

Company Registration No. 00496076 (England and Wales)

P C HOWARD LTD AND ITS SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2016

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P C HOWARD LTD AND ITS SUBSIDIARIES

COMPANY INFORMATION

Directors	A F Howard A P Howard P W Howard P C Howard
Secretary	P W Howard
Company number	00496076
Registered office	West Hay Stamford Road King's Cliffe Peterborough Cambridgeshire PE8 6XX
Auditors	Stephenson Smart & Co. 36 Tyndall Court Commerce Road Lynchwood Peterborough Cambridgeshire PE2 6LR
Business address	West Hay Stamford Road King's Cliffe Peterborough Cambridgeshire PE8 6XX
Bankers	Barclays Bank plc 46-49 Broad Street Stamford PE9 1PZ

P C HOWARD LTD AND ITS SUBSIDIARIES

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P C HOWARD LTD AND ITS SUBSIDIARIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The P C Howard Limited group of companies offers a total logistic solution providing a comprehensive distribution and warehousing service for palletised goods.

The group's principle operating centre is at West Hay, Stamford Road, Kings Cliffe near Peterborough and in addition the group has operating centres at Corby, Northampton and Swindon. From these centres the group is able to provide its customers with a palletised distribution service and a cost effective solution for both full loads and small consignments throughout the UK and Europe, using the group's own vehicles and by using the Palletways Network. The range of services within the group are detailed on the website www.pchoward.com.

Results and performance

As shown in the Profit and Loss account, the turnover for the year has increased from £19.25m to £20.5m and the profit on ordinary activities before taxation has materially improved by £202,831 to £886,662 from the previous year. The group borrowings, excluding loans from directors, were £2,408,346 as at the year-end, after incurring capital expenditure of £1,469,998.

Business environment

The general economic climate continues to be buoyant, however the distribution market remains extremely competitive and in general operates on the basis of low margins. The reduction in the price of fuel has had the effect of decreasing the level of fuel surcharges passed onto customers. The other factors affecting business is driver shortage and the effect of the impact of living wage over the coming years.

Business model

The business utilises its own vehicle fleet to undertake the delivery of palletised goods using the artic and rigid fleet of vehicles to distribute Full loads, Part loads (known as groupage) and pallets through the Palletways network. Services are provided from the group's operating centres, as detailed above. A manager is based at each site to manage and control that site. Each site and aspect of the business, distribution or warehousing is a separate cost centre. Each operation is monitored by using a series of KPI's to record the daily, weekly and monthly activities and to manage the risks to the business. Due to the competitive nature of the business sector the group focusses on utilising modern technology to include consignment tracking, online POD and invoicing and uses the KPIs for deliveries on time and in full to improve customer service.

P C HOWARD LTD AND ITS SUBSIDIARIES

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

Risk management

The control and management of risks is addressed through a framework of policies, procedures and internal controls

Customer risk

The group generates regular KPIs for all its key customers and ensures that regular meetings are held and ensure that we listen to customers changing needs and adapt our services to meet those needs.

Credit risk

The group's principal financial risk relates to its trade debtors. A clear procedure for assessing each customer risk and allocating credit limits and managing those limits is applied across the group companies. The amounts presented in the Balance Sheet are net of doubtful debts. The group has no significant concentration of debtors in any one sector or company.

Cash flow risk

The directors have continued to reinvest a significant amount of its retained profits back into the business and thereby reducing the level of debt. The directors believe that the level of gearing is relatively modest for a business in the distribution sector which involves relatively high levels of capital expenditure.

Health & safety risk

The group has a comprehensive program of Risk Assessment and Safe Working Practices in place and a program of training designed to minimise the risk in the work place.

Future prospects

The activity level since the year end has continued to increase with growth being seen in all aspects of the business. The directors continue to review the business structure and the KPIs that are used to ensure that the business is developed and adapts to customer needs.



A P Howard
Director

18 November 2016

P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and financial statements for the year ended 31 March 2016

Principal activities and review of the business

The principal activity of the group continued to be that of distribution and warehousing of palletised goods. The range of services within the group are detailed on our website www.pchoward.com.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A F Howard
A P Howard
P W Howard
P C Howard

Results and dividends

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

No ordinary dividends were paid during the year and the directors do not recommend the payment of a final dividend.

