

Registration number: 01942924

Howmac Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Saul Fairholm Limited
12 Tentercroft Street
Lincoln
Lincolnshire
LN5 7DB

Howmac Limited

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Howmac Limited
Company Information

| | |
|--------------------------|--|
| Directors | Mr J G Hemingway Mr P S Cammerman Mrs C L Robinson |
| Company secretary | Mr CAR Gillams |
| Registered office | Meon House, Stratford Road Mickleton Chipping Campden Gloucestershire GL55 6SU |
| Auditors | Saul Fairholm Limited 12 Tentercroft Street Lincoln Lincolnshire LN5 7DB |

Howmac Limited

Strategic Report for the Year Ended 31 August 2016

The directors present their strategic report for the year ended 31 August 2016.

Business review

Fair review of the business

Howmac's principal activity is to hold investments.

Howmac's net assets per share rose by 4% from £511 to £533, which compares with an 8% gain on the FTSE 100 Index. The underperformance was because of our defensive weighting on about half the assets invested.

Overall net assets rose by £141,334, of which £13,599 was a revenue profit. The revenue result includes some £30,980 of realised investment losses on one holding, without which it would have been substantially higher. Administrative expenses remain low at under 0.5% of net assets.

As with last year we were fully invested throughout the period. However mindful of the ongoing poor performance of the RMG Absolute Return Fund (in a year when many such funds struggled) we moved half the holding to a more aggressive foreign exchange strategy. That resulted in the realised loss of £30,980. Our timing was poor, as that alternative foreign exchange strategy, then lost a further £24,893 over the year, although the Absolute Return Fund holding recovered slightly. We had taken steps to mitigate this, but the ultimate value of any such protection is uncertain and so excluded from these accounts.

These two RMG managed holdings represent £1,437,703 or 43% of our investments. Neither produce any income. This is below the targeted 50%, but in the light of actual performance, we have not replenished it.

Fortunately our experience with private equity was rather better, with very strong results from Electra, Melrose Industries (which we added to just prior to a deeply discounted rights issue) and Hollyport IV. These produced capital returns of £32,566, £33,959 and £41,386 respectively, the former two also paid dividends and the latter is now fully invested and indeed has started to return capital to us.

Amongst other Private Equity holdings, Pantheon, Aberdeen Private Equity and SVG (which we added to in the year) also produced good results. There were no significant losses. Our holdings in Private Equity are now increasingly concentrated on the above six names.

The significant additions were Melrose (the rights issue) and Hollyport, where we have now committed to both Hollyport V and in the current year Hollyport VI. In each case in units of about £100,000, although typically they are never fully drawn down.

We ended the year with 26% of the portfolio in Private Equity funds (excluding undrawn amounts). Slightly above target, but we know we will have a number of realisations in the current year.

With regard to property it was a less successful year, especially for quoted investments, although losses were generally both unrealised and fairly modest. We continue to see good performance from Clipstone, which invests in small trading estates, mainly in the South East, which remains our largest holding. NewRiver Retail REIT, is the next largest position, which along with most of our other property stocks, also produces a solid income. Property represented some 22% of our year end holdings.

There is not a lot to report elsewhere, our holdings in BLOC Ventures, RMG Wealth Managers LLP and Evince Technology are all still held at cost (less provision where relevant). RMG itself represents some £80,000 of these, which is in addition to the two funds it manages for us. There has been nothing that clearly indicated these holdings should be valued on another basis.

Disposals have generally been minor (except for those referred to earlier) and related to tender offers.

As far as we can tell at this stage, the outlook for the current year is quite similar.

Howmac Limited
Strategic Report for the Year Ended 31 August 2016

..... *continued*

The results below show the ten year record of net tangible assets value per share measured against the FTSE All Share index at the balance sheet date.

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------|------|------|-------|------|------|------|------|------|-------|------|
| Co NTAV £ | 556 | 500 | 408 | 464 | 492 | 504 | 580 | 588 | 498 | 520 |
| Co NTAV +/- £ | 44 | (56) | (92) | 56 | 28 | 12 | 76 | 8 | (90) | 22 |
| Comp. NTAV/FTSE | -3.2 | -1.4 | -10.2 | 3.1 | -1.3 | -4.0 | 0.4 | -4.2 | -14.7 | -3.8 |

If you have any queries about your shareholding please do contact the Registered Office.

Principal risks and uncertainties

Investment and Strategic - incorrect strategy (including the deployment of and managing of gearing, directly or by fund managers), excessive concentration of investments, asset allocation or poor investment selection could all lead to poor returns.

