

Company Registration No. 00496076 (England and Wales)

P C HOWARD LTD AND ITS SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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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 (Appointed 24 June 2014)

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 2015

The P C Howard Limited group of companies offers a total logistic solution for freight providing a comprehensive distribution service for customers who wish to distribute their products throughout the UK and Europe. The range of services within the group are detailed on the website www.pchoward.com.

We base our success on our ability to build sound relationships with our partners which is done by gaining a clear understanding of their needs and encouraging regular dialogue. The framework of our quality partnerships is based around seven main principles

- Planning
- Analysing
- Results
- Traceability
- Network Performance
- Evolution
- Responsibility

The directors have focused on the distribution of palletised goods using not only the group's own fleet, of what is now in excess of 100 vehicles, but also using the Palletways network. The group operates not only by utilising its own fleet of vehicles but also uses its own warehousing facilities from operating centres at Kings Cliffe, Peterborough, Corby and Brixworth in Northamptonshire and Royal Wootton Bassett in Swindon.

Results and performance

As shown in the Profit and Loss account, the turnover for the year has increased to £19.2m and the profit on ordinary activities before taxation has materially improved by £352k to £683k from the previous year. The group borrowings were £2.5m as at the year-end, after incurring capital expenditure of £1.1m. During the year the group sold land and property at Corby from the subsidiary, Howard Warehousing Ltd to the parent company, P C Howard Ltd for £1,050,000. The valuation of the land and property was carried out professionally by Ian Harman MRICS of Prop-Search, Northampton as at 17 March 2015.

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 2015

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

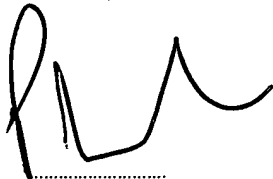
The directors have continued to reinvest a significant amount of its retained profits back into the business and thereby reducing the level of debt. The directors believe that the level of gearing is relatively modest for a business in the distribution sector which involves relatively high levels of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



.....
P W Howard
Secretary

14 December 2015
.....
Date

P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015

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.

Results and dividends

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

The turnover of the group by division was as follows:

| | 2015 £'000 | 2014 £'000 |
|-----------------------|---------------|---------------|
| Haulage | 14,614 | 13,580 |
| Contract distribution | 3,396 | 2,815 |
| Warehousing services | 1,240 | 1,123 |
| | <hr/> | <hr/> |
| | 19,250 | 17,518 |
| | <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.

Directors

The following directors have held office since 1 April 2014:

| | |
|------------|--------------------------|
| A F Howard | |
| A P Howard | |
| P W Howard | |
| R G Howard | (Retired 24 June 2014) |
| P C Howard | (Appointed 24 June 2014) |

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.

P C HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2015

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

14 December 2015
.....
Date

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 2015 set out on pages 7 to 25. 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).

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 statement of directors' responsibilities set out on page 1, 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 £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 3% means that the liability element would be £1,521,696. Accordingly, Creditors: amounts falling due after more than one year should be increased by £1,521,696 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 £5,146,456.

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 2015 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 parent company 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

14 December 2015

Chartered Accountants
Statutory Auditor

36 Tyndall Court
Commerce Road
Lynchwood
Peterborough
Cambridgeshire
PE2 6LR

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

| | Notes | 2015 £ | 2014 £ |
|---|-------|--------------|--------------|
| Turnover | 2 | 19,249,672 | 17,518,387 |
| Cost of sales | | (16,529,469) | (15,351,676) |
| | | <hr/> | <hr/> |
| Gross profit | | 2,720,203 | 2,166,711 |
| Net operating expenses | | (1,940,833) | (1,741,012) |
| | | <hr/> | <hr/> |
| Group operating profit | 3 | 779,370 | 425,699 |
| Interest receivable and similar income | 4 | 13 | - |
| Interest payable and similar charges | 5 | (95,552) | (93,595) |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | 2 | 683,831 | 332,104 |
| Tax on profit on ordinary activities | 6 | (158,119) | (86,512) |
| | | <hr/> | <hr/> |
| Profit for the year | | 525,712 | 245,592 |
| | | <hr/> | <hr/> |

