
HOWARD TENENS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 30 September 2019



HOWARD TENENS LIMITED

COMPANY INFORMATION

Directors

PE Morris
JM Beecham
J Ede
BJ Morris
DP Morris
CW Smith
CDM Waterer (appointed 1 October 2018)
SJ Emms (appointed 1 October 2018)
J Hartles (appointed 1 February 2019)

Company secretary

BJ Morris

Registered number

6690158

Registered office

Kingfisher Business Park
London Road
Thrupp
Stroud
Gloucestershire
GL5 2BY

Independent auditor

BDO LLP
Chartered Accountants
Bridgewater House
Counterslip
Bristol
United Kingdom
BS1 6BX

HOWARD TENENS LIMITED

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HOWARD TENENS LIMITED

GROUP STRATEGIC REPORT For the Year Ended 30 September 2019

PRINCIPAL ACTIVITY

The principal activities of the Company and of the Group are warehousing and distribution, property development and property management.

BUSINESS REVIEW

For the year ended 30 September 2019, group turnover rose by 2% to £96 million.

The focus for the year was not to simply grow further still, having reported a 20% increase in turnover in the prior year; but to set the foundations for a sustainable and profitable growth moving forward.

Customer engagement was at the forefront, ensuring our current customer base was being managed effectively. A thorough review of our contracts coupled with improvements in management reporting has contributed to an improved gross margin of 45.8%, 1.5 points above prior year.

Underlying administration costs have been held year on year, discounting any one off costs.

The result is a profit before tax that has more than doubled compared to the prior year (if you discount fair value movements).

PRINCIPAL RISKS AND UNCERTAINTIES

Operational Risks

As a provider of logistics and warehousing solutions, the major risks faced by the group include health and safety, changes in customer outsource requirements, the ability to recruit and retain management and colleagues with the skills and experience required to serve our customers and the dependence upon sophisticated IT systems. We continue to focus our attention on these key areas whilst taking account of the principal uncertainties faced by the business - the level of economic growth, fuel costs and movements in interest rates. Further uncertainty still comes from the political arena with 'Brexit' in particular, however, the business does not deem this to be a major risk.

Financial Risks

The Group is exposed to a variety of financial risks which result from its operating activities. The board is responsible for co-ordinating the Group's risk management and focuses on securing the Group's short to medium term cash flows. The Group does not actively engage in the trading of financial assets. The most significant financial risks to which the Group is exposed are described below:

Cash flow risks

The Group has long term facilities to ensure sufficient liquidity is available to meet its foreseeable needs. Regular contact is maintained with the Group's bankers to ensure that sufficient funding remains available.

Interest rate risks

The Group's interest rate risk is attributable to its bank borrowings. The Company has undergone a review of its external financing arrangements and implemented a new revolving credit facility to the value of £65 million from 03 October 2018 for a five year term. Interest is paid on borrowings, from this date at a rate of 1.50% above 3 month LIBOR. Interest cover is seen as sufficient to accommodate any changes to the base rate of interest. The Group may hedge interest rate risk from time to time as deemed appropriate by directors.

HOWARD TENENS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) For the Year Ended 30 September 2019

FINANCIAL KEY PERFORMANCE INDICATORS

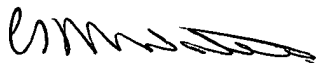
The performance of the group and its operations is illustrated by a number of key performance indicators - turnover, operating profit, return on sales and capital employed and cash flow.

The business is managed with financial reporting cycles monitoring weekly and monthly activity which are then reviewed at monthly business review meetings with operational management as well as monthly board meetings.

OTHER KEY PERFORMANCE INDICATORS

Operational KPI's are monitored and reported for both our own management purposes as well as customer contractual requirements. Examples include indicators such as 'on time and in full' measured against target percentage goals for our distribution fleet. On the warehousing side, pick and pack rates are monitored. Each site undertakes regular reviews of health and safety performance with monitoring of workplace near misses, incidents and accidents as part of a health and safety reporting pack.

This report was approved by the board on 7 February 2020 and signed on its behalf.



CDM Waterer
Director

HOWARD TENENS LIMITED

DIRECTORS' REPORT For the Year Ended 30 September 2019

The Directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company financial statements in accordance with United Kingdom Accounting Standards and applicable law (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 Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing each of the group and parent company financial statements, the Directors are 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

HOWARD TENENS LIMITED

DIRECTORS' REPORT (CONTINUED) For the Year Ended 30 September 2019

Results and dividends

The profit for the year, after taxation, amounted to £8,770,000 (2018 - £25,316,000).

