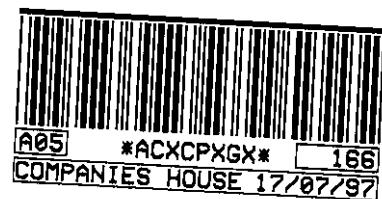


P C HOWARD LIMITED AND ITS SUBSIDIARIES

**ANNUAL REPORT
AND STATEMENT OF ACCOUNTS**

YEAR ENDED 31 MARCH 1997

49 6075



P C HOWARD LIMITED AND ITS SUBSIDIARIES

REGISTERED IN ENGLAND NO. 496076

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 1997

DIRECTORS

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

SECRETARY AND REGISTERED OFFICE

**P W Howard
West Hay
Stamford Road
King's Cliffe
Peterborough
PE8 6XX**

BANKERS

**Lloyds Bank plc
65 High Street
Stamford
Lincs
PE9 2AW**

AUDITORS

**Stephenson Smart & Co.
Chartered Accountants
Stephenson House
15 Church Walk
Peterborough
PE1 2TP**

P C HOWARD LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their Annual Report and Audited Accounts for the year ended 31 March 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

P C Howard Limited and its subsidiaries provide a nationwide distribution and warehousing service.

During the year the directors have continued to review the group's operations aimed at reducing costs and increasing efficiency.

The directors are therefore pleased to report a return to profitability during the year ended 31 March 1997.

The consolidated profit and loss account for the year is set out on page 4.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (Contd.)

DIRECTORS

The directors who served during the year, together with their interests in the shares of the company, were as follows:

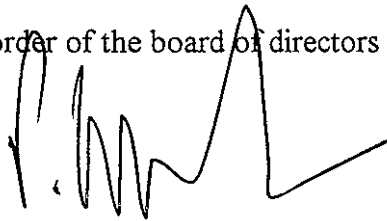
	1997	1996
A F Howard	1,438	1,438
A P Howard	1,438	Nil
B C Howard	1,438	1,438
P W Howard	1,438	1,438
R G Howard	1,438	1,438

On 10 September 1996 the company issued 1,438 shares to Mr A P Howard. There have been no changes in shareholdings since the year end.

AUDITORS

In accordance with Section 385 (2) of the Companies Act 1985, a resolution proposing the re-appointment of Stephenson Smart & Co. as Auditors to the company will be put to the Annual General Meeting.

By order of the board of directors



P W Howard
Secretary

Approved by the board on 3 July 1997

AUDITORS' REPORT TO THE MEMBERS OF

P C HOWARD LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

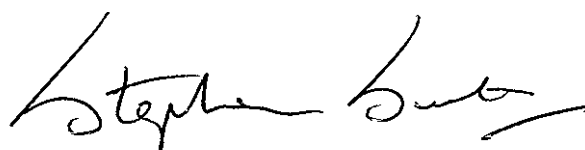
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Stephenson House
15 Church Walk
Peterborough PE1 2TP

3 July 1997.



Stephenson Smart & Co
Registered Auditor
Chartered Accountants

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 1997

Note	1997 £	1996 £
2 TURNOVER	5,595,040	4,947,190
Cost of Sales	<u>4,866,890</u>	<u>4,365,871</u>
GROSS PROFIT	728,150	581,319
Net operating expenses	<u>617,349</u>	<u>590,776</u>
5 OPERATING PROFIT/(LOSS)	110,801	(9,457)
Other interest receivable and similar income	27	237
6 Interest payable and similar charges	(60,599)	(58,777)
2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	50,229	(67,997)
7 Tax on profit on ordinary activities	<u>(1,199)</u>	<u>1,792</u>
8 Retained Profit/(loss) for the financial year	49,030	(66,205)
Retained profit brought forward	<u>406,798</u>	<u>473,003</u>
Retained profit carried forward	£ <u>455,828</u>	£ <u>406,798</u>

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included in the Profit and Loss Account.

