

P C HOWARD LIMITED AND ITS SUBSIDIARIES
ANNUAL REPORT
AND STATEMENT OF ACCOUNTS
YEAR ENDED 31 MARCH 2005



P C HOWARD LIMITED AND ITS SUBSIDIARIES

REGISTERED IN ENGLAND NO. 496076

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2005

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 2005.

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 the group and of the profit or loss of the group 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 and group 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 of the group 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 the group 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:

	2005	2004
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

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

PRINCIPAL ACTIVITY

The group's principal activity remains the distribution and warehousing of palletised goods. The group trades from two depots, its principal depot and administrative centre is at West Hay, Stamford Road, Kings Cliffe, Peterborough and its second depot is at Crucible Road, Northamptonshire.

The group has an extensive fleet of vehicles, comprising both articulated and rigid vehicles operating from modern, well equipped depots.

Deliveries are made to all parts of mainland United Kingdom and the customer base, whilst focused on the East Midlands and East Anglia, is extensive and includes a number of Blue Chip accounts.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (Contd.)

PRINCIPAL ACTIVITY (Contd.)

The group has four operating companies whose service and role within the group can be summarised as follows:

P C Howard Limited	Distribution using our own fleet of vehicles
Howard's Logistics Limited	Contract distribution
Howard's Transport Limited	Palletised distribution using the Palletways network
Howard Warehousing Limited	Warehousing services and storage

Further details on our business can be obtained from our website which is at www.pchoward.com

BUSINESS REVIEW

The directors are pleased to report a further increase in activity levels in both the group's distribution and warehouse activities. This has resulted in a further improvement in profitability during the year.

However this is required to fund the group's investment in additional vehicles, warehousing and information technology.

The group will continue to focus on developing its customer base and enhancing its service levels. The profitability for the forthcoming year is uncertain as a result of the increased cost of fuel, the impact of the Working Time Directive and the general downturn in the economy.

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.

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

P W Howard
Secretary



07-11-05

Approved by the board on

P C HOWARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF P C HOWARD LIMITED

We have audited the financial statements of P C Howard Limited for the year ended 31 March 2005 which comprises the company Balance Sheet and the group Profit and Loss Account, Balance Sheet, Cash Flow Statement and related notes. 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 auditor's 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 in the directors' report, 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 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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement 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 group'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.

P C HOWARD LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF P C HOWARD
LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2005 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 SMART & CO
Registered Auditors

Date: 7 November 2005

STEPHENSON HOUSE
15 CHURCH WALK
PETERBOROUGH
PE1 2TP

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2005

Note	2005	2004
	£	£
2 TURNOVER	10,997,396	9,022,723
Cost of Sales	<u>(9,542,997)</u>	<u>(7,874,319)</u>
GROSS PROFIT	1,454,399	1,148,404
Net operating expenses	<u>(997,987)</u>	<u>(808,773)</u>
5 OPERATING PROFIT	456,412	339,631
Interest receivable and similar income	56	-
6 Interest payable and similar charges	<u>(151,325)</u>	<u>(150,011)</u>
2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	305,143	189,620
7 Tax on profit on ordinary activities	<u>(66,214)</u>	<u>(35,818)</u>
PROFIT FOR THE FINANCIAL YEAR	238,929	153,802
Dividends paid	<u>(50,000)</u>	-
8 RETAINED PROFIT FOR THE FINANCIAL YEAR	188,929	153,802
Retained profit brought forward	<u>1,271,373</u>	<u>1,117,571</u>
Retained profit carried forward	<u>1,460,302</u>	<u>1,271,373</u>

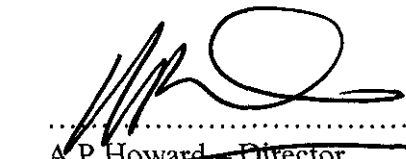
There were no recognised gains or losses other than those included in the Profit and Loss Account.

The accompanying notes form part of these accounts.