Dividends of £1,505,000 were paid during the year (2018 - £1,505,000).

Directors

The Directors who served during the year were:

PE Morris
JM Beecham
J Ede
BJ Morris
DP Morris
CW Smith
KP Charlton (resigned 31 January 2019)
CDM Waterer (appointed 1 October 2018)
SJ Emms (appointed 1 October 2018)
J Hartles (appointed 1 February 2019)

Employee involvement

The Group places considerable value on the involvement of staff in matters affecting them as employees. This is achieved through:

- providing information on matters of concern to them as employees;
- consulting employees on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests;
- encouraging the involvement of employees in the Group's performance through the use of incentive schemes.

Disabled employees

The Group's policy concerning the employment of disabled persons is as follows:

- to give full and fair consideration to application for employment by the Group, made by disabled persons, having regard to their particular aptitudes and abilities;
- to continue the employment of, and arrange appropriate training for employees of the Group who have become disabled persons during the period when they were employed by the Group;
- To encourage the training, career development and promotion of disabled persons employed by the Group.

HOWARD TENENS LIMITED

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 September 2019

Disclosure of information to auditor

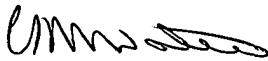
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is 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 auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 February 2020 and signed on its behalf.



CDM Waterer
Director

HOWARD TENENS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARD TENENS LIMITED

Opinion

We have audited the financial statements of Howard Tenens Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or 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.

HOWARD TENENS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARD TENENS LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 Strategic report and Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HOWARD TENENS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARD TENENS LIMITED

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Dimes (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol, UK
7 February 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HOWARD TENENS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 September 2019

	Note	2019 £000	2018 £000
Turnover	4	96,080	94,193
Cost of sales		(52,114)	(52,471)
Gross profit		43,966	41,722
Administrative expenses		(32,251)	(36,172)
Fair value movements		-	26,167
Profit on sale of tangible fixed assets		360	50
Operating profit	5	12,075	31,767
Interest receivable and similar income	9	74	44
Interest payable and expenses	10	(1,379)	(1,247)
Other finance income		-	202
Profit before taxation		10,770	30,766
Tax on profit	12	(2,000)	(5,450)
Profit for the financial year		8,770	25,316

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £000).

The notes on pages 18 to 50 form part of these financial statements.

HOWARD TENENS LIMITED
Registered number: 6690158

CONSOLIDATED BALANCE SHEET
As at 30 September 2019

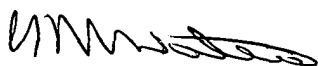
	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	33,276	35,322
Investments	15	1,729	540
Investment property	16	99,589	94,053
		<u>134,594</u>	<u>129,915</u>
Current assets			
Stocks	17	260	293
Debtors	18	26,364	23,816
Cash at bank and in hand	19	9,884	4,166
		<u>36,508</u>	<u>28,275</u>
Creditors: amounts falling due within one year	20	(32,301)	(43,275)
Net current assets/(liabilities)		<u>4,207</u>	<u>(15,000)</u>
Total assets less current liabilities		<u>138,801</u>	<u>114,915</u>
Creditors: amounts falling due after more than one year	21	(50,000)	(34,023)
Provisions for liabilities			
Deferred taxation	25	(3,945)	(3,720)
Other provisions	26	(1,035)	(616)
		<u>(4,980)</u>	<u>(4,336)</u>
Net assets		<u><u>83,821</u></u>	<u><u>76,556</u></u>

HOWARD TENENS LIMITED
Registered number: 6690158

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 30 September 2019

	Note	2019 £000	2018 £000
Capital and reserves			
Called up share capital	27	443	443
Revaluation reserve	28	10,602	10,602
Other reserves	28	27,721	27,721
Merger reserve	28	2,707	2,707
Profit and loss account	28	42,348	35,083
Equity attributable to owners of the parent Company		<u>83,821</u>	<u>76,556</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 February 2020.



CDM Waterer
Director

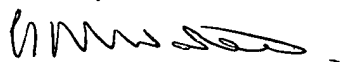
The notes on pages 17 to 52 form part of these financial statements.