Dividends of £49,880 were paid in respect of the preference shares.

The turnover of the group by division was as follows:

	2016 £'000	2015 £'000
Haulage	15,420	14,614
Contract distribution	3,747	3,396
Warehousing services	1,345	1,240
	<hr/>	<hr/>
	20,512	19,250
	<hr/>	<hr/>

Market value of land and buildings

In the opinion of the directors the market value of land and buildings is in excess of the amount shown in the accounts, but as these assets are used in the group's business and no disposals are envisaged, the excess is not quantified.

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses, borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Auditor

The auditor, Stephenson Smart & Co, is deemed to be reappointed under Section 487(2) of the Companies Act 2006.

P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 adequate accounting records that are sufficient to show and explain the group's transactions and 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 2006. 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

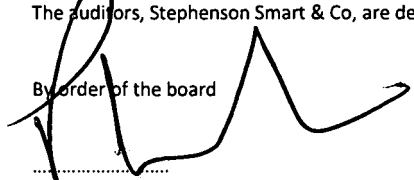
We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- 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.

Auditors

The auditors, Stephenson Smart & Co, are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

By order of the board


.....
P W Howard
Secretary

18 November 2016

P C HOWARD LTD AND ITS SUBSIDIARIES

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

We have audited the financial statements of P C Howard Limited for the year ended 31 March 2016 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Groups Statement of Cash Flows, the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Strategic Report and in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

Included in Called up share capital shown on the balance sheet is an amount of £1,620,244 arising from the issue of 1,620,244 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 to redeem the preference shares at any time at par value. Unless redeemed earlier by the company, the preference shares will be redeemed in full 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 entire issued ordinary share capital of the company, it is our opinion that, in accordance with Financial Reporting Standard 102, the preference shares are a basic financial debt instrument. The liability element of the instrument should be disclosed as a long-term liability within Creditors: amounts falling due after more than one year. The Article of Association confer rights to the preference shareholders of redemption or of capital distribution in preference to other shareholders or creditors of the company to the value of their holding. Accordingly, Creditors: amounts falling due after more than one year should be increased by £1,620,244 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 £4,957,615.

P C HOWARD LTD AND ITS SUBSIDIARIES

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

Qualified opinion on the financial statements

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Ivan Walker FCA (Senior Statutory Auditor)
For and on behalf of Stephenson Smart & Co**

18 November 2016

**Chartered Accountants
Statutory Auditor**

36 Tyndall Court
Commerce Road
Lynchwood
Peterborough
Cambridgeshire
PE2 6LR

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT, FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	20,512,181	19,249,672
Cost of sales		(17,580,280)	(16,529,469)
Gross profit		2,931,901	2,720,203
Administrative expenses		(2,042,217)	(1,945,253)
Other operating income		4,505	4,420
Compensation received		85,509	-
Group operating profit	4	979,698	779,370
Interest receivable and similar income	7	290	13
Interest payable and similar charges	8	(93,326)	(95,552)
Group profit before taxation	3	886,662	683,831
Taxation	9	(177,075)	(158,119)
Group profit for the financial year		709,587	525,712

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

P C HOWARD LTD AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

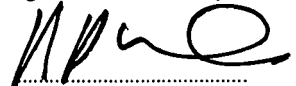
	2016	2015
	£	£
Group profit for the financial year	709,587	525,712
Unrealised group surplus on inter company purchase of property	-	524,547
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Group total comprehensive income for the year	709,587	1,050,259
	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	11		8,131,517		7,623,202
Investment properties	12		110,000		110,000
Current assets					
Stocks	14	73,698		64,321	
Debtors	15	4,590,254		4,673,420	
Cash at bank and in hand		329,797		-	
			4,993,749	4,737,741	
Creditors: amounts falling due within one year	16	(3,921,632)		(3,928,682)	
Net current assets			1,072,117		809,059
Total assets less current liabilities			9,313,634		8,542,261
Creditors: amounts falling due after more than one year	17		(2,540,447)		(1,709,508)
Provisions for liabilities	20		(195,328)		(164,601)
			6,577,859		6,668,152
Capital and reserves					
Called up share capital	22		1,627,434		2,377,434
Share premium account	23		3,000		3,000
Revaluation reserve	23		67,500		67,500
Profit and loss account	23		4,879,925		4,220,218
Shareholders' funds			6,577,859		6,668,152