External - events such as terrorism, disease, protectionism, inflation or deflation, economic shock or recessions, credit markets, movements in interest rates and exchange rates, could affect share prices and the valuation of investments.

Regulatory breaches of laws or regulations or taxation codes could lead to financial penalties.

Operational - Failure of our accounting system or those used by our investee companies could lead to an inability to provide accurate reporting and monitoring.

Financial - Inadequate controls by ourselves or third party providers could lead to misappropriation of assets or failure to comply with accounting standards. Insufficient liquidity for running costs or undrawn commitments could cause losses.

The Board seek to mitigate and manage these risks through continual review and monitoring including of the economic and investment environment.

Approved by the Board on 25 May 2017 and signed on its behalf by:

.....
 Mr CAR Gillams
 Company secretary

Howmac Limited
Directors' Report for the Year Ended 31 August 2016

The directors present their report and the financial statements for the year ended 31 August 2016.

Directors of the company

The directors who held office during the year were as follows:

Mr J G Hemingway

Mr P S Cammerman

Mrs C L Robinson

Financial instruments

Objectives and policies

The company's principal financial instruments comprise of bank balances, fixed asset investments and trade creditors. The main purpose of these instruments is to raise funds for the company's operations, maximise shareholder wealth and to finance the company's investment operations.

Price risk, credit risk, liquidity risk and cash flow risk

Due to the nature of the trade and the financial instruments used by the company there is exposure to stock market fluctuations and share prices and therefore to price risk. The company's approach to managing this price risk is to maintain a well balanced and monitored investment portfolio.

Adequate bank balances exist to eliminate liquidity risk. The company may make use of money market facilities when funds are available.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The company currently has no loan or overdraft facility requirement.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 25 May 2017 and signed on its behalf by:

.....
Mr CAR Gillams
Company secretary

Howmac Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Howmac Limited

We have audited the financial statements of Howmac Limited for the year ended 31 August 2016, set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

**Independent Auditor's Report to the Members of
Howmac Limited**

..... continued

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

.....
Roger White (Senior Statutory Auditor)
For and on behalf of Saul Fairholm Limited, Statutory Auditor

12 Tentercroft Street
Lincoln
Lincolnshire
LN5 7DB

25 May 2017

Howmac Limited
Profit and Loss Account for the Year Ended 31 August 2016

| | Note | 2016 £ | 2015 £ |
|---|------|----------------------|----------------------|
| Turnover | | - | - |
| Administrative expenses | | (16,404) | (13,236) |
| Other operating income | | <u>(17,707)</u> | <u>651</u> |
| Operating loss | 2 | (34,111) | (12,585) |
| Income from other fixed asset investments | | 46,725 | 41,794 |
| Other interest receivable and similar income | 6 | <u>-</u> | <u>5,166</u> |
| Profit on ordinary activities before taxation | | 12,614 | 34,375 |
| Tax on profit on ordinary activities | 7 | <u>985</u> | <u>-</u> |
| Profit for the financial year | 12 | <u><u>13,599</u></u> | <u><u>34,375</u></u> |

Turnover and operating profit derive wholly from continuing operations.

Howmac Limited
Statement of Total Recognised Gains and Losses for the Year Ended 31 August 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-----------------------|
| Profit for the financial year | | 13,599 | 34,375 |
| Unrealised gain on trade investments | | <u>127,735</u> | <u>136,090</u> |
| Total recognised gains and losses relating to the year | | <u><u>141,334</u></u> | <u><u>170,465</u></u> |

The notes on pages 13 to 18 form an integral part of these financial statements.

Howmac Limited
(Registration number: 01942924)
Balance Sheet at 31 August 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 8 | <u>3,310,243</u> | <u>3,081,316</u> |
| Current assets | | | |
| Cash at bank and in hand | | 64,994 | 152,702 |
| Deferred tax | 9 | <u>85,000</u> | <u>85,000</u> |
| | | 149,994 | 237,702 |
| Creditors: Amounts falling due within one year | 10 | <u>(8,538)</u> | <u>(8,653)</u> |
| Net current assets | | <u>141,456</u> | <u>229,049</u> |
| Net assets | | <u><u>3,451,699</u></u> | <u><u>3,310,365</u></u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 518,160 | 518,160 |
| Share premium account | 12 | 1,594,935 | 1,594,935 |
| Revaluation reserve | 12 | 386,272 | 258,537 |
| Profit and loss account | 12 | <u>952,332</u> | <u>938,733</u> |
| Shareholders' funds | 13 | <u><u>3,451,699</u></u> | <u><u>3,310,365</u></u> |

Approved and authorised for issue by the Board on 25 May 2017 and signed on its behalf by:

