

Company Registration No. 00496076 (England and Wales)

P. C. HOWARD LTD AND ITS SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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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

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P. C. HOWARD LTD AND ITS SUBSIDIARIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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, King's 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 both a palletised distribution service using both our own vehicles and by using a network solution, namely Palletways. We are able to provide 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 showed an increase from £21.6m to £22.1m, however the actual profitability for the year was disappointing. Pressure from increasing fuel prices and increasing wages and pension costs have not been helpful. The underlying reason for the poor performance stems as a result of management issues in one department at the end of the previous period. Whilst the issue has been resolved, and that department has now returned to its previous position, it has taken time for the improvements to be reflected in the financial performance.

The directors are continuing to review and monitor the performance of each of the business operations and making use of the KPIs for gross profit and fuel and cost ratios.

The group borrowings, excluding related party loans as at the year-end was £4,081,321 (2018: £3,824,301), after incurring capital expenditure during the year of £1,134,812.

Business environment

The market remains competitive, with the shortage of drivers being a major issue across the business sector, which is especially difficult during holiday periods. The continuing uncertainty of Brexit is causing some volatility in the market place with customers making decisions to change the way in which their supply chain works to minimise the potential risk of Brexit.

Business model

The business utilises its own vehicle fleet, which is in excess of 100 vehicles, to undertake the delivery of palletised goods using the artic and rigid fleet of vehicles for the distribution of full loads, part loads (known as groupage) and pallets through the Palletways network. Services are provided from the group's operating centres, 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. The KPIs used include the number of pallets delivered per vehicle per day, the mileage undertaken by the vehicle on a daily basis and fuel rates.

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 to 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.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

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 group continues to focus on the use of new technology to improve communication, service levels and operating efficiencies and profitability.



A P Howard
Director

P. C. HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and financial statements for the year ended 31 March 2019.

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 8.

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

Dividends of £40,506 were paid in respect of the preference shares.

The turnover of the group by division was as follows:

	2019	2018
	£'000	£'000
Haulage	17,929	16,384
Contract distribution	2,866	3,762
Warehousing services	1,320	1,403
	<hr/>	<hr/>
	22,115	21,549
	<hr/>	<hr/>

Market value of land and buildings

The directors have considered the market value of the land and buildings used in the group's business and in their opinion the value is not excessively greater than the previous revaluation. As no disposals are envisaged the excess of the previous revaluation is not quantified. Details can be found in note 12.

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.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

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


A P Howard
Director

P. C. HOWARD LTD AND ITS SUBSIDIARIES

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

Opinion

We have audited the financial statements of P C Howard Ltd (the 'company') for the year ended 31 March 2019 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group and Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion 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 2019, and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

P. C. HOWARD LTD AND ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF P. C. HOWARD LTD

Use of our report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

29 July 2020

Chartered Accountants
Statutory Auditor

36 Tyndall Court
Commerce Road
Lynchwood
Peterborough
Cambridgeshire
PE2 6LR

P. C. HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	22,115,415	21,549,554
Cost of sales		(20,362,882)	(19,416,164)
Gross profit		1,752,533	2,133,390
Administrative expenses		(2,245,211)	(2,074,925)
Other operating income		5,170	4,420
Exceptional item	4	-	(213,395)
Group operating loss	5	(487,508)	(150,510)
Interest receivable and similar income	8	-	72
Interest payable and similar charges	9	(105,633)	(109,237)
Increase in fair value of investment property	13	-	30,000
Group loss before taxation	3	(593,141)	(229,675)
Taxation	10	9,088	17,102
Group total comprehensive income for the financial year		(584,053)	(212,573)


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 BALANCE SHEET AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	12		10,620,675		10,788,987
Investment properties	13		140,000		140,000
			<u>10,760,675</u>		<u>10,928,987</u>
Current assets					
Stocks	15	78,875		67,634	
Debtors	16	5,934,269		5,540,827	
Cash at bank and in hand		5,648		242,511	
			<u>6,018,792</u>	<u>5,850,972</u>	
Creditors: amounts falling due within one year	17	(6,590,473)		(5,808,942)	
			<u>(571,681)</u>	<u>42,030</u>	
Net current assets					
Total assets less current liabilities			10,188,994		10,971,017
Creditors: amounts falling due after more than one year	18	(3,483,969)		(3,632,345)	
Provisions for liabilities	21	(141,875)		(150,963)	
			<u>6,563,150</u>	<u>7,187,709</u>	
Net assets					
Capital and reserves					
Called up share capital	23	7,190		7,190	
Share premium account	24	3,000		3,000	
Revaluation reserve	24	2,173,803		2,173,803	
Profit and loss account	24	4,379,157		5,003,716	
			<u>6,563,150</u>	<u>7,187,709</u>	
Shareholders' funds					

