

Company registration number 00496076 (England and Wales)

P.C.HOWARD LTD AND SUBSIDIARIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

P.C.HOWARD LTD AND 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
Auditor	Stephenson Smart & Co 36 Tyndall Court Commerce Road Lynch Wood Peterborough 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 SUBSIDIARIES

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Group statement of income and retained earnings	8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11 - 12
Group statement of cash flows	13
Company statement of cash flows	14
Notes to the financial statements	15 - 33

P.C.HOWARD LTD AND SUBSIDIARIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

Introduction

P. C. Howard Ltd group offers a total logistic solution for palletised goods, primarily within the UK. The business not only uses the group's comprehensive fleet of vehicles but also working with partners to provide our customers the solutions they need to meet their needs.

The group's principle operating centre is at West Hay, Stamford Road, Kings Cliffe, near Peterborough in addition to this the group has operating centres at Corby and Northampton.

Business Environment

The industry continues to face significant challenges, we have had to deal with continued challenges to the supply chain , as well as the impact of the Ukraine War , which has resulted in a dramatic increase in fuel and energy costs .

It is also clear that as we enter the final quarter of 2022, that the UK is facing a recession , which will bring more challenges in 2023. However, the directors and senior management team are confident that they will again adapt the business to face those challenges

Business Model

The business utilises its vehicle fleet, which is excess of 100 vehicles to undertake the delivery of palletised goods, using the artic and rigid fleet of vehicles. This involves the distribution of full loads, part loads (referred to as Groupage) and distribution of pallets through the Palletways Network.

The services are provided from the group's operating centres. A manager is based on each site to manage and control the site. Each site and aspect of the business, distribution or warehousing is a separate cost centre.

Each operation is monitored using a series of KPI's to record the daily, weekly and monthly activities. The KPI's that are utilised include the number of pallets delivered per vehicle per day and the mileage undertaken by the vehicle on a daily basis.

Principal risks and uncertainties

Risk Management

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

Customer Risk

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

Credit Risk

The group's principal financial risk relates to its trade debtors, the group operates a clear procedure for assessing each customer's risk and allocating credit limits and then managing those limits . The amounts presented in the Balance Sheet for trade debtors are net of doubtful debts. The group has no significant concentration of its debtors.

Cash Flow Risk

The directors have continued to reinvest a significant amount of the retained profits back into the business, thereby continually increasing the net worth of the business and 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 directors also have a comprehensive program of Risk Assessments and Safe Working Practices in place and a program of training designed to minimise the risk in the work place.

P.C.HOWARD LTD AND SUBSIDIARIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Development and performance

Results and Performance

The year ended 31 March 2022 was another challenging year as the group and business had to manage the impact on supply chains of the ending of lockdowns associated with COVID-19. This was compounded by a significant driver shortage that reached a critical point in the summer of 2021.

The directors and the management team again sought to adapt the businesses to meet these challenges. The directors would like to thank the senior management team in their support of this process and all our team and indeed our customers for working with us to achieve this.

The directors are pleased to report that the group continued to develop its business with good customer retention and the development of new business. Turnover increased from £19.6m to £21.8m, an 11% increase.

Profit before tax was £857k against £701k in the previous year and EBITDA was £1,916k against £1,735k in the previous year, an increase of £181k.

The directors are pleased with the results for the year, which have been achieved despite the challenges faced. The directors believe the continued investment in the staffing team and in IT solutions across the group businesses puts the group in a good position to continue to develop the business.

On behalf of the board

A P Howard
Director

28 November 2022

P.C.HOWARD LTD AND SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

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

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid.

Preference dividends of £40,506 (2021: £40,506) were paid during the year.

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

Financial instruments

Liquidity risk

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

Credit risk

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

Auditor

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

P.C.HOWARD LTD AND SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 company, 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A P Howard
Director

28 November 2022

P.C.HOWARD LTD AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF P.C.HOWARD LTD AND SUBSIDIARIES

Opinion

We have audited the financial statements of P C Howard Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group statement of income and retained earnings, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 March 2022 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.

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 group and parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

P.C.HOWARD LTD AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF P.C.HOWARD LTD AND SUBSIDIARIES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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.