The accompanying notes form part of these accounts.

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 1997

Note		1997	1996
	£	£	£
	FIXED ASSETS		
9	Tangible assets	1,226,601	957,525
15	Investments	<u>761</u>	<u>761</u>
		1,227,362	958,286
	CURRENT ASSETS		
10	Stocks	49,171	43,631
11	Debtors	1,353,926	1,193,391
	Cash in hand	<u>1,960</u>	<u>1,326</u>
		1,405,057	1,238,348
12	CREDITORS: Amounts falling due within one year	(1,439,465)	(1,219,761)
	NET CURRENT(LIABILITIES)/ASSETS	<u>(34,408)</u>	<u>18,587</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	1,192,954	976,873
13	CREDITORS: Amounts falling due after more than one year	(645,740)	(470,719)
14	PROVISION FOR LIABILITIES AND CHARGES	<u>(81,196)</u>	<u>(90,604)</u>
	NET ASSETS	£ <u>466,018</u>	£ <u>415,550</u>
	CAPITAL AND RESERVES		
	Called up share capital	7,190	5,752
	Share premium account	3,000	3,000
	Profit and loss account	<u>455,828</u>	<u>406,798</u>
		£ <u>466,018</u>	£ <u>415,550</u>

Signed on behalf of the board of directors


A F Howard
Director


B C Howard
Director

Approved by the board on 3 July 1997.

The accompanying notes form part of these accounts.

P C HOWARD LIMITED

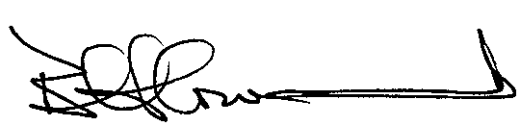
BALANCE SHEET

AS AT 31 MARCH 1997

Note		1997		1996
	£	£	£	£
	FIXED ASSETS			
9	Tangible assets	585,904		530,821
	Investments	<u>2,100</u>		<u>2,100</u>
		588,004		532,921
	CURRENT ASSETS			
10	Stocks	48,971	42,952	
11	Debtors	986,957	1,079,687	
	Cash in hand	<u>1,960</u>	<u>1,326</u>	
		1,037,888	1,123,965	
12	CREDITORS: Amounts falling due within one year	(1,022,271)	(1,033,640)	
	NET CURRENT ASSETS	<u>15,617</u>		<u>90,325</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	603,621		623,246
13	CREDITORS: Amounts falling due after more than one year	(477,214)		(455,873)
14	PROVISION FOR LIABILITIES AND CHARGES	<u>(32,441)</u>		<u>(39,120)</u>
	NET ASSETS	£ <u>93,966</u>		£ <u>128,253</u>
	CAPITAL AND RESERVES			
16	Called up share capital	7,190		5,752
	Share premium account	3,000		3,000
	Profit and loss account	<u>83,776</u>		<u>119,501</u>
		£ <u>93,966</u>		£ <u>128,253</u>

