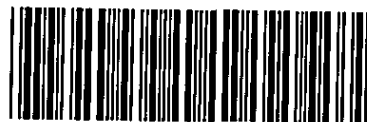


Company Registration No 496076 (England and Wales)

P C HOWARD LTD AND IT'S SUBSIDIARIES
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

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P C HOWARD LTD AND IT'S SUBSIDIARIES

COMPANY INFORMATION

Directors	A F Howard A P Howard B C Howard P W Howard R G Howard
Secretary	P W Howard
Company number	496076
Registered office	West Hay Stamford Road King's Cliffe Peterborough Cambridgeshire PE8 6XX
Auditors	Stephenson Smart & Co Stephenson House 15 Church Walk Peterborough Cambridgeshire PE1 2TP
Business address	West Hay Stamford Road King's Cliffe Peterborough Cambridgeshire PE8 6XX
Bankers	Lloyds TSB Bank plc Manor Grove Centre Vicarage Farm Road Peterborough

P C HOWARD LTD AND IT'S SUBSIDIARIES

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P C HOWARD LTD AND IT'S SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006

Principal activities and review of the business

The principal activity of the group remains the distribution and warehousing of palletised goods

During the year the group continued to develop its operations, with the opening of a new depot at Northampton, which compliments the existing depots at both Corby and Peterborough. This development has further enhanced the groups ability to service customers in the East Midlands and East Anglia. The directors expect growth over the coming years from this new operation.

The group has constructed a new 25,000 sq ft warehouse at its primary site at West Hay and obtained planning permission for the construction of a further 35,000 sq ft warehouse at West Hay.

In October 2005, P C Howard Ltd was the recipient of the Palletways Member of the Year award, which is pleasing and rewarding for all those involved in the Palletways part of our business.

The group has continued its investment in Information Technology, with enhancements to the transport management and warehouse systems and the introduction of tracking within the fleet of vehicles, all of which is hoped will improve the groups competitive advantage.

The groups mission is to be the regions best supplier of distribution and warehouse services and the directors believe that the developments during the year will assist in achieving this vision.

Results and dividends

The year ended 31 March 2006 was another difficult year, particularly due to the volatile oil market and the uncertainty that this causes to the industry.

The directors are pleased to report that they have been able to maintain the gross margin of the business and through tight control of overhead costs have seen a small increase in the group's operating profit.

The Directors are pleased with the results for the year. A dividend of 695 pence per ordinary share was paid on 2 March 2006 amounting to £50,000 (2005 £50,000).

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Future developments

The group's mission is to be the regions best supplier of distribution and warehousing. The directors believe that developments put into place during the past year will assist in achieving this aim. The volatile oil market still gives cause for concern to the haulage industry as a whole.

Directors

The following directors have held office since 1 April 2005

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

P C HOWARD LTD AND IT'S SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Directors' interests

The directors' interests in the shares of the parent company were as stated below

	Ordinary share of £1 each	
	31 March 2006	1 April 2005
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

Charitable donations	2006 £	2005 £
During the year the group made the following payments		
Charitable donations	975	125

Auditors

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

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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 the going concern basis unless it is inappropriate to presume that the group will continue in business

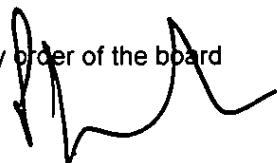
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditor

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that

- there is no relevant audit information of which the company's auditors are unaware, and
- we have taken all steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board



P W Howard
Secretary
16 November 2006

P C HOWARD LTD AND IT'S SUBSIDIARIES

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

We have audited the financial statements of P C Howard Limited and its subsidiaries for the year ended 31 March 2006 set out on pages 4 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records or 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 other transactions 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

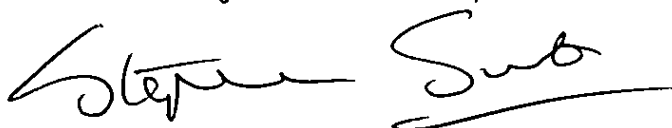
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs and the group as at 31 March 2006 and of the group profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Stephenson Smart & Co

