

Company Registration No. 496076 (England and Wales)

P C HOWARD LTD AND ITS SUBSIDIARIES
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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P C HOWARD LTD AND ITS 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 ITS SUBSIDIARIES

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P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and financial statements for the year ended 31 March 2008.

Principal activities and review of the business

The principal activity of the group continued to be that of national haulage and storage operations and the distribution and warehousing of palletised goods.

The directors have continued to develop the business during the year and aim to present a balanced and comprehensive review of the development and performance of the business during the year and of its position at the year end.

The group operates over 100 heavy goods vehicles and manages in excess of 250,000 square footage of warehousing from three sites. The group's main site is "West Hay", Stamford Road, Kings Cliffe near Peterborough and there are two further sites one at Corby and the other at Brixworth, Northampton.

The group is a member of the Palletways Network with a 10 year franchise which commenced in 2005, to undertake deliveries of palletised goods in the Northampton (NN) and part of the Peterborough (PE) postcode areas.

During the year the final phase of warehouse development was completed at "West Hay" and the warehousing has become fully operational during the year. Planning permission has been obtained for a 4.5 acre extension to extend parking facilities at the main depot. The lease over the premises at the Brixworth has been renegotiated providing the group with a ten year lease on these premises.

The group has continued with its asset replacement policy and purchased 10 new vehicles in the summer of 2007, 8 additional vehicles were purchased during the last quarter of the year having the effect of increasing the hire purchase liability at the year end. The level of capital expenditure for the coming year is expected to be significantly less.

The group has continued with its investment in information technology with enhancements to both the transport management and warehousing systems.

Results and dividends

The full results of the group can be found on page 6.

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company, as a whole, these being number of pallets moved, number of pallets stored, turnover, gross margin and return on capital employed.

The turnover of the group by division was as follows:

	2008 £'000	2007 £'000
Distribution services	5,390	5,348
Palletways services	5,791	4,978
Contract distribution	2,368	1,624
Warehousing services	1,556	1,534
	<u>15,105</u>	<u>13,484</u>

P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Results and dividends (continued)

The directors have continued to develop all aspects of the business and are pleased to report a further growth in the level of activity particularly focusing on the development of the depot at Brixworth, Northampton and the new warehouse facility at "West Hay". These developments have enhanced the group's ability to provide service to customers in the East Midlands and East Anglia and will assist the business in achieving its mission to be the region's best supplier of distribution and warehousing services. In June 2008 P C Howard Limited was awarded Platinum Status in the Palletways annual assessment of its members, following on from the success in 2005-06 of being nominated Palletways member of the year and further demonstrating the group commitment to providing quality service.

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

Since the year end the effects of the economic and financial climate and the possibility of recession have become more obvious. The directors have focused on improving customer service and are reviewing the cost base of the group to adapt the business to be in a position to meet the possible challenges of the changing economic climate.

Directors

The following directors have held office since 1 April 2007:

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

Charitable donations	2008	2007
	£	£
During the year the group made the following payments:		
Charitable donations	825	322
	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

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.

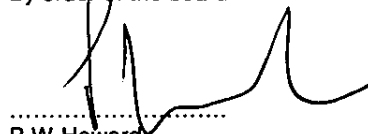
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

15 December 2008

P C HOWARD LTD AND ITS 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 2008 set out on pages 6 to 24. 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 3 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.

P C HOWARD LTD AND ITS SUBSIDIARIES

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

Qualified opinion arising from disagreement about accounting treatment

Included in Called up share capital shown on the balance sheet is an amount of £2,370,244 arising from the issue of 2,370,244 preference shares of £1 each during the year ended 31 March 2008. The holders of these shares are entitled to receive a fixed cumulative preferential dividend of £0.025 per preference share per annum. The company is entitled, on giving one month's notice, to redeem the preference shares at any time at a value being the greater of the par value or the value of the preference share land (being the land acquired in exchange for the preference shares). Unless redeemed earlier by the company, the preference shares will be redeemed in full either on the sale of the preference share land or on the sale of the entire issued ordinary share capital of the company.

Although the company does not envisage redeeming the preference shares, does not intend to sell the preference share land and the shareholders do not intend to sell the entire issued ordinary share capital of the company, it is our opinion that, in accordance with Financial Reporting Standard 25 *Financial Instruments: Presentation*, the preference shares are a compound financial instrument. The liability element of the instrument should be calculated as the net present value of the future stream of cash flows and disclosed as a long-term liability within Creditors: amounts falling due after more than one year, rather than as part of Called up share capital. Applying a discount rate of 5% means that the liability element would be £1,185,120. Accordingly, Creditors: amounts falling due after more than one year should be increased by £1,185,120 and Called up share capital should be reduced by the same amount. The effect of this would be to restate shareholders' funds in the group to £3,770,197.