The financial statements were approved by the board of directors and authorised for issue on 18 November 2016 and are signed on its behalf by:



A P Howard
Director

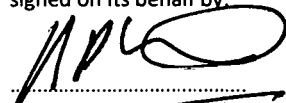
Company Registration No. 00496076 (England and Wales)

P C HOWARD LTD AND ITS SUBSIDIARIES

COMPANY BALANCE SHEET AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	11		5,917,849		5,757,991
Investment properties	12		110,000		110,000
Investments	13		3,002		3,002
			<hr/>		<hr/>
			6,030,851		5,870,993
Current assets					
Stocks	14	73,698		64,321	
Debtors	15	1,911,309		1,933,385	
Cash at bank and in hand		226,704		92,228	
			<hr/>	<hr/>	
			2,211,711	2,089,934	
Creditors: amounts falling due within one year	16	(2,894,232)		(2,793,641)	
			<hr/>	<hr/>	
Net current liabilities			(682,521)		(703,707)
			<hr/>	<hr/>	
Total assets less current liabilities			5,348,330		5,167,286
Creditors: amounts falling due after more than one year	17		(2,540,447)		(1,709,508)
Provisions for liabilities	20		(31,985)		(39,475)
			<hr/>	<hr/>	
Net assets			2,775,898		3,418,303
			<hr/>	<hr/>	
Capital and reserves					
Called up share capital	22		1,627,434		2,377,434
Share premium account	23		3,000		3,000
Revaluation reserve	23		67,500		67,500
Profit and loss account	23		1,077,964		970,369
			<hr/>	<hr/>	
Total equity			2,775,898		3,418,303
			<hr/>	<hr/>	

The financial statements were approved by the board of directors and authorised for issue on 18 November 2016 and are signed on its behalf by:


A P Howard
Director

Company Registration No. 00496076 (England and Wales)

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2016

		Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2014		2,377,434	3,000	67,500	3,229,215	5,677,149
Year ended 31 March 2015:						
Profit and total comprehensive income for the year		-	-	524,547	525,712	1,050,259
Dividends	10	-	-	-	(59,256)	(59,256)
Balance at 31 March 2015		<u>2,377,434</u>	<u>3,000</u>	<u>592,047</u>	<u>3,695,671</u>	<u>6,668,152</u>
Year ended 31 March 2016:						
Profit and total comprehensive income for the year		-	-	-	709,587	709,587
Dividends	10	-	-	-	(49,880)	(49,880)
Reduction in shares	22	(750,000)	-	-	-	(750,000)
Balance at 31 March 2016		<u>1,627,434</u>	<u>3,000</u>	<u>592,047</u>	<u>4,355,378</u>	<u>6,577,859</u>

P C HOWARD LTD AND ITS SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2016

		Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2014		2,377,434	3,000	67,500	880,365	3,328,299
Year ended 31 March 2015:						
Profit and total comprehensive income for the year		-	-	-	149,260	149,260
Dividends	10	-	-	-	(59,256)	(59,256)
Balance at 31 March 2015		<u>2,377,434</u>	<u>3,000</u>	<u>67,500</u>	<u>970,369</u>	<u>3,418,303</u>
Year ended 31 March 2016:						
Profit and total comprehensive income for the year		-	-	-	157,475	157,475
Dividends	10	-	-	-	(49,880)	(49,880)
Reduction in shares	22	(750,000)	-	-	-	(750,000)
Balance at 31 March 2016		<u>1,627,434</u>	<u>3,000</u>	<u>67,500</u>	<u>1,077,964</u>	<u>2,775,898</u>

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Note	£	2016 £	£	2015 £
Cash flows from operating activities					
Cash generated from operations	30		2,094,831		1,925,101
Interest paid			(93,326)		(95,552)
Income taxes paid			(108,532)		(81,986)
Net cash inflow from operating activities			1,892,973		1,747,563
Investing activities					
Purchase of tangible fixed assets		(273,810)		(175,141)	
Proceeds on disposal of tangible fixed assets		70,367		42,503	
Interest received		290		13	
Net cash used in investing activities			(203,153)		(132,625)
Financing activities					
Redemption of shares		(750,000)		-	
Proceeds of borrowings		750,000		-	
Repayment of borrowings		(134,327)		(92,179)	
Repayment of bank loans		(50,000)		(50,000)	
Payment of finance lease obligations		(771,469)		(675,589)	
Dividends paid		(49,880)		(59,256)	
Net cash used in financing activities			(1,005,676)		(877,024)
Net increase in cash and cash equivalents			684,144		737,914
Cash and cash equivalents at beginning of year			(354,347)		(1,092,261)
Cash and cash equivalents at end of year			329,797		(354,347)
Relating to:					
Cash at bank and in hand			329,797		-
Bank overdrafts included in creditors, payable within one year			-		(354,347)