The financial statements were approved by the board of directors and authorised for issue on 29 May 2020 and are signed on its behalf by:


A P Howard
Director



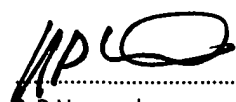
Company Registration No. 00496076 (England and Wales)

P. C. HOWARD LTD AND ITS SUBSIDIARIES

COMPANY BALANCE SHEET AS AT 31 MARCH 2019

		2019	2018
	Note	£	£
Fixed assets			
Tangible assets	12	8,672,836	8,443,032
Investment properties	13	140,000	140,000
Investments	14	3,002	3,002
		<u>8,815,838</u>	<u>8,586,034</u>
Current assets			
Stocks	15	78,875	67,634
Debtors	16	1,756,614	2,291,829
Cash at bank and in hand		5,647	38,377
		<u>1,841,136</u>	<u>2,397,840</u>
Creditors: amounts falling due within one year	17	(4,996,689)	(4,519,451)
		<u>(3,155,553)</u>	<u>(2,121,611)</u>
Net current liabilities			
Total assets less current liabilities		5,660,285	6,464,423
Creditors: amounts falling due after more than one year	18	(3,483,969)	(3,632,345)
Provisions for liabilities	21	(32,728)	(22,471)
		<u>(3,516,697)</u>	<u>(3,654,816)</u>
Net assets		2,143,588	2,809,607
Capital and reserves			
Called up share capital	23	7,190	7,190
Share premium account	24	3,000	3,000
Revaluation reserve	24	2,173,803	2,173,803
Profit and loss account	24	(40,405)	625,614
		<u>2,143,588</u>	<u>2,809,607</u>
Shareholders' funds			
		<u>2,143,588</u>	<u>2,809,607</u>

The financial statements were approved by the board of directors and authorised for issue on 29 July 2020 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 2019

		Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2017		1,627,434	3,000	-	5,256,795	6,887,229
Year ended 31 March 2018:						
Loss for the year		-	-	-	(212,573)	(212,573)
Revaluation	12	-	-	2,173,803	-	2,173,803
Loss and total comprehensive income for the year		-	-	2,173,803	(212,573)	1,961,230
Dividends	11	-	-	-	(40,506)	(40,506)
Other movement- preference shares		(1,620,244)	-	-	-	(1,620,244)
Balance at 31 March 2018		7,190	3,000	2,173,803	5,003,716	7,187,709
Year ended 31 March 2019:						
Loss for the year		-	-	-	(584,053)	(584,053)
Revaluation	12	-	-	-	-	-
Loss and total comprehensive income for the year		-	-	-	(584,053)	(584,053)
Dividends	11	-	-	-	(40,506)	(40,506)
Other movement-preference shares		-	-	-	-	-
Balance at 31 March 2019		7,190	3,000	2,173,803	4,379,157	6,563,150

P. C. HOWARD LTD AND ITS SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

		Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2017		1,627,434	3,000	-	1,100,276	2,730,710
Year ended 31 March 2018:						
Loss for the year		-	-	-	(434,156)	(434,156)
Revaluation	12	-	-	2,173,803	-	2,173,803
Loss and total comprehensive income for the year		-	-	2,173,803	(434,156)	1,739,647
Dividends	11	-	-	-	(40,506)	(40,506)
Other movement – preference shares		(1,620,244)	-	-	-	(1,620,244)
Balance at 31 March 2018		7,190	3,000	2,173,803	625,614	2,809,607
Year ended 31 March 2019:						
Loss for the year		-	-	-	(625,513)	(625,513)
Revaluation	12	-	-	-	-	-
Loss and total comprehensive income for the year		-	-	-	(625,513)	(625,513)
Dividends	11	-	-	-	(40,506)	(40,506)
Other movement – preference shares		-	-	-	-	-
Balance at 31 March 2019		7,190	3,000	2,173,803	(40,405)	2,143,588