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2005

Note		2005 £	2004 £
	FIXED ASSETS		
9	Tangible assets	3,597,756	3,066,905
15	Investments	<u>15,000</u>	<u>15,000</u>
		3,612,756	3,081,905
	CURRENT ASSETS		
10	Stocks	78,010	105,624
11	Debtors	2,770,925	2,152,025
	Cash in hand	<u>12,625</u>	<u>4,106</u>
		2,861,560	2,261,755
12	CREDITORS: Amounts falling due within one year	<u>(3,220,477)</u>	<u>(2,839,801)</u>
	NET CURRENT LIABILITIES	<u>(358,917)</u>	<u>(578,046)</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	3,253,839	2,503,859
13	CREDITORS: Amounts falling due after more than one year	(1,608,520)	(1,062,692)
14	PROVISION FOR LIABILITIES AND CHARGES	<u>(174,827)</u>	<u>(159,604)</u>
	NET ASSETS	<u>1,470,492</u>	<u>1,281,563</u>
	CAPITAL AND RESERVES		
	Called up share capital	7,190	7,190
	Share premium account	3,000	3,000
	Profit and loss account	<u>1,460,302</u>	<u>1,271,373</u>
		<u>1,470,492</u>	<u>1,281,563</u>

These financial statements were approved by the board on 7th November 2005


A P Howard - Director


B C Howard - Director

The accompanying notes form part of these accounts.

P C HOWARD LIMITED

BALANCE SHEET

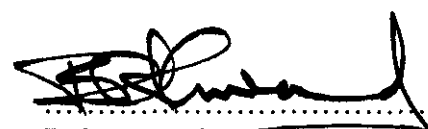
AS AT 31 MARCH 2005

Note		2005	2004
	£	£	£
FIXED ASSETS			
9	Tangible assets	2,059,015	1,643,922
15	Investments	<u>18,000</u>	<u>18,000</u>
		2,077,015	1,661,922
CURRENT ASSETS			
10	Stocks	78,010	105,624
11	Debtors	1,626,812	1,478,873
	Cash in hand	<u>3,220</u>	<u>4,106</u>
		1,708,042	1,588,603
12	CREDITORS: Amounts falling due within one year	<u>(2,037,786)</u>	<u>(2,035,351)</u>
	NET CURRENT LIABILITIES	<u>(329,744)</u>	<u>(446,748)</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	1,747,271	1,215,174
13	CREDITORS: Amounts falling due after more than one year	(1,335,643)	(754,138)
14	PROVISION FOR LIABILITIES AND CHARGES	<u>(102,490)</u>	<u>(108,169)</u>
	NET ASSETS	<u>309,138</u>	<u>352,867</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>298,948</u>	<u>342,677</u>
		<u>309,138</u>	<u>352,867</u>

These financial statements were approved by the board on 7th November 2005

ON BEHALF OF THE BOARD


A P Howard – Director


B C Howard – Director

The accompanying notes form part of these accounts

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2005

Note	£	2005 £	£	2004 £
18	NET CASH INFLOW FROM OPERATING ACTIVITIES		797,253	888,890
	RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
	Interest received	56	-	
	Interest paid	(88,613)	(72,372)	
	Interest element of finance lease rental payments	(62,712)	(77,639)	
	Net cash outflow from returns on investments and servicing of finance		(151,269)	(150,011)
	TAXATION			
	Corporation tax paid	(51,715)	(9,529)	(9,529)
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
	Payments to acquire tangible fixed assets	(1,145,905)	(582,761)	
	Receipts from sales of tangible fixed asset	<u>30,581</u>	<u>36,401</u>	
	Net cash outflow from capital expenditure and financial investment		(1,115,324)	(546,360)
	EQUITY DIVIDENDS PAID	<u>(50,000)</u>		-
	Net cash (outflow)/inflow before financing		(571,055)	182,990
	FINANCING			
	New finance leases and hire purchase agreements	561,690	284,597	
	Capital element of finance lease and hire purchase repayments	(610,213)	(551,631)	
	New loan – Howard Farms	400,000	-	
	New bank loan	352,269	-	
	Bank loan repaid	(108,391)	(130,390)	
	Net cash inflow/(outflow) from financing		<u>595,355</u>	(397,424)
	INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u>24,300</u>	(214,434)

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

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 2005 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 2005 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 2005.

(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	-	15%/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 2005

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.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

(g) Pension costs

The company operates a stakeholder pension scheme for the benefit of all its employees. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

The company also operates a self-administered pension fund for the benefit of all directors. Contributions are charged against profits as they are paid.