HOWARD TENENS LIMITED
Registered number: 6690158

COMPANY BALANCE SHEET
As at 30 September 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	1,617	1,371
Investments	15	26,259	26,612
Investment property	16	129,629	126,370
		<u>157,505</u>	<u>154,353</u>
Current assets			
Debtors	18	6,264	3,081
Cash at bank and in hand	19	4,094	513
		<u>10,358</u>	<u>3,594</u>
Creditors: amounts falling due within one year	20	<u>(17,191)</u>	<u>(28,501)</u>
Net current liabilities		(6,833)	(24,907)
Total assets less current liabilities		<u>150,672</u>	<u>129,446</u>
Creditors: amounts falling due after more than one year	21	(48,000)	(33,563)
Provisions for liabilities			
Deferred taxation	25	<u>(5,574)</u>	<u>(4,847)</u>
		(5,574)	(4,847)
Net assets		<u>97,098</u>	<u>91,036</u>
Capital and reserves			
Called up share capital	27	443	443
Other reserves	28	27,721	27,721
Profit and loss account	28	68,934	62,872
		<u>97,098</u>	<u>91,036</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 February 2020.



CDM Waterer
Director

HOWARD TENENS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 September 2019

	Called up share capital	Revaluation reserve	Other reserves	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 October 2017	542	10,602	27,721	2,707	11,173	52,745
Comprehensive income for the year						
Profit for the year	-	-	-	-	25,316	25,316
Dividends: Equity capital	-	-	-	-	(1,505)	(1,505)
Shares cancelled during the year	-	-	-	-	99	99
Shares cancelled during the year	(99)	-	-	-	-	(99)
At 1 October 2018	443	10,602	27,721	2,707	35,083	76,556
Profit for the year	-	-	-	-	8,770	8,770
Dividends: Equity capital	-	-	-	-	(1,505)	(1,505)
At 30 September 2019	443	10,602	27,721	2,707	42,348	83,821

The notes on pages 18 to 50 form part of these financial statements.

HOWARD TENENS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 September 2019

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2017	542	27,721	26,086	54,349
Comprehensive income for the year				
Profit for the year	-	-	38,192	38,192
Dividends: Equity capital	-	-	(1,505)	(1,505)
Shares cancelled during the year	-	-	99	99
Shares cancelled during the year	(99)	-	-	(99)
At 1 October 2018	443	27,721	62,872	91,036
Profit for the year	-	-	7,567	7,567
Dividends: Equity capital	-	-	(1,505)	(1,505)
At 30 September 2019	443	27,721	68,934	97,098

The notes on pages 18 to 50 form part of these financial statements.

HOWARD TENENS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 September 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	8,770	25,316
Adjustments for:		
Amortisation of intangible assets	-	2,169
Depreciation of tangible assets	2,798	2,878
Profit on disposal of tangible assets	(360)	(50)
Interest paid	1,379	1,246
Interest received	(74)	(44)
Taxation charge	2,000	5,450
Decrease/(increase) in stocks	33	(39)
Increase in debtors	(2,878)	(1,613)
Decrease/(increase) in amounts owed by connected companies	206	(80)
Decrease/(increase) in loans receivable	126	(64)
(Decrease)/increase in creditors	(472)	4,994
(Decrease)/increase in amounts owed to connected companies	(225)	208
Increase in provisions	419	263
Net fair value gains recognised in P&L	-	(26,167)
Corporation tax paid	(1,870)	(1,538)
Dividends	(1,505)	(1,505)
Net cash generated from operating activities	8,347	11,424
Cash flows from investing activities		
Sale of intangible assets	-	20
Purchase of tangible fixed assets	(6,662)	(17,874)
Sale of tangible fixed assets	735	274
New loans to joint ventures	(889)	(540)
Other investments	(300)	-
Interest received	74	44
HP interest paid	(44)	(67)
Net cash from investing activities	(7,086)	(18,143)

HOWARD TENENS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended 30 September 2019

	2019 £000	2018 £000
Cash flows from financing activities		
New secured loans	48,000	16,500
Repayment of loans	(49,313)	(7,750)
Other new loans	4,641	788
Repayment of/new finance leases	2,465	(1,291)
Interest paid	(1,336)	(1,180)
Net cash used in financing activities	4,457	7,067
Net increase in cash and cash equivalents	5,718	348
Cash and cash equivalents at beginning of year	4,166	3,818
Cash and cash equivalents at the end of year	9,884	4,166
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,884	4,166
	9,884	4,166

The notes on pages 18 to 50 form part of these financial statements.