16 November 2006

Chartered Accountants
Registered Auditors

Stephenson House
15 Church Walk
Peterborough
PE1 2TP

P C HOWARD LTD AND IT'S SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 Restated £
Turnover	3	12,511,105	10,997,396
Cost of sales		(10,843,518)	(9,542,997)
Gross profit		1,667,587	1,454,399
Net operating expenses		(1,063,463)	(997,987)
Group operating profit	6	604,124	456,412
Share of operating profit from associate		56,119	44,429
Interest receivable and similar income		242	56
Interest payable and similar charges	8	(155,438)	(151,325)
Profit on ordinary activities before taxation including associate	3	505,047	349,572
Tax on profit on ordinary activities	9	(128,552)	(74,646)
Profit for the year	19	376,495	274,926

The profit and loss account has been prepared on the basis that all operations are continuing operations

P C HOWARD LTD AND IT'S SUBSIDIARIES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2006

	2006	2005
	£	Restated £
Notes		
Profit for the financial year	376,495	274,926
Unrealised surplus on revaluation of properties	67,500	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	443,995	274,926
	<hr/>	<hr/>

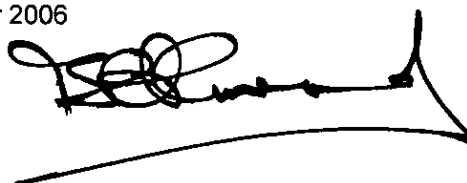
P C HOWARD LTD AND IT'S SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

		2006		2005
	Note	£	£	Restated £
Fixed assets				
Tangible assets	11	3,738,283		3,597,756
Investments	17	96,381		50,997
		<u>3,834,664</u>		<u>3,648,753</u>
Current assets				
Stocks	12	56,688	78,010	
Debtors	13	2,999,950	2,770,925	
Cash at bank and in hand		2,459	12,625	
		<u>3,059,097</u>	<u>2,861,560</u>	
Creditors' amounts falling due within one year	14	<u>(3,257,657)</u>	<u>(3,220,477)</u>	
Net current liabilities		<u>(198,560)</u>	<u>(358,917)</u>	
Total assets less current liabilities		<u>3,636,104</u>	<u>3,289,836</u>	
Creditors. amounts falling due after more than one year	15	<u>(1,555,619)</u>	<u>(1,608,520)</u>	
Provisions for liabilities	16	<u>(180,001)</u>	<u>(174,827)</u>	
		<u>1,900,484</u>	<u>1,506,489</u>	
Capital and reserves				
Called up share capital	18	7,190	7,190	
Share premium account	19	3,000	3,000	
Revaluation reserve	19	67,500	-	
Profit and loss account	19	1,822,794	1,496,299	
Shareholders' funds	20	<u>1,900,484</u>	<u>1,506,489</u>	

Approved by the Board and authorised for issue on 16 November 2006


A.P. Howard
Director

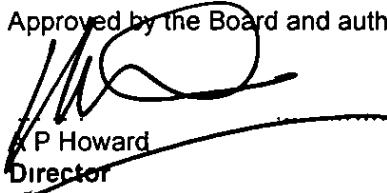


P C HOWARD LTD

BALANCE SHEET AS AT 31 MARCH 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	11		2,323,142		2,059,015
Investments	17		18,000		18,000
			<u>2,341,142</u>		<u>2,077,015</u>
Current assets					
Stocks	12	56,688		78,010	
Debtors	13	1,479,826		1,626,812	
Cash at bank and in hand		2,399		3,220	
			<u>1,538,913</u>	<u>1,708,042</u>	
Creditors: amounts falling due within one year	14	(1,816,773)		(2,037,786)	
			<u>(277,860)</u>	<u>(329,744)</u>	
Net current liabilities					
Total assets less current liabilities			2,063,282		1,747,271
Creditors: amounts falling due after more than one year	15		(1,428,765)		(1,335,643)
Provisions for liabilities	16		(117,823)		(102,490)
			<u>516,694</u>		<u>309,138</u>
Capital and reserves					
Called up share capital	18		7,190		7,190
Share premium account	19		3,000		3,000
Revaluation reserve	19		67,500		-
Profit and loss account	19		439,004		298,948
			<u>516,694</u>		<u>309,138</u>
Shareholders' funds					