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 ACCOUNTING POLICIES

Company information

P C Howard Ltd is a company limited by shares incorporated in England and Wales. The registered office is West Hay, Stamford Road, King's Cliffe, Peterborough, Cambridgeshire, PE8 6XX.

1.1 Accounting convention

The financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of P C Howard Ltd and its subsidiaries prepared in accordance with FRS102. The date of transition was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS102.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of P C Howard Ltd and all its trading subsidiary undertakings drawn up to 31 March each year. Dormant companies are excluded from the consolidation.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £157,475 (2015: £149,260).

The individual accounts of P C Howard Ltd have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks

1.3 Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the provision of services is recognised when the significant risks and rewards of providing those services have passed to the customer (usually upon completion of the delivery service to the customer), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Compensation received was accounted for when there was reasonable assurance that the group was entitled to receive the income.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives on the following bases:

Freehold land	Nil
Freehold buildings	2%/10% on cost
Plant and machinery	15%/25% per annum of WDV
Motor vehicles and trailers	15%/25% per annum of WDV
Fixtures and fittings	25% per annum of WDV

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.7 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

1.9 Stocks

Stocks consist of vehicle parts, tyres and fuel and are stated at cost.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

1.11 Financial instruments continued

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Preference shares are classified as long term shareholder equity funds and as such are treated as equity instruments and recorded at the proceeds received, net of direct issue costs.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company operates an auto-enrolment compliant 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 some of the directors. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Depreciation

Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives at the rates as detailed in Note 1.5. The provision for depreciation for the group at the reporting end date was £6,438,809. Further detail of the amounts provided at the beginning and end of the period, together with the charge for the year is shown in Note 11.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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.

	Distribution	Contract Distribution	Warehousing	Total
	£	£	£	£
2016				
Turnover	15,420,434	3,746,714	1,345,033	20,512,181
Profit/(loss) before taxation	440,438	385,907	60,317	886,662
2015				
Turnover	14,613,648	3,395,516	1,240,508	19,249,672
Profit before taxation	427,253	255,836	742	683,831

4 GROUP OPERATING PROFIT

The operating profit is stated after charging the following:

	2016 £	2015 £
Directors' emoluments	199,610	193,670
Auditors' remuneration	11,660	11,500
Depreciation - owned assets	384,717	354,452
Depreciation - assets held under finance leases	505,651	438,128
Loss on disposal of tangible assets	4,688	2,023
Operating lease charges	108,082	101,476

5 EMPLOYEES

Number of Employees

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

	2016	2015
Management	4	4
Administration	38	36
Drivers	114	111
Maintenance	13	14
Other	21	20
	<u>190</u>	<u>185</u>

Employment costs

	£	£
Wages and salaries	4,910,843	4,485,391
Social Security costs	466,911	408,663
Other pension costs	99,519	81,627
	<u>5,477,273</u>	<u>4,975,681</u>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

	2016 £	2015 £
6 DIRECTORS' REMUNERATION		
Remuneration for qualifying services	199,610	193,670
Company pension contributions to a defined contribution scheme	44,896	38,300
	<u>244,506</u>	<u>231,970</u>
The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 -3)		
7 INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest	290	13
	<u>—</u>	<u>—</u>
8 INTEREST PAYABLE AND SIMILAR CHARGES		
Interest on financial liabilities at amortised cost:		
Interest on bank overdrafts and loans	27,622	36,432
Interest on finance leases and hire purchase contracts	65,704	59,120
	<u>93,326</u>	<u>95,552</u>
9 TAXATION		
Current tax		
UK corporation tax on profits for the current period	146,348	108,532
Deferred tax		
Origination and reversal of timing differences	30,727	49,587
	<u>177,075</u>	<u>158,119</u>
Total tax charge	<u>177,075</u>	<u>158,119</u>
The charge for the year can be reconciled to the profit per the profit and loss account as follows:		
Profit before taxation	886,662	683,831
Expected tax charge based on the standard rate of corporation tax in the UK of 20% (2015 – 20.74%)	177,332	141,826
Non-deductible expenses	1,412	882
Gains not taxable	(17,101)	-
Depreciation on assets not qualifying for tax allowances	14,908	13,843
Deferred tax adjustment in respect of previous years	524	1,568
	<u>177,075</u>	<u>158,119</u>
Current tax charge	<u>177,075</u>	<u>158,119</u>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2016**