Signed on behalf of the board of directors


A. P. Howard
Director


B. C. Howard
Director

Approved by the board on 3 July 1997

The accompanying notes form part of these accounts

P C HOWARD LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 1997

Note		1997	1996
	£	£	£
18	Net cash inflow/(outflow)from operating activities	262,548	(134,314)
	Returns on investments & servicing of finance		
	Interest received	27	237
	Interest paid	(60,599)	(58,777)
	Net cash outflow from returns on investments and servicing of finance	<u>(60,572)</u>	<u>(58,540)</u>
		201,976	(192,854)
	Taxation		
	Corporation tax paid	(22)	(16,331)
	Corporation tax repaid	<u>348</u>	<u>6,274</u>
		<u>326</u>	<u>(10,057)</u>
		202,302	(202,911)
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
	Payment to acquire investment	-	(609)
	Payments to acquire tangible fixed assets	(478,619)	(222,718)
	Receipts from sales of tangible fixed assets	<u>6,358</u>	<u>69,151</u>
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(472,261)</u>	<u>(154,176)</u>
	Net cash outflow before financing	(269,959)	(357,087)
	Financing		
	New finance leases and hire purchase agreements	200,160	130,807
	Capital element of finance lease and hire purchase repayments	(171,264)	(208,453)
	Bank Loan taken out in the year	200,000	-
	3i loan repaid	(25,000)	(12,500)
	Bank loan repaid	(1,992)	-
	Amount borrowed from Howard Farms	-	213,929
	Amount repaid to Howard Farms	(28,519)	-
	Share capital issued	<u>1,438</u>	<u>-</u>
	Net cash inflow from financing	<u>174,823</u>	<u>123,783</u>
	Decrease in cash in the period	£ <u>(95,136)</u>	£ <u>(233,304)</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's accounts:

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 1997. Intra-group sales and profits are eliminated fully on consolidation.

(c) Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful lives. In general the rates of depreciation are as follows:

Freehold land	-	Nil
Freehold buildings	-	Nil/written off over 30 years
Plant and machinery	-	25% on written down value
Motor vehicles	-	25% on written down value
Fixtures and fittings	-	15%/25% on written down value

(d) Stocks

Stocks are valued at cost or net realisable value, where lower. Cost is determined on the basis of 'first in, first out'.

(e) Deferred taxation

Deferred taxation is provided using the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

2. TURNOVER

Turnover, which excludes value added tax and sales between group companies, represents amounts invoiced in respect of sales and work done during the year.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1997

2. TURNOVER (Contd.)

The analysis by class of business of the group's turnover and profit before taxation is set out below.

	Haulage	Warehousing	Parcels	Total
	£	£	£	£
1997				
Turnover	<u>3,454,438</u>	<u>618,107</u>	<u>1,522,495</u>	<u>5,595,040</u>
(Loss)/profit before taxation	£ <u>(54,120)</u>	<u>99,277</u>	<u>5,072</u>	<u>50,229</u>
1996				
Turnover	<u>2,463,351</u>	<u>668,161</u>	<u>1,815,678</u>	<u>4,947,190</u>
(Loss)/profit before taxation	£ <u>(177,519)</u>	<u>135,267</u>	<u>(25,745)</u>	<u>(67,997)</u>

3. STAFF NUMBERS AND COSTS

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

	1997	1996
Management	4	4
Administration	20	19
Drivers	85	85
Maintenance	13	9
Other	<u>8</u>	<u>9</u>

The aggregate payroll costs of these persons were:

	£	£
Wages and salaries	1,505,557	1,458,136
Social Security costs	142,119	138,307
Other pension costs	<u>500</u>	<u>500</u>
	<u>£ 1,648,176</u>	<u>£ 1,596,943</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1997

4. DIRECTORS' EMOLUMENTS	1997	1996
	£	£
Emoluments for services as directors	£ <u>85,660</u>	£ <u>78,480</u>
Emoluments excluding pension contributions:		
Highest paid director	£ <u>32,500</u>	£ <u>18,495</u>

5. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting) the following:

	£	£
Directors' emoluments	85,660	78,480
Auditors' remuneration (company 1997 £3,706 (1996: £3,572))	6,894	6,527
Depreciation - owned assets	123,144	54,609
Depreciation - assets held under hire purchase agreements	72,630	88,784
Loss on disposals of fixed assets	2,260	14,752
Plant hire and lease hire	<u>12,268</u>	<u>6,194</u>

6. INTEREST PAYABLE

On bank overdraft	32,281	26,504
On hire purchase agreements	22,596	29,671
On long term loan	<u>5,722</u>	<u>2,602</u>
	£ <u>60,599</u>	£ <u>58,777</u>

7. TAXATION

The charge for taxation based on loss for the year:

UK corporation tax at 24% (1996: 25%)	10,607	(15,488)
Deferred taxation	<u>(9,408)</u>	<u>13,696</u>
	£ <u>1,199</u>	£ <u>(1,792)</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1997

8. PROFIT/(LOSS) FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the parent company's Profit and Loss Account has not been included in these financial statements. The parent company's loss for the financial year was £35,725 (1996: £59,293).

