

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

HOWARD GROUP LTD

MENZIES

HOWARD GROUP LTD

COMPANY INFORMATION

Director	G P Howard
Company secretary	A J Howard
Registered number	03848803
Registered office	Centrum House 36 Station Road Egham Surrey TW20 9LF
Independent auditors	Menzies LLP Chartered Accountants Centrum House 36 Station Road Egham Surrey TW20 9LF

HOWARD GROUP LTD

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HOWARD GROUP LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

The Group offers a portfolio of third party express, airline management and handling services within the aviation logistics industry.

Howard Group Ltd is a company incorporated in the United Kingdom.

Results and key performance indicators

The results for the year are set out in the statement of comprehensive income on page 9.

The Group generated revenue of £14.8m (2020: £11.5m), an increase of 28.7%. The increase in revenue was primarily due to the addition of new business, as airlines increased schedule frequency and introduced new routes. This was achieved despite a slight reduction in yields. Geographically, the main increase in revenue was due to a 41% increase in the Australian branch in ACP Worldwide Limited as a result of an increase of key customers who operated throughout the pandemic and were able to drive volumes as a result of the surplus cargo space as a result of travel restriction. There was also a 43% increase in South Africa as a result of the full years effect of the re-engagement of Air China. The UK trade was marginally up by 8% which was largely due to the increase in cargo rate as a result of demand due to shortage of flights as a result of the travel restrictions.

The gross profit margin was 23% (2020: 29%) a slight reduction due to higher costs. There was an increase in demand of cargo space as a result of the reduction in commercial flights around the world and increase in fuel surcharges.

As a result of the pandemic and uncertainty within the industry, cost reduction actions were initiated to stabilise and protect the business which in turn has had a favourable impact on the Group's profits generated.

The net current assets of the Group have increased to £1,326,764 (2020: £868,669). The Group have made it priority to ensure that receivables overdue are regularly chased and customers credit terms are reviewed closely to reduce their risk of exposure to any bad debts throughout the pandemic.

Principal risks and uncertainties

The Group has assessed the principal risks affecting the Group as follows:

Customer concentration: A large proportion of the Group's revenue is derived from a limited number of customers and

the Group's results could be impacted from the loss of these customer's. The Group mitigates this risk by meeting

key customers on a regular basis to review operational and financial matters.

Liquidity risk: The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations

as and when they fall due. The Group expects to meet these obligations through close monitoring of cash, and in addition

has a prudent dividend policy and an extremely effective credit control system.

Customer credit risk: The Group is at risk to the extent that a customer may be unable to pay the debt on a specified date. This risk is mitigated by maintaining strong customer relationships, vetting credit ratings and by closely monitoring outstanding debts from all sources.

Foreign exchange risk: The Group is at risk as purchases and sales are predominantly transacted in their functional currency. Insignificant transactions in other currencies are not hedged in any way by the use of derivative contracts. If the Group's operations were to change such that trading in foreign currencies was to reach a significant level, then the directors would review the current policies in place.

Employees

The Group actively encourages all staff to identify any practices within the business, which they may think are unfair or

can be improved. The Group tries to create and maintain a progressive, inclusive, and enjoyable working environment as

the foundation of building positive relationships with the customers.

HOWARD GROUP LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Future Development

The principal activity and trading performance of the Group is expected to remain at the minimum consistent for the foreseeable future. As airline companies continue to resurrect services to pre-pandemic levels, the Group are well positioned to exploit all the opportunities this will present.

Impact of COVID-19

The global tumult wrought by the Covid-19 pandemic over the past 18 months has only intensified the increasing pace of change within the aviation industry worldwide. Air cargo plays a significant role in supporting the recovery of the global supply chain and the economy, therefore although the aviation industry has begun to recover as a whole, the Group remains vigilant especially with regards to costs, ensuring staffing and resources remain appropriate to current requirements.

This report was approved by the board and signed on its behalf.

G P Howard
Director

Date: 13 July 2022

HOWARD GROUP LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The director presents his report and the financial statements for the year ended 31 August 2021.