HOWARD TENENS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
For the Year Ended 30 September 2019

	At 1 October 2018 £000	Cash flows £000	New finance leases £000	At 30 September 2019 £000
Cash at bank and in hand	4,166	2,077	3,641	9,884
Debt due after 1 year	(33,563)	(14,437)	-	(48,000)
Debt due within 1 year	(16,538)	11,109	-	(5,429)
Finance leases	(970)	-	(2,465)	(3,435)
	<u>(46,905)</u>	<u>(1,251)</u>	<u>1,176</u>	<u>(46,980)</u>

The notes on pages 18 to 50 form part of these financial statements.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

1. GENERAL INFORMATION

Howard Tenens Limited (the "Company") is a private company limited by shares, registered, incorporated and domiciled in England and Wales in the UK.

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 financial statements for the Company are drawn up to the nearest Saturday to 30 September. The year to 30 September 2019 comprises 52 weeks (2018 - 52 weeks).

The presentation currency of these financial statements is sterling.
All amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been applied:

2.2 DISCLOSURE EXEMPTIONS

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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 profit after tax of the parent Company for the year was £7,567,000 (2018 - £38,192,000).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 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 Balance Sheet, 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 until the date on which control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 October 2014.

2.4 ASSOCIATES AND JOINT VENTURES

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions. Significant influence is presumed to exist where the investor holds between 20% and 50% of the equity voting rights.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.5 GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.6 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

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 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.7 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenues on cost-reimbursable contracts are recognised by applying a factor to costs as incurred, such factor being determined by the contract provisions.

Revenues on unit-price contracts are recognised at the contractual selling prices of work completed. Revenues on time and material contracts are recognised at the contractual rates as the labour hours and direct expenses are incurred.

Revenues from fixed-price contracts are recognised as services are provided, unless revenues are earned and obligations fulfilled in a different pattern. Certain contracts provide for labour handling charges to be billed for both incoming and outgoing handling of goods at the time the goods are received in a warehouse. For these contracts, revenue is recognised immediately for the amounts representing handling of incoming goods and deferred revenue is recorded for the performance of services related to the handling of outgoing goods, which is recognised once the related goods leave the warehouse. Storage revenue is recognised as it is earned based on the length of time the related product is stored in the warehouse.

For long term leases of warehousing space, revenue is recognised in accordance with note 2.8.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.8 OPERATING LEASES: THE GROUP AS LESSOR

Rentals income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 01 October 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.9 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 01 October 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.10 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 the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.11 INTEREST INCOME

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.12 FINANCE COSTS

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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 the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.14 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 balance sheet 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 Balance Sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

2.15 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model, other than investment properties, 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.15 TANGIBLE FIXED ASSETS (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- Buildings are depreciated to their residual values over 25 years. Freehold land is not depreciated.
L/Term Leasehold Property	- over the life of the lease
Assets under construction	- No depreciation until assets employed
Plant & machinery	- 10-25% per annum
Motor vehicles	- 33% per annum
Fixtures & fittings	- 10-25% per annum
Aircraft	- 8% per annum

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 the Consolidated Statement of Comprehensive Income.

2.16 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 INVESTMENT PROPERTY

Investment property is carried at fair value determined every three years by external valuers and by directors' valuations in the intervening years and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.18 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.19 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.20 DEBTORS

Debtors are measured at transaction price, less any impairment. Loans Receivable are measured initially at the present value of future payments discounted at a market rate of interest, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.21 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.22 CREDITORS

Creditors are measured at transaction price. Other financial liabilities, including bank and other loans are measured initially at the present value of future payments discounted at a market rate of interest and are measured subsequently at amortised cost using the effective interest method.

2.23 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.24 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.24 FINANCIAL INSTRUMENTS (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.25 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 TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparation of these financial statements, the Directors have considered the following judgements and estimates:

Investment property

Under FRS102 the land and buildings held by the Group and rented to external (i.e. non-group) entities are deemed to be investment properties and are therefore stated at fair value. The fair value at the year end was calculated by the directors with reference to an external valuation carried out in the previous year by GVA Grimley Limited on the basis of open market value at that time. The fair value will include a number of assumptions and estimates including yields and rental income. Changes to these assumptions and estimates in future periods reflecting the information available at that point in time may result in outcomes that are materially different.

Debtors

The Directors have made judgements on specific debtors where the recoverability is uncertain. Where there are uncertainties, provisions have been made. Changes to these assumptions and estimates in future periods reflecting the information available at that point in time may result in outcomes that are materially different.

Fixed asset investments

The directors have assessed the value of the company's investments and have determined that no impairments are required. Changes to these assumptions and estimates in future periods reflecting the information available at that point in time may result in outcomes that are materially different.