Except for the financial effect of not accounting for the preference shares in accordance with Financial Reporting Standard 25, 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 2008 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

Chartered Accountants
Registered Auditors

Stephenson House
15 Church Walk
Peterborough
PE1 2TP

8 January 2009.

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Turnover	2	15,105,287	13,484,528
Cost of sales		(12,912,224)	(11,628,204)
		<hr/>	<hr/>
Gross profit		2,193,063	1,856,324
Net operating expenses		(1,597,834)	(1,264,516)
		<hr/>	<hr/>
Group operating profit	3	595,229	591,808
Share of operating profit from associate		20,191	45,415
Interest receivable and similar income	4	358	233
Interest payable and similar charges	5	(184,308)	(149,713)
		<hr/>	<hr/>
Profit on ordinary activities before taxation including associate	2	431,470	487,743
Tax on profit on ordinary activities	6	(87,595)	(87,029)
		<hr/>	<hr/>
Profit for the year	17	343,875	400,714
		<hr/>	<hr/>

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

There were no recognised gains and losses in the year other than the profit for the period.

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	8		7,454,690		4,327,884
Investments	9		-		47,440
			<u>7,454,690</u>		<u>4,375,324</u>
Current assets					
Stocks	10	42,942		58,830	
Debtors	11	3,920,016		3,441,422	
Cash at bank and in hand		16,889		8,441	
			<u>3,979,847</u>	<u>3,508,693</u>	
Creditors: amounts falling due within one year	12	(3,914,044)		(3,608,892)	
			<u>65,803</u>	<u>(100,199)</u>	
Net current assets/(liabilities)					
			<u>7,520,493</u>	<u>4,275,125</u>	
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	13	(2,341,811)		(1,870,429)	
Provisions for liabilities	14	(223,365)		(163,498)	
			<u>4,955,317</u>	<u>2,241,198</u>	
Capital and reserves					
Called up share capital	16		2,377,434		7,190
Share premium account	17		3,000		3,000
Revaluation reserve	17		67,500		67,500
Profit and loss account	17		2,507,383		2,163,508
			<u>4,955,317</u>	<u>2,241,198</u>	
Shareholders' funds	18				

Approved by the Board and authorised for issue on

18th December 2008

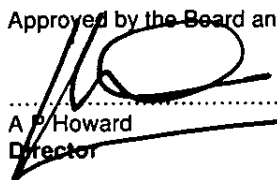
P Howard
Director

P C HOWARD LTD

BALANCE SHEET AS AT 31 MARCH 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	8		5,729,378		2,999,480
Investments	9		3,000		18,000
			<u>5,732,378</u>		<u>3,017,480</u>
Current assets					
Stocks	10	42,942		58,830	
Debtors	11	2,161,406		1,563,736	
Cash at bank and in hand		16,889		8,287	
			<u>2,221,237</u>	<u>1,630,853</u>	
Creditors: amounts falling due within one year	12	(2,367,373)		(2,038,238)	
			<u>(146,136)</u>	<u>(407,385)</u>	
Net current liabilities					
Total assets less current liabilities			5,586,242		2,610,095
Creditors: amounts falling due after more than one year	13		(2,341,811)		(1,825,993)
Provisions for liabilities	14		(144,750)		(119,980)
			<u>3,099,681</u>	<u>664,122</u>	
Capital and reserves					
Called up share capital	16		2,377,434		7,190
Share premium account	17		3,000		3,000
Revaluation reserve	17		67,500		67,500
Profit and loss account	17		651,747		586,432
			<u>3,099,681</u>	<u>664,122</u>	
Shareholders' funds					