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £723,948 (2020 - £179,388).

The Group paid an interim dividend during the year of £200,000 (2020: £nil).

Director

The director who served during the year was:

G P Howard

Matters covered in the strategic report

The Group has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information required by schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Report) Regulations 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

HOWARD GROUP LTD

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

G P Howard

Director

Date: 13 July 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOWARD GROUP LTD

Opinion

We have audited the financial statements of Howard Group Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 August 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 director's 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 or the 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 director 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 Auditors' Report thereon. The director is 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOWARD GROUP LTD
(CONTINUED)**

Opinion 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 Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's 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 director's 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 Director's Responsibilities Statement set out on page 3, the director is 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 director determines 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 director is responsible for assessing the Group's and 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOWARD GROUP LTD (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including UK Companies Act, employment law and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Group is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - Posting of unusual journals and complex transactions;
 - Risk of fictitious employees.
 - Posting of non business related expenses.
 - The inappropriate use of government grants or other financial incentives arising from a fraudulent claim, error or negligence in the application process or a failure to fully understand the relevant criteria for such grants and incentives.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOWARD GROUP LTD
(CONTINUED)**

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

Sophie Said FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Centrum House
36 Station Road
Egham
Surrey
TW20 9LF

13 July 2022

HOWARD GROUP LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	As restated 2020 £
Turnover	3	14,781,475	11,535,092
Cost of sales		(11,368,630)	(8,158,722)
Gross profit		3,412,845	3,376,370
Administrative expenses		(2,721,587)	(3,653,528)
Other operating income	4	246,219	606,230
Operating profit	5	937,477	329,072
Interest receivable and similar income	9	441	2,296
Interest payable and similar expenses	10	(16,596)	(20,442)
Profit before taxation		921,322	310,926
Tax on profit	11	(197,374)	(131,538)
Profit for the financial year		723,948	179,388
Exchange gains/(losses) arising on translation on foreign operations		(18,320)	17,288
Other comprehensive income for the year		(18,320)	17,288
Total comprehensive income for the year		705,628	196,676
Profit for the year attributable to:			
Non-controlling interests		12,708	(155)
Owners of the parent Company		711,240	179,543
		723,948	179,388
Total comprehensive income for the year attributable to:			
Non-controlling interest		12,708	(155)
Owners of the parent Company		692,920	196,831
		705,628	196,676

The notes on pages 16 to 32 form part of these financial statements.

HOWARD GROUP LTD
REGISTERED NUMBER:03848803

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	163,155	179,078
		<u>163,155</u>	<u>179,078</u>
Current assets			
Debtors: amounts falling due within one year	16	3,251,275	2,558,603
Cash at bank and in hand		1,189,934	932,862
		<u>4,441,209</u>	<u>3,491,465</u>
Creditors: amounts falling due within one year	17	(3,114,445)	(2,622,796)
Net current assets		<u>1,326,764</u>	<u>868,669</u>
Total assets less current liabilities		<u>1,489,919</u>	<u>1,047,747</u>
Creditors: amounts falling due after more than one year	18	(271,370)	(334,826)
Provisions for liabilities			
Net assets excluding pension asset		<u>1,218,549</u>	<u>712,921</u>
Net assets		<u><u>1,218,549</u></u>	<u><u>712,921</u></u>
Capital and reserves			
Called up share capital	22	60,000	60,000
Foreign exchange reserve	23	(57,014)	(38,694)
Profit and loss account	23	1,203,160	691,920
Equity attributable to owners of the parent Company		<u>1,206,146</u>	<u>713,226</u>
Non-controlling interests		<u>12,403</u>	<u>(305)</u>
		<u><u>1,218,549</u></u>	<u><u>712,921</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G P Howard
 Director
 Date: 13 July 2022

The notes on pages 16 to 32 form part of these financial statements.