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 parent 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 parent 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- in addressing the risk of fraud through management override of controls we have tested the appropriateness of journal entries and other adjustments and we assessed whether judgements made in accounting estimates are indicative of management bias.
- we have evaluated the rationale of any significant transactions that are unusual or outside the normal course of business;
- analytical procedures are performed as well as substantive testing to identify and potential misstatement due to fraud and the audit procedures would also involve being aware of any items from discussions with staff and management.
- health and safety including storage, manual handling and operators licence are considered to be significant laws and regulations, the health and safety manual was reviewed and discussions were held with management to obtain an understanding of the procedures in place.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

P.C.HOWARD LTD AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF P.C.HOWARD LTD AND SUBSIDIARIES

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.

Garry Wiles FCA (Senior Statutory Auditor)
For and on behalf of Stephenson Smart & Co

28 November 2022

Chartered Accountants
Statutory Auditor

36 Tyndall Court
Commerce Road
Lynch Wood
Peterborough
PE2 6LR

P.C.HOWARD LTD AND SUBSIDIARIES

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	21,880,581	19,617,792
Cost of sales		(19,061,457)	(16,812,239)
Gross profit		2,819,124	2,805,553
Administrative expenses		(1,902,986)	(2,044,986)
Other operating income		4,420	4,505
Operating profit	4	920,558	765,072
Interest payable and similar expenses	8	(63,431)	(63,308)
Profit before taxation		857,127	701,764
Tax on profit	9	(209,530)	(32,781)
Profit for the financial year	26	647,597	668,983
Retained earnings brought forward		5,399,549	4,771,072
Dividends		(40,506)	(40,506)
Retained earnings carried forward		6,006,640	5,399,549

Profit for the financial year is all attributable to the owners of the parent company.

P.C.HOWARD LTD AND SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Profit for the year	647,597	668,983
Other comprehensive income	-	-
Total comprehensive income for the year	<u>647,597</u>	<u>668,983</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

P.C.HOWARD LTD AND SUBSIDIARIES

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11	10,244,602		10,248,934	
Investment properties	12	140,000		140,000	
Investments	13	2		2	
		<u>10,384,604</u>		<u>10,388,936</u>	
Current assets					
Stocks	15	119,707		81,865	
Debtors	16	4,986,335		4,039,338	
Cash at bank and in hand		1,341,239		1,235,761	
		<u>6,447,281</u>		<u>5,356,964</u>	
Creditors: amounts falling due within one year	17	<u>(5,274,756)</u>		<u>(4,925,830)</u>	
Net current assets		<u>1,172,525</u>		<u>431,134</u>	
Total assets less current liabilities		<u>11,557,129</u>		<u>10,820,070</u>	
Creditors: amounts falling due after more than one year	18	<u>(2,984,389)</u>		<u>(3,076,457)</u>	
Provisions for liabilities					
Deferred tax liability	21	<u>382,107</u>		<u>160,071</u>	
		<u>(382,107)</u>		<u>(160,071)</u>	
Net assets		<u>8,190,633</u>		<u>7,583,542</u>	
Capital and reserves					
Called up share capital	23	7,190		7,190	
Share premium account	24	3,000		3,000	
Revaluation reserve	25	2,173,803		2,173,803	
Profit and loss reserves	26	6,006,640		5,399,549	
Total equity		<u>8,190,633</u>		<u>7,583,542</u>	

The financial statements were approved by the board of directors and authorised for issue on 28 November 2022 and are signed on its behalf by:

A P Howard
Director

P C Howard
Director

P.C.HOWARD LTD AND SUBSIDIARIES

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11	8,811,132		8,666,012	
Investment properties	12	140,000		140,000	
Investments	13	3,002		3,002	
		<u>8,954,134</u>		<u>8,809,014</u>	
Current assets					
Stocks	15	119,707		81,865	
Debtors	16	2,288,037		1,814,555	
Cash at bank and in hand		728,454		752,355	
		<u>3,136,198</u>		<u>2,648,775</u>	
Creditors: amounts falling due within one year	17	<u>(5,701,375)</u>		<u>(6,337,769)</u>	
Net current liabilities			<u>(2,565,177)</u>		<u>(3,688,994)</u>
Total assets less current liabilities			<u>6,388,957</u>		<u>5,120,020</u>
Creditors: amounts falling due after more than one year	18		<u>(2,984,389)</u>		<u>(3,076,457)</u>
Provisions for liabilities					
Deferred tax liability	21	265,936		1,691	
		<u>(265,936)</u>		<u>(1,691)</u>	
Net assets			<u><u>3,138,632</u></u>		<u><u>2,041,872</u></u>
Capital and reserves					
Called up share capital	23	7,190		7,190	
Share premium account	24	3,000		3,000	
Revaluation reserve	25	2,173,803		2,173,803	
Profit and loss reserves	26	954,639		(142,121)	
Total equity			<u><u>3,138,632</u></u>		<u><u>2,041,872</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,137,266 (2021 - £167,050 profit)..