Approved by the Board and authorised for issue on **15th December 2008**


A P Howard
Director

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	£	2008 £	£	2007 £
Net cash inflow from operating activities	1		759,579		1,087,455
Returns on investments and servicing of finance					
Interest received		358		233	
Interest paid		(124,137)		(101,362)	
Interest element of finance lease rental payments		(60,171)		(48,351)	
Dividends received from participating interest		52,631		85,718	
Net cash outflow from returns on investments and servicing of finance			(131,319)		(63,762)
Taxation					
Corporation tax paid			(94,526)		(116,070)
Capital expenditure and financial investment					
Payments to acquire tangible assets		(2,785,719)		(634,694)	
Receipts from sales of tangible assets		6,000		43,775	
Receipt from sale of investment		15,000		-	
Net cash outflow for capital expenditure			(2,764,719)		(590,919)
Equity dividends paid			-		(60,000)
Net cash (outflow)/inflow before financing			(2,230,985)		256,704
Financing					
Issue of preference share capital		2,370,244		-	
Capital element of finance lease and hire purchase repayments		(470,052)		(534,595)	
New bank loan		300,000		347,282	
Bank loan repaid		(189,602)		(136,054)	
Net cash inflow/(outflow) from financing			2,010,590		(323,367)
Decrease in cash in the year			(220,395)		(66,663)

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

1	Reconciliation of operating profit to net cash inflow from operating activities	2008 £	2007 £
	Operating profit	595,229	591,808
	Depreciation of tangible assets	653,543	611,166
	Profit/(Loss) on disposal of tangible assets	(2,750)	2,840
	Decrease/(Increase) in stocks	15,888	(2,142)
	(Increase) in debtors	(478,594)	(441,472)
	(Decrease)/Increase in creditors	(23,737)	325,255
	Net cash inflow from operating activities	759,579	1,087,455

2	Analysis of net debt	At 1 April 2007 £	Cash Flow £	At 31 March 2008 £
	Net Cash:			
	Cash at bank and in hand	8,441	8,448	16,889
	Bank overdrafts	(741,819)	(228,843)	(970,662)
	Debt:			
	Debt due after one year	(1,409,043)	(98,887)	(1,507,930)
	Debt due within one year	(143,492)	(11,510)	(155,002)
	Finance leases	(817,470)	(527,829)	(1,345,299)
		(3,103,383)	(858,621)	(3,962,004)

Included in the analysis of debt due after one year at 31 March 2008 is a loan of £750,000 from four of the five directors. There is no fixed repayment date for this loan.

3	Reconciliation of net cash flow to movement in net debt	2008 £	2007 £
	Decrease in cash in the year	(220,395)	(66,663)
	Cash outflow from decrease in debt	(638,226)	(289,321)
	Movement in net debt in the year	(858,621)	(355,984)
	Opening net debt	(3,103,383)	(2,747,399)
	Closing net debt	(3,962,004)	(3,103,383)

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention except for investment properties which are shown at valuation.

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 2008.

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 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.

1.7 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.

1.8 Stock

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

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

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 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.

2 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 £
2008				
Turnover	11,181,207	1,556,037	2,368,043	15,105,287
Profit before taxation	160,273	74,712	196,485	431,470
2007				
Turnover	10,326,069	1,533,678	1,624,781	13,484,528
Profit before taxation	353,948	27,266	106,529	487,743

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

	2008 £	2007 £
3 GROUP OPERATING PROFIT		
The operating profit is stated after charging the following:		
Auditors' remuneration	18,758	27,092
Depreciation - owned assets	414,149	416,676
Depreciation - assets held under hire purchase agreements	232,611	194,490
(Profit)/loss on disposals of fixed assets	(2,750)	2,840
Operating lease rentals – plant and machinery	-	839
	<hr/>	<hr/>
4 INVESTMENT INCOME		
	£	£
Bank interest	358	233
	<hr/>	<hr/>
5 INTEREST PAYABLE		
	£	£
On bank overdrafts	26,345	30,027
Hire purchase interest	60,171	48,351
On other loans wholly repayable within five years	95,184	71,060
On overdue tax	2,608	275
	<hr/>	<hr/>
	184,308	149,713
	<hr/>	<hr/>
6 TAXATION		
	£	£
Domestic current year tax		
UK corporation tax	27,728	94,526
Adjustment for prior years	-	369
	<hr/>	<hr/>
	27,728	94,895
Associate	-	8,637
	<hr/>	<hr/>
Current tax charge	27,728	103,532
Deferred tax		
Origination and reversal of timing differences	59,867	(16,503)
	<hr/>	<hr/>
	87,595	87,029
	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2008**