9. TANGIBLE FIXED ASSETS
THE GROUP

	Freehold Buildings	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
	£	£	£	£	£
Cost					
At 1 April 1996	379,763	208,245	1,863,844	119,458	2,571,310
Additions	169,354	16,220	242,179	50,866	478,619
Disposals	—	(2,600)	(56,867)	—	(59,467)
At 31 March 1997	<u>£ 549,117</u>	<u>221,865</u>	<u>2,049,156</u>	<u>170,324</u>	<u>2,990,462</u>
Depreciation					
At 1 April 1996	79,376	118,335	1,363,651	52,423	1,613,785
Charge for the year	9,011	25,253	143,970	17,540	195,774
Disposals	—	(1,232)	(44,466)	—	(45,698)
At 31 March 1997	<u>£ 88,387</u>	<u>142,356</u>	<u>1,463,155</u>	<u>69,963</u>	<u>1,763,861</u>
Net book value					
At 31 March 1997	<u>460,730</u>	<u>79,509</u>	<u>586,001</u>	<u>100,361</u>	<u>1,226,601</u>
At 31 March 1996	<u>£ 300,387</u>	<u>89,910</u>	<u>500,193</u>	<u>67,035</u>	<u>957,525</u>

Included in the total net book value of tangible fixed assets held at 31 March 1997 was £368,132 (1996: £318,346) in respect of assets held under finance lease and hire purchase contracts.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1997

9. (Contd.)
TANGIBLE FIXED ASSETS
THE COMPANY

	Freehold Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 April 1996	18,267	125,946	1,777,504	72,767	1,994,484
Additions	-	-	221,479	4,746	226,225
Disposals	-	(2,600)	(40,740)	-	(43,340)
Intra Group transfers	-	-	(25,668)	-	(25,668)
At 31 March 1997	<u>£ 18,267</u>	<u>123,346</u>	<u>1,932,575</u>	<u>77,513</u>	<u>2,151,701</u>
Depreciation					
At 1 April 1996	9,916	76,867	1,330,201	46,679	1,463,663
Charge for the year	500	11,973	128,760	7,561	148,794
Disposals	-	(1,232)	(34,651)	-	(35,883)
Intra Group transfers	-	-	(10,777)	-	(10,777)
At 31 March 1997	<u>£ 10,416</u>	<u>87,608</u>	<u>1,413,533</u>	<u>54,240</u>	<u>1,565,797</u>
Net book value					
At 31 March 1997	<u>£ 7,851</u>	<u>35,738</u>	<u>519,042</u>	<u>23,273</u>	<u>585,904</u>
At 31 March 1996	<u>£ 8,351</u>	<u>49,079</u>	<u>447,303</u>	<u>26,088</u>	<u>530,821</u>

Included in the total net book value of tangible fixed assets held at 31 March 1997 was £314,044 (1996: £274,418) in respect of assets held under finance lease and hire purchase contracts.

10. STOCK	1997	1996
	£	£
<u>The Group</u>		
Consumables	£ <u>49,171</u>	£ <u>43,631</u>
<u>The Company</u>		
Consumables	£ <u>48,971</u>	£ <u>42,952</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS (Contd.)