				2016 £	2015 £	
10	Dividends					
	Preference dividend paid			49,880	59,256	
11	TANGIBLE FIXED ASSETS Group					
		Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
		£	£	£	£	£
	Cost					
	At 1 April 2015	5,298,525	668,517	7,266,176	504,834	13,738,052
	Additions	7,290	64,618	1,391,695	6,395	1,469,998
	Disposals	(2,250)	(14,050)	(563,524)	(57,900)	(637,724)
	At 31 March 2016	5,303,565	719,085	8,094,347	453,329	14,570,326
	Depreciation					
	At 1 April 2015	569,943	477,123	4,690,642	377,142	6,114,850
	Charge for year	75,431	51,603	738,949	20,645	886,628
	Disposals	(1,350)	(13,950)	(494,129)	(53,240)	(562,669)
	At 31 March 2016	644,024	514,776	4,935,462	344,547	6,438,809
	Net book value					
	At 31 March 2016	4,659,541	204,309	3,158,885	108,782	8,131,517
	At 31 March 2015	4,728,582	191,394	2,575,534	127,692	7,623,202
	Included above are assets held under finance leases or hire purchase contracts as follows:					
						Motor vehicles & trailers £
	Net book value					
	At 31 March 2016					2,245,070
	At 31 March 2015					1,812,393
	Depreciation charge for the year					
	At 31 March 2016					505,651
	At 31 March 2015					438,125

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2016**

11 TANGIBLE FIXED ASSETS (continued)

The Company

	Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2015	5,239,724	97,643	3,514,207	147,201	8,998,775
Additions	-	-	524,542	6,395	530,937
Disposals	(2,250)	(14,050)	(370,894)	(57,900)	(445,094)
Transfers from group companies	-	-	200,640	-	200,640
At 31 March 2016	5,237,474	83,593	3,868,495	95,696	9,285,258
Depreciation					
At 1 April 2015	567,218	69,296	2,498,328	105,942	3,240,784
Charge for year	72,812	5,351	270,341	9,482	357,986
Disposals	(1,350)	(13,950)	(324,604)	(53,240)	(393,144)
Transfers from / to group company	-	-	161,783	-	161,783
At 31 March 2016	638,680	60,697	2,605,848	62,184	3,367,409
Net book value					
At 31 March 2016	4,598,794	22,896	1,262,647	33,512	5,917,849
At 31 March 2015	4,672,506	28,347	1,015,879	41,259	5,757,991

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

	Motor vehicles & trailers £
Net book value	
At 31 March 2016	751,626
At 31 March 2015	665,624
Depreciation charge for the year	
At 31 March 2016	143,241
At 31 March 2015	152,437

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

12 INVESTMENT PROPERTY

Fair value

At 1 April 2015 and 31 March 2016 £110,000

Investment property comprises residential property known as 4 West Hay Cottages. The fair value of the investment property has been arrived at on the basis of a valuation carried out on 3 November 2012 by Messrs Richardson, Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. In the opinion of the directors the present fair value remains at £110,000.

If investment properties were stated on a historical cost basis rather than fair value, these properties would have been included at an original cost of £42,500 (2015: £42,500) and aggregate depreciation of £Nil (2015: £Nil).