P. C. HOWARD LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Cash flow from operating activities					
Cash generated from operations	30		608,974		1,081,246
Interest paid			(105,633)		(109,237)
Taxation paid			(13,848)		(134,090)
Net cash flow from operating activities			<u>489,493</u>		<u>837,919</u>
Cash flow from investing activities					
Purchase of tangible fixed assets		(32,187)		(1,557,626)	
Proceeds on disposal of tangible fixed assets		219,250		49,652	
Interest received		-		72	
Net cash flow from investing activities			<u>187,063</u>		<u>(1,507,902)</u>
Cash flow from financing activities					
Repayment of borrowings		(27,308)		(122,886)	
Repayment of bank loans		(49,892)		(50,000)	
Payment of finance lease obligations net		(1,535,875)		240,620	
Dividends paid		(40,506)		(40,506)	
Net cash flow from financing activities			<u>(1,653,581)</u>		<u>27,228</u>
Net (decrease) in cash and cash equivalents			<u>(977,025)</u>		<u>(642,755)</u>
Cash and cash equivalents at 1 April 2018			<u>(1,027,290)</u>		<u>(384,535)</u>
Cash and cash equivalents at 31 March 2019			<u>(2,004,315)</u>		<u>(1,027,290)</u>
Cash and cash equivalents consists of:					
Cash at bank and in hand			5,648		242,511
Bank overdrafts included in creditors, payable within one year			(2,009,963)		(1,269,801)
Cash and cash equivalents at 31 March 2019			<u>(2,004,315)</u>		<u>(1,027,290)</u>

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES

Company information

P. C. Howard Ltd is a company limited by shares incorporated in England and Wales. The registered office and place of business 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") 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, other than investment properties and land and buildings used in the group's business which are shown at fair value. The principal accounting policies adopted are set out below.

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 loss for the year was £625,513 (2018: £434,156).

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 and settlement discounts where these are appropriate.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially 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.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (continued)

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.

1.9 Stocks

Stocks consist of vehicle parts, tyres and fuel and are stated at the lower of cost or net realisable value.

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.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (continued)

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, with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

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.

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 debt, are initially recognised at transaction price and subsequently measured at the present value of the future receipts discounted at a market rate of interest.

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.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (continued)

1.11 Financial instruments (continued)

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 being the share capital 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.

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.

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.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (continued)

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 £8,446,959. 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 12.

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
2019	£	£	£	£
Turnover	17,929,100	2,866,072	1,320,243	22,115,415
Profit/(loss) before taxation	(536,195)	64,358	(112,216)	(584,053)
2018				
Turnover	16,384,442	3,762,347	1,402,765	21,549,554
Profit/(loss) before taxation	(459,426)	258,957	(29,206)	(229,675)

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

4	Exceptional cost	2019	2018
		£	£
	Rates	-	213,395

The exceptional rates figure relates to a demand received from East Northampton District Council in respect of back dated valuation adjustment.

5 GROUP OPERATING PROFIT

The operating profit is stated after charging the following:	2019	2018
	£	£
Auditors' remuneration – parent & group	11,500	11,500
Auditors' remuneration – subsidiary undertakings	14,100	11,506
Depreciation - owned assets	414,662	403,353
Depreciation - assets held under finance leases	728,051	711,882
(Profit)/Loss on disposal of tangible assets	(58,839)	3,043
Operating lease charges	149,245	106,704

6 EMPLOYEES

Number of Employees

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

	2019	2018
Management	1	1
Administration	50	46
Drivers	125	117
Maintenance	26	17
Other	8	18
	210	199

Employment costs	£	£
Wages and salaries	5,488,783	5,190,816
Social Security costs	517,764	489,870
Other pension costs	94,618	61,022
	6,101,165	5,741,708