YEAR ENDED 31 MARCH 1997

11. DEBTORS	1997	1996
	£	£
The Group		
Trade debtors	1,259,332	1,059,526
Other debtors	10,080	243
Prepayments	69,374	118,134
Corporation tax refund	<u>15,140</u>	<u>15,488</u>
	£ 1,353,926	£ 1,193,391
The Company		
Trade debtors	750,979	662,709
Amount due from group undertakings	148,072	293,139
Other debtors	3,392	26
Prepayments	69,374	108,673
Corporation tax refund	<u>15,140</u>	<u>15,140</u>
	£ 986,957	£ 1,079,687

The amount due from group undertakings includes £100,000 (1996: £150,000) falling due after more than one year.

12. CREDITORS: Amounts falling due within one year

The Group		
Bank overdraft	608,582	474,124
Trade creditors	547,310	478,821
Other creditors	40,331	17,666
Corporation tax	10,607	22
Taxation and Social Security	104,535	88,149
Accruals	2,540	7,595
Obligations under hire purchase agreements	<u>125,560</u>	<u>153,384</u>
	£ 1,439,465	£ 1,219,761
The Company		
Bank overdraft	384,144	386,859
Trade creditors	411,331	377,205
Amount due to group undertaking	37,822	59,692
Taxation and social security	71,131	74,087
Corporation tax	-	22
Accruals	2,540	1,287
Hire purchase agreements	<u>115,303</u>	<u>134,488</u>
	£ 1,022,271	£ 1,033,640

The bank overdraft is secured by a standard debenture dated 1 January 1993 in favour of Lloyds Bank plc together with unlimited all monies guarantees from Howard Warehousing Limited and Howard Parcels Limited dated 13 May 1988 and 29 March 1993 respectively.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1997

	1997 £	1996 £
13. CREDITORS: Amounts falling due after more than one year		
The Group		
Bank loan	159,320	-
Other creditors	351,079	379,598
Hire purchase agreements	135,341	78,621
Other creditors (3i loan)	<u>-</u>	<u>12,500</u>
	<u>£ 645,740</u>	<u>£ 470,719</u>
The Company		
Other creditors - Howard Farms	351,079	379,598
Hire purchase agreements	<u>126,135</u>	<u>76,275</u>
	<u>£ 477,214</u>	<u>£ 455,873</u>

There are no specified repayment terms for the loan from Howard Farms and repayments will be made when funds permit. Howard Farms is a partnership comprising four of the five directors of P C Howard Limited.

Obligations under finance leases and hire purchase contracts

Within two to five years	135,341	78,621
After five years	<u>-</u>	<u>-</u>
	<u>£ 135,341</u>	<u>£ 78,621</u>

Obligations under finance leases and hire purchase contracts are secured.

Analysis of debt maturity

Within one year or on demand	608,582	474,124
Between one and two years	23,516	-
Between two and five years	84,864	-
In five years or more	<u>50,940</u>	<u>-</u>
	<u>£ 767,902</u>	<u>£ 474,124</u>
Repayable by instalments		
Amounts falling due after five years	<u>£ 50,940</u>	<u>£ -</u>

The bank loan and overdraft are secured.

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1997

14.	PROVISION FOR LIABILITIES AND CHARGES	1997	1996
	The Group	£	£
	Deferred taxation		
	a) Balance at 1 April 1996	90,604	76,908
	(Credit)/charge for the year in the Profit and Loss Account	<u>(9,408)</u>	<u>13,696</u>
	Balance at 31 March 1997	£ <u>81,196</u>	£ <u>90,604</u>
	b) Full provision has been made for deferred tax calculated on the liability method as follows:		
	Accelerated capital allowances	84,587	95,765
	Unrelieved corporation tax losses	<u>(3,391)</u>	<u>(5,161)</u>
		£ <u>81,196</u>	£ <u>90,604</u>
14.	The Company		
	Deferred taxation		
	a) Balance as at 1 April 1996	39,120	42,206
	Credit for the year in the Profit and Loss Account	<u>(6,679)</u>	<u>(3,086)</u>
	Balance at 31 March 1997	£ <u>32,441</u>	£ <u>39,120</u>
	b) Full provision has been made for deferred tax calculated on the liability method as follows:		
	Accelerated capital allowances	35,832	44,281
	Unrelieved corporation tax losses	<u>(3,391)</u>	<u>(5,161)</u>
		£ <u>32,441</u>	£ <u>39,120</u>
15.	INVESTMENTS		
	The Group		
	Mid Anglia Training Limited		
	100 Ordinary £1 shares	100	100
	Officebefore Limited		
	300 Ordinary £1 shares	<u>661</u>	<u>661</u>
		£ <u>761</u>	£ <u>761</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1997