	2008 £	2007 £
7 DIVIDENDS		
Ordinary dividend paid	-	60,000

8 TANGIBLE FIXED ASSETS

Group	Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2007	2,330,159	433,871	4,808,817	441,655	8,014,502
Additions	2,638,931	73,333	1,014,032	57,303	3,783,599
Disposals	(10,091)	-	(117,600)	-	(127,691)
At 31 March 2008	4,958,999	507,204	5,705,249	498,958	11,670,410
Depreciation					
At 1 April 2007	373,299	270,183	2,946,350	206,786	3,796,618
Disposals	(10,091)	-	(114,350)	-	(124,441)
Charge for the year	64,703	54,325	478,310	56,205	653,543
At 31 March 2008	427,911	324,508	3,310,310	262,991	4,325,720
Net book value					
At 31 March 2008	4,531,088	182,696	2,394,939	235,967	7,344,690
At 31 March 2007	1,956,860	163,688	1,862,467	234,869	4,217,884

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

8 TANGIBLE FIXED ASSETS (continued)

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

	Fixtures and fittings £	Motor Vehicles and trailers £	Total £
Net book value			
At 31 March 2008	77,526	1,245,367	1,322,893
At 31 March 2007	38,251	990,150	1,028,401
Depreciation charge for the year			
At 31 March 2008	19,787	212,824	232,611
At 31 March 2007	12,751	181,739	194,490

The gross amount of depreciable assets included in land and buildings at 31 March 2008 was £2,458,750

The Company

	Land and buildings £	Plant and machinery £	Motor vehicles & trailers £	Fixtures & fittings £	Total £
Cost					
At 1 April 2007	1,343,805	64,064	3,663,762	156,251	5,227,882
Additions	2,638,931	3,051	655,032	-	3,297,014
Disposals	(10,091)	-	(52,100)	-	(62,191)
Transfer to group companies	-	-	(577,500)	-	(577,500)
At 31 March 2008	3,972,645	67,115	3,689,194	156,251	7,885,205
Depreciation					
At 1 April 2007	83,190	48,360	2,135,391	71,461	2,338,402
Disposals	(10,091)	-	(48,850)	-	(58,941)
Charge for the year	35,825	4,616	353,643	21,181	415,265
Transfer to group companies	-	-	(428,899)	-	(428,899)
At 31 March 2008	108,924	52,976	2,011,285	92,642	2,265,827
Net book value					
At 31 March 2008	3,863,721	14,139	1,677,909	63,609	5,619,378
At 31 March 2007	1,260,615	15,704	1,528,371	84,790	2,889,480

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

8 TANGIBLE FIXED ASSETS (continued)

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

	Fixtures and fittings £	Motor Vehicles and trailers £	Total £
Net book value			
At 31 March 2008	28,687	1,173,183	1,201,870
At 31 March 2007	38,251	803,000	841,251
Depreciation charge for the year			
At 31 March 2008	9,562	200,088	209,650
At 31 March 2007	12,751	146,045	158,796

The gross amount of depreciable assets included in land and buildings at 31 March 2008 was £1,592,397.

Investment properties

Cost or valuation	£
At 1 April 2007 and 31 March 2008	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 (2007 £42,500) and aggregate depreciation of £Nil (2007: £Nil).

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2008**

9	FIXED ASSET INVESTMENTS	2008	2007
	The Group		
	Interest in associate - share of net assets		
		£	£
	At 1 April 2007	47,440	96,381
	Share of profits retained	20,191	36,778
	Dividends received	(52,631)	(85,719)
	Proceeds on sale of interest in Associate	(15,000)	-
	At 31 March 2008	-	47,440

The Company	Shares in associates	Shares in group undertakings	Total
	£	£	£
Cost or valuation			
At 1 April 2007	15,000	3,000	18,000
Disposal	(15,000)	-	(15,000)
At 31 March 2008	-	3,000	3,000
Net book value			
At 31 March 2008	-	3,000	3,000
At 31 March 2007	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	Shares held Class	%
Subsidiary undertakings			
Howard Warehousing Limited	UK	Ordinary	100
Howard's Logistics limited	UK	Ordinary	100
Howard's Transport Limited	UK	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves	Profit for the year
		2008	2008
	Principal activity	£	£
Howard Warehousing Limited	Warehousing	800,606	57,782
Howard's Logistics Limited	Contract distribution	552,369	156,107
Howard's Transport Limited	Distribution service	505,661	97,109