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

7	DIRECTORS' REMUNERATION	2019 £	2018 £
	Remuneration for qualifying services	116,487	126,322
	Company pension contributions to a defined contribution scheme	-	-
		<u>116,487</u>	<u>126,322</u>
	There are no other key management personnel other than the directors. The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 -3)		
8	INTEREST RECEIVABLE AND SIMILAR INCOME	2019 £	2018 £
	Bank interest	-	72
		<u>-</u>	<u>72</u>
9	INTEREST PAYABLE AND SIMILAR CHARGES	2019 £	2018 £
	Interest on financial liabilities at amortised cost:		
	Interest on bank overdrafts and loans	36,210	29,805
	Interest on finance leases and hire purchase contracts	69,423	79,432
		<u>105,633</u>	<u>109,237</u>
10	TAXATION	2019 £	2018 £
	Current tax		
	UK corporation tax on profits for the current period	-	(15,344)
	Adjustment in respect of prior periods	-	144
	Deferred tax		
	Origination and reversal of timing differences	(9,088)	(1,902)
		<u>(9,088)</u>	<u>(17,102)</u>
	Total tax charge	(9,088)	(17,102)
	The charge for the year can be reconciled to the profit per the profit and loss account as follows:		
	(Loss) before taxation	(593,141)	(229,675)
	Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2018 – 19%)	(112,696)	(43,639)
	Under provided in prior years	-	144
	Unutilised tax losses carried forward	81,593	-
	Non-deductible expenses	448	142
	Revaluation	-	(5,700)
	Depreciation on assets not qualifying for tax allowances	19,540	17,994
	Permanent capital allowances in excess of depreciation	2,027	13,957
		<u>(9,088)</u>	<u>(17,102)</u>
	Current tax charge	(9,088)	(17,102)

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

11	DIVIDENDS				2019 £	2018 £
	Preference dividend paid				40,506	40,506
12	TANGIBLE FIXED ASSETS					
	Group					
		Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
		£	£	£	£	£
	Cost					
	At 1 April 2018	7,538,418	821,530	9,762,470	485,781	18,608,199
	Additions	-	92,527	1,041,405	880	1,134,812
	Disposals	-	-	(675,377)	-	(675,377)
	At 31 March 2019	7,538,418	914,057	10,128,498	486,661	19,067,634
	Depreciation					
	At 1 April 2018	835,375	611,725	5,991,699	380,413	7,819,212
	Charge for year	111,337	61,055	950,747	19,574	1,142,713
	Disposals	-	-	(514,966)	-	(514,966)
	At 31 March 2019	946,712	672,780	6,427,480	399,987	8,446,959
	Net book value					
	At 31 March 2019	6,591,706	241,277	3,701,018	86,674	10,620,675
	At 31 March 2018	6,703,043	209,805	3,770,771	105,368	10,788,987

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

	Plant and machinery	Motor vehicles & trailers
		£
Net book value		
At 31 March 2019	35,136	2,696,533
At 31 March 2018	46,853	2,950,161
Depreciation charge for the year		
At 31 March 2019	11,713	716,338
At 31 March 2018	15,619	696,263

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

12 TANGIBLE FIXED ASSETS (continued)

The Company

	Land and buildings	Plant and machinery	Motor vehicles & trailers	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2018	7,424,049	115,015	4,574,003	119,029	12,232,096
Additions	-	-	956,436	-	956,436
Disposals	-	-	(360,347)	-	(360,347)
Transfers between group companies	-	-	50,490	-	50,490
At 31 March 2019	7,424,049	115,015	5,220,582	119,029	12,878,675
Depreciation					
At 1 April 2018	805,983	80,994	2,814,530	87,558	3,789,065
Charge for year	102,841	8,256	484,613	9,371	605,081
Disposals	-	-	(254,744)	-	(254,744)
Transfers between group company	-	-	66,437	-	66,437
At 31 March 2019	908,824	89,250	3,110,836	96,929	4,205,839
Net book value					
At 31 March 2019	6,515,225	25,765	2,109,746	22,100	8,672,836
At 31 March 2018	6,618,067	34,018	1,759,475	31,472	8,443,032

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

	Motor vehicles & trailers £
Net book value	
At 31 March 2019	1,686,372
At 31 March 2018	1,439,030
Depreciation charge for the year	
At 31 March 2019	418,251
At 31 March 2018	323,605

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12 TANGIBLE FIXED ASSETS (continued)

Land and buildings with a carrying amount of £6,515,225 were revalued at 5 August 2017 by PropSearch, commercial property agents and chartered surveyors, who are independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation standards and was based on recent market transactions on arm's length terms for similar properties. The directors have considered the valuation of land and buildings and do not consider it to be significantly different to that shown at the year-end date.