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 TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2015**

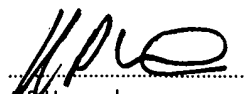
| | 2015 | 2014 |
|--|------------------|----------------|
| | £ | £ |
| Profit for the financial year | 525,712 | 245,592 |
| Unrealised surplus on revaluation of property | 524,547 | - |
| Total recognised gains and losses relating to the year | 1,050,259 | 245,592 |
| Total gains and losses recognised since the last financial statements | 1,050,259 | 245,592 |

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

| | Note | £ | 2015 £ | £ | 2014 £ |
|--|------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 7,733,202 | | 6,917,872 |
| Current assets | | | | | |
| Stocks | 9 | 64,321 | | 53,920 | |
| Debtors | 10 | 4,673,420 | | 4,754,904 | |
| Cash at bank and in hand | | 235,597 | | 19,315 | |
| | | | 4,973,338 | 4,828,139 | |
| Creditors: amounts falling due within one year | 11 | (4,164,279) | | (4,345,695) | |
| Net current assets | | | 809,059 | | 482,444 |
| Total assets less current liabilities | | | 8,542,261 | | 7,400,316 |
| Creditors: amounts falling due after more than one year | 12 | | (1,709,508) | | (1,608,153) |
| Provisions for liabilities | 13 | | (164,601) | | (115,014) |
| | | | 6,668,152 | | 5,677,149 |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 2,377,434 | | 2,377,434 |
| Share premium account | 16 | | 3,000 | | 3,000 |
| Revaluation reserve | 16 | | 592,047 | | 67,500 |
| Profit and loss account | 16 | | 3,695,671 | | 3,229,215 |
| Shareholders' funds | 17 | | 6,668,152 | | 5,677,149 |

Approved by the Board and authorised for issue on 14th Dec 2015


P Howard
Director

Company Registration No. 00496076 (England and Wales)

P C HOWARD LTD

**BALANCE SHEET
AS AT 31 MARCH 2015**

| | Note | £ | 2015 £ | £ | 2014 £ |
|--|------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 5,867,991 | | 4,886,609 |
| Investments | 8 | | 3,002 | | 3,001 |
| | | | <hr/> | | <hr/> |
| | | | 5,870,993 | | 4,889,610 |
| Current assets | | | | | |
| Stocks | 9 | 64,321 | | 53,920 | |
| Debtors | 10 | 1,933,385 | | 2,476,355 | |
| Cash at bank and in hand | | 92,228 | | 19,315 | |
| | | | <hr/> | <hr/> | |
| | | | 2,089,934 | | 2,549,590 |
| Creditors: amounts falling due within one year | 11 | (2,793,641) | | (2,444,938) | |
| | | | <hr/> | <hr/> | |
| Net current liabilities | | | (703,707) | | 104,652 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 5,167,286 | | 4,994,262 |
| Creditors: amounts falling due after more than one year | 12 | | (1,709,508) | | (1,608,153) |
| Provisions for liabilities | 13 | | (39,475) | | (57,811) |
| | | | <hr/> | | <hr/> |
| | | | 3,418,303 | | 3,328,298 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 2,377,434 | | 2,377,434 |
| Share premium account | 16 | | 3,000 | | 3,000 |
| Revaluation reserve | 16 | | 67,500 | | 67,500 |
| Profit and loss account | 16 | | 970,369 | | 880,364 |
| | | | <hr/> | | <hr/> |
| Shareholders' funds | | | 3,418,303 | | 3,328,298 |
| | | | <hr/> | | <hr/> |

Approved by the Board and authorised for issue on *14th Decemr 2015*



A P Howard
Director

Company Registration No. 00496076 (England and Wales)