13 FIXED ASSET INVESTMENTS

The Company

Shares in
group
undertakings
£

Cost

At 1 April 2015 and 31 March 2016 3,002

Carrying amount

At 31 March 2016 3,002

At 31 March 2015 3,002

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

	Country of incorporation	Principal activity	Class of shares	% held
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
P C Howard (Swindon) Limited	UK	Dormant	Ordinary	100
Howard's Distribution Limited	UK	Dormant	Ordinary	100

14 STOCK

The Group and the Company

Stocks of vehicle consumables

2016
£

73,698

2015
£

64,321

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

15	DEBTORS		2016 £	2015 £
	The Group			
	Trade debtors		4,352,269	4,537,174
	Other debtors		68,294	24,096
	Prepayments and accrued income		169,691	112,150
			<hr/>	<hr/>
			4,590,254	4,673,420
			<hr/>	<hr/>
	The Company			
	Trade debtors		1,249,594	1,256,446
	Amounts due from group undertakings		477,998	580,875
	Other debtors		48,167	24,095
	Prepayments and accrued income		135,550	71,969
			<hr/>	<hr/>
			1,911,309	1,933,385
			<hr/>	<hr/>
16	CREDITORS: amounts falling due within one year			
		Note	£	£
	The Group			
	Bank loans and overdraft	18	50,000	404,347
	Obligations under finance leases	19	729,734	582,282
	Other borrowings	18	90,000	78,000
	Trade creditors		2,089,814	2,040,612
	Other creditors		191,181	101,071
	Corporation tax		146,349	108,532
	Taxation and social security		568,894	527,307
	Accruals		55,660	86,531
			<hr/>	<hr/>
			3,921,632	3,928,682
			<hr/>	<hr/>
	The Company			
	Bank loan and overdraft	18	575,637	615,067
	Obligations under finance leases	19	729,734	582,282
	Other borrowings	18	90,000	78,000
	Trade creditors		653,790	739,623
	Amounts due to group undertakings		448,766	408,044
	Corporation tax		45,321	77,918
	Taxation and social security		195,492	188,348
	Other creditors		99,832	101,071
	Accruals		55,660	3,288
			<hr/>	<hr/>
			2,894,232	2,793,641
			<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

17	CREDITORS: amounts falling due after more than one year	2016 £	2015 £
	The Group and the Company		
	Bank loans	500,000	550,000
	Other borrowings	911,835	308,163
	Obligations under finance leases	1,128,612	851,345
		<hr/>	<hr/>
		2,540,447	1,709,508
		<hr/>	<hr/>
	Amounts included above which fall due after five years are as follows:		
	Payable by instalments	300,000	350,000
		<hr/>	<hr/>
18	LOANS AND OVERDRAFTS		
	Bank loans	550,000	600,000
	Bank overdrafts	-	589,944
	Other loans	1,001,835	386,163
		<hr/>	<hr/>
		1,551,835	1,576,107
		<hr/>	<hr/>
	Payable within one year	140,000	717,944
	Payable after one year	1,411,835	858,163
		<hr/>	<hr/>

The bank overdraft is secured by a deed of guarantee and a standard debenture dated 6 November 2014 in favour of Barclays Bank plc by way of fixed and floating charges over the assets of the group. Barclays Bank plc also holds a legal charge over the property known as land and buildings at Crucible Road, Corby.

The bank loan of P C Howard Limited with National Westminster Bank plc is secured by a legal charge over 2.5 acres of land and buildings at West Hay, Kings Cliffe.

The bank loan bears interest at 2.5% per annum over the bank LIBOR rate, is repayable in annual instalments of £50,000 and is expected to mature in 2027.

19 FINANCE LEASE OBLIGATIONS

Future minimum lease payments due under finance leases:

Within one year	729,734	582,282
In two to five years	1,128,612	851,345
	<hr/>	<hr/>
	1,858,346	1,433,627
	<hr/>	<hr/>

Finance lease payments represent rentals payable for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is four years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

20 PROVISION FOR LIABILITIES AND CHARGES

	2016 £	2015 £
Deferred taxation		
The Group		
Balance at 1 April 2015	164,601	115,014
Profit and loss account	30,727	49,587
	<hr/>	<hr/>
Balance at 31 March 2016	195,328	164,601
	<hr/>	<hr/>
The deferred liability is made up as follows:		
Accelerated capital allowances	195,328	164,601
	<hr/>	<hr/>
The Company		
Balance at 1 April 2015	39,475	57,811
Profit and loss account	(7,490)	(18,336)
	<hr/>	<hr/>
Balance at 31 March 2016	31,985	39,475
	<hr/>	<hr/>
The deferred liability is made up as follows:		
Accelerated capital allowances	31,985	39,475
	<hr/>	<hr/>