.....
Mr P S Cammerman
Director

Howmac Limited
Cash Flow Statement for the Year Ended 31 August 2016

Reconciliation of operating loss to net cash flow from operating activities

| | 2016 | 2015 |
|--|-------------------|--------------------|
| | £ | £ |
| Operating loss | (34,111) | (12,585) |
| Decrease in debtors | - | 595,425 |
| Decrease in creditors | (115) | (1,984,864) |
| (Profit)/loss on disposal of fixed asset investments | 17,822 | (61) |
| | <u> </u> | <u> </u> |
| Net cash outflow from operating activities | <u>(16,404)</u> | <u>(1,402,085)</u> |

Cash flow statement

| | 2016 | 2015 |
|--|-----------------|--------------------|
| | £ | £ |
| Net cash outflow from operating activities | <u>(16,404)</u> | <u>(1,402,085)</u> |

Returns on investments and servicing of finance

| | | |
|--------------------|-------------------|-------------------|
| Interest received | - | 5,166 |
| Dividends received | 46,725 | 41,794 |
| | <u> </u> | <u> </u> |
| | 46,725 | 46,960 |

| | | |
|-------------------|-------------------|-------------------|
| Taxation received | <u> </u> | <u> </u> |
| | 985 | - |

Capital expenditure and financial investment

| | | |
|-------------------------|-------------------|-------------------|
| Purchase of investments | (908,173) | (1,825,275) |
| Sale of investments | 789,159 | 6,844 |
| | <u> </u> | <u> </u> |
| | (119,014) | (1,818,431) |

| | | |
|--|----------|-------------|
| Net cash outflow before management of liquid resources and financing | (87,708) | (3,173,556) |
|--|----------|-------------|

Financing

| | | |
|------------------|-------------------|--------------------|
| Issue of shares | - | 1,964,775 |
| | <u> </u> | <u> </u> |
| Decrease in cash | <u>(87,708)</u> | <u>(1,208,781)</u> |

The notes on pages 13 to 18 form an integral part of these financial statements.

Howmac Limited
Cash Flow Statement for the Year Ended 31 August 2016

..... *continued*

Reconciliation of net cash flow to movement in net debt

| | Note | 2016 £ | 2015 £ |
|--------------------------|------|----------------------|-----------------------|
| Decrease in cash | | <u>(87,708)</u> | <u>(1,208,781)</u> |
| Movement in net debt | 14 | (87,708) | (1,208,781) |
| Net funds at 1 September | 14 | <u>152,702</u> | <u>1,361,483</u> |
| Net funds at 31 August | 14 | <u><u>64,994</u></u> | <u><u>152,702</u></u> |

The notes on pages 13 to 18 form an integral part of these financial statements.

Howmac Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Fixed asset investments

Fixed asset investments are included in the accounts at stock market value or in the absence thereof at the directors' valuation or cost whichever is lower.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

2 Operating loss

Operating loss is stated after charging:

| | 2016 £ | 2015 £ |
|---|---------------|--------------|
| Auditor's remuneration - The audit of the company's annual accounts | 3,084 | 2,880 |
| Loss/(profit) on disposal of investments | 17,822 | (61) |
| | <u>20,906</u> | <u>2,819</u> |

3 Auditor's remuneration

| | 2016 £ | 2015 £ |
|-----------------------------------|--------------|--------------|
| Audit of the financial statements | <u>3,084</u> | <u>2,880</u> |

Howmac Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

..... *continued*

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2016 No. | 2015 No. |
|----------------------------|---------------------|---------------------|
| Administration and support | <u>1</u> | <u>1</u> |

The aggregate payroll costs were as follows:

| | 2016 £ | 2015 £ |
|--------------------|-------------------|-------------------|
| Wages and salaries | <u>5,000</u> | <u>5,000</u> |

5 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2016 £ | 2015 £ |
|--------------|-------------------|-------------------|
| Remuneration | <u>5,000</u> | <u>5,000</u> |

6 Other interest receivable and similar income

| | 2016 £ | 2015 £ |
|---------------------------|-------------------|-------------------|
| Bank interest receivable | - | 2,470 |
| Other interest receivable | - | 2,696 |
| | <u>-</u> | <u>5,166</u> |

7 Taxation

Tax on profit on ordinary activities

| | 2016 £ | 2015 £ |
|------------------------|-------------------|-------------------|
| Current tax | | |
| Corporation tax credit | <u>(985)</u> | <u>-</u> |

Howmac Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

..... *continued*

8 Investments held as fixed assets

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Shares in investments - Unit Trusts and Equity | 2,267,035 | 2,308,133 |
| Other investments - Investment Trusts and Unlisted Investments | 1,043,208 | 773,183 |
| | 3,310,243 | 3,081,316 |