Provisions

Dilapidation provisions for warehouse facilities, on repairing leases, are estimated based on prior experience specific to each relevant facility.

4. TURNOVER

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

	2019 £000	2018 £000
Warehouse and distribution	74,574	76,523
Property management	21,506	17,670
	<u>96,080</u>	<u>94,193</u>

All turnover arose within the United Kingdom.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	2,798	2,878
Amortisation of intangible assets, including goodwill	-	2,169
Exchange differences	32	-
Other operating lease rentals	6,546	5,435
Defined contribution pension cost	361	235

6. AUDITOR'S REMUNERATION

	2019	2018
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	77	74

**FEE PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN
RESPECT OF:**

Taxation compliance services	32	25
	<u>32</u>	<u>25</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

7. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	Group 2019 £000	<i>Group</i> <i>2018</i> £000	Company 2019 £000	<i>Company</i> <i>2018</i> £000
Wages and salaries	23,072	24,192	4,535	12,912
Social security costs	1,941	2,454	236	1,399
Cost of defined contribution scheme	361	235	27	82
	25,374	26,881	4,798	14,393

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

	Group 2019 No.	<i>Group</i> <i>2018</i> No.	Company 2019 No.	<i>Company</i> <i>2018</i> No.
Operational	478	458	-	188
Management and Administration	249	242	46	117
	727	700	46	305

8. DIRECTORS' REMUNERATION

	2019 £000	<i>2018</i> £000
Directors' emoluments	2,260	4,369
Company contributions to defined contribution pension schemes	15	5
	2,275	4,374

During the year retirement benefits were accruing to 4 Directors (2018 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,365,000 (2018 - £3,620,000).

Total remuneration paid to key management personnel who were not Directors was £204,000 (2018 - £624,000).

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

9. INTEREST RECEIVABLE

	2019 £000	2018 £000
Interest receivable from connected companies	17	-
Other interest receivable	57	44
	<u>74</u>	<u>44</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £000	2018 £000
Bank interest payable	1,334	1,180
Finance leases and hire purchase contracts	44	67
Other interest payable	1	-
	<u>1,379</u>	<u>1,247</u>

11. OTHER FINANCE INCOME

	2019 £000	2018 £000
Derivative financial instruments liability - movement in year	-	202

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

12. TAXATION

	2019 £000	2018 £000
CORPORATION TAX		
Current tax on profits for the year	2,023	1,686
Adjustments in respect of previous periods	(248)	86
	<u>1,775</u>	<u>1,772</u>
TOTAL CURRENT TAX	<u>1,775</u>	<u>1,772</u>
DEFERRED TAX		
Origination and reversal of timing differences	29	3,762
Adjustments in respect of previous periods	196	(84)
	<u>225</u>	<u>3,678</u>
TOTAL DEFERRED TAX	<u>225</u>	<u>3,678</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>2,000</u>	<u>5,450</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	10,770	30,766
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%)	2,046	5,846
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	168	133
Capital allowances for year in excess of depreciation	68	196
Adjustments to tax charge in respect of prior periods	(52)	2
Non-taxable income	(123)	(5,013)
Amounts credited directly to equity or otherwise transferred	-	38
Deferred tax movements not recognised	10	1,066
Chargeable gains	-	2,807
Goodwill amortisation	-	412
Other differences leading to a decrease in the tax charge	(117)	(37)
TOTAL TAX CHARGE FOR THE YEAR	2,000	5,450

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016 and confirmed to be introduced during the Autumn Budget on 22 November 2017. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30th September 2019 has been calculated based on these rates.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

13. DIVIDENDS

	2019 £000	2018 £000
Dividends paid on equity capital	<u>1,505</u>	<u>1,505</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

14. TANGIBLE FIXED ASSETS

Group

	Land & Buildings £000	Assets under construction £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Aircraft £000	Total £000
COST							
At 1 October 2018	30,262	958	14,212	986	4,918	207	51,543
Additions	-	1,042	4,461	458	701	-	6,662
Disposals	-	-	(3,427)	(271)	(279)	-	(3,977)
Transfer to investment properties	(3,809)	(2,000)	-	-	-	-	(5,809)
At 30 September 2019	26,453	-	15,246	1,173	5,340	207	48,419
DEPRECIATION							
At 1 October 2018	2,141	-	10,316	558	3,012	193	16,220
Charge for the year on owned assets	-	-	658	232	654	14	1,558
Charge for the year on financed assets	-	-	1,126	-	-	-	1,126
Disposals	-	-	(3,371)	(129)	(102)	-	(3,602)
Transfer to investment properties	(273)	-	-	-	-	-	(273)
On revalued assets	114	-	-	-	-	-	114
At 30 September 2019	1,982	-	8,729	661	3,564	207	15,143