P C HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

| | | | 2015 | 2014 |
|--|------|-----------|-----------|-----------|
| | Note | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 1,925,101 | 931,167 |
| Returns on investments and servicing of finance | | | | |
| Interest received | | 13 | - | |
| Interest paid | | (36,432) | (40,560) | |
| Interest element of finance lease rental payments | | (59,120) | (53,035) | |
| Non equity dividends paid | | (59,256) | (59,256) | |
| Net cash outflow from returns on investments and servicing of finance | | | (154,795) | (152,851) |
| Taxation | | | | |
| Corporation tax paid | | | (81,986) | (55,184) |
| Capital expenditure and financial investment | | | | |
| Payments to acquire tangible assets | | (175,141) | (123,662) | |
| Receipts from sales of tangible assets | | 42,503 | 18,917 | |
| Net cash outflow for capital expenditure | | | (132,638) | (104,745) |
| Equity dividends paid | | | - | - |
| Net cash inflow before financing | | | 1,555,682 | 618,387 |
| Financing | | | | |
| Capital element of finance lease and hire purchase repayments | | (675,589) | (553,787) | |
| Bank loan repaid | | (50,000) | (50,000) | |
| New long term bank loan | | - | 250,000 | |
| Other long term loan repaid | | (92,179) | (99,591) | |
| Net cash outflow from financing | | | (817,768) | (453,378) |
| Increase/(decrease) in cash in the year | | | 737,914 | 165,009 |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

| | | | |
|---|---|-----------|-----------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2015 £ | 2014 £ |
| | Operating profit | 779,370 | 425,699 |
| | Depreciation of tangible assets | 792,580 | 728,005 |
| | Loss / (Profit) on disposal of tangible assets | 2,023 | (3,753) |
| | Increase in stocks | (10,401) | (33,437) |
| | Decrease / (Increase) in debtors | 81,484 | (340,543) |
| | Increase in creditors due within one year | 280,045 | 155,196 |
| | Net cash inflow from operating activities | 1,925,101 | 931,167 |

| | | | | |
|---|--------------------------|-------------------------|-------------------|--------------------------|
| 2 | Analysis of net debt | At 1 April 2014 £ | Cash Flow £ | At 31 March 2015 £ |
| | Net Cash: | | | |
| | Cash at bank and in hand | 19,315 | 216,282 | 235,597 |
| | Bank overdrafts | (1,111,576) | 521,632 | (589,944) |
| | | (1,092,261) | 737,914 | (354,347) |
| | Debt: | | | |
| | Debt due after one year | (1,000,342) | 142,179 | (858,163) |
| | Debt due within one year | (128,000) | - | (128,000) |
| | Finance leases | (1,156,468) | (277,158) | (1,433,626) |
| | | (2,284,810) | (134,979) | (2,419,789) |
| | Net debt | (3,377,071) | 602,935 | (2,774,136) |

| | | | |
|---|---|-------------|-------------|
| | | 2015 £ | 2014 £ |
| 3 | Reconciliation of net cash flow to movement in net debt | | |
| | Increase in cash in the year | 737,914 | 165,009 |
| | Cash inflow from increase in debt | (134,979) | (249,553) |
| | Movement in net debt in the year | 602,935 | (84,544) |
| | Opening net debt | (3,377,071) | (3,292,527) |
| | Closing net debt | (2,774,136) | (3,377,071) |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment property.

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 2015.

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 services net of VAT.

1.5 Tangible fixed assets and depreciation

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

| | |
|-----------------------------|---------------------------|
| Freehold land | Nil |
| Freehold buildings | written off over 50 years |
| Plant and machinery | 25% per annum of WDV |
| Motor vehicles and trailers | 15%/25% per annum of WDV |
| Fixtures and fittings | 25% per annum of WDV |

Investment properties are included in the balance sheet at their open market value. Depreciation is not provided on the freehold property.

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 2006 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.