HOWARD GROUP LTD
REGISTERED NUMBER:03848803

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	15	1,015,101	1,015,101
		<u>1,015,101</u>	<u>1,015,101</u>
Current assets			
Debtors: amounts falling due within one year	16	101,125	6,685
Cash at bank and in hand		1,176	1,000
		<u>102,301</u>	<u>7,685</u>
Creditors: amounts falling due within one year	17	(101,961)	(7,125)
Net current assets		<u>340</u>	<u>560</u>
Total assets less current liabilities		<u>1,015,441</u>	<u>1,015,661</u>
Net assets excluding pension asset		<u>1,015,441</u>	<u>1,015,661</u>
Net assets		<u><u>1,015,441</u></u>	<u><u>1,015,661</u></u>
Capital and reserves			
Called up share capital	22	60,000	60,000
Profit and loss account	23	955,441	955,661
		<u><u>1,015,441</u></u>	<u><u>1,015,661</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G P Howard
 Director
 Date: 13 July 2022

The notes on pages 16 to 32 form part of these financial statements.

HOWARD GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital	Foreign exchange reserve	Profit and loss account	Non-controlling interests	Total equity
	£	£	£	£	£
At 1 September 2018 (Unaudited)	60,000	(55,982)	512,377	(150)	516,245
Comprehensive income for the year					
Profit for the year	-	-	179,543	(155)	179,388
Foreign exchange on translation of foreign operations	-	17,288	-	-	17,288
At 1 September 2020	60,000	(38,694)	691,920	(305)	712,921
Comprehensive income for the year					
Profit for the year	-	-	711,240	12,708	723,948
Foreign exchange on translation of foreign operations	-	(18,320)	-	-	(18,320)
Dividends paid	-	-	(200,000)	-	(200,000)
At 31 August 2021	60,000	(57,014)	1,203,160	12,403	1,218,549

The notes on pages 16 to 32 form part of these financial statements.

HOWARD GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2019	60,000	955,664	1,015,664
Comprehensive income for the year			
Loss for the year	-	(3)	(3)
At 1 September 2020	60,000	955,661	1,015,661
Comprehensive income for the year			
Profit for the year	-	199,780	199,780
Contributions by and distributions to owners			
Dividends paid	-	(200,000)	(200,000)
At 31 August 2021	<u>60,000</u>	<u>955,441</u>	<u>1,015,441</u>

The notes on pages 16 to 32 form part of these financial statements.

HOWARD GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	723,948	179,388
Adjustments for:		
Amortisation of intangible assets	-	50,255
Depreciation of tangible assets	51,415	46,639
Loss on disposal of tangible assets	-	(7,021)
Government grants	(246,219)	(557,918)
Interest paid	16,596	20,442
Interest received	(441)	(2,296)
Taxation charge	197,374	131,538
(Increase) in debtors	(686,054)	(986,939)
Increase in creditors	377,794	1,182,519
Corporation tax (paid)	(106,936)	(131,538)
Net cash generated from operating activities	327,477	(74,931)
Cash flows from investing activities		
Purchase of tangible fixed assets	(37,541)	(155,212)
Sale of tangible fixed assets	-	48,329
Government grants received	246,219	557,918
Interest received	441	2,296
Net cash from investing activities	209,119	453,331
Cash flows from financing activities		
New secured loans	6,040	300,000
Repayment of loans	(49,535)	(46,720)
Other new loans	20,000	-
Repayment of/new finance leases	(39,433)	(31,150)
Dividends paid	(200,000)	-
Interest paid	(16,596)	(20,442)
Net cash used in financing activities	(279,524)	201,688
Net increase in cash and cash equivalents	257,072	580,088
Cash and cash equivalents at beginning of year	932,862	352,774
Cash and cash equivalents at the end of year	1,189,934	932,862
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,189,934	932,862
	1,189,934	932,862

HOWARD GROUP LTD

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 AUGUST 2021

	At 1 September 2020 £	Cash flows £	New finance leases £	At 31 August 2021 £
Cash at bank and in hand	932,862	257,072	-	1,189,934
Debt due after 1 year	(232,876)	55,056	-	(177,820)
Debt due within 1 year	(50,254)	(12,889)	-	(63,143)
Finance leases	(123,310)	23,052	(20,000)	(120,258)
	<u>526,422</u>	<u>322,291</u>	<u>(20,000)</u>	<u>828,713</u>

The notes on pages 16 to 32 form part of these financial statements.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

Howard Group Ltd is a private company limited by shares incorporated in England and Wales. The address of the registered office is disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional currency is Australian Dollars \$ which is where the majority of the trade takes place. This differs from the presentational currency which is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.4 Turnover

Turnover represents income earned from the principal activity of the business, being rendering of freight management services for Air Cargo, security & handling.