21 PENSION COSTS

	2016 £	2015 £
Defined Contribution		
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.		
Contributions payable by the company and the group for the year	99,519	81,627
	<hr/>	<hr/>
Contributions payable by the company for the year	67,847	57,668
	<hr/>	<hr/>

22 SHARE CAPITAL

	£	£
Ordinary share capital		
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Issued and fully paid		
7,190 Ordinary shares of £1 each	7,190	7,190
	<hr/>	<hr/>
Preference share capital		
Authorised		
2,370,244 Preference shares of £1 each	2,370,244	2,370,244
	<hr/>	<hr/>
Issued and fully paid		
1,620,244 Preference shares of £1 each	1,620,244	2,370,244
	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

22 SHARE CAPITAL cont'd

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 A F, B C, R G and P W Howard.

The company is entitled to redeem the preference shares at any time at par value. Unless redeemed earlier by the company, the preference shares will be redeemed in full at par value 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 nor are they capable of being converted into any other class of shares.

The directors understand that, in accordance with Financial Reporting Standard 102, 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, or that the shareholders will sell the entire issued ordinary share capital of the company in the foreseeable future. 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.

23 STATEMENT OF MOVEMENTS ON RESERVES

The Group	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2015	3,000	67,500	4,220,218
Profit for the year	-	-	709,587
Dividends paid	-	-	(49,880)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	3,000	67,500	4,879,925

Within the group profit and loss reserve of £4,879,925 (2015: £4,220,218) is an amount of undistributable profit of £524,547.

The Company	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2015	3,000	67,500	970,369
Profit for the year	-	-	157,475
Dividends paid	-	-	(49,880)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	3,000	67,500	1,077,964

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

24 FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

On 6 November 2014 a debenture and guarantee was created for all indebtedness, due now or in the future, owed to Barclays Bank plc by any group company member by way of fixed and floating charges over the group's assets.

25 OPERATING LEASE COMMITMENTS

The amount of non-cancellable operating lease payments recognised as an expense during the year was £108,082 (2015:£101,476)

At 31 March 2016 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	88,168	84,249
Between two and five years	64,169	143,586
	<hr/>	<hr/>

26 CAPITAL COMMITMENTS

At 31 March 2016, the company had capital commitments totalling £245,374 (2015:£442,254)

27 CONTROLLING PARTY

No one individual has overall control of the company or the group.

28 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The Group

Directors' transactions

Dividends totalling £24,941 (2015: £29,628) were paid in the year in respect of shares held by directors.

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Services recharged		Rents received	
	2016	2015	2016	2015
	£	£	£	£
Other related parties	132,147	97,529	4,306	4,225
	<hr/>	<hr/>	<hr/>	<hr/>

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

28 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS cont'd

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
Key management personnel	473,182	193,894
Other related parties	528,653	192,269
	<u>1,001,835</u>	<u>386,163</u>

	Amounts owed by related parties	
	2016	2015
	£	£
Other related parties	<u>16,045</u>	<u>18,205</u>

No guarantees have been given or received.

The Company

The company has taken advantage of the exemption available whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

29 RECONCILIATIONS ON ADOPTION OF FRS102

Reconciliation of equity

	1 April 2014	31 March 2015
	£	£
Equity as reported under previous UK GAAP and under FRS102	<u>5,677,149</u>	<u>6,668,152</u>

Reconciliation of profit for the financial period

	2015 £
Profit as reported under previous UK GAAP and under FRS102	<u>1,050,259</u>

Notes to reconciliations on adoption of FRS102

The reported financial position and financial performance for the previous period are not affected by the transition to FRS102.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

30	Cash generated from operations		
	The Group	2016	2015
		£	£
	Group profit for the year after tax	709,587	525,712
	Adjustments for:		
	Taxation charged	177,075	158,119
	Finance costs	93,326	95,552
	Investment income	(290)	(13)
	Loss on disposal of tangible fixed assets	4,688	2,023
	Depreciation and impairment of tangible fixed assets	886,628	792,580
	Movements in working capital:		
	(Increase) in stocks	(9,377)	(10,401)
	Decrease in debtors	83,166	81,484
	Increase in creditors	150,028	280,045
		<hr/>	<hr/>
	Group cash generated from operations	2,094,831	1,925,101
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