

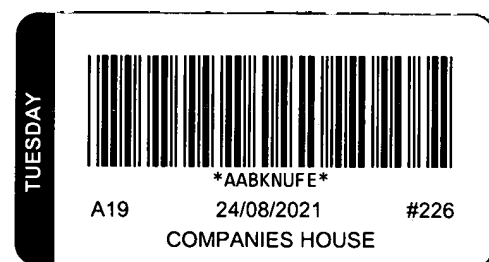
Company registration number: 03848803

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 AUGUST 2020

HOWARD GROUP LTD



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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 2020

Introduction

The Group offers a portfolio of third party Sales 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 8.

The Group generated revenue of £12.3m (2019: £12m), an increase of 3%. The increase in revenue was due to a 12% 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. There was also a 30% increase in South Africa as a result of the re-engagement of Air China. The UK trade reduced slightly by 7% due to a decrease in security and handling because of fewer flights from the UK as a result of the last 5 months of the year during Covid which resulted in lower volumes therefore lower revenue.

The gross profit margin was 27% (2019: 32%) 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 due to Covid. See details of how the business managed it's cost base under the impact of Covid-19 heading further on in the report.

The net current assets of the Group have increased to £868,669 (2019: £407,179). 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.

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.

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.

Future Development

The principal activity and trading performance of the Group is expected to remain consistent for the foreseeable future.

HOWARD GROUP LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

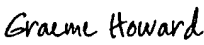
Impact of COVID-19

In March 2020, the World Health Organisation declared a global pandemic linked to the outbreak of COVID-19, and in response, the UK government along with many governments worldwide introduced stringent social and economic lockdown measures to contain and control the spread of the virus. These measures have had a significant impact on the global economy, and on trading conditions for the business.

The Group took several immediate actions to control the cost base and to ensure the continuity of its operation:

- Introducing working time reduction at almost all locations. The stations pertaining to the UK Group are remaining operational during the pandemic and would be fully closed only on exceptional basis.
- Following the loss of the contract with the customer Thai Airways, the employees assigned to this customer have been made redundant at that time.
- Headcount within the UK Express Division was reduced inline with the decrease in revenue
- Due to the restriction of the UK & AU borders, Management decided to take advantage of furlough scheme in the UK and the job retention scheme in AU.

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

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G P Howard
Director

Date: 18-Aug-2021

HOWARD GROUP LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The director presents his report and the financial statements for the year ended 31 August 2020.

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 £179,543 (2019: £4,022).

The Group has not paid an interim dividend during the year (2019: £nil).

Director

The director who served during the year was:

G P Howard

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.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

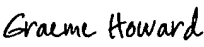
HOWARD GROUP LTD

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Auditors

The auditors, Menzies LLP, having been appointed during the period by the directors, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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G P Howard
Director

Date: 18-Aug-2021

HOWARD GROUP LTD

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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 2020, 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 2020 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

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

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

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

HOWARD GROUP LTD

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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.

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.

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.

Other matters

In the previous accounting period the consolidated financial statements were not prepared. This is the first year consolidated financial statements have been prepared, therefore the prior period consolidated financial statements were not subject to an audit.

HOWARD GROUP LTD

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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.

DocuSigned by:

Sophie Said

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Sophie Said FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Centrum House

36 Station Road

Egham

Surrey

TW20 9LF

Date: 18-Aug-2021

HOWARD GROUP LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	Unaudited 2019 £
Turnover	4	12,324,444	12,015,748
Cost of sales		(8,948,074)	(8,210,133)
Gross profit		3,376,370	3,805,615
Administrative expenses		(3,653,528)	(3,721,749)
Other operating income	5	606,230	-
Operating profit	6	329,072	83,866
Interest receivable and similar income	10	2,296	3,382
Interest payable and similar expenses	11	(20,442)	(14,226)
Profit before taxation		310,926	73,022
Tax on profit	12	(131,538)	(69,150)
Profit for the financial year		179,388	3,872
Exchange gains/(losses) arising on translation on foreign operations		17,288	(55,982)
Other comprehensive income for the year		17,288	(55,982)
Total comprehensive income for the year		196,676	(52,110)
Profit for the year attributable to:			
Non-controlling interests		(155)	(150)
Owners of the parent Company		179,543	4,022
		179,388	3,872
Total comprehensive income for the year attributable to:			
Non-controlling interest		(155)	(150)
Owners of the parent Company		196,831	(51,960)
		196,676	(52,110)

The notes on pages 15 to 30 form part of these financial statements.