Approved by the Board and authorised for issue on 16 November 2006


P Howard
Director

P C HOWARD LTD AND IT'S SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Note	£	2006 £	£	2005 £
Net cash inflow from operating activities	21(a)		1,297,813		797,253
Returns on investments and servicing of finance					
Interest received		242		56	
Interest paid		(96,556)		(88,613)	
Interest element of finance lease rental payments		(58,882)		(62,712)	
Net cash outflow from returns on investments and servicing of finance			(155,196)		(151,269)
Taxation					
Corporation tax paid			(47,933)		(51,715)
Capital expenditure					
Payments to acquire tangible assets		(319,490)		(584,215)	
Receipts from sales of tangible assets		9,250		30,581	
Net cash outflow for capital expenditure			(310,240)		(553,634)
Equity dividends paid			(50,000)		(50,000)
Net cash inflow/(outflow) before financing			734,444		(9,365)
Financing					
Capital element of finance lease and hire purchase repayments		(569,290)		(610,213)	
New loan – Howard Farms		-		400,000	
New bank loan		162,250		352,269	
Bank loan repaid		(109,443)		(108,391)	
Net cash (outflow)/inflow from financing			(516,483)		33,665
Increase in cash in the year			217,961		24,300

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention

1.2 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 2006

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold land	nil
Freehold buildings	written off over 30 years
Plant and machinery	25% per annum of WDV
Motor vehicles and trailers	15%/25% per annum of WDV
Fixtures and fittings	15%/25% per annum of WDV

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible fixed assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

1.6 Stock

Stock is valued at the lower of cost or net realisable value

1.7 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

1.8 Leasing and hire purchase commitments

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 against income on a straight line basis over the lease term

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

1 ACCOUNTING POLICIES (continued)

1.9 Pensions

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 to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.10 Investments

Fixed asset investments are stated at cost. Investment in the associated company is shown at cost plus the group's share of the profits retained in the associated company.

2 COMPARATIVE FIGURES

The 2005 comparative figures have been restated to reflect the treatment of X2 (UK) Limited as an associated company.

3 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover, which excludes VAT and sales between group companies, has been derived from the principal activities wholly undertaken in the United Kingdom.

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

	Haulage £	Warehousing £	Contract distribution £	Total £
2006				
Turnover	9,598,937	1,602,700	1,309,468	12,511,105
Profit before taxation	325,384	100,104	79,559	505,047
2005				
Turnover	8,182,184	1,539,781	1,275,431	10,997,396
Profit before taxation	215,085	93,429	41,058	349,572

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

4 STAFF NUMBERS AND COSTS

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

	2006	2005
Management	5	5
Administration	38	31
Drivers	97	82
Maintenance	11	10
Other	16	17

The aggregate payroll costs of these persons were

	£	£
Wages and salaries	3,357,366	2,898,678
Social Security costs	329,772	280,426
Other pension costs	74,621	77,101
	<u>3,761,759</u>	<u>3,256,205</u>

5 DIRECTORS' EMOLUMENTS

	£	£
Emoluments for services as directors	187,984	148,762
Company pension contributions to money purchase scheme	72,000	72,000

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2005 5)

6 GROUP OPERATING PROFIT

The operating profit is stated after charging the following

	£	£
Auditors' remuneration	11,988	14,608
Depreciation - owned assets	308,162	255,636
Depreciation - assets held under hire purchase agreements	288,885	317,571
(Profit)/loss on disposals of fixed assets	(3,670)	11,265
Plant hire	29,342	41,024

7 DIVIDENDS

Ordinary final dividend paid	50,000	50,000
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On 2 March 2006, a dividend of 695 pence per ordinary share was paid, amounting to £50,000 (2005 £50,000)

