

Company No: 4164708

G.K.R. LOGISTICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST OCTOBER 2004

THAIN OSBORNE & CO
Chartered Accountants

47A LONDON ROAD
SEVENOAKS
KENT TN13 1AR



G.K.R. LOGISTICS LTD

COMPANY INFORMATION

DIRECTORS: Mr G. Rowswell
Mr L. Rowswell
Mr N. Rowswell

SECRETARY: Mrs C. Rowswell

REGISTERED OFFICE: 47A London Road
Sevenoaks
Kent
TN13 1AR

COMPANY NUMBER: 4164708 (England & Wales)

AUDITORS: Thain Osborne & Co
Chartered Accountants
Registered Auditors
47A London Road
Sevenoaks
Kent
TN13 1AR

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The following page does not form part of the Statutory Accounts

9	Detailed Profit and Loss Account
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G.K.R. LOGISTICS LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST OCTOBER 2004

The directors present their report and the financial statements for the year ended 31st October 2004

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company's principal activity continues to be that of transport suppliers. The directors are confident of maintaining turnover and profitability for the company during 2005.

The company continues to hold 100% of the ordinary share capital of GKR Scaffolding Limited, whose principal activity continues to be that of scaffold suppliers.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £121992 (2003 £209784) . The directors do not propose the payment of a dividend.

DIRECTORS

The directors who served during the year, together with their beneficial interests, including Family holdings, in the issued ordinary share capital of the company were as follows:-

	Ordinary £1 Shares	
	As at 31.10.2004	As at 31.10.2003
G. Rowswell	20	20
L. Rowswell	101	101
N. Rowswell	101	101

DIRECTORS RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 on page 6.

AUDITORS

The Auditors, Thain Osborne & Co., will be proposed for re-appointment in accordance with the Companies Act 1985.

SMALL COMPANY RULES

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to Small Companies.

This report was approved by the board on 26th April 2005.

BY ORDER OF THE BOARD

C. Rowswell
Secretary

G.K.R. LOGISTICS LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF G.K.R. LOGISTICS LTD

We have audited the financial statements of G.K.R. Logistics Limited, for the year ended 31st October 2004, as set out on pages 3 and 4 and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 5.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, or the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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

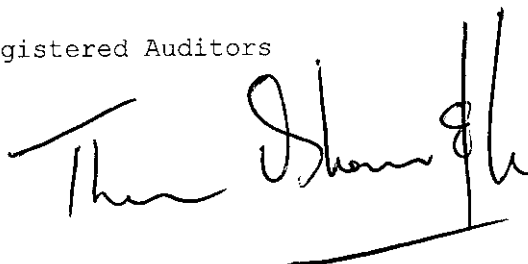
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st October 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

THAIN OSBORNE & CO
Accountants and Registered Auditors

47A London Road
Sevenoaks
Kent
TN13 1AR

26th April 2005



G.K.R. LOGISTICS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER 2004

		<u>2004</u> £	<u>2003</u> £
	Note		
<u>TURNOVER</u>		373858	507535
Cost of Sales		(<u>137877</u>)	(<u>117640</u>)
<u>GROSS PROFIT</u>		235981	389895
Administration Expenses		(<u>82222</u>)	(<u>98574</u>)
<u>OPERATING PROFIT</u>	3	153759	291321
Interest Receivable	4	2160	379
Interest Payable	4	<u>-</u>	(<u>2673</u>)
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		155919	289027
Taxation	5	(<u>33927</u>)	(<u>79243</u>)
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		121992	209784
<u>RETAINED PROFITS</u> brought forward		<u>273727</u>	<u>63943</u>
<u>RETAINED PROFITS</u> carried forward		<u>£395719</u>	<u>£273727</u>

None of the company's activities were acquired or discontinued during the year and there were no recognised gains or losses in 2003 and 2004, other than those stated above.