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 2015

1 ACCOUNTING POLICIES (continued)

1.9 Pensions

The company operates a 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 payable.

The company also operates a self-administered pension fund for the benefit of the 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.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

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.

| | Distribution | Contract Distribution | Warehousing | Total |
|------------------------|--------------|--------------------------|-------------|------------|
| 2015 | £ | £ | £ | £ |
| Turnover | 14,613,648 | 3,395,516 | 1,240,508 | 19,249,672 |
| Profit before taxation | 427,253 | 255,836 | 742 | 683,831 |
| 2014 | | | | |
| Turnover | 13,580,014 | 2,814,919 | 1,123,454 | 17,518,387 |
| Profit before taxation | 174,580 | 179,323 | (21,799) | 332,104 |

3 GROUP OPERATING PROFIT

| | | |
|--|-----------|-----------|
| The operating profit is stated after charging the following: | 2015 £ | 2014 £ |
| Directors' emoluments | 193,670 | 156,189 |
| Auditors' remuneration | 11,500 | 7,800 |
| Auditors' remuneration for the audit of the company's subsidiaries | 13,008 | 12,294 |
| Depreciation - owned assets | 354,455 | 377,689 |
| Depreciation - assets held under hire purchase agreements | 438,125 | 350,316 |
| Loss on disposal of tangible assets | 2,023 | - |
| And after crediting: | | |
| Profit on disposal of tangible fixed assets | - | 3,753 |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

| | 2015 £ | 2014 £ |
|---|-------------------|-------------------|
| 4 INVESTMENT INCOME | | |
| Bank interest | 13 | - |
| | <u> </u> | <u> </u> |
| 5 INTEREST PAYABLE | | |
| On bank overdrafts | 19,772 | 33,786 |
| Hire purchase interest | 59,120 | 53,035 |
| On other loans wholly repayable within five years | 16,660 | 6,774 |
| | <u> </u> | <u> </u> |
| | 95,552 | 93,595 |
| | <u> </u> | <u> </u> |
| 6 TAXATION | | |
| Domestic current year tax | | |
| UK corporation tax | 108,532 | 81,986 |
| Deferred tax | | |
| Origination and reversal of timing differences | 49,587 | 4,526 |
| | <u> </u> | <u> </u> |
| | 158,119 | 86,512 |
| | <u> </u> | <u> </u> |
| Factors affecting the tax charge for the year | | |
| Profit on ordinary activities before taxation | 683,831 | 332,104 |
| | <u> </u> | <u> </u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.74 % (2014 – 21.96%) | 141,826 | 72,930 |
| Effects of: | | |
| Non-deductible expenses | 882 | 922 |
| Depreciation add back | 164,801 | 159,046 |
| Capital allowances | (198,977) | (150,912) |
| | <u> </u> | <u> </u> |
| Current tax charge | 108,532 | 81,986 |
| | <u> </u> | <u> </u> |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

7 TANGIBLE FIXED ASSETS

| Group | Land and buildings | Plant and machinery | Motor vehicles & trailers | Fixtures & fittings | Total |
|-----------------------|-----------------------|------------------------|---------------------------------|---------------------------|------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 April 2014 | 5,204,356 | 597,642 | 7,173,742 | 554,886 | 13,530,626 |
| Additions | 34,844 | 78,652 | 1,003,393 | 11,000 | 1,127,889 |
| Intercompany | 59,325 | - | - | - | 59,325 |
| Disposals | - | (7,777) | (910,959) | (61,052) | (979,788) |
| At 31 March 2015 | 5,298,525 | 668,517 | 7,266,176 | 504,834 | 13,738,052 |
| Depreciation | | | | | |
| At 1 April 2014 | 949,606 | 448,251 | 4,912,054 | 412,843 | 6,722,754 |
| Charge for year | 85,559 | 36,649 | 645,021 | 25,351 | 792,580 |
| Intercompany | (465,222) | - | - | - | (465,222) |
| Disposals | - | (7,777) | (866,433) | (61,052) | (935,262) |
| At 31 March 2015 | 569,943 | 477,123 | 4,690,642 | 377,142 | 6,114,850 |
| Net book value | | | | | |
| At 31 March 2015 | 4,728,582 | 191,394 | 2,575,534 | 127,692 | 7,623,202 |
| At 31 March 2014 | 4,254,750 | 149,391 | 2,261,688 | 142,043 | 6,807,872 |