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

14. TANGIBLE FIXED ASSETS (CONTINUED)

NET BOOK VALUE

At 30 September 2019	<u>24,471</u>	<u>-</u>	<u>6,517</u>	<u>512</u>	<u>1,776</u>	<u>-</u>	<u>33,276</u>
At 30 September 2018	<u>28,121</u>	<u>958</u>	<u>3,896</u>	<u>428</u>	<u>1,906</u>	<u>14</u>	<u>35,323</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

14. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of land and buildings may be further analysed as follows:

	2019 £000	2018 £000
Freehold	22,120	19,858
Long leasehold	2,351	8,263
	<u>24,471</u>	<u>28,121</u>

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

	2019 £000	2018 £000
Plant and machinery	4,303	1,458
	<u>4,303</u>	<u>1,458</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Aircraft £000	Total £000
COST					
At 1 October 2018	463	389	1,271	66	2,189
Additions	-	352	511	-	863
Disposals	-	(147)	(20)	-	(167)
At 30 September 2019	463	594	1,762	66	2,885
DEPRECIATION					
At 1 October 2018	198	120	448	52	818
Charge for the year on owned assets	98	90	267	14	469
Disposals	-	(19)	-	-	(19)
At 30 September 2019	296	191	715	66	1,268
NET BOOK VALUE					
At 30 September 2019	167	403	1,047	-	1,617
At 30 September 2018	265	269	823	14	1,371

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

15. FIXED ASSET INVESTMENTS

Group

	Other fixed asset investments £000	Loans to joint ventures £000	Total £000
COST OR VALUATION			
At 1 October 2018	-	540	540
Additions	300	889	1,189
At 30 September 2019	300	1,429	1,729
NET BOOK VALUE			
At 30 September 2019	300	1,429	1,729
At 30 September 2018	-	540	540

Company

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Other fixed asset investments £000	Loans to joint ventures £000	Total £000
COST					
At 1 October 2018	1	26,071	-	540	26,612
Additions	-	964	300	889	2,153
Repaid	-	(2,506)	-	-	(2,506)
At 30 September 2019	1	24,529	300	1,429	26,259
NET BOOK VALUE					
At 30 September 2019	1	24,529	300	1,429	26,259
At 30 September 2018	1	26,071	-	540	26,612

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

15. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Howard Tenens (North West) Limited	Property	Ordinary	100%
Howard Tenens (West London)Limited	Storage and distribution	Ordinary	100%
Howard Tenens Logistics Limited	Storage and distribution	Ordinary	100%
Stroud Brewery Development Limited	Property	Ordinary	100%

The registered office of all of the above subsidiaries is Tenens House, Kingfisher Business Park, London Road, Thrupp, Stroud, Gloucestershire GL5 2BY.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

16. INVESTMENT PROPERTY

Group

	Freehold investment property £000	Long term leasehold investment property £000	Total £000
VALUATION			
At 1 October 2018	88,526	5,527	94,053
Additions at cost	-	114	114
Surplus on revaluation	-	(114)	(114)
Transfer from Tangible Fixed Assets	5,536	-	5,536
AT 30 SEPTEMBER 2019	94,062	5,527	99,589

The fair value at the year end was calculated by the directors with reference to an external valuation carried out by GVA Grimley Limited in 2018 on the basis of open market value at that time. The calculations include a review of the properties occupied by group companies which are reported as land and buildings in tangible fixed assets.

Company

	Freehold investment property £000	Long term leasehold investment property £000	Total £000
VALUATION			
At 1 October 2018	112,380	13,990	126,370
Surplus on revaluation	2,738	521	3,259
AT 30 SEPTEMBER 2019	115,118	14,511	129,629

The fair value at the year end was calculated by the directors with reference to an external valuation carried out by GVA Grimley Limited on the basis of open market value at that time.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

17. STOCKS

	Group 2019 £000	<i>Group 2018 £000</i>
Fuel	260	293
	<u>260</u>	<u>293</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £5,784,000 (2018 - £5,110,000).