The notes on pages 5-8 form part of these financial statements

G.K.R. LOGISTICS LTD

BALANCE SHEET AS AT 31ST OCTOBER 2004

	Note	2004 £	2003 £
<u>FIXED ASSETS</u>			
Tangible Assets	7	62095	99690
Investments	8	1800220	1800220
		<u>1862315</u>	<u>1899910</u>
<u>CURRENT ASSETS</u>			
Debtors	9	56289	144770
Cash at bank and in hand		85182	123606
		<u>141471</u>	<u>268376</u>
<u>CREDITORS: amounts falling due</u>			
within one year	10	(46667)	(134337)
<u>NET CURRENT ASSETS</u>		<u>94804</u>	<u>134039</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1957119	2033949
<u>CREDITORS: Amounts falling due after</u>			
more than one year	11	(1560000)	(1760000)
<u>PROVISIONS FOR LIABILITIES</u>			
Deferred Taxation	12	(1178)	-
<u>NET ASSETS</u>		<u>£395941</u>	<u>£273949</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	13	222	222
Profit and Loss Account		<u>395719</u>	<u>273727</u>
<u>SHAREHOLDER FUNDS</u>		<u>£395941</u>	<u>£273949</u>

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies were approved by the board on 26th April 2005, and signed on its behalf.

L. Rowswell
Director

N. Rowswell
Director

The notes on pages 5-8 form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2004

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) CONSOLIDATION

In the opinion of the directors, the company and its subsidiary undertaking comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

(c) TURNOVER

Turnover, all of which arises in the United Kingdom, represents income receivable from work invoiced during the year exclusive of value added tax.

(d) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible Fixed Assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following basis:

Motor Vehicles	25% per annum reducing balance basis
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(e) DEFERRED TAXATION

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, 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 taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(f) LEASING CONTRACTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the company.

G.K.R. LOGISTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2004

3. OPERATING PROFIT FOR THE YEAR

The Profit for the year is attributable to the principal activity of the company and is stated after charging:-

	<u>2004</u>	<u>2003</u>
	£	£
Depreciation	23540	39225
Loss/(Profit) on disposal of Motor Vehicles	12885	(1440)
Audit Fees	4000	3865
Operating Lease Rentals		
- Hire of Motor Vehicles	17289	-
- Other operating	<u>5400</u>	<u>3600</u>

4. INTEREST

Interest Receivable

	<u>2004</u>	<u>2003</u>
Bank Interest	2022	379
C.T. Interest	138	-
	<u>£ 2160</u>	<u>£ 379</u>

Interest Payable

H.P. Interest	-	2657
C.T. Interest	-	16
	<u>£ -</u>	<u>£ 2673</u>

5. TAXATION

	<u>2004</u>	<u>2003</u>
Corporation tax is charged at 19% & 32.75% (2003 19%/32.75%) on the profits for the year	32749	79243
Transfers to deferred taxation	1178	-
	<u>£33927</u>	<u>£79243</u>
Deferred taxation not provided for	£ -	£ 2050

6. DIRECTORS AND EMPLOYEES

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

<u>3</u>	<u>3</u>
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(ii) Employee costs:

Directors remuneration	<u>£ -</u>	<u>£ -</u>
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Motor Vehicles

Total

7. FIXED ASSETS

COST

	£	£
At 1st November 2003	157440	157440
Additions	-	-
Disposal	(27306)	(27306)
At 31st October 2004	<u>130134</u>	<u>130134</u>

DEPRECIATION

At 1st November 2003	57750	57750
Charge in Year	23540	23540
Disposal	(13251)	(13251)
At 31st October 2004	<u>68039</u>	<u>68039</u>

NET BOOK VALUE

At 31st October 2004	<u>£ 62095</u>	<u>£ 62095</u>
At 31st October 2003	<u>£ 99690</u>	<u>£ 99690</u>

G.K.R. LOGISTICS LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2004**

8.	INVESTMENTS	<u>2004</u>	<u>2003</u>
	Shares in group undertakings		
	At cost 1.11.03 & 31.10.04	1800220	1800220
		<u>£1800220</u>	<u>£1800220</u>

On 28.8.03 the company acquired 100% of the ordinary share capital of G.K.R. Scaffolding Ltd, a company which supplies scaffolding. The investment is to be financed by an unsecured interest free loan of £1,200,000 from G.K.R. Scaffolding Ltd, repayable by 30.6.06. At 31.10.04 consideration of £1200000 (2003 £1500000) for this investment is outstanding. Additional information is given in Notes 11, 15 and 16. The company's share of the results, assets and liabilities of G.K.R. Scaffolding Ltd, for the year ended 31st October 2004 was:

	<u>2004</u>	<u>2003</u>
	£	£
Profit before tax	379515	212222
Taxation	(109872)	(55514)
Profit after tax	269643	156708
Fixed assets	686439	589193
Current assets	2117999	2116183
Liabilities due within one year	(804204)	(977975)
Provisions for liabilities	(3190)	-

On 31st March 2005 GKR Scaffolding Limited acquired 100% of the ordinary share capital of Frindsbury Properties Limited for £868116 partly financed by way of bank loan.