The company profit for the year includes dividends totalling £1,600,000 from subsidiary companies.

P.C.HOWARD LTD AND SUBSIDIARIES

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2022

The financial statements were approved by the board of directors and authorised for issue on 28 November 2022 and are signed on its behalf by:

A P Howard
Director

P C Howard
Director

Company Registration No. 00496076

P.C.HOWARD LTD AND SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	32	1,064,523	2,783,564
Interest paid		(63,431)	(63,308)
Income taxes paid		(30,706)	(75,330)
Net cash inflow from operating activities		<u>970,386</u>	<u>2,644,926</u>
Investing activities			
Purchase of tangible fixed assets		(1,057,541)	(1,218,235)
Proceeds on disposal of tangible fixed assets		<u>365,678</u>	<u>62,287</u>
Net cash used in investing activities		<u>(691,863)</u>	<u>(1,155,948)</u>
Financing activities			
Repayment of borrowings		(69,875)	(181,765)
Repayment of bank loans		(150,000)	(200,000)
Payment of finance leases obligations		188,550	365,779
Dividends paid to equity shareholders		<u>(40,506)</u>	<u>(91,139)</u>
Net cash used in financing activities		<u>(71,831)</u>	<u>(107,125)</u>
Net increase in cash and cash equivalents		<u>206,692</u>	<u>1,381,853</u>
Cash and cash equivalents at beginning of year		<u>424,255</u>	<u>(957,598)</u>
Cash and cash equivalents at end of year		<u><u>630,947</u></u>	<u><u>424,255</u></u>
Relating to:			
Cash at bank and in hand		1,341,239	1,235,761
Bank overdrafts included in creditors payable within one year		<u>(710,292)</u>	<u>(811,506)</u>

P.C.HOWARD LTD AND SUBSIDIARIES

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	33				
		(1,014,146)		1,986,229	
Interest paid		(63,431)		(63,308)	
Income taxes refunded		94,711		129,258	
Net cash (outflow)/inflow from operating activities		(982,866)		2,052,179	
Investing activities					
Purchase of tangible fixed assets		(746,620)		(907,125)	
Proceeds from disposal of tangible fixed assets		278,630		(45,013)	
Dividends received		1,600,000		-	
Net cash generated from/(used in) investing activities		1,132,010		(952,138)	
Financing activities					
Repayment of borrowings		(69,875)		(181,765)	
Repayment of bank loans		(150,000)		(200,000)	
Payment of finance leases obligations		188,550		365,779	
Dividends paid to equity shareholders		(40,506)		(91,139)	
Net cash used in financing activities		(71,831)		(107,125)	
Net increase in cash and cash equivalents		77,313		992,916	
Cash and cash equivalents at beginning of year		(59,151)		(1,052,067)	
Cash and cash equivalents at end of year		18,162		(59,151)	
Relating to:					
Cash at bank and in hand		728,454		752,355	
Bank overdrafts included in creditors payable within one year		(710,292)		(811,506)	

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

P C Howard Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office and place of business is West Hay, Stamford Road, King's Cliffe, Peterborough, PE8 6XX.

The group consists of P C Howard Ltd and all of its subsidiaries.

1.1 Accounting convention

These 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 under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company P C Howard Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

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

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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

Freehold land and buildings	Nil/2%/10% on cost
Plant and machinery	15%/25% per annum of WDV
Fixtures and fittings	25% per annum of WDV
Motor vehicles and trailers	15%/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 recognised in the profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

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

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.9 Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 measured at transaction price including transaction costs. Any losses arising from impairment are recognised in the profit and loss account in other administrative costs.

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 group 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 group after deducting all of its liabilities.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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 payments 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.

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

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments, being the share capital issued by the parent company, are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

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 group'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 if, and only if, there is 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.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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 payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The company also operates a self-administered pension fund for the benefit of some of the directors. The scheme is a defined contribution scheme and the contributions are charged against profits as they are paid.