If revalued assets were stated on an historical cost basis rather than a fair value basis the total amounts included would have been as follows:

	2019 £	2018 £
Cost	5,250,246	5,250,246
Accumulated depreciation	858,702	784,347
Carrying value	4,391,544	4,465,899

The revaluation surplus is disclosed in note 24.

13 INVESTMENT PROPERTY

	2019 £
Fair value	
At 1 April 2018	140,000
Net gain through fair value adjustment	-
At 31 March 2019	140,000

Investment property comprises residential property known as No 3 West Hay Cottages. The fair value of the investment property has been arrived at on the basis of a valuation carried out on 5 August 2017 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. The directors do not believe that the present fair value is significantly different to that shown at the year-end date.

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 (2018: £42,500) and aggregate depreciation of £Nil (2018: £Nil).

14 FIXED ASSET INVESTMENTS

The Company	Shares in group undertakings £
Cost	
At 1 April 2018 and 31 March 2019	3,002
Carrying amount	
At 1 April 2018 and 31 March 2019	<u>3,002</u>

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

14 FIXED ASSET INVESTMENTS continued

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

	Registered office	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

The registered office address of all subsidiaries is West Hay, Stamford Road, Kings Cliffe, Peterborough, PE8 6XX

15	STOCK	2019 £	2018 £
	The Group and the Company		
	Stocks of vehicle consumables	78,875	67,634
		<hr/>	<hr/>
16	DEBTORS	2019 £	2018 £
	The Group		
	Trade debtors	5,786,140	5,299,607
	Other debtors	26,183	64,657
	Prepayments and accrued income	92,754	147,371
	Corporation tax recoverable	29,192	29,192
		<hr/>	<hr/>
		5,934,269	5,540,827
		<hr/>	<hr/>
	The Company		
	Trade debtors	1,449,963	1,325,870
	Amounts due from group undertakings	169,513	776,342
	Other debtors	23,091	43,053
	Prepayments and accrued income	84,855	117,372
	Corporation tax recoverable	29,192	29,192
		<hr/>	<hr/>
		1,756,614	2,291,829
		<hr/>	<hr/>

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

17	CREDITORS: amounts falling due within one year		2019 £	2018 £
		Note		
	The Group			
	Bank loans and overdraft	19	2,060,071	1,319,801
	Obligations under finance leases	20	811,954	1,150,136
	Other borrowings	19	72,000	96,000
	Trade creditors		2,799,458	2,533,544
	Other creditors		103,001	135,617
	Corporation tax		-	13,848
	Taxation and social security		641,898	524,721
	Accruals		102,091	35,275
			<hr/>	<hr/>
			6,590,473	5,808,942
			<hr/>	<hr/>
	The Company			
	Bank loan and overdraft		1,468,847	1,288,336
	Obligations under finance leases		811,954	1,150,136
	Other borrowings		72,000	96,000
	Trade creditors		796,472	836,922
	Amounts due to group undertakings		1,522,294	900,603
	Corporation tax		-	-
	Taxation and social security		199,411	144,825
	Other creditors		103,001	106,848
	Accruals		33,292	(4,219)
			<hr/>	<hr/>
			5,007,271	4,519,451
			<hr/>	<hr/>

Obligations under finance leases are secured on the relevant asset.

18	CREDITORS: amounts falling due after more than one year		2019 £	2018 £
	The Group and the Company			
	Bank loans		350,000	400,000
	Other borrowings		2,274,673	2,277,981
	Obligations under finance leases		859,296	954,364
			<hr/>	<hr/>
			3,483,969	3,632,345
			<hr/>	<hr/>

Obligations under finance leases are secured on the relevant asset.

Included in other borrowings are 1,620,244 £1 Preference Shares.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

19	LOANS AND OVERDRAFTS	2019 £	2018 £
	Bank loans	400,108	450,000
	Bank overdrafts	2,009,963	1,269,801
	Other loans	726,429	753,737
	Preference shares	1,620,244	1,620,244
		<u>4,756,744</u>	<u>4,093,782</u>
	Payable within one year	2,132,071	1,415,801
	Payable after one year	<u>2,624,673</u>	<u>2,677,981</u>

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.

