)
Net debt at 1 April 1998	(1,383,580)	(1,377,922)
Net debt at 31 March 1999	(1,724,124)	(1,383,580)

20. Analysis of net debt

	At 1 April 1998	Cash Flow	At 31 March 1999
Cash in hand	2,626	(1,102)	1,524
Bank overdrafts	(356,777)	(88,577)	(445,354)
		(89,679)	
Debt due after one year	(692,982)	44,670	(648,312)
Debt due within one year	(72,982)	13,186	(59,796)
Finance leases	(263,465)	(308,721)	(572,186)
	(1,383,580)	(340,544)	(1,724,124)

21. RELATED PARTY TRANSACTIONS

During the year management charges of £21,000 were receivable by P C Howard Limited from Howard Farms, a partnership between four of the five directors of P C Howard Limited.

An all monies joint and several guarantee dated 4 June 1976 was given by A F Howard, B C Howard, P W Howard and R G Howard together with a first legal charge dated 17 July 1981 over 51A Park Street, King's Cliffe, to Lloyds Bank plc as additional security for the overdraft facility.

Howard Farms, a partnership of four of the five directors, have lent P C Howard Limited £350,000. There is no fixed repayment date for this loan.

Howard Warehousing Limited paid rent of £51,200 to Howard Farms in the year.

P C HOWARD LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 1999

	1999	1998
	£	£
TURNOVER	5,153,122	3,913,927
Cost of sales	<u>4,787,953</u>	<u>3,430,395</u>
GROSS PROFIT	365,169	483,532
Net operating expenses	<u>273,371</u>	<u>382,300</u>
OPERATING PROFIT	91,798	101,232
Loss on sale of fixed assets	<u>(15,106)</u>	<u>5,132</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	76,692	106,364
Income from shares in group companies	40,000	-
Interest payable and similar charges	<u>(97,489)</u>	<u>(45,726)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	19,203	60,638
Tax on loss on ordinary activities	<u>(14,146)</u>	<u>5,868</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	33,349	54,770
Retained profit brought forward	<u>138,546</u>	<u>83,776</u>
RETAINED PROFIT CARRIED FORWARD	<u>171,895</u>	<u>138,546</u>

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included in the Profit and Loss Account.