1.16 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

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

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 beginning and end of the period, together with the charge for the year is shown in Note 12.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover

	2022 £	2021 £
Turnover analysed by class of business		
Haulage	18,032,770	15,938,911
Contract distribution	2,179,592	2,233,829
Warehousing services	1,668,219	1,445,052
	<u>21,880,581</u>	<u>19,617,792</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	600,870	646,196
Depreciation of tangible fixed assets held under finance leases	427,402	311,761
(Profit)/loss on disposal of tangible fixed assets	(332,077)	12,777
Operating lease charges	126,504	126,504
	<u>126,504</u>	<u>126,504</u>

Included in profit on disposal of tangible assets is a capital gain of £300,000 on sale of land.

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	12,380	11,376
Audit of the financial statements of the company's subsidiaries	12,396	12,252
	<u>24,776</u>	<u>23,628</u>

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Management and administration	51	54	15	19
Drivers	111	115	43	45
Garage	11	11	11	11
Total	<u>173</u>	<u>180</u>	<u>69</u>	<u>75</u>

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	6,032,363	5,483,844	2,554,056	2,254,681
Social security costs	487,249	423,734	305,458	234,428
Pension costs	126,815	122,542	61,787	52,503
	<u>6,646,427</u>	<u>6,030,120</u>	<u>2,921,301</u>	<u>2,541,612</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>174,912</u>	<u>197,172</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

There are no other key management personnel other than directors.

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	14,378
Other finance costs:		
Interest on finance leases and hire purchase contracts	<u>63,431</u>	<u>48,930</u>
Total finance costs	<u>63,431</u>	<u>63,308</u>

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	9,874	30,705
Adjustments in respect of prior periods	<u>(22,380)</u>	<u>-</u>
Total current tax	<u>(12,506)</u>	<u>30,705</u>
Deferred tax		
Origination and reversal of timing differences	<u>222,036</u>	<u>2,076</u>
Total tax charge	<u>209,530</u>	<u>32,781</u>

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	857,127	701,764
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	162,854	133,335
Tax effect of expenses that are not deductible in determining taxable profit	6,727	1,216
Gains not taxable	(666)	-
Permanent capital allowances in excess of depreciation	64,736	(98,142)
Depreciation on assets not qualifying for tax allowances	21,564	15,204
Adjustments in respect of financial assets	(23,305)	(18,832)
Research and development tax credit	(22,380)	-
Taxation charge	209,530	32,781

10 Dividends

	2022 Per share p	2021 Per share p	2022 Total £	2021 Total £
Preference shares				
Final paid	2.50	2.50	40,506	40,506

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles and trailers	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2021	7,593,865	740,168	429,165	11,129,503	19,892,701
Additions	-	101,466	-	956,075	1,057,541
Disposals	-	(90,769)	-	(417,131)	(507,900)
At 31 March 2022	7,593,865	750,865	429,165	11,668,447	20,442,342
Depreciation and impairment					
At 1 April 2021	1,150,485	563,754	353,778	7,575,750	9,643,767
Depreciation charged in the year	113,496	54,005	12,809	847,962	1,028,272
Eliminated in respect of disposals	-	(90,769)	-	(383,530)	(474,299)
At 31 March 2022	1,263,981	526,990	366,587	8,040,182	10,197,740
Carrying amount					
At 31 March 2022	6,329,884	223,875	62,578	3,628,265	10,244,602
At 31 March 2021	6,443,380	176,414	75,387	3,553,753	10,248,934
Company					
	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles and trailers	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2021	7,439,695	60,900	59,164	6,393,536	13,953,295
Additions	-	3,500	-	743,120	746,620
Disposals	-	-	-	(244,740)	(244,740)
Transfers	-	-	-	229,382	229,382
At 31 March 2022	7,439,695	64,400	59,164	7,121,298	14,684,557
Depreciation and impairment					
At 1 April 2021	1,093,538	46,971	32,219	4,114,555	5,287,283
Depreciation charged in the year	103,322	3,629	5,181	534,465	646,597
Eliminated in respect of disposals	-	-	-	(233,821)	(233,821)
Transfers	-	-	-	173,366	173,366
At 31 March 2022	1,196,860	50,600	37,400	4,588,565	5,873,425
Carrying amount					
At 31 March 2022	6,242,835	13,800	21,764	2,532,733	8,811,132
At 31 March 2021	6,346,157	13,929	26,945	2,278,981	8,666,012

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Freehold	6,242,835	6,346,157	6,242,835	6,346,157

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Motor vehicles and trailers	2,081,512	1,787,248	1,713,003	1,520,686

Land and buildings with a carrying amount of £6,410,629 were revalued at 5 August 2017 by PropSearch, 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.