18. DEBTORS

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
DUE AFTER MORE THAN ONE YEAR				
Loans receivable	271	256	50	51
	<u>271</u>	<u>256</u>	<u>50</u>	<u>51</u>
DUE WITHIN ONE YEAR				
Trade debtors	17,332	16,420	1,660	979
Amounts owed by group and connected companies	67	273	2,203	1,030
Loans receivable	298	251	-	-
Other debtors	742	1,065	577	629
Prepayments and accrued income	7,654	5,551	1,774	392
	<u>26,364</u>	<u>23,816</u>	<u>6,264</u>	<u>3,081</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

18. DEBTORS (CONTINUED)

Amounts due after more than one year are broken down as follows:

	Group 2019 £000	<i>Group</i> <i>2018</i> £000	Company 2019 £000	<i>Company</i> <i>2018</i> £000
Interest bearing loans to directors	50	52	50	52
Loans receivable	221	205	-	-
Loan to Pearce Tenens LLP	-	-	-	-
	<u>271</u>	<u>257</u>	<u>50</u>	<u>52</u>

£75,000 (2018 - £227,000) of loans receivable relates to commercial client agreements whereby contract start up costs have been loaned at an interest rate of 6%.

They are to be repaid as follows:

Agreement 1 £25,000 to be repaid within 1 years, with £NIL (2018 - £25,000) due after more than one year.

Agreement 2 £50,000 to be repaid within 1 years, with £NIL (2018 - £50,000) due after more than one year.

£443,000 (2018 - £179,000) of loans receivable relates to commercial client agreements whereby contract start up costs have been loaned interest free. In accordance with FRS102, an inherent finance charge has been calculated and charged as interest income. These agreements are to be repaid in 3 years with £221,000 (2018 - £130,000) due after more than one year.

19. CASH AND CASH EQUIVALENTS

	Group 2019 £000	<i>Group</i> <i>2018</i> £000	Company 2019 £000	<i>Company</i> <i>2018</i> £000
Cash at bank and in hand	9,884	4,166	4,094	513
	<u>9,884</u>	<u>4,166</u>	<u>4,094</u>	<u>513</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

20. CREDITORS: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	-	15,750	-	15,750
Other loans	5,429	788	5,429	788
Trade creditors	8,025	6,061	2,437	396
Amounts owed to group undertakings	-	225	9	608
Corporation tax	594	689	43	504
Other taxation and social security	2,496	2,525	647	590
Obligations under finance lease and hire purchase contracts	1,435	510	-	-
Other creditors	629	1,028	252	624
Accruals and deferred income	13,693	15,699	8,374	9,241
	32,301	<i>43,275</i>	17,191	<i>28,501</i>

21. CREDITORS: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	48,000	33,563	48,000	33,563
Net obligations under finance leases and hire purchase contracts	2,000	460	-	-
	50,000	<i>34,023</i>	48,000	<i>33,563</i>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

22. LOANS

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	-	15,750	-	15,750
Other loans	5,429	788	5,429	788
AMOUNTS FALLING DUE 1-2 YEARS				
Bank loans	-	33,563	-	33,563
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	48,000	-	48,000	-
Total loans	53,429	<i>50,101</i>	53,429	<i>50,101</i>

The £48 million bank loan represents the value drawn down from the £65 million revolving credit facility. This is secured against the freehold assets of group and connected companies.

Other loans represents loans from Ede Homes Limited £3,000,000 (2018 - £NIL), The Peter Morris 2004 Discretionary Trust £283,000 (2018 - £10,000), The Peter Morris 1995 Settlement Trust £641,000 (2018 - £290,000), Tenens PTC Limited £250,000 (2018 - £250,000), The Peter Morris 2017 Trust £1,218,000 (2018 - £238,000) and from PE Morris £37,000 (2018 - £NIL).

23. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £000	<i>Group 2018 £000</i>
Within one year	1,435	510
Between 1-5 years	1,337	224
Over 5 years	663	236
	3,435	<i>970</i>

The hire purchase and finance leases are secured against the assets financed.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

24. FINANCIAL INSTRUMENTS

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	9,884	4,166	4,094	513
Financial assets that are debt instruments measured at amortised cost	18,710	18,602	4,489	2,702
	<u>28,594</u>	<u>22,768</u>	<u>8,583</u>	<u>3,215</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	<u>(78,582)</u>	<u>(72,993)</u>	<u>(64,240)</u>	<u>(60,953)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, deferred income and loans.