During the year land and property at Crucible Road, Corby was sold from Howard Warehousing Ltd to P C Howard Ltd for £1,050,000. The valuation was carried out by Ian Harman MRICS of Prop-Search, Northampton at a market value. The original net book value of this property was £525,454, the unrealised profit of £524,547 is shown in the revaluation reserve on the profit and loss account.

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

| | Motor vehicles & trailers £ |
|---|--------------------------------------|
| Net book value | |
| At 31 March 2015 | <u>1,812,393</u> |
| At 31 March 2014 | <u>1,559,022</u> |
| Depreciation charge for the year | |
| At 31 March 2015 | <u>438,125</u> |
| At 31 March 2014 | <u>350,316</u> |

The gross amount of depreciable assets included in land and buildings at 31 March 2015 was £3,380,521 (2014: £ 3,345,676)

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

7 TANGIBLE FIXED ASSETS (continued)

The Company

| | Land and buildings | Plant and machinery | Motor vehicles & trailers | Fixtures & fittings | Total |
|-----------------------------------|-----------------------|------------------------|---------------------------------|---------------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 April 2014 | 4,189,724 | 84,871 | 3,836,015 | 169,585 | 8,280,195 |
| Additions | - | 12,774 | 337,850 | 11,000 | 361,624 |
| Disposals | - | - | (715,288) | (33,385) | (748,673) |
| Transfers from / to group company | 1,050,000 | - | 55,630 | - | 1,105,630 |
| | | | | | |
| At 31 March 2015 | 5,239,724 | 97,645 | 3,514,207 | 147,200 | 8,998,776 |
| | | | | | |
| Depreciation | | | | | |
| At 1 April 2014 | 500,407 | 66,472 | 2,809,995 | 126,712 | 3,503,586 |
| Charge for year | 66,811 | 2,826 | 273,558 | 12,614 | 355,809 |
| Disposals | - | - | (683,645) | (33,385) | (717,030) |
| Transfers from / to group company | - | - | 98,420 | - | 98,420 |
| | | | | | |
| At 31 March 2015 | 567,218 | 69,298 | 2,498,328 | 105,941 | 3,240,785 |
| | | | | | |
| Net book value | | | | | |
| At 31 March 2015 | 4,672,506 | 28,347 | 1,015,879 | 41,259 | 5,757,991 |
| | | | | | |
| At 31 March 2014 | 3,689,317 | 18,399 | 1,026,020 | 42,873 | 4,776,609 |

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

| | Motor vehicles & trailers £ |
|---|--------------------------------------|
| Net book value | |
| At 31 March 2015 | 665,624 |
| | |
| At 31 March 2014 | 671,194 |
| | |
| Depreciation charge for the year | |
| At 31 March 2015 | 152,437 |
| | |
| At 31 March 2014 | 152,403 |

The gross amount of depreciable assets included in land and buildings at 31 March 2015 was £3,321,720 (2014: £3,321,720).

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

7 TANGIBLE FIXED ASSETS (continued)

Investment properties

Valuation and net book value

At 1 April 2014 and 31 March 2015 £110,000

The valuation of investment properties were made as at 3 November 2012 by Messrs Richardson, Chartered Surveyors on an open market basis. No depreciation is provided in respect of these properties. In the opinion of the directors the market value at 31 March 2015 remains at £110,000.

On a historical cost basis, these properties would have been included at an original cost of £42,500 (2014: £42,500) and aggregate depreciation of £Nil (2014: £Nil).