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2008**

10 STOCK	2008	2007
	£	£
The Group and the Company		
Spares, tyres and fuel	42,942	58,830
11 DEBTORS	£	£
The Group		
Trade debtors	3,752,078	3,268,611
Other debtors	36,426	75,789
Prepayments	131,512	97,022
	3,920,016	3,441,422
The Company		
Trade debtors	1,246,905	1,192,473
Amount owed by subsidiary undertakings	775,823	206,395
Other debtors	36,426	10,420
Prepayments	102,252	89,079
Amounts owed by participating interests	-	65,369
	2,161,406	1,563,736
12 CREDITORS: amounts falling due within one year	£	£
The Group		
Bank loans and overdraft	1,125,664	885,311
Trade creditors	1,491,563	1,614,902
Other creditors	100,310	92,609
Corporation tax	27,728	94,526
Taxation and social security	514,867	373,243
Accruals	142,494	192,217
Obligations under hire purchase agreements	511,418	356,084
	3,914,044	3,608,892
The Company		
Bank loan and overdraft	751,549	666,845
Trade creditors	634,664	728,380
Other creditors	100,310	92,109
Corporation tax	-	20,042
Taxation and social security	252,930	178,583
Accruals	27,505	26,163
Hire purchase agreements	467,690	285,043
Amounts owed to subsidiary undertakings	132,725	41,073
	2,367,373	2,038,238

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

13 CREDITORS: amounts falling due after more than one year		2008 £	2007 £
The Group			
Bank loans		757,930	659,043
Other creditors		750,000	750,000
Hire purchase agreements		833,881	461,386
		<u>2,341,811</u>	<u>1,870,429</u>
The Company			
Bank loan		757,930	659,043
Other creditors		750,000	750,000
Hire purchase agreements		833,881	416,950
		<u>2,341,811</u>	<u>1,825,993</u>
Analysis of loans			
Not wholly repayable within five years by instalments:			
Bank loan		388,660	427,616
Not wholly repayable within five years other than by instalments:			
Other creditor		750,000	750,000
Wholly repayable within five years		524,272	1,116,738
		<u>1,662,932</u>	<u>2,294,354</u>
Included in current liabilities		(155,002)	(885,311)
		<u>1,507,930</u>	<u>1,409,043</u>
Loan maturity analysis			
In more than one year but not more than two years		166,149	102,613
In more than two years but not more than five years		437,624	347,105
In more than five years		904,157	959,325

The bank loan and overdraft are secured by standard debentures dated 1 January 1993 and unlimited monies guarantees. The bank holds an omnibus guarantee and set off agreement, dated 16 August 2003, between all the group companies.

The bank loans of P C Howard Limited with National Westminster Bank plc are secured by a first legal charge over land and buildings at West Hay, Kings Cliffe and its associated assets. The bank loans bear interest at 1.75% per annum over the bank base rate.

The other loan of £750,000 is a loan from four of the directors. There is no fixed repayment date for this loan and it will only be repaid when the company's cashflow is sufficient to allow repayment.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

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

Analysis of debt maturity (continued)	2008 £	2007 £
Net obligations under hire purchase contracts		
Repayable within one year	511,418	356,084
Repayable between one and five years	833,881	461,386
	<hr/>	<hr/>
Included in current liabilities	1,345,299 (511,418)	817,470 (356,084)
	<hr/>	<hr/>
	833,881	461,386
	<hr/>	<hr/>

Obligations under finance leases and hire purchase contracts are secured.

14 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation	£	£
The Group		
Balance at 1 April 2007	163,498	180,001
Profit and loss account	59,867	(16,503)
	<hr/>	<hr/>
Balance at 31 March 2008	223,365	163,498
	<hr/>	<hr/>
The deferred liability is made up as follows:		
Accelerated capital allowances	223,365	163,498
	<hr/>	<hr/>
The Company		
Balance as at 1 April 2007	119,980	117,823
Profit and loss account	24,770	2,157
	<hr/>	<hr/>
Balance at 31 March 2008	144,750	119,980
	<hr/>	<hr/>
The deferred liability is made up as follows:		
Accelerated capital allowances	144,750	119,980
	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

15 PENSION COSTS	2008	2007
	£	£
Defined Contribution		
Contributions payable by the company for the year	15,844	80,701
	<hr/>	<hr/>
16 SHARE CAPITAL	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
2,370,244 Preference shares of £1 each	2,370,244	-
	<hr/>	<hr/>
	2,470,244	100,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
7,190 Ordinary shares of £1 each	7,190	7,190
2,370,244 Preference shares of £1 each	2,370,244	-
	<hr/>	<hr/>
	2,377,434	7,190
	<hr/>	<hr/>

The company issued 2,370,244 preference shares of £1 each on 12 March 2008. The holders of these shares are entitled to receive a fixed cumulative preferential dividend of £0.025 per preference share per annum (a coupon of 2.5%). The shares were issued as consideration for the cost of land acquired from Howard Farms, a partnership between four of the five directors of P C Howard Ltd.