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8	INTEREST PAYABLE	2006 £	2005 £
	On late payment of tax	202	259
	On bank overdraft	44,656	39,270
	On hire purchase agreements	58,882	62,712
	On long term loan	51,698	49,084
		<hr/>	<hr/>
		155,438	151,325
		<hr/>	<hr/>
9	TAXATION	£	£
	Domestic current year tax		
	UK corporation tax	115,702	50,992
	Adjustment for prior years	(3,059)	-
		<hr/>	<hr/>
		112,643	50,992
	Associate	10,735	8,432
		<hr/>	<hr/>
	Current tax charge	123,378	59,424
	Deferred tax		
	Origination and reversal of timing differences	5,174	15,222
		<hr/>	<hr/>
		128,552	74,646
		<hr/>	<hr/>

10 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 £190,056 (2005 £6,271)

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

11 TANGIBLE FIXED ASSETS

Group	Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2005	1,697,962	318,131	4,055,801	272,959	6,344,853
Additions	173,432	54,954	342,787	104,481	675,654
Disposals	(1,000)	-	(47,751)	-	(48,751)
At 31 March 2006	1,870,394	373,085	4,350,837	377,440	6,971,756
Depreciation					
At 1 April 2005	254,766	182,963	2,237,713	114,154	2,789,596
Charge for the year	57,437	45,646	451,770	42,194	597,047
Disposals	(1,000)	-	(42,170)	-	(43,170)
At 31 March 2006	311,203	228,609	2,647,313	156,348	3,343,473
Net book value					
At 31 March 2006	1,559,191	144,476	1,703,524	221,092	3,628,283
At 31 March 2005	1,443,196	135,168	1,818,088	158,805	3,555,257

The gross amount of depreciable assets included in land and buildings at 31 March 2006 was £1,740,391. Included in the total net book value of tangible fixed assets held at 31 March 2006 was £1,289,605 (2005 £1,467,895) in respect of assets held under finance leases and hire purchase contracts.

Investment properties

Cost or valuation	£
At 1 April 2005	42,500
Revaluation	67,500
At 31 March 2006	110,000

The valuations of investment properties were made at 31 March 2006 by Charles Richardson, Chartered Surveyor on an open market basis. No depreciation is provided in respect of these properties.

On a historical cost basis, these would have been included at an original cost of £42,500 (2005 £42,500) and aggregate depreciation of £Nil (2005 £Nil).

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

11 TANGIBLE FIXED ASSETS (continued)

The Company

	Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2005	711,608	52,610	2,885,995	82,760	3,732,973
Additions	173,432	-	342,787	58,400	574,619
Disposals	(1,000)	-	(23,000)	-	(24,000)
At 31 March 2006	884,040	52,610	3,205,782	141,160	4,283,592
Depreciation					
At 1 April 2005	22,413	41,935	1,627,080	25,030	1,716,458
Charge for the year	28,559	2,594	323,091	18,168	372,412
Disposals	(1,000)	-	(17,420)	-	(18,420)
At 31 March 2006	49,972	44,529	1,932,751	43,198	2,070,450
Net book value					
At 31 March 2006	834,068	8,081	1,273,031	97,962	2,213,142
At 31 March 2005	689,195	10,675	1,258,915	57,730	2,016,515

The gross amount of depreciable assets included in land and buildings at 31 March 2006 was £874,038 Included in the total net book value of tangible fixed assets held at 31 March 2006 was £839,885 (2005 £898,178) in respect of assets held under finance leases and hire purchase contracts

Investment properties

Cost or valuation	£
At 1 April 2005	42,500
Revaluation	67,500
At 31 March 2006	110,000

The valuations of investment properties were made at 31 March 2006 by Charles Richardson, Chartered Surveyor on an open market basis No depreciation is provided in respect of these properties

On a historical cost basis, these would have been included at an original cost of £42,500 (2005 £42,500) and aggregate depreciation of £Nil (2005 £Nil)