8 FIXED ASSET INVESTMENTS

The Company

**Shares in
group
undertakings
£**

Cost

| | |
|-----------------|-------|
| At 1 April 2014 | 3,001 |
| Additions | 1 |

| | |
|------------------|--------------|
| At 31 March 2015 | <u>3,002</u> |
|------------------|--------------|

Net book value

| | |
|------------------|--------------|
| At 31 March 2015 | <u>3,002</u> |
|------------------|--------------|

| | |
|------------------|--------------|
| At 31 March 2014 | <u>3,001</u> |
|------------------|--------------|

Holdings of more than 20%

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

| Company | Country of registration/ incorporation | Principal activity | Class of shares | % |
|--------------------------------|--|-----------------------|--------------------|-----|
| Subsidiary undertakings | | | | |
| Howard Warehousing Limited | UK | Warehousing | Ordinary | 100 |
| Howard's Logistics Limited | UK | Contract distribution | Ordinary | 100 |
| Howard's Transport Limited | UK | Distribution service | Ordinary | 100 |
| P C Howard (Swindon) Limited | UK | Dormant | Ordinary | 100 |
| Howard's Distribution Limited | UK | Dormant | Ordinary | 100 |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

| 9 | STOCK | 2015 £ | 2014 £ |
|----|--|-----------|-----------|
| | The Group and the Company | | |
| | Spares, tyres and fuel | 64,321 | 53,920 |
| | | <hr/> | <hr/> |
| 10 | DEBTORS | £ | £ |
| | The Group | | |
| | Trade debtors | 4,537,174 | 4,497,519 |
| | Other debtors | 24,096 | 87,033 |
| | Prepayments and accrued income | 112,150 | 170,352 |
| | | <hr/> | <hr/> |
| | | 4,673,420 | 4,754,904 |
| | | <hr/> | <hr/> |
| | The Company | | |
| | Trade debtors | 1,256,446 | 1,222,702 |
| | Amounts owed by subsidiary undertakings | 580,875 | 1,067,057 |
| | Other debtors | 24,095 | 70,011 |
| | Prepayments and accrued income | 71,969 | 116,585 |
| | | <hr/> | <hr/> |
| | | 1,933,385 | 2,476,355 |
| | | <hr/> | <hr/> |
| 11 | CREDITORS: amounts falling due within one year | £ | £ |
| | The Group | | |
| | Bank loans and overdraft | 639,944 | 1,161,576 |
| | Trade creditors | 2,040,612 | 1,854,573 |
| | Other creditors | 179,071 | 157,349 |
| | Corporation tax | 108,532 | 81,986 |
| | Taxation and social security | 527,307 | 465,860 |
| | Accruals | 86,531 | 75,694 |
| | Obligations under hire purchase agreements | 582,282 | 548,657 |
| | | <hr/> | <hr/> |
| | | 4,164,279 | 4,345,695 |
| | | <hr/> | <hr/> |
| | The Company | | |
| | Bank loan and overdraft | 615,067 | 643,592 |
| | Trade creditors | 739,623 | 711,126 |
| | Other creditors | 179,071 | 157,349 |
| | Corporation tax | 77,918 | 38,268 |
| | Taxation and social security | 188,348 | 142,657 |
| | Accruals | 3,288 | 8,699 |
| | Obligations under hire purchase agreements | 582,282 | 548,657 |
| | Amounts owed to subsidiary undertakings | 408,044 | 194,590 |
| | | <hr/> | <hr/> |
| | | 2,793,641 | 2,444,938 |
| | | <hr/> | <hr/> |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