Where the company provides services as an agent, they earn a commission based on an agreed rate per KG exported per the airline's cargo reports which is invoiced at the end of the month.

Where the company acts as a principal for the airlines, they manage the services and clearance of the goods on the airlines behalf by selling the airlines cargo space to customers and manage the movement of these goods to the end consumer. Turnover is recognised at the point in which the company has transferred the significant risks and rewards to the airline and the company no longer oversees the export of the goods following completion of their services provided.

All revenue generated is net of VAT or any such oversea tax equivalents.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The Company has taken advantage of the Government's job retention schemes available as a result of the COVID-19 pandemic. Funds received under these grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life being 20 years.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Motor vehicles	-	25%	Reducing balance
Fixtures and fittings	-	25%	Reducing balance
Office equipment	-	25%	Reducing balance
Computer equipment	-	25%	Reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

3. Turnover

An analysis of turnover by class of business is as follows:

	2021	As restated 2020
	£	£
Turnover	14,781,475	11,535,092
	<u>14,781,475</u>	<u>11,535,092</u>

Analysis of turnover by country of destination:

	2021	As restated 2020
	£	£
United Kingdom	3,726,329	3,179,323
Rest of the world	11,055,146	8,355,769
	<u>14,781,475</u>	<u>11,535,092</u>

4. Other operating income

	2021	2020
	£	£
Government grants receivable	246,219	606,230
	<u>246,219</u>	<u>606,230</u>

5. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation/ amortisation	51,415	96,894
Exchange differences	(76,852)	130,548
Operating lease rentals	<u>138,090</u>	<u>134,491</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>25,000</u>	<u>22,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	4,250	1,750
Other services relating to taxation	1,000	1,400
All other services	3,000	2,000
	<u>8,250</u>	<u>5,150</u>

7. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	1,815,366	2,452,037	-	-
Social security costs	82,660	80,177	-	-
Cost of defined contribution scheme	76,594	61,317	-	-
	<u>1,974,620</u>	<u>2,593,531</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the director, during the year was as follows:

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Employees	<u>45</u>	<u>76</u>	<u>1</u>	<u>1</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

8. Director's remuneration

	2021 £	2020 £
Director's emoluments	169,303	136,510
Directors pension costs	40,800	40,800
	<u>210,103</u>	<u>177,310</u>

During the year retirement benefits were accruing to no directors (2020 - NIL) in respect of defined contribution pension schemes.

All costs associated with the director are paid through a subsidiary.

9. Interest receivable

	2021 £	2020 £
Other interest receivable	441	2,296
	<u>441</u>	<u>2,296</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	7,244	12,447
Finance leases and hire purchase contracts	9,352	7,995
	<u>16,596</u>	<u>20,442</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	184,064	96,833
	<u>184,064</u>	<u>96,833</u>
Double taxation relief	(100,518)	(49,679)
	<u>83,546</u>	<u>47,154</u>
Foreign tax		
Foreign tax on income for the year	120,446	87,908
	<u>120,446</u>	<u>87,908</u>
Total current tax	<u>203,992</u>	<u>135,062</u>
Deferred tax		
Origination and reversal of timing differences	(6,618)	(3,524)
Total deferred tax	<u>(6,618)</u>	<u>(3,524)</u>
Taxation on profit on ordinary activities	<u>197,374</u>	<u>131,538</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>921,322</u>	<u>310,926</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	175,051	59,076
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	122	18,070
Capital allowances for year in excess of depreciation	(762)	(64)
Utilisation of tax losses	(6)	-
Tax charged for difference in tax rates	19,928	38,229
Deferred tax not recognised for changes in tax rates	(5,866)	3,161
Unrelieved loss on foreign subsidiaries	8,907	13,066
Total tax charge for the year	<u>197,374</u>	<u>131,538</u>