The revaluation surplus is disclosed in note 25.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts for the group and the company would have been approximately £4,243,398 (2021 - £4,317,471), being cost £5,250,246 (2021 - £5,250,246) and depreciation £1,006,848 (2021 - £932,775).

12 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 1 April 2021 and 31 March 2022	140,000	140,000

The fair value of the investment property has been arrived at on a 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.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	2	2	3,002	3,002

Movements in fixed asset investments Group

Cost or valuation

At 1 April 2021 and 31 March 2022

2

Carrying amount

At 31 March 2022

2

At 31 March 2021

2

Movements in fixed asset investments Company

Cost or valuation

At 1 April 2021 and 31 March 2022

3,002

Carrying amount

At 31 March 2022

3,002

At 31 March 2021

3,002

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Howard Warehousing Ltd	UK	Warehousing	Ordinary	0	100.00
Howard's Logistics Ltd	UK	Contract Distribution	Ordinary	0	100.00
Howard's Transport Ltd	UK	Distribution service	Ordinary	0	100.00
P.C.Howard (Swindon) Ltd	UK	Dormant	Ordinary	100.00	-
Howard's Distribution Ltd	UK	Dormant	Ordinary	0	100.00
P.C.Howard (Operations) Ltd	UK	Dormant	Ordinary	100.00	-

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Subsidiaries

(Continued)

The investment in subsidiaries are all stated at cost.

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	119,707	81,865	119,707	81,865

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	4,685,757	3,795,116	1,542,441	1,179,230
Corporation tax recoverable	22,380	-	22,380	-
Amounts owed by group undertakings	-	-	502,035	444,551
Other debtors	64,091	58,387	63,395	58,387
Prepayments and accrued income	214,107	185,835	157,786	132,387
	<u>4,986,335</u>	<u>4,039,338</u>	<u>2,288,037</u>	<u>1,814,555</u>

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	710,292	861,506	710,292	861,506
Obligations under finance leases	20	733,918	633,175	733,918	633,175
Other borrowings	19	82,000	72,000	82,000	72,000
Trade creditors		2,450,166	1,923,058	1,007,042	709,944
Amounts owed to group undertakings		-	-	2,618,721	3,196,511
Corporation tax payable		9,873	30,705	-	-
Other taxation and social security		821,188	1,010,276	360,855	610,485
Other creditors		86,847	176,308	86,847	176,308
Accruals and deferred income		380,472	218,802	101,700	77,840
		<u>5,274,756</u>	<u>4,925,830</u>	<u>5,701,375</u>	<u>6,337,769</u>

Obligations under finance leases are secured on the related asset.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	-	100,000	-	100,000
Obligations under finance leases	20	1,110,048	1,022,241	1,110,048	1,022,241
Other borrowings	19	1,874,341	1,954,216	1,874,341	1,954,216
		<u>2,984,389</u>	<u>3,076,457</u>	<u>2,984,389</u>	<u>3,076,457</u>

Included in other borrowings are 1,620,244 £1 non voting preference shares repayable on the company's determination. Interest at 2.5% per annum is payable.

Obligations under finance leases are secured on the related asset.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	(1,620,244)	(1,620,244)	(1,620,244)	(1,620,244)
	<u></u>	<u></u>	<u></u>	<u></u>

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	-	150,000	-	150,000
Bank overdrafts	710,292	811,506	710,292	811,506
Preference shares	1,620,244	1,620,244	1,620,244	1,620,244
Other loans	336,097	405,972	336,097	405,972
	<u>2,666,633</u>	<u>2,987,722</u>	<u>2,666,633</u>	<u>2,987,722</u>
Payable within one year	792,292	933,506	792,292	933,506
Payable after one year	1,874,341	2,054,216	1,874,341	2,054,216
	<u></u>	<u></u>	<u></u>	<u></u>

The long-term loans are secured by fixed charges over 2.5 acres of land and buildings at West Hay, King's Cliffe, Peterborough.

The bank loan bears interest at 2.5% per annum above LIBOR rate. The loan was repayable in annual instalments of £50,000 and was repaid in full in the year.