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	Contract Distribution	Total
2005	£	£	£	£
Turnover	<u>8,182,184</u>	<u>1,539,781</u>	<u>1,275,431</u>	<u>10,997,396</u>
Profit before taxation	<u>170,656</u>	<u>93,429</u>	<u>41,058</u>	<u>305,143</u>
 2004				
Turnover	<u>6,818,915</u>	<u>939,246</u>	<u>1,264,562</u>	<u>9,022,723</u>
Profit/(loss) before taxation	<u>54,173</u>	<u>(21,573)</u>	<u>157,020</u>	<u>189,620</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

3. STAFF NUMBERS AND COSTS

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

	2005	2004
Management	5	5
Administration	31	27
Drivers	82	83
Maintenance	10	11
Other	<u>17</u>	<u>12</u>

The aggregate payroll costs of these persons were:

	£	£
Wages and salaries	2,898,678	2,504,173
Social Security costs	280,426	239,175
Other pension costs	<u>77,101</u>	<u>46,214</u>
	<u>3,256,205</u>	<u>2,789,562</u>

4. DIRECTORS' EMOLUMENTS

	2005	2004
	£	£
Emoluments for services as directors	<u>148,761</u>	<u>138,297</u>

5. OPERATING PROFIT

The operating profit is stated after charging the following:

	£	£
Directors' emoluments	148,761	138,297
Directors' pension contributions in respect of money purchase benefits	72,000	42,000
Auditors' remuneration	14,608	11,460
Depreciation - owned assets	255,636	232,069
Depreciation - assets held under hire purchase agreements	317,571	316,183
Loss on disposals of fixed assets	11,265	12,444
Plant hire	<u>41,024</u>	<u>41,032</u>

6. INTEREST PAYABLE

On late payment of tax	259	-
On bank overdraft	39,270	54,562
On hire purchase agreements	62,712	77,639
On long term loan	<u>49,084</u>	<u>17,810</u>
	<u>151,325</u>	<u>150,011</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

7. TAXATION	2005 £	2004 £
The charge for taxation based on profit for the year:		
Current year		
UK corporation tax at 19%/30% (2004: 19%/30%)	50,992	51,716
Deferred taxation	<u>15,222</u>	<u>(16,328)</u>
	66,214	35,388
Prior year		
Corporation tax under-provided	<u>-</u>	<u>430</u>
	<u>66,214</u>	<u>35,818</u>

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 £6,271 (2004: £17,064 loss).

9. TANGIBLE FIXED ASSETS

THE GROUP

	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 April 2004	1,268,191	249,753	3,738,370	245,293	5,501,607
Additions	472,271	74,919	513,923	84,792	1,145,905
Disposals	<u>-</u>	<u>(6,541)</u>	<u>(196,492)</u>	<u>(57,126)</u>	<u>(260,159)</u>
At 31 March 2005	<u>1,740,462</u>	<u>318,131</u>	<u>4,055,801</u>	<u>272,959</u>	<u>6,387,353</u>
Depreciation					
At 1 April 2004	215,800	149,962	1,930,255	138,685	2,434,702
Charge for the year	38,966	39,543	462,104	32,594	573,207
Disposals	<u>-</u>	<u>(6,541)</u>	<u>(154,645)</u>	<u>(57,126)</u>	<u>(218,312)</u>
At 31 March 2005	<u>254,766</u>	<u>182,964</u>	<u>2,237,714</u>	<u>114,153</u>	<u>2,789,597</u>
Net book value					
At 31 March 2005	<u>1,485,696</u>	<u>135,167</u>	<u>1,818,087</u>	<u>158,806</u>	<u>3,597,756</u>
At 31 March 2004	<u>1,052,391</u>	<u>99,791</u>	<u>1,808,115</u>	<u>106,608</u>	<u>3,066,905</u>

The cost of depreciable assets included in land and buildings at 31 March 2005 was £1,567,961

Included in the total net book value of tangible fixed assets held at 31 March 2005 was £1,467,895 (2004: £1,384,312) in respect of assets held under finance leases and hire purchase contracts.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