25. DEFERRED TAXATION

Group

	2019 £000	<i>2018 £000</i>
At beginning of year	(3,720)	(37)
Charged to profit or loss	(225)	(3,683)
At end of year	<u>(3,945)</u>	<u>(3,720)</u>

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

25. DEFERRED TAXATION (CONTINUED)

Company

	2019 £000	2018 £000
At beginning of year	(4,847)	439
Charged to profit or loss	(727)	(5,286)
At end of year	(5,574)	(4,847)

The provision for deferred taxation is made up as follows:

	Group 2019 £000	<i>Group</i> <i>2018</i> £000	Company 2019 £000	<i>Company</i> <i>2018</i> £000
Accelerated capital allowances	(431)	(38)	(191)	50
Short term timing differences	158	179	158	178
Capital gains	(3,672)	(3,861)	(5,541)	(5,075)
	(3,945)	(3,720)	(5,574)	(4,847)

26. PROVISIONS

Group

	Dilapidation £000	Total £000
At 1 October 2018	616	616
Charged to profit or loss	419	419
AT 30 SEPTEMBER 2019	1,035	1,035

The provisions, on repairing leases, for warehouse facilities in Sunbury, Winsford and Tilbury Docks, are estimated based on prior experience specific to each facility. The majority of the value charged in the year relates to warehouse facilities provided by the Parent under formal lease arrangements. The values are calculated using the basis of 1/12 of the annual rental cost x term in occupation.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

27. SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid		
44,261 (2018 - 44,261) Ordinary shares of £10.00 each	443	443

28. RESERVES

Revaluation reserve

This reserve relates to fair value adjustments to freehold property.

Capital redemption reserve

This reserve relates to an historic capital reduction.

Merger Reserve

This reserve was the result of the share for share exchange as consideration for acquiring three companies in 2014, which gave rise to a share premium.

29. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £361,000 (2018 - £235,000). Contributions totalling £95,000 (2018 - £61,000) were payable to the fund at the balance sheet date.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

30. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Land and buildings				
Not later than 1 year	3,165	2,486	770	757
Later than 1 year and not later than 5 years	10,061	8,826	1,810	2,206
Later than 5 years	29,157	29,007	28,589	27,316
	42,383	40,319	31,169	30,279

	Group 2019 £000	<i>Group 2018 £000</i>
Other		
Not later than 1 year	402	290
Later than 1 year and not later than 5 years	690	492
	1,092	782

Leases as lessor

The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Not later than 1 year	13,033	13,581	16,727	17,741
Later than 1 year and not later than 5 years	28,779	33,179	42,614	51,696
Later than 5 years	35,536	36,581	66,949	85,136
	77,348	83,341	126,290	154,573

The above figures include leases which have the option to extend the lease period.

The Directors believe that this option will be exercised and have therefore included commitments in respect of the full lease period.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

31. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102, 33.2, and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Sales	10	18	-	18
Purchases	43	-	-	-
New loan funding received	4,641	741	-	-
New investment loans paid	889	-	-	-
	-	-	-	-

At 30 September 2019, the Group had provided interest bearing loans to the following directors of the Company: PE Morris £22,000 (2018 - £15,000), JM Beecham £NIL (2018 - £1,000) and BJ Morris £28,000 (2018 - £36,000). The loans bear interest at 3%-4% per annum.

The group has provided long term loans to and received loans due on demand (from) the following connected companies:

	Term	Interest rate	2019 £000	2018 £000
Pearce Tenens LLP (see note 15)	5 years+	2% + base	1,429	540
The Peter Morris 1995 Settlement Trust	-	-	(641)	(290)
The Peter Morris 2004 Discretionary Trust	-	-	(283)	(10)
The Peter Morris 2017 Trust	-	-	(1,218)	(238)
Tenens PTC Limited	-	-	(250)	(250)

Please refer to note 22 Loans for those loans received.

Pearce Tenens LLP is a related party by virtue of the Company being a 50% member of the LLP.

Each of the trusts are shareholders in the Company and Tenens PTC Limited is the trustee of said trusts, making them all related parties.

32. POST BALANCE SHEET EVENTS

The Company's revolving credit facility of £65 million has been extended for another year and therefore has a 5 year term from 3rd October 2019.

HOWARD TENENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

33. CONTROLLING PARTY

The parent company of HTL is Tenens PTC Limited.

The ultimate controlling party is PE Morris.

The registered office of Tenens PTC Limited is Tenens House, Kingfisher Business Park, London Road, Thrupp, Stroud, Gloucestershire GL5 2BY.