The preference shares are £1 non voting shares only repayable on the company's determination. Interest at 2.5% per annum is payable.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	733,918	633,175	733,918	633,175
In two to five years	1,110,048	1,022,241	1,110,048	1,022,241
	<u>1,843,966</u>	<u>1,655,416</u>	<u>1,843,966</u>	<u>1,655,416</u>

Finance lease payments represent rentals payable by the company or group 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 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	<u>382,107</u>	<u>160,071</u>
	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	<u>265,936</u>	<u>1,691</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 April 2021	160,071	1,691
Charge to profit or loss	141,225	204,389
Effect of change in tax rate - profit or loss	80,811	59,856
	<u>382,107</u>	<u>265,936</u>

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

22 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	126,815	122,542

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary share of £1 each	7,190	7,190	7,190	7,190

24 Share premium account

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
At the beginning and end of the year	3,000	3,000	3,000	3,000

25 Revaluation reserve

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
At the beginning and end of the year	2,173,803	2,173,803	2,173,803	2,173,803

26 Profit and loss reserves

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
At the beginning of the year	5,399,549	4,771,072	(142,121)	(268,665)
Profit for the year	647,597	668,983	1,137,266	167,050
Dividends	(40,506)	(40,506)	(40,506)	(40,506)
At the end of the year	6,006,640	5,399,549	954,639	(142,121)

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

27 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	133,465	133,465	8,465	8,465
Between two and five years	291,448	424,914	12,698	21,164
	<u>424,913</u>	<u>558,379</u>	<u>21,163</u>	<u>29,629</u>

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	-	212,955	-	-
	<u>-</u>	<u>212,955</u>	<u>-</u>	<u>-</u>

29 Related party transactions

Transactions with related parties

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

	Services recharged	
	2022 £	2021 £
Group		
Other related parties	<u>121,273</u>	<u>110,269</u>
Company		
Other related parties	<u>121,273</u>	<u>110,269</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Key management personnel	203,048	248,922
Other related parties	<u>133,050</u>	<u>162,630</u>

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

29 Related party transactions (Continued)

Company

Entities over which the company has control, joint control or significant influence

2,618,721 3,192,711

Key management personnel

203,048 248,922

Other related parties

133,050 162,630

The following amounts were outstanding at the reporting end date:

Amounts due from related parties

2022	2021
Balance	Balance
£	£

Group

Other related parties

8,408 3,118

Company

Entities over which the company has control, joint control or significant influence

507,032 444,551

Other related parties

8,408 3,118

30 Directors' transactions

Dividends totalling £20,253 (2020: £20,253) were paid in the year in respect of preference shares held by the company's directors.

31 Controlling party

No one individual has overall control of the company.

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

32 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	647,596	668,983
Adjustments for:		
Taxation charged	209,530	32,781
Finance costs	63,431	63,308
(Gain)/loss on disposal of tangible fixed assets	(332,077)	12,777
Depreciation and impairment of tangible fixed assets	1,028,272	957,957
Movements in working capital:		
(Increase)/decrease in stocks	(37,842)	14,825
(Increase)/decrease in debtors	(924,617)	1,323,557
Increase/(decrease) in creditors	410,230	(290,624)
Cash generated from operations	1,064,523	2,783,564

33 Cash (absorbed by)/generated from operations - company

	2022 £	2021 £
Profit for the year after tax	1,137,265	167,050
Adjustments for:		
Taxation charged/(credited)	147,154	(163,325)
Finance costs	63,431	63,308
Investment income	(1,600,000)	-
(Gain)/loss on disposal of tangible fixed assets	(323,727)	4,868
Depreciation and impairment of tangible fixed assets	646,597	536,749
Movements in working capital:		
(Increase)/decrease in stocks	(37,842)	14,825
Increase in debtors	(451,102)	(30,259)
(Decrease)/increase in creditors	(595,922)	1,393,013
Cash (absorbed by)/generated from operations	(1,014,146)	1,986,229

P.C.HOWARD LTD AND SUBSIDIARIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

34 Analysis of changes in net debt - group

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	1,235,761	105,478	1,341,239
Bank overdrafts	(811,506)	101,214	(710,292)
	<u>424,255</u>	<u>206,692</u>	<u>630,947</u>
Borrowings excluding overdrafts	(2,176,216)	219,875	(1,956,341)
Obligations under finance leases	(1,655,416)	(188,550)	(1,843,966)
	<u>(3,407,377)</u>	<u>238,017</u>	<u>(3,169,360)</u>

35 Analysis of changes in net debt - company

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	752,355	(23,901)	728,454
Bank overdrafts	(811,506)	101,214	(710,292)
	<u>(59,151)</u>	<u>77,313</u>	<u>18,162</u>
Borrowings excluding overdrafts	(2,176,216)	219,875	(1,956,341)
Obligations under finance leases	(1,655,416)	(188,550)	(1,843,966)
	<u>(3,890,783)</u>	<u>108,638</u>	<u>(3,782,145)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.