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

12	STOCK	2006	2005
		£	£
	The Group and the Company		
	Spares, tyres and fuel	56,688	78,010
		<hr/>	<hr/>
13	DEBTORS	£	£
	The Group		
	Trade debtors	2,910,348	2,646,086
	Other debtors	11,988	25,290
	Prepayments	77,614	99,549
		<hr/>	<hr/>
		2,999,950	2,770,925
		<hr/>	<hr/>
	The Company		
	Trade debtors	1,211,933	1,110,204
	Amount owed by subsidiary undertakings	186,105	409,737
	Other debtors	4,174	7,322
	Prepayments	77,614	99,549
		<hr/>	<hr/>
		1,479,826	1,626,812
		<hr/>	<hr/>
14	CREDITORS: amounts falling due within one year	£	£
	The Group		
	Bank loans and overdraft	790,597	1,022,883
	Trade creditors	1,246,063	1,165,000
	Other creditors	229,724	129,788
	Corporation tax	115,702	50,992
	Taxation and social security	457,336	333,857
	Accruals	14,593	11,056
	Obligations under hire purchase agreements	403,642	506,901
		<hr/>	<hr/>
		3,257,657	3,220,477
		<hr/>	<hr/>
	The Company		
	Bank loan and overdraft	487,297	788,831
	Trade creditors	613,641	610,719
	Other creditors	84,064	72,571
	Corporation tax	40,374	3,602
	Taxation and social security	277,728	197,373
	Accruals	14,593	11,056
	Hire purchase agreements	299,076	353,634
		<hr/>	<hr/>
		1,816,773	2,037,786
		<hr/>	<hr/>

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

15	CREDITORS. amounts falling due after more than one year	2006 £	2005 £
	The Group		
	Bank loans	469,884	412,918
	Other creditors	750,000	750,000
	Hire purchase agreements	335,735	445,602
		<u>1,555,619</u>	<u>1,608,520</u>
	The Company		
	Bank loan	419,489	288,390
	Other creditors	750,000	750,000
	Hire purchase agreements	259,276	297,253
		<u>1,428,765</u>	<u>1,335,643</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	335,735	445,602
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Obligations under finance leases and hire purchase contracts are secured

Analysis of debt maturity

Within one year or on demand	790,597	1,022,883
Between one and two years	100,302	130,689
Between two and five years	163,605	217,715
	<u>1,054,504</u>	<u>1,371,287</u>
Repayable by instalments		
Amounts falling due after five years	205,977	64,514

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 16 August 2003, between all the group companies

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

15 CREDITORS: amounts falling due after more than one year (continued)

Analysis of debt maturity (continued)

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.

16 PROVISION FOR LIABILITIES AND CHARGES

	2006 £	2005 £
Deferred taxation		
The Group		
Balance at 1 April 2005	174,827	159,605
Profit and loss account	5,174	15,222
	<hr/>	<hr/>
Balance at 31 March 2006	180,001	174,827
	<hr/>	<hr/>
The deferred liability is made up as follows:		
Accelerated capital allowances	180,001	174,827
	<hr/>	<hr/>
The Company		
Balance as at 1 April 2005	102,490	108,169
Profit and loss account	15,333	(5,679)
	<hr/>	<hr/>
Balance at 31 March 2006	117,823	102,490
	<hr/>	<hr/>
The deferred liability is made up as follows:		
Accelerated capital allowances	117,823	102,490
	<hr/>	<hr/>

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

17	FIXED ASSET INVESTMENTS	2006	2005	
The Group				
Interest in associate - share of net assets		£	£	
At 1 April 2005		50,997	18,944	
Share of profits retained		45,384	32,053	
At 31 March 2006		96,381	50,997	
The Company				
	Shares in associates	Shares in group undertakings	Total	
	£	£	£	
Cost or valuation				
At 1 April 2005 & at 31 March 2006		15,000	3,000	18,000
Net book value				
At 31 March 2006		15,000	3,000	18,000
At 31 March 2005		15,000	3,000	18,000
Holdings of more than 20%				
The company holds more than 20% of the share capital of the following companies				
Company	Country of registration or incorporation	Principal activity	Class of shares	% of shares
Subsidiary undertakings				
Howard Warehousing Limited	UK	Warehousing	Ordinary	100
Howard's Logistics limited	UK	Contract distribution	Ordinary	100
Howard's Transport Limited	UK	Distribution service	Ordinary	100
Associate				
X2 (UK) Limited	UK	Managed transport	Ordinary	25