20	FINANCE LEASE OBLIGATIONS	2019 £	2018 £
	Future minimum lease payments due under finance leases:		
	Within one year	811,954	1,150,136
	In two to five years	859,296	954,364
		<u>1,671,250</u>	<u>2,104,500</u>

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.

The values are shown within, Creditors: amounts falling due within one year and Creditors: amounts falling due after more than one year, respectively.

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

21	PROVISION FOR LIABILITIES AND CHARGES	2019	2018
		£	£
	Deferred taxation		
	The Group		
	Balance at 1 April 2018	150,963	152,865
	Profit and loss account	(9,088)	(1,902)
		<hr/>	<hr/>
	Balance at 31 March 2019	141,875	150,963
		<hr/>	<hr/>
	The deferred liability is made up as follows:		
	Accelerated capital allowances	141,875	150,963
		<hr/>	<hr/>
	The Company		
	Balance at 1 April 2018	22,471	19,013
	Profit and loss account	10,257	3,458
		<hr/>	<hr/>
	Balance at 31 March 2019	32,728	22,471
		<hr/>	<hr/>
	The deferred liability is made up as follows:		
	Accelerated capital allowances	32,728	22,471
		<hr/>	<hr/>
22	PENSION COSTS	2019	2018
		£	£
	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	94,618	61,022
		<hr/>	<hr/>
	Contributions payable by the company for the year	34,468	21,640
		<hr/>	<hr/>
23	SHARE CAPITAL	2019	2018
		£	£
	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/>

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

23 SHARE CAPITAL cont'd

1,620,244 £1 preference shares are classified as creditors due after more than one year in accordance with FRS102.

The holders of the preference shares are entitled to receive a fixed cumulative preferential dividend of £0.025 per preference share per annum (a coupon of 2.5%).

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.

24 STATEMENT OF MOVEMENTS ON RESERVES

The Group	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2018	3,000	2,173,803	5,003,716
Loss for the year	-	-	(584,053)
Dividends paid	-	-	(40,506)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	3,000	2,173,803	4,379,157

Within the group profit and loss reserve of £4,379,157 (2018: £5,003,716) is an amount of undistributable profit of £67,500.

The Company	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2018	3,000	2,173,803	625,614
Loss for the year	-	-	(434,156)
Dividends paid	-	-	(40,506)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	3,000	2,173,803	(40,405)

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

25 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.

26 OPERATING LEASE COMMITMENTS

The amount of non-cancellable operating lease payments recognised as an expense during the year was £149,245 (2018: £106,704)

At 31 March 2019 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	125,000	11,168
Between two and five years	505,833	-
Over five years	322,917	720,000

27 CAPITAL COMMITMENTS

At 31 March 2019, the company had capital commitments totalling £Nil (2018: £Nil).

28 CONTROLLING PARTY

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

29 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The Group

Directors' transactions

Dividends totalling £20,253 (2018: £20,253) were paid in the year in respect of preference 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	
	2019	2018	2019	2018
	£	£	£	£
Company under common control of the directors	111,278	107,082	4,225	4,225

P. C. HOWARD LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

29 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS cont'd

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2019	2018
	£	£
Key management personnel	330,809	339,496
Shareholders	395,621	414,241
	<u>726,430</u>	<u>753,737</u>
	Amounts owed by related parties	
	2019	2018
	£	£
Company under common control of the directors	17,769	23,716
	<u>17,769</u>	<u>23,716</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.

30 Cash generated from operations

	2019	2018
	£	£
The Group		
Group (loss)/profit for the year after tax	(584,053)	(212,573)
Adjustments for:		
Taxation charged	(9,088)	(17,102)
Finance costs	105,633	109,237
Investment income	-	(72)
(Profit)/Loss on disposal of tangible fixed assets	(58,839)	3,043
Depreciation and impairment of tangible fixed assets	1,142,713	1,115,235
Adjustment on revaluation of investment property	-	(30,000)
Movements in working capital:		
Decrease/(increase) in stocks	(11,241)	8,887
(Increase) /decrease in debtors	(393,442)	(137,962)
Increase in creditors	417,291	242,553
	<u>608,974</u>	<u>1,081,246</u>
Group cash generated from operations	608,974	1,081,246