15.	INVESTMENTS (Contd.)	1997	1996
	The Company	£	£
	Mid Anglia Training Limited		
	100 Ordinary £1 shares	100	100
	Howard Warehousing Limited		
	1,000 Ordinary £1 shares	1,000	1,000
	Howard Parcels Limited		
	1,000 Ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
		<u>£ 2,100</u>	<u>£ 2,100</u>

Howard Warehousing Limited and Howard Parcels Limited are both wholly owned subsidiaries of P C Howard Limited. The principal activity of Howard Warehousing Limited is that of storage and providing warehousing services. The principal activity of Howard Parcels Limited is that of providing a parcel and pallet distribution service.

16.	CALLED UP SHARE CAPITAL	1997	1996
		£	£
	Authorised 10,000 Ordinary shares of £1 each	£ <u>10,000</u>	£ <u>10,000</u>
	Allotted, called up and fully paid:		
	7,190 Ordinary shares of £1 each (1996: 5,752 shares)	£ <u>7,190</u>	£ <u>5,752</u>

On 10 September 1996, the company issued 1,438 shares to Mr A P Howard.

17.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
	Opening shareholders' funds	415,550	481,755
	Profit/(loss) for the financial year	49,030	(66,205)
	Share capital issued in the year	<u>1,438</u>	<u>-</u>
	Closing shareholders' funds	£ <u>466,018</u>	£ <u>415,550</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

18.	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
	Operating profit/(loss)	110,801	(9,457)
	Depreciation on tangible fixed assets	195,774	143,393
	Loss on sale of tangible fixed assets	2,260	3,315
	Fixed assets written off	5,151	11,437
	(Increase)/decrease in stock	(5,540)	4,385
	(Increase)/decrease in debtors	(160,883)	134,458
	Increase/(decrease) in creditors	<u>114,985</u>	<u>(421,845)</u>
	Net cash inflow/(outflow) from operating activities	£ <u>262,548</u>	£ <u>(134,314)</u>

P C HOWARD LIMITED AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1997

19.	Reconciliation of net cash flow to movement in net debt	1997	1996
		£	£
	Decrease in cash in the period	(95,136)	(233,304)
	Cash inflow from increase in debt	(173,385)	(123,783)
	Movement in net debt in the period	(268,521)	(357,087)
	Net debt at 1 April 1996	(1,109,401)	(752,314)
	Net debt at 31 March 1997	£(1,377,922)	£(1,109,401)

20. **Analysis of net debt**

	At 1 April 1996	Cash Flow	At 31 March 1997
Cash in hand	1,326	634	1,960
Bank overdrafts	(474,124)	(95,770)	(569,894)
		(95,136)	
Debt due after one year	(392,098)	(156,989)	(549,087)
Debt due within one year	(12,500)	12,500	-
Finance leases	(232,005)	(28,896)	(260,901)
TOTAL	£ (1,109,401)	(268,521)	(1,377,922)

21. **Related party transactions**

During the year management charges of £21,000 were receivable by P C Howard Limited from Howard Farms, a partnership between four of the five directors of P C Howard Limited.

An all monies joint and several guarantee dated 4 June 1976 was given by A F Howard, B C Howard, P W Howard and R G Howard together with a first legal charge dated 17 July 1981 over 51A Park Street, King's Cliffe, to Lloyds Bank plc as additional security for the overdraft facility.