The company is entitled, on giving one month's notice, to redeem the preference shares at any time at a value being the greater of the par value or the value of the preference share land (being the land acquired in exchange for the preference shares). Unless redeemed earlier by the company, the preference shares will be redeemed in full either on the sale of the preference share land or on the sale of the entire issued ordinary share capital of the company.

The preference shares do not carry any rights to vote or receive notice of or attend general meetings. Also the preference shares are not capable of being converted into any other class of shares.

The directors understand that, in accordance with Financial Reporting Standard 25 Financial Instruments: Presentation, the preference shares should be presented as a liability in the financial statements and not as share capital. However it is not envisaged that the company will redeem the preference shares, that the preference share land will be sold or that the shareholders will sell the entire issued ordinary share capital of the company. Therefore the directors are of the opinion that the preference shares represent long-term funding for the business and should be shown as part of Capital and Reserves rather than as a long-term liability.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

17 STATEMENT OF MOVEMENTS ON RESERVES

The Group	Share premium account £	Revaluation reserve account £	Profit and loss account £
Balance at 1 April 2007	3,000	67,500	2,163,508
Profit for the year	-	-	343,875
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2008	3,000	67,500	2,507,383
	<hr/>	<hr/>	<hr/>

The Company	Share premium account £	Revaluation reserve account £	Profit and loss account £
Balance at 1 April 2007	3,000	67,500	586,432
Profit for the year	-	-	65,315
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2008	3,000	67,500	651,747
	<hr/>	<hr/>	<hr/>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	2008 £	2007 £
Profit for the financial year	343,875	400,714
Dividends	-	(60,000)
	<hr/>	<hr/>
Proceeds from issued of shares	343,875 2,370,244	340,714 -
Net additions to shareholders' funds	<hr/> 2,714,119	<hr/> 340,714
Opening shareholders' funds	2,241,198	1,900,484
Closing shareholders' funds	<hr/> 4,955,317	<hr/> 2,241,198

19 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 £65,315 (2007:£207,428).

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

20 FINANCIAL COMMITMENTS

At 31 March 2008 the group was committed to make the following payments under non-cancellable operating leases in the year to 31 March 2009:

	2008 £	2007 £
Operating leases which expire:		
Within one year	-	-
Between two and five years	45,047	116,962
Over five years	75,000	-
	<hr/>	<hr/>

21 DIRECTORS' EMOLUMENTS

	£	£
Emoluments for qualifying services	202,876	204,839
Company pension contributions to money purchase scheme	12,000	77,000
	<hr/>	<hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2007: 5).

Emoluments disclosed above include the following amounts in respect of the highest paid director.

	£	£
Emoluments for qualifying services	118,739	127,657
Company pension contributions to money purchase scheme	7,200	32,200
	<hr/>	<hr/>

22 EMPLOYEES

Number of Employees

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

	2008	2007
Management	5	5
Administration	39	36
Drivers	107	100
Maintenance	18	13
Other	17	17
	<hr/>	<hr/>

Employment costs

	£	£
Wages and salaries	4,115,677	3,620,302
Social Security costs	400,890	371,815
Other pension costs	15,844	80,701
	<hr/>	<hr/>
	4,532,411	4,072,818
	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

23 CONTROLLING PARTY

No one individual has ultimate control.

24 RELATED PARTY TRANSACTIONS

P C Howard Limited had a participating interest in X2 (UK) Limited, owning 21.43% of its share capital, which was sold during the year. During the year P C Howard Limited provided services totalling £6,345 to X2 (UK) Limited.

25 TRANSACTIONS WITH DIRECTORS

During the year, a management charge of £21,000 was receivable 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 £900 were made. Loan interest and other costs totalling £27,241 were charged from Howard Farms in the year. The balance owing by Howard Farms to P C Howard Limited at 31 March 2008 was £1,974.

There is a loan of £750,000 from four of the five directors of P C Howard Limited at 31 March 2008. There is no fixed repayment date for this loan and it will only be repaid when the company's cashflow is sufficient to allow repayment.

During the year, P C Howard Limited acquired land at a total cost of £2,370,244 from Howard Farms.