| 12 | CREDITORS: amounts falling due after more than one year | 2015 £ | 2014 £ |
|----|---|-----------|-----------|
| | The Group and the Company | | |
| | Bank loans | 550,000 | 600,000 |
| | Other creditors | 308,163 | 400,342 |
| | Obligations under hire purchase agreements | 851,345 | 607,811 |
| | | <hr/> | <hr/> |
| | | 1,709,508 | 1,608,153 |
| | | <hr/> | <hr/> |
| | Analysis of loans | | |
| | Not wholly repayable within five years by instalments: | | |
| | Bank loan | 600,000 | 650,000 |
| | Not wholly repayable within five years other than by instalments: | | |
| | Other creditor | 386,163 | 478,342 |
| | | <hr/> | <hr/> |
| | | 986,163 | 1,128,342 |
| | Included in current liabilities | (128,000) | (128,000) |
| | | <hr/> | <hr/> |
| | | 858,163 | 1,000,342 |
| | | <hr/> | <hr/> |
| | Instalments not due within five years | 350,000 | 400,000 |
| | | <hr/> | <hr/> |
| | Loan maturity analysis | | |
| | In more than one year but not more than two years | 128,000 | 128,000 |
| | In more than two years but not more than five years | 380,163 | 384,000 |
| | In more than five years | 350,000 | 488,342 |
| | | <hr/> | <hr/> |
| | | 858,163 | 1,000,342 |
| | | <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.

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

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

| Analysis of debt maturity (continued) | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Net obligations under hire purchase agreements | | |
| Repayable within one year | 582,282 | 548,657 |
| Repayable between one and five years | 851,344 | 607,811 |
| | <hr/> | <hr/> |
| | 1,433,626 | 1,156,468 |
| Included in liabilities falling due within one year | (582,282) | (548,657) |
| | <hr/> | <hr/> |
| Included in liabilities falling due after more than one year | 851,344 | 607,811 |
| | <hr/> | <hr/> |

Obligations under finance leases and hire purchase contracts are secured by related assets.

13 PROVISION FOR LIABILITIES AND CHARGES

| Deferred taxation | 2015 £ | 2014 £ |
|--|-----------|-----------|
| The Group | | |
| Balance at 1 April 2014 | 115,014 | 110,488 |
| Profit and loss account | 49,587 | 4,526 |
| | <hr/> | <hr/> |
| Balance at 31 March 2015 | 164,601 | 115,014 |
| | <hr/> | <hr/> |
| The deferred liability is made up as follows: | | |
| Accelerated capital allowances | 164,601 | 115,014 |
| | <hr/> | <hr/> |
| The Company | | |
| Balance at 1 April 2014 | 57,811 | 69,638 |
| Profit and loss account | (18,336) | (11,827) |
| | <hr/> | <hr/> |
| Balance at 31 March 2015 | 39,475 | 57,811 |
| | <hr/> | <hr/> |
| The deferred liability is made up as follows: | | |
| Accelerated capital allowances | 39,475 | 57,811 |
| | <hr/> | <hr/> |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

| 14 | PENSION COSTS | 2015 £ | 2014 £ |
|----|---|-----------|-----------|
| | Defined Contribution | | |
| | Contributions payable by the company and the group for the year | 57,668 | 104,860 |
| | | <hr/> | <hr/> |
| 15 | SHARE CAPITAL | £ | £ |
| | 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 | 2,370,244 |
| | | <hr/> | <hr/> |
| | | 2,377,434 | 2,377,434 |
| | | <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 A F, B C, R G and P W Howard.

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 2015

16 STATEMENT OF MOVEMENTS ON RESERVES

| The Group | Share premium account £ | Revaluation reserve £ | Profit and loss account £ |
|----------------------------------|----------------------------------|-----------------------------|------------------------------------|
| Balance at 1 April 2014 | 3,000 | 67,500 | 3,229,215 |
| Revaluation of land and property | - | 524,547 | - |
| Profit for the year | - | - | 525,712 |
| Dividends paid | - | - | (59,256) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2015 | 3,000 | 592,047 | 3,695,671 |
| | <hr/> | <hr/> | <hr/> |
| The Company | | | |
| | Share premium account £ | Revaluation reserve £ | Profit and loss account £ |
| Balance at 1 April 2014 | 3,000 | 67,500 | 880,364 |
| Profit for the year | - | - | 149,261 |
| Dividends paid | - | - | (59,256) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2015 | 3,000 | 67,500 | 970,369 |
| | <hr/> | <hr/> | <hr/> |