12. Dividends

	2021 £	2020 £
Interim dividend on Ordinary shares	200,000	-
	<u>200,000</u>	<u>-</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

13. Intangible assets

Group

	Goodwill £
Cost	
At 1 September 2020	1,005,101
At 31 August 2021	1,005,101
Amortisation	
At 1 September 2020	1,005,101
At 31 August 2021	1,005,101
Net book value	
At 31 August 2021	-
At 31 August 2020	-

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

14. Tangible fixed assets

Group

	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 September 2020	181,837	109,176	25,328	61,103	377,444
Additions	20,000	2,331	-	15,210	37,541
Disposals	-	(20,263)	-	(14,458)	(34,721)
Exchange adjustments	(2,289)	(2,028)	(359)	(330)	(5,006)
At 31 August 2021	199,548	89,216	24,969	61,525	375,258
Depreciation					
At 1 September 2020	43,708	78,430	19,709	56,519	198,366
Charge for the year on owned assets	29,219	12,336	2,621	7,239	51,415
Disposals	-	(20,263)	-	(14,458)	(34,721)
Exchange adjustments	(740)	(1,287)	(702)	(228)	(2,957)
At 31 August 2021	72,187	69,216	21,628	49,072	212,103
Net book value					
At 31 August 2021	127,361	20,000	3,341	12,453	163,155
At 31 August 2020	138,129	30,746	5,619	4,584	179,078

The Company has no fixed assets at the reporting date.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Motor vehicles	127,181	137,979
Office equipment	1,024	569
	128,205	138,548

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2020	1,015,101
At 31 August 2021	<u>1,015,101</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
ACP Worldwide Limited	United Kingdom	Airline cargo general sales agent	Ordinary	100%
G.S.A Worldwide Limited	United Kingdom	Dormant	Ordinary	100%
Air Cargo Partners Pty Limited	Australia	Dormant	Ordinary	84.21%
ACP Caribbean Limited	Caribbean	Cargo and sales logistics	Ordinary	90%
ACP Worldwide (NZ) Limited	New Zealand	Airline cargo general sales agent	Ordinary	100%

16. Debtors

	Group 2021 £	<i>Group</i> <i>2020</i> £	Company 2021 £	<i>Company</i> <i>2020</i> £
Trade debtors	2,773,392	2,091,830	-	-
Amounts owed by group undertakings	-	-	-	2,269
Other debtors	404,730	300,413	101,125	1,056
Prepayments and accrued income	48,709	148,534	-	3,360
Deferred taxation	24,444	17,826	-	-
	<u>3,251,275</u>	<u>2,558,603</u>	<u>101,125</u>	<u>6,685</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

17. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Bank loans	61,505	49,944	-	-
Trade creditors	2,194,022	1,400,676	-	-
Amounts owed to group undertakings	-	-	95,986	-
Corporation tax	236,699	139,643	-	-
Other taxation and social security	61,520	97,265	-	-
Obligations under finance lease and hire purchase contracts	26,708	21,360	-	-
Other creditors	22,575	27,635	350	350
Accruals and deferred income	511,416	886,273	5,625	6,775
	<u>3,114,445</u>	<i><u>2,622,796</u></i>	<u>101,961</u>	<i><u>7,125</u></i>

Bank loans and overdrafts are secured by way of a legal charge in favour of the company's bankers and a debenture comprising of a fixed and floating charge over all assets of the company.