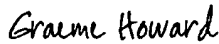
HOWARD GROUP LTD

REGISTERED NUMBER:03848803

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Note	2020 £	Unaudited 2019 £
Fixed assets			
Intangible assets	13	-	50,255
Tangible assets	14	179,078	112,721
		<u>179,078</u>	<u>162,976</u>
Current assets			
Debtors: amounts falling due within one year	16	2,558,603	1,571,664
Cash at bank and in hand	17	932,862	352,774
		<u>3,491,465</u>	<u>1,924,438</u>
Creditors: amounts falling due within one year	18	(2,622,796)	(1,517,259)
Net current assets		<u>868,669</u>	<u>407,179</u>
Total assets less current liabilities		<u>1,047,747</u>	<u>570,155</u>
Creditors: amounts falling due after more than one year	19	(334,826)	(53,910)
Provisions for liabilities			
Net assets excluding pension asset		<u>712,921</u>	<u>516,245</u>
Net assets		<u>712,921</u>	<u>516,245</u>
Capital and reserves			
Called up share capital	23	60,000	60,000
Foreign exchange reserve	24	(38,694)	(55,982)
Profit and loss account	24	691,920	512,377
Equity attributable to owners of the parent Company		<u>713,226</u>	<u>516,395</u>
Non-controlling interests		(305)	(150)
		<u>712,921</u>	<u>516,245</u>

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

DocuSigned by:

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G P Howard

Director

Date: 18-Aug-2021

The notes on pages 15 to 30 form part of these financial statements.

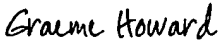
HOWARD GROUP LTD

REGISTERED NUMBER:03848803

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
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	6,685	7,373
Cash at bank and in hand	17	1,000	1,028
		<u>7,685</u>	<u>8,401</u>
Creditors: amounts falling due within one year	18	(7,125)	(7,838)
Net current assets		<u>560</u>	<u>563</u>
Total assets less current liabilities		<u>1,015,661</u>	<u>1,015,664</u>
Net assets excluding pension asset		<u>1,015,661</u>	<u>1,015,664</u>
Net assets		<u><u>1,015,661</u></u>	<u><u>1,015,664</u></u>
Capital and reserves			
Called up share capital	23	60,000	60,000
Profit and loss account	24	955,661	955,664
		<u>1,015,661</u>	<u>1,015,664</u>

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

DocuSigned by:

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G P Howard
 Director
 Date: 18-Aug-2021

The notes on pages 15 to 30 form part of these financial statements.

HOWARD GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 September 2018 (Unaudited)	60,000	-	508,355	-	568,355
Comprehensive income for the year					
Profit for the year	-	-	4,022	(150)	3,872
Foreign exchange on translation of foreign operations	-	(55,982)	-	-	(55,982)
At 1 September 2019	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 31 August 2020	60,000	(38,694)	691,920	(305)	712,921

The notes on pages 15 to 30 form part of these financial statements.

HOWARD GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2018	60,000	955,669	1,015,669
Comprehensive income for the year			
Loss for the year	-	(5)	(5)
At 1 September 2019	60,000	955,664	1,015,664
Comprehensive income for the year			
Loss for the year	-	(3)	(3)
At 31 August 2020	60,000	955,661	1,015,661

The notes on pages 15 to 30 form part of these financial statements.