9. (Contd.)
TANGIBLE FIXED ASSETS
THE COMPANY

	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 April 2004	313,711	59,151	2,733,942	106,046	3,212,850
Additions	426,753	-	342,903	33,840	803,496
Disposals	-	(6,541)	(190,850)	(57,126)	(254,517)
Intra-group transfers	13,644	-	-	-	13,644
At 31 March 2005	<u>754,108</u>	<u>52,610</u>	<u>2,885,995</u>	<u>82,760</u>	<u>3,775,473</u>
Depreciation					
At 1 April 2004	11,438	44,741	1,445,317	67,432	1,568,928
Charge for the year	10,975	3,735	331,363	14,724	360,797
Disposals	-	(6,541)	(149,600)	(57,126)	(213,267)
Intra-group transfers	-	-	-	-	-
At 31 March 2005	<u>22,413</u>	<u>41,935</u>	<u>1,627,080</u>	<u>25,030</u>	<u>1,716,458</u>
Net book value					
At 31 March 2005	<u>731,695</u>	<u>10,675</u>	<u>1,258,915</u>	<u>57,730</u>	<u>2,059,015</u>
At 31 March 2004	<u>302,273</u>	<u>14,410</u>	<u>1,288,625</u>	<u>38,614</u>	<u>1,643,922</u>

The cost of depreciable assets included in land and buildings at 31 March 2005 was £701,608.

Included in the total net book value of tangible fixed assets held at 31 March 2005 was £898,178 (2004: £923,078) in respect of assets held under finance leases and hire purchase contracts.

10. STOCK	2005 £	2004 £
The Group		
Spares, tyres and fuel	<u>78,010</u>	<u>105,624</u>
The Company		
Spares, tyres and fuel	<u>78,010</u>	<u>105,624</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

11. DEBTORS	2005	2004
	£	£
The Group		
Trade debtors	2,646,086	2,045,463
Other debtors	25,290	5,029
Prepayments	<u>99,549</u>	<u>101,533</u>
	<u>2,770,925</u>	<u>2,152,025</u>
The Company		
Trade debtors	1,110,204	837,311
Amount due from group undertakings	409,737	538,741
Other debtors	7,322	1,288
Prepayments	<u>99,549</u>	<u>101,533</u>
	<u>1,626,812</u>	<u>1,478,873</u>
 12. CREDITORS: Amounts falling due within one year		
The Group		
Bank loans and overdraft	1,022,883	1,012,971
Trade creditors	1,165,000	965,156
Other creditors	129,788	82,398
Corporation tax	50,992	51,716
Taxation and Social Security	333,857	231,996
Accruals	11,056	12,496
Obligations under hire purchase agreements	<u>506,901</u>	<u>483,068</u>
	<u>3,220,477</u>	<u>2,839,801</u>
The Company		
Bank loan and overdraft	788,831	904,081
Trade creditors	610,719	564,515
Other creditors	72,571	62,224
Corporation tax	3,602	-
Taxation and social security	197,373	86,203
Accruals	11,056	12,496
Hire purchase agreements	<u>353,634</u>	<u>405,832</u>
	<u>2,037,786</u>	<u>2,035,351</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

	2005	2004
	£	£
13. CREDITORS: Amounts falling due after more than one year		
The Group		
Bank loans	412,918	194,733
Other creditors	750,000	350,000
Hire purchase agreements	<u>445,602</u>	<u>517,959</u>
	<u>1,608,520</u>	<u>1,062,692</u>
The Company		
Bank loan	288,390	-
Other creditors - Howard Farms	750,000	350,000
Hire purchase agreements	<u>297,253</u>	<u>404,138</u>
	<u>1,335,643</u>	<u>754,138</u>

Other creditors includes two loans from Howard Farms, one for £350,000 which is interest free, the other for £400,000 which has interest charged at 1.25% above bank base rate.

There are no specified repayment terms for the loans 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	445,602	517,959
After five years	<u>-</u>	<u>-</u>
	<u>445,602</u>	<u>517,959</u>

Obligations under finance leases and hire purchase contracts are secured.

Analysis of debt maturity

Within one year or on demand	1,022,883	1,012,971
Between one and two years	130,689	70,370
Between two and five years	<u>217,715</u>	<u>124,363</u>
	<u>1,371,287</u>	<u>1,207,704</u>
Repayable by instalments		
Amounts falling due after five years	<u>64,514</u>	<u>-</u>

The bank overdraft with Lloyds TSB Bank plc is secured by unlimited debentures in favour of the bank from Howard Warehousing Limited, Howard's Logistics Limited and Howard's Transport Limited. The bank holds an omnibus guarantee and set off agreement, dated 16th August 2003, between all the group companies.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

Analysis of debt maturity (Contd.)

The bank loans of Howard Warehousing Limited with National Westminster Bank plc are secured on the land at Corby. The bank loans bear interest at 7.46% and 7.60%.