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>
	2021	<i>2020</i>
	£	<i>£</i>
Bank loans	177,820	232,876
Net obligations under finance leases and hire purchase contracts	93,550	101,950
	<u>271,370</u>	<i><u>334,826</u></i>

Bank loans and overdrafts are secured by way of a legal charge in favour of the company's bankers and a debenture comprising of a fixed and floating charge over all assets of the company.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

19. Loans

	Group 2021 £	Group 2020 £
Amounts falling due within one year		
Bank loans	61,505	49,944
	61,505	49,944
Amounts falling due 2-5 years		
Bank loans	171,888	215,371
	171,888	215,371
Amounts falling due after more than 5 years		
Bank loans	5,932	17,505
	5,932	17,505
	239,325	282,820

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £
Within one year	26,536	21,242
Between 1-5 years	93,724	101,950
	120,260	123,192

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

21. Deferred taxation

Group

	2021 £
At beginning of year	17,826
Charged/(release) to profit or loss	6,618
At end of year	<u>24,444</u>

	Group 2021 £	Group 2020 £
Accelerated capital allowances	24,444	17,826
	<u>24,444</u>	<u>17,826</u>

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,000 (2020 - 10,000) Ordinary A shares of £1.00 each	10,000	10,000
50,000 (2020 - 50,000) Ordinary B shares of £1.00 each	50,000	50,000
	<u>60,000</u>	<u>60,000</u>

23. Reserves

Foreign exchange reserve

This reserve records the accumulated foreign exchange movements as a result of the overseas branches functional currency being different to the Group's presentational currency.

Profit and loss account

This reserve records retained earnings and accumulated losses attributable to the shareholders of the Group.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

24. Contingent liabilities

At the balance sheet date, a contingent liability exists with the Bank of Ireland Dublin Branch in the form of an electronic direct payments guarantee.

At the balance sheet date, National Westminster Bank Plc has provided an unconditional and irrevocable guarantee to Etihad Airways PJSC to pay up to a maximum of US \$110,000 in the event that ACP Worldwide Limited as agents should default on the terms and conditions of the agency agreement.

The guarantee is covered by the sum of US \$110,000 being held in a separate Deposit account in the name of ACP Worldwide Limited.

At the balance sheet date, National Australian Bank Limited has provided a guarantee to Vietnam Airlines Corporation to pay up to a maximum of AUS \$250,000 in the event that ACP Worldwide Limited as agents should default on the terms and conditions of the agency agreement.

The guarantee is covered by the sum of AUS \$250,000 being held in a separate National Term Deposit account in the name of ACP Worldwide Limited.

ACP Worldwide Limited has deposited ZAR 340,000 directly with Air China Cargo to be held in a separate South African Rand account to facilitate a Cargo General Sales Agency appointment in South Africa, to be only utilised in the event that ACP Worldwide Limited as agents should default on the terms of the agency agreement.

ACP Worldwide Limited has deposited US\$ 25,000 (equivalent to ZAR 350,000) directly to Nedbank Limited in South Africa to be held in a separate Bank account in the name of EgyptAir Cargo to facilitate a general sale Agency Arrangement.

25. Commitments under operating leases

At 31 August 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>
Not later than 1 year	36,865	43,729
Later than 1 year and not later than 5 years	9,629	9,899
	<u>46,494</u>	<u>53,628</u>

The Company had no commitments under non-cancellable operating leases at the reporting date.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

26. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed.

Note 15 provides the information about the details of the subsidiaries.

During the year, the Group entered into transactions with an investment under common control. The Group was recharged business related expenses of £316,119 (2020: £600,284) from the company. At the year end, the company were owed a balance of £41,935 (2020: £86,850) from the Group.

At 31 August 2021, an amount of £104,227 was owed to the Group from G Howard which is shown within other debtors & £1,328 owed to R Entwistle, a director of the subsidiary by the Group which is shown within other creditors. No interest was charged on these amounts.

Dividends of £133,000 (2020 - £nil) were paid to the director during the year.

27. Prior year adjustment

A prior year adjustment has arisen as a result of the elimination of inter-branch sales and cost of sales. This elimination was not adjusted for in the prior year accounts which resulted in the turnover and cost of sales for the year ended 31 August 2020 being overstated by £789,352.

This adjustment has not resulted in a change to the profit for the year or net assets as at 31 August 2020.

28. Controlling party

The ultimate controlling party is G Howard.

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.