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

18	SHARE CAPITAL	2006	2005
		£	£
	Authorised		
	100,000 Ordinary shares of £1 each	100,000	100,000
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	7,190 Ordinary shares of £1 each	7,190	7,190
		<hr/>	<hr/>
19	STATEMENT OF MOVEMENTS ON RESERVES		
	The Group		
		Share premium account	Revaluation reserve account
		£	£
	Balance at 1 April 2005	3,000	-
	Profit for the year	-	-
	Dividends paid	-	-
	Revaluation during the year	-	67,500
		<hr/>	<hr/>
	Balance at 31 March 2006	3,000	67,500
		<hr/>	<hr/>
	The Company		
		Share premium account	Revaluation reserve account
		£	£
	Balance at 1 April 2005	3,000	-
	Profit for the year	-	-
	Dividends paid	-	-
	Revaluation during the year	-	67,500
		<hr/>	<hr/>
	Balance at 31 March 2006	3,000	67,500
		<hr/>	<hr/>
20	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006	2005
		£	£
	Profit for the financial year	376,495	274,926
	Dividends	(50,000)	(50,000)
		<hr/>	<hr/>
		326,495	224,926
	Other recognised gains and losses	67,500	-
		<hr/>	<hr/>
	Net additions to shareholders' funds	393,995	224,926
		<hr/>	<hr/>
	Opening shareholders' funds	1,506,489	1,281,563
		<hr/>	<hr/>
	Closing shareholders' funds	1,900,484	1,506,489
		<hr/>	<hr/>

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

21 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a)	Reconciliation of operating profit to net cash inflow from operating activities	2006 £	2005 £	
	Operating profit	604,124	456,412	
	Depreciation of tangible assets	597,047	573,207	
	(Profit)/loss on disposal of tangible assets	(3,670)	11,265	
	Decrease in stocks	21,322	27,614	
	(Increase) in debtors	(229,025)	(618,900)	
	Increase in creditors	308,015	347,655	
	Net cash inflow from operating activities	1,297,813	797,253	
(b)	Reconciliation of net cash flow to movement in net debt			
	Increase in cash in the year	217,961	24,300	
	Cash inflow/(outflow) from decrease/(increase) in debt	160,320	(595,355)	
	Movement in net debt in the year	378,281	(571,055)	
	Opening net debt	(3,125,680)	(2,554,625)	
	Closing net debt	(2,747,399)	(3,125,680)	
(c)	Analysis of net debt			
		At 1 April 2005 £	Cash Flow £	
			At 31 March 2006 £	
	Cash at bank and in hand	12,625	(10,166)	2,459
	Bank overdrafts	(897,301)	228,127	(669,174)
	Debt due after one year	(1,162,918)	(56,966)	(1,219,884)
	Debt due within one year	(125,582)	4,159	(121,423)
	Finance leases	(952,504)	213,127	(739,377)
		(3,125,680)	378,281	(2,747,399)

P C HOWARD LTD AND IT'S SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

22 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. During the year further recharges to Howard Farms totalling £11,176 were made.

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. Interest was paid on this loan at 1.25% above bank base rate. There is no fixed repayment date for this loan.

Loan interest and other costs totalling £28,775 were charged from Howard Farms in the year. The balance owing to P C Howard Limited by Howard Farms at 31 March 2006 was £610.

Howard Warehousing Limited paid rent of £67,700 to Howard Farms in the year. Howard Farms paid rent of £3,500 to Howard Warehousing Limited in the year.

During the year the company purchased a vehicle for £700 from D Howard. D Howard is the son of P W Howard, a director of P C Howard Limited.

23 CONTROLLING PARTY

No one individual has overall control.

24 FINANCIAL COMMITMENTS

At 31 March 2006 the group was committed to make the following payments under non-cancellable operating leases in the year to 31 March 2007:

	2006 £	2005 £
Operating leases which expire		
Between two and five years	63,228	728
Over five years	67,700	67,700
	<hr/>	<hr/>