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

| | 2015 £ | 2014 £ |
|--------------------------------------|-----------|-----------|
| Profit for the financial year | 525,712 | 245,592 |
| Dividends paid | (59,256) | (59,256) |
| Revaluation of land and property | 524,547 | - |
| | <hr/> | <hr/> |
| Net additions to shareholders' funds | 991,003 | 186,336 |
| Opening shareholders' funds | 5,677,149 | 5,490,813 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 6,668,152 | 5,677,149 |
| | <hr/> | <hr/> |

18 PROFIT FOR THE FINANCIAL YEAR

As permitted by section 408 of the Companies Act 2006, 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 £149,261 (2014: £537,477).

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

19 FINANCIAL COMMITMENTS

At 31 March 2015 the group was committed to make the following payments under non-cancellable operating leases in the year to 31 March 2016:

| | 2015 £ | 2014 £ |
|--------------------------------|-----------|-----------|
| Operating leases which expire: | | |
| Within one year | 3,750 | 3,750 |
| Between two and five years | 75,000 | 75,000 |
| Over five years | - | - |

20 CAPITAL COMMITMENTS

At 31 March 2015, the company had capital commitments totalling £442,254 (2014: £432,870)

21 DIRECTORS' EMOLUMENTS

| | £ | £ |
|--|---------|---------|
| Emoluments for qualifying services | 193,670 | 156,189 |
| Company pension contributions to money purchase scheme | 38,300 | 101,400 |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2014: 4).

22 EMPLOYEES

Number of Employees

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

| | 2015 | 2014 |
|----------------|------------|------------|
| Management | 4 | 4 |
| Administration | 36 | 36 |
| Drivers | 111 | 107 |
| Maintenance | 14 | 15 |
| Other | 20 | 20 |
| | <u>185</u> | <u>182</u> |

| Employment costs | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 4,485,391 | 4,227,183 |
| Social Security costs | 408,663 | 400,894 |
| Other pension costs | 81,627 | 104,860 |
| | <u>4,975,681</u> | <u>4,732,937</u> |

P C HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

23 CONTROLLING PARTY

No one individual has ultimate control.

24 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The Group

Dividends to directors

The following directors were paid dividends during the year as outlined in the table below

| | 2015 £ | 2014 £ |
|------------|-----------|-----------|
| A F Howard | 14,814 | 14,814 |
| P W Howard | 14,814 | 14,814 |

A F Howard, P W Howard, R G Howard and the Trustees of the B C Howard Discretionary Will Trust own equal shares in Howard Farms Limited.

During the year, recharges to Howard Farms Limited totalling £97,529 (2014: £89,295) were made. Rents totalling £4,225 (2014: £4,255) were received by P C Howard Limited on behalf of Howard Farms Limited in the year.

The balance owing by Howard Farms Limited to P C Howard Limited at 31 March 2015 was £18,205 (2014: £65,571).

Included in creditors are the following loans from directors and shareholders:

Directors and shareholders

| | |
|------------|---------------------------|
| A F Howard | £ 99,028 (2014: £124,221) |
| P W Howard | £ 94,866 (2014: £135,259) |

Shareholders

| | |
|---|---------------------------|
| R G Howard | £104,731 (2014: £112,980) |
| Trustees of the B C Howard Discretionary Will Trust | £ 87,538 (2014: £105,971) |

These loans are interest free and there is no fixed repayment date for them. They will be repaid when the parent company, P C Howard Limited has sufficient cash flow to make repayment.

During the year a vehicle was sold to P W Howard, director, for £2,000, being its market value.

The Company

The company has taken advantage of the exemption available in FRS8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.