9.	DEBTORS	<u>2004</u>	<u>2003</u>
	Trade Debtors	24302	122593
	Other Debtors	31987	22177
		<u>£ 56289</u>	<u>£144770</u>

Included in trade debtors is £24020 (2003 £122593) due from GKR Scaffolding Ltd., relating to the supply of transportation.

10.	CREDITORS: Amounts falling due within one year	<u>2004</u>	<u>2003</u>
	Trade Creditors	8859	3481
	Corporation Tax	32749	79243
	Other Taxes & Social Security Costs	1707	48261
	Accruals	3352	3352
		<u>£ 46667</u>	<u>£134337</u>

Included in trade creditors is £6149 (2003 £Nil) due to GKR Scaffolding Limited, relating to administrative costs.

11.	CREDITORS: Amounts falling due after one year		
	Amounts owed to group undertakings		
	GKR Scaffolding Ltd	360000	260000
	Other Creditors		
	Mr G. Rowsell	600000	750000
	Mrs Y. Rowsell	600000	750000
		<u>£1560000</u>	<u>£1760000</u>

All amounts are unsecured, interest free and repayable by 30.6.06.

G.K.R. LOGISTICS LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2004**

	<u>2004</u>	<u>2003</u>
12. DEFERRED TAXATION		
Balance at 1st November 2003	2050	-
(Credit) for the year.	<u>(872)</u>	<u>-</u>
Balance at 31st October 2004	<u>£ 1178</u>	<u>£ -</u>

The provision for deferred taxation is made up of accelerated capital allowances. The company has applied FRS19 "Deferred Taxation" for the first time in these financial statements. As a result, the accounting policy for deferred taxation has been changed and full provision has been made for timing differences arising from accelerated capital allowances. The application of the new policy has not resulted in any material change to figures reported in previous financial statements and therefore no prior year adjustment has been made. The effect of the change in policy on the current year's profit is not material.

13. SHARE CAPITAL AUTHORISED		
1000 Ordinary Shares of £1 each	<u>£1000</u>	<u>£1000</u>

ALLOTTED, CALLED UP AND FULLY PAID

Ordinary Shares of £1 each		
At 1.11.03	222	2
issued during year	<u>-</u>	<u>220</u>
At 31.10.04	<u>£222</u>	<u>£222</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>2004</u>	<u>2003</u>
Profit for the Financial Year after taxation	121992	209784
Increase in Share Capital	-	220
Opening Shareholders' Funds	<u>273949</u>	<u>63945</u>
Closing Shareholders' Funds	<u>£ 395941</u>	<u>£ 273949</u>

15. **TRANSACTIONS WITH DIRECTORS**
On 28.8.03 the company purchased a 100% holding in G.K.R. Scaffolding Ltd, from Mr G Rowswell and Mrs Y Rowswell for £1800000 and the issue of 20 ordinary £1 shares in G.K.R. Logistics Ltd. At 31.10.04 £1200000 (2003 £1500000) is outstanding. Refer Note 11.

At the 31.10.2004, £11721 (2003 £11719) is included in Other Debtors relating to motor vehicle transactions with G K & Y Rowswell Partnership in which G. Rowswell, L. Rowswell and N. Rowswell are Partners.

16. **RELATED PARTY TRANSACTIONS**
On 28.8.03 the company acquired 100% of G.K.R. Scaffolding Ltd, and entered into an agreement to receive an unsecured, interest free loan of up to £1200000 from G.K.R. Scaffolding Ltd, repayable by 30.6.06. At 31.10.04 £360000 (2003 £260000) has been drawn against this facility. Refer Note 11.

The invoiced value, net of VAT for transportation costs supplied to GKR Scaffolding Ltd., in the year is £373618 (2003 £507494). The invoiced value net of VAT of administrative costs supplied by GKR Scaffolding Ltd., is £84992 (2003 £96594). Additional related party information is given in note 9 and 10.

17. **LEASE COMMITMENTS**
At 31st October 2004, the company had annual commitments under non-cancellable operating leases as follows:-

	<u>2004</u>	<u>2003</u>
Motor Vehicles - between 1 and 5 years	£48116	-
Other operating leases - between 1 and 5 years	£ 5400	-