HOWARD GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £	Unaudited 2019 £
Cash flows from operating activities		
Profit for the financial year	179,388	3,872
Adjustments for:		
Amortisation of intangible assets	50,255	50,255
Depreciation of tangible assets	96,864	89,583
Loss on disposal of tangible assets	(7,021)	872
Government grants	(557,918)	-
Interest paid	20,442	14,226
Interest received	(2,296)	(3,381)
Taxation charge	131,538	69,150
(Increase) in debtors	(986,939)	(50,836)
Increase in creditors	1,182,519	160,996
Corporation tax (paid)	(131,538)	(51,543)
Net cash generated from operating activities	(24,706)	283,194
Cash flows from investing activities		
Purchase of tangible fixed assets	(155,212)	(66,942)
Sale of tangible fixed assets	48,329	30,826
Government grants received	557,918	-
Interest received	2,296	3,381
Net cash from investing activities	453,331	(32,735)
Cash flows from financing activities		
New secured loans	300,000	-
Repayment of loans	(96,945)	(259,344)
Repayment of/new finance leases	(31,150)	(46,001)
Interest paid	(20,442)	(14,226)
Net cash used in financing activities	151,463	(319,571)
Net increase/(decrease) in cash and cash equivalents	580,088	(69,112)
Cash and cash equivalents at beginning of year	352,774	421,886
Cash and cash equivalents at the end of year	932,862	352,774
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	932,862	352,774
	932,862	352,774

HOWARD GROUP LTD

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 AUGUST 2020

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	352,774	580,088	932,862
Debt due after 1 year	(48,887)	(183,989)	(232,876)
Debt due within 1 year	(30,310)	(19,944)	(50,254)
Finance leases	(45,872)	(77,438)	(123,310)
	<u>227,705</u>	<u>298,717</u>	<u>526,422</u>

The notes on pages 15 to 30 form part of these financial statements.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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 (see note 3).

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 \$. 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.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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. All revenue generated is net of VAT or any such overseas 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.

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.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

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 2020

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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the accounts reported. These estimates and judgements are continually reviewed and are based on experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

4. Turnover

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

	2020 £	2019 £
Turnover	12,324,444	12,015,748
	<u>12,324,444</u>	<u>12,015,748</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	3,968,675	4,605,862
Rest of the world	8,355,769	7,409,886
	<u>12,324,444</u>	<u>12,015,748</u>

5. Other operating income

	2020 £	2019 £
Government grants receivable	606,230	-
	<u>606,230</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation	96,894	89,583
Exchange differences	130,548	(29,088)
Operating lease rentals	123,391	170,651
	<u>350,833</u>	<u>231,146</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	22,000	19,600
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	1,000	1,000
	1,000	1,000

8. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	2,452,037	2,587,955	-	-
Social security costs	80,177	86,841	-	-
Cost of defined contribution scheme	61,317	58,798	-	-
	2,593,531	2,733,594	-	-

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Employees	75	66	1	1

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

9. Director's remuneration

	2020 £	2019 £
Director's emoluments	123,375	141,000
Directors pension costs	40,800	40,800
	<u>164,175</u>	<u>181,800</u>

During the year retirement benefits were accruing to no directors (2019 - NIL) in respect of defined contribution pension schemes.

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

10. Interest receivable

	2020 £	2019 £
Other interest receivable	2,296	3,382
	<u>2,296</u>	<u>3,382</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	12,447	10,107
Finance leases and hire purchase contracts	7,995	4,119
	<u>20,442</u>	<u>14,226</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	96,833	26,897
Adjustments in respect of previous periods	-	15,088
	<u>96,833</u>	<u>41,985</u>
Double taxation relief	(49,679)	(26,897)
	<u>47,154</u>	<u>15,088</u>
Foreign tax		
Foreign tax on income for the year	87,908	68,364
	<u>87,908</u>	<u>68,364</u>
Total current tax	<u>135,062</u>	<u>83,452</u>
Deferred tax		
Origination and reversal of timing differences	(3,524)	(14,302)
Total deferred tax	<u>(3,524)</u>	<u>(14,302)</u>
Taxation on profit on ordinary activities	<u>131,538</u>	<u>69,150</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	310,926	73,022
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	59,076	13,874
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,070	11,812
Capital allowances for year in excess of depreciation	(64)	(7,716)
Adjustments to tax charge in respect of prior periods	-	(6,325)
Tax charged for difference in tax rates	38,229	48,577
Deferred tax not recognised for changes in tax rates	3,161	-
Unrelieved loss on foreign subsidiaries	13,066	8,928
Total tax charge for the year	131,538	69,150