The bank loan of P C Howard Limited with National Westminster Bank plc is secured by a first legal charge over land and buildings at West Hay, Kings Cliffe and its associated assets.

The bank loan bears interest at 1.75% above bank base rate.

14.	PROVISION FOR LIABILITIES AND CHARGES	2005	2004
	The Group	£	£
	Deferred taxation		
a)	Balance at 1 April 2004	159,604	175,932
	Charge/(credit) for the year in the Profit and Loss Account	<u>15,223</u>	<u>(16,328)</u>
	Balance at 31 March 2005	<u>174,827</u>	<u>159,604</u>
b)	Full provision has been made for deferred tax calculated on the liability method as follows:		
	Accelerated capital allowances	<u>174,827</u>	<u>159,604</u>
	The Company		
	Deferred taxation		
a)	Balance as at 1 April 2004	108,169	124,454
	(Credit) for the year in the Profit and Loss Account	<u>(5,679)</u>	<u>(16,285)</u>
	Balance at 31 March 2005	<u>102,490</u>	<u>108,169</u>
b)	Full provision has been made for deferred tax calculated on the liability method as follows:		
	Accelerated capital allowances	<u>102,490</u>	<u>108,169</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

15. INVESTMENTS	2005	2004
The Company	£	£
Shares in Group undertakings		
Howard Warehousing Limited		
1,000 Ordinary £1 shares	1,000	1,000
Howard's Logistics Limited		
1,000 Ordinary £1 shares	1,000	1,000
Howard's Transport Limited		
1,000 Ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
	<u>3,000</u>	<u>3,000</u>

Howard Warehousing Limited, Howard's Logistics Limited and Howard's Transport Limited are all 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's Logistics Limited is that of contract distribution. The principal activity of Howard's Transport Limited is that of palletised distribution using the palletways network.

Group and company

Participating interest in X2 (UK) Limited

2005

£

At 1 April 2004 and 31 March 2005

15,000

X2 (UK) Limited was incorporated on 9 May 2003 and commenced trading on 1 July 2003. Its principal activity is that of freight transport by road. Its profit after tax for the period ended 30 June 2004 was £26,291 and its aggregate capital and reserves at that date were £101,291.

16. CALLED UP SHARE CAPITAL	2005	2004
	£	£
Authorised 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
7,190 Ordinary shares of £1 each (2004: 7,190 shares)	<u>7,190</u>	<u>7,190</u>
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Opening shareholders' funds	1,281,563	1,127,761
Profit for the financial year	<u>188,929</u>	<u>153,802</u>
Closing shareholders' funds	<u>1,445,524</u>	<u>1,281,563</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 2005

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

18.	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	456,412	339,631
	Depreciation on tangible fixed assets	573,207	548,252
	Loss on sale of tangible fixed assets	11,265	12,444
	Decrease/(increase) in stock	27,614	(52,628)
	(Increase) in debtors	(618,900)	(91,787)
	Increase in creditors	<u>347,655</u>	<u>132,978</u>
	Net cash inflow from operating activities	<u>797,253</u>	<u>888,890</u>
19.	Reconciliation of net cash flow to movement in net debt		
	Increase/(decrease) in cash in the period	24,300	(214,434)
	Cash inflow/(outflow) from increase in debt	<u>(595,355)</u>	<u>397,424</u>
	Movement in net debt in the period	(571,055)	182,990
	Net debt at 1 April 2004	<u>(2,554,625)</u>	<u>(2,737,615)</u>
	Net debt at 31 March 2005	<u>(3,125,680)</u>	<u>(2,554,625)</u>
20.	Analysis of net debt		
	At 31 March 2004	Cash Flow	At 1 April 2005
	Cash at bank and in hand	4,106	12,625
	Bank overdrafts	(913,082)	(897,301)
	Debt due after one year	(544,733)	(1,162,918)
	Debt due within one year	(99,889)	(125,582)
	Finance leases	<u>(1,001,027)</u>	<u>(952,504)</u>
		<u>(2,554,625)</u>	<u>(3,125,680)</u>

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.

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 Farms have also lent P C Howard Limited £400,000 in the year. Interest was paid on this loan at 1.25% above bank base rate. There is no fixed repayment date for this loan.

Howard Warehousing Limited paid rent of £54,699 to Howard Farms in the year.

22. CONTROLLING PARTY

No one individual has overall control.