Shares in investments

| | Unit trusts £ | Equity £ | Total £ |
|--------------------------|------------------|-------------|------------|
| Cost or valuation | | | |
| At 1 September 2015 | 1,744,809 | 563,324 | 2,308,133 |
| Revaluation | 5,882 | (15,075) | (9,193) |
| Additions | 726,000 | - | 726,000 |
| Disposals | (756,988) | (917) | (757,905) |
| At 31 August 2016 | 1,719,703 | 547,332 | 2,267,035 |
| Net book value | | | |
| At 31 August 2016 | 1,719,703 | 547,332 | 2,267,035 |
| At 31 August 2015 | 1,744,809 | 563,324 | 2,308,133 |

Other investments

| | Investment trusts £ | Unlisted investments £ | Total £ |
|--------------------------|---------------------------|------------------------------|------------|
| Cost or valuation | | | |
| At 1 September 2015 | 473,542 | 299,641 | 773,183 |
| Revaluation | 93,657 | 43,271 | 136,928 |
| Additions | 133,328 | 48,845 | 182,173 |
| Disposals | (49,076) | - | (49,076) |
| At 31 August 2016 | 651,451 | 391,757 | 1,043,208 |
| Net book value | | | |
| At 31 August 2016 | 651,451 | 391,757 | 1,043,208 |
| At 31 August 2015 | 473,542 | 299,641 | 773,183 |

Howmac Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

..... *continued*

Fixed asset investments

The unit trusts are all Channel Islands registered investments.

The above includes £nil (2015 - £178,106) in securities traded in London on AIM. Along with £96,000 (2015 - £102,000) traded on the Channel Islands Securities Exchange. Both are included in 'Equities'.

The Unlisted amount includes a holding in and a loan to RMG Wealth Mangement LLP, this business manages 43% of the company's investments at the balance sheet date (2015 - 48%) . The Unlisted heading also includes investments in venture capital funds where the amount drawn down is £110,000 (2015 - £75,000) out of a total commitment at the balance sheet date of £200,000.

The Investment Trusts are all London listed.

9 Deferred tax

Deferred tax

The movement in the deferred tax asset in the year is as follows:

| | |
|--|---------------|
| | £ |
| At 1 September 2015 and 31 August 2016 | <u>85,000</u> |

Analysis of deferred tax

| | 2016 £ | 2015 £ |
|----------------------|---------------|---------------|
| Tax losses available | <u>85,000</u> | <u>85,000</u> |
| | <u>85,000</u> | <u>85,000</u> |

10 Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------|--------------|--------------|
| Accruals and deferred income | <u>8,538</u> | <u>8,653</u> |

Howmac Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

..... *continued*

11 Share capital

On 7th July 2011 the Company consolidated its share capital on the basis of 4,000 old 2 pence shares for one £80 share. Holders of a fraction of a new share were entitled to claim the proceeds of the sale (subject to certain conditions) of such shares. It is considered likely that the majority of those unclaimed will do so within twelve months of the balance sheet date as at 31 August 2016.

Where holders are untraced for a number of years, the Company is empowered to sell those shares. The holders retain a claim on the proceeds of such sales for a further period of time, it is considered unlikely that many such claims will be made, but they are provided for in full, until time barred.

Allotted, called up and fully paid shares

| | 2016 | | 2015 | |
|--------------------------------|--------------|----------------|--------------|----------------|
| | No. | £ | No. | £ |
| Ordinary shares of £80.00 each | <u>6,477</u> | <u>518,160</u> | <u>6,477</u> | <u>518,160</u> |

12 Reserves

| | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|--------------------------------------|----------------------------------|-----------------------------|---------------------------------|------------------|
| At 1 September 2015 | 1,594,935 | 258,537 | 938,733 | 2,792,205 |
| Profit for the year | - | - | 13,599 | 13,599 |
| Unrealised gain on trade investments | <u>-</u> | <u>127,735</u> | <u>-</u> | <u>127,735</u> |
| At 31 August 2016 | <u>1,594,935</u> | <u>386,272</u> | <u>952,332</u> | <u>2,933,539</u> |

13 Reconciliation of movement in shareholders' funds

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Profit attributable to the members of the company | 13,599 | 34,375 |
| Other recognised gains and losses relating to the year | 127,735 | 136,090 |
| New share capital subscribed | <u>-</u> | <u>1,964,775</u> |
| Net addition to shareholders' funds | 141,334 | 2,135,240 |
| Shareholders' funds at 1 September | <u>3,310,365</u> | <u>1,175,125</u> |
| Shareholders' funds at 31 August | <u>3,451,699</u> | <u>3,310,365</u> |