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

13. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 September 2019	1,005,101
At 31 August 2020	<u>1,005,101</u>
Amortisation	
At 1 September 2019	954,846
Charge for the year on owned assets	<u>50,255</u>
At 31 August 2020	<u>1,005,101</u>
Net book value	
At 31 August 2020	-
At 31 August 2019	<u><u>50,255</u></u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

14. Tangible fixed assets

Group

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2019	173,031	169,503	8,607	10,261	361,402
Additions	146,056	9,156	-	-	155,212
Disposals	(136,655)	(217)	-	-	(136,872)
Exchange adjustments	(595)	(1,103)	(400)	(371)	(2,469)
At 31 August 2020	181,837	177,339	8,207	9,890	377,273
Depreciation					
At 1 September 2019	111,657	119,738	7,025	10,261	248,681
Charge for the year on owned assets	27,822	18,292	525	-	46,639
Disposals	(95,347)	(217)	-	-	(95,564)
Exchange adjustments	(424)	(851)	85	(371)	(1,561)
At 31 August 2020	43,708	136,962	7,635	9,890	198,195
Net book value					
At 31 August 2020	138,129	40,377	572	-	179,078
At 31 August 2019	61,374	49,765	1,582	-	112,721

The Company has no fixed assets at the reporting date.

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2019	1,015,101
At 31 August 2020	1,015,101

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	100.00%
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 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	2,091,830	1,377,447	-	-
Amounts owed by group undertakings	-	-	2,269	3,382
Other debtors	300,413	118,854	1,056	631
Prepayments and accrued income	148,534	61,061	3,360	3,360
Deferred taxation	17,826	14,302	-	-
	2,558,603	1,571,664	6,685	7,373

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

17. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	932,862	352,774	1,000	1,028
	932,862	352,774	1,000	1,028

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	49,944	30,000	-	-
Trade creditors	1,400,676	739,626	-	3,788
Corporation tax	139,643	33,478	-	-
Other taxation and social security	97,265	79,800	-	-
Obligations under finance lease and hire purchase contracts	21,360	40,850	-	-
Other creditors	27,635	40,459	350	350
Accruals and deferred income	886,273	553,046	6,775	3,700
	2,622,796	1,517,259	7,125	7,838

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.

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

	Group 2020 £	Group 2019 £
Bank loans	232,876	48,887
Net obligations under finance leases and hire purchase contracts	101,950	5,023
	334,826	53,910

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 2020

20. Loans

	Group 2020 £	Group 2019 £
Amounts falling due within one year		
Bank loans	49,944	30,000
	<u>49,944</u>	<u>30,000</u>
Amounts falling due 2-5 years		
Bank loans	215,371	48,887
	<u>215,371</u>	<u>48,887</u>
Amounts falling due after more than 5 years		
Bank loans	17,505	-
	<u>282,820</u>	<u>78,887</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	21,242	39,643
Between 1-5 years	101,950	5,022
	<u>123,192</u>	<u>44,665</u>

HOWARD GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

22. Deferred taxation

Group

	2020 £
At beginning of year	14,302
Charged/(release) to profit or loss	3,524
At end of year	17,826

	Group 2020 £	Group 2019 £
Accelerated capital allowances	17,826	14,302
	17,826	14,302

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
10,000 (2019 - 10,000) Ordinary A shares of £1.00 each	10,000	10,000
50,000 (2019 - 50,000) Ordinary B shares of £1.00 each	50,000	50,000
	60,000	60,000

24. 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 2020

25. 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.

26. Commitments under operating leases

At 31 August 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	43,729	74,473
Later than 1 year and not later than 5 years	9,899	20,999
	<u>53,628</u>	<u>95,472</u>

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

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 not to disclose transactions entered into between members of the Group where subsidiaries party to the transaction are wholly owned members of the Group.

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

Dividends of £nil (2019 - £nil) were declared to directors during the year.