Howmac Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

..... *continued*

14 Analysis of net debt

| | At 1 September 2015 £ | Cash flow £ | At 31 August 2016 £ |
|--------------------------|-----------------------------|-----------------|---------------------------|
| Cash at bank and in hand | 152,702 | (87,708) | 64,994 |
| Net funds | <u>152,702</u> | <u>(87,708)</u> | <u>64,994</u> |

15 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

Evince Technology Ltd

(The company owns 3% (2015 - 5%) of the ordinary shares of Evince. Mr J G Hemingway (director) is also a director of Garfold Ltd, at the balance sheet date Garfold Ltd owned 8% (2015 - 12%) of Evince. Mr P S Cammerman was appointed director of Evince on 16 November 2012 and owns 1% (2015 - 0.5%) of the ordinary shares of Evince.)

During the period the company invested £10,570 (2015 - £5,100) in Evince Technology Ltd. "Evince" an unlisted investment which has been fully provided for at 31 August 2016 and 31 August 2015 as in the opinion of the directors the investment value is uncertain, as it is an early stage technology investment. The amount due to Evince Technology Ltd was £nil (2015 - £nil).

RMG Wealth Management LLP & The Morgan Trust Company Limited

(The Morgan Trust Company Limited is the controlling party of the Company as majority shareholder.)

During a prior period the Company invested in RMG Wealth Management LLP for (20%) of the capital of that entity as did The Morgan Trust Company Limited for (12%) of the capital.

An advance by way of a short term, convertible, unsecured loan, was made, in the prior period of £30,000. This loan is interest bearing and in the directors' view may be repaid prior to conversion and therefore is not included in the above equity percentages. The interest due is not accrued for. The amount due to RMG Wealth Management LLP & The Morgan Trust Company Limited was £nil (2015 - £nil).

Morgan Hemingway & Co Ltd

(Morgan Hemingway & Co Ltd was the underwriter for the Open Offer.)

Morgan Hemingway & Co Ltd received a commission payment of £11,278 for conducting the underwriting. This sum was paid during the prior year. Morgan Hemingway & Co Ltd nominated The Morgan Trust Company Limited as the party to take up the new shares under the Open Offer.

Payment in respect of £545,425 of the Open Offer underwriting was settled during the prior year. This included £300,985 which was settled by transfer of quoted shares and £294,473 which was settled in cash. The amount due to Morgan Hemingway & Co Ltd was £nil (2015 - £nil).

16 Control

The company is controlled by The Morgan Trust Company Limited, which is registered in England and Wales.

Howmac Limited
Detailed Profit and Loss Account for the Year Ended 31 August 2016

| | 2016 | | 2015 | |
|---|------|----------|------|----------|
| | £ | £ | £ | £ |
| Administrative expenses | | | | |
| Employment costs (analysed below) | | (5,000) | | (5,000) |
| General administrative expenses (analysed below) | | (11,284) | | (8,106) |
| Finance charges (analysed below) | | (120) | | (130) |
| | | (16,404) | | (13,236) |
| Other operating income (analysed below) | | (17,707) | | 651 |
| Income from other fixed asset investments (analysed below) | | 46,725 | | 41,794 |
| Other interest receivable and similar income (analysed below) | | - | | 5,166 |
| Profit on ordinary activities before taxation | | 12,614 | | 34,375 |

Howmac Limited
Detailed Profit and Loss Account for the Year Ended 31 August 2016

| | 2016 | 2015 |
|---|-----------------|---------------|
| | £ | £ |
| Employment costs | | |
| Directors remuneration | <u>5,000</u> | <u>5,000</u> |
| General administrative expenses | | |
| Auditor's remuneration - The audit of the company's annual accounts | 3,084 | 2,880 |
| Legal and professional fees | <u>8,200</u> | <u>5,226</u> |
| | <u>11,284</u> | <u>8,106</u> |
| Finance charges | | |
| Bank charges | <u>120</u> | <u>130</u> |
| Other operating income | | |
| Other income | 115 | 590 |
| (Profit)/loss on disposal of fixed asset Investments - other shares | <u>(17,822)</u> | <u>61</u> |
| | <u>(17,707)</u> | <u>651</u> |
| Income from other fixed asset investments | | |
| Income from other investments (listed) | <u>46,725</u> | <u>41,794</u> |
| Other interest receivable and similar income | | |
| Bank interest receivable | - | 2,470 |
| Other interest receivable | <u>-</u> | <u>2,696</u> |
| | <u>-</u> | <u>5,166</u> |