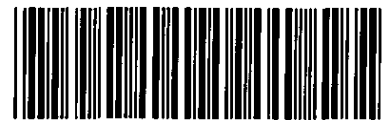


Company Registration No. 4164708 (England and Wales)

GKR LOGISTICS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2006

TUESDAY



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07/08/2007
COMPANIES HOUSE

GKR LOGISTICS LIMITED

DIRECTORS AND ADVISERS

Directors	G Rowswell L Rowswell N Rowswell
Secretary	C Rowswell
Company number	4164708
Registered office	47A London Road Sevenoaks Kent TN13 1AR
Registered auditors	FW Stephens 24 Chiswell Street London EC1Y 4YX
Accountants	Thain Osborne & Co 47A London Road Sevenoaks Kent TN13 1AR

GKR LOGISTICS LIMITED

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GKR LOGISTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2006

The directors present their report and financial statements for the year ended 31 October 2006

Directors

The following directors have held office since 1 November 2005

G Rowswell

L Rowswell

N Rowswell

Principal activities and review of the business

The principal activity of the company continued to be that of scaffold suppliers

Results and dividends

The consolidated profit and loss account for the year is set out on page 5

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each 31 October 2006	Ordinary shares of £1 each 1 November 2005
G Rowswell	20	20
L Rowswell	101	101
N Rowswell	101	101
	2006	2005
	£	£

During the year the group made the following payments

Charitable donations	-	750
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Auditors

FW Stephens were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

GKR LOGISTICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



C Rowsell

Secretary

11/2/07

GKR LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GKR LOGISTICS LIMITED

We have audited the financial statements of GKR Logistics Limited for the year ended 31 October 2006 set out on pages 5 to 21. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the group'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.

GKR LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF GKR LOGISTICS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 October 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

FW Stephens

FW Stephens

Chartered Accountants
Registered Auditor

6 AUGUST 2007

24 Chiswell Street
London
EC1Y 4YX

GKR LOGISTICS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2006

	Notes	2006 £	2005 £
Turnover	2	6,785,138	6,436,784
Cost of sales		(5,064,211)	(4,957,785)
Gross profit		1,720,927	1,478,999
Distribution costs		(23,253)	(48,765)
Administrative expenses		(1,409,569)	(1,224,034)
Operating profit	3	288,105	206,200
Other interest receivable and similar income		9,356	21,502
Interest payable and similar charges	4	(66,301)	(31,127)
Profit on ordinary activities before taxation		231,160	196,575
Tax on profit on ordinary activities	5	(108,137)	(51,288)
Profit on ordinary activities after taxation		123,023	145,287

The profit and loss account has been prepared on the basis that all operations are continuing operations

GKR LOGISTICS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 OCTOBER 2006

	2006	2005
	£	£
Profit for the financial year	123,023	145,287
Unrealised surplus on revaluation of properties	192,097	94,059
Total recognised gains and losses relating to the year	<u>315,120</u>	<u>239,346</u>

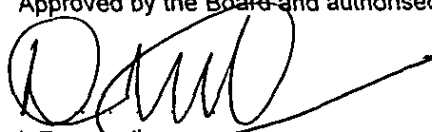
GKR LOGISTICS LIMITED

BALANCE SHEETS

AS AT 31 OCTOBER 2006

	Notes	Group 2006 £	2005 £	Company 2006 £	2005 £
Fixed assets					
Intangible assets	7	23,732	30,204	-	-
Tangible assets	8 and 9	2,888,064	2,885,478	79,963	66,210
Investments	10	-	-	1,800,220	1,800,220
		<u>2,911,796</u>	<u>2,915,682</u>	<u>1,880,183</u>	<u>1,866,430</u>
Current assets					
Stocks	11	3,500	-	3,500	-
Debtors	12	1,284,044	1,444,533	114,256	47,727
Cash at bank and in hand		<u>639,779</u>	<u>531,462</u>	<u>59,899</u>	<u>57,717</u>
		1,927,323	1,975,995	177,655	105,444
Creditors' amounts falling due within one year	13	<u>(2,698,529)</u>	<u>(3,025,458)</u>	<u>(363,598)</u>	<u>(1,539,406)</u>
Net current liabilities		<u>(771,206)</u>	<u>(1,049,463)</u>	<u>(185,943)</u>	<u>(1,433,962)</u>
Total assets less current liabilities		2,140,590	1,866,219	1,694,240	432,468
Creditors: amounts falling due after more than one year	14	(942,723)	(974,528)	(1,200,000)	-
Provisions for liabilities	15	<u>(26,904)</u>	<u>(29,376)</u>	<u>(4,755)</u>	<u>(1,571)</u>
		<u>1,170,963</u>	<u>862,315</u>	<u>489,485</u>	<u>430,897</u>
Capital and reserves					
Called up share capital	16	222	222	222	222
Revaluation reserve	17	286,156	94,059	-	-
Profit and loss account	17	<u>884,585</u>	<u>768,034</u>	<u>489,263</u>	<u>430,675</u>
Shareholders' funds	18	<u>1,170,963</u>	<u>862,315</u>	<u>489,485</u>	<u>430,897</u>

Approved by the Board and authorised for issue on 11/8/07


L Rowsell
Director

GKR LOGISTICS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

	Note	£	2006 £	£	2005 £
Net cash inflow from operating activities	22		510,936		1,357,036
Returns on investments and servicing of finance					
Interest received		9,356		21,502	
Interest paid		(66,301)		(31,127)	
Net cash outflow for returns on investments and servicing of finance			(56,945)		(9,625)
Taxation			(26,140)		(81,091)
Capital expenditure					
Payments to acquire tangible assets		(288,174)		(2,492,668)	
Receipts from sales of tangible assets		-		5,332	
Net cash outflow for capital expenditure			(288,174)		(2,487,336)
Net cash inflow/(outflow) before management of liquid resources and financing			139,677		(1,221,016)
Financing					
New long term bank loan		-		986,956	
Repayment of long term bank loan		(25,896)		-	
Repayment of other short term loans		(3,360)		-	
Capital element of hire purchase contracts		(5,909)		(80,585)	
Net cash (outflow)/inflow from financing			(35,165)		906,371
Increase/(decrease) in cash in the year	23, 24		104,512		(314,645)

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2006

1 Accounting policies

1.1 Accounting convention

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

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 October 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% straight line
Fixtures, fittings & equipment	33 33% reducing balance
Motor vehicles	25% reducing balance

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

1 Accounting policies (continued)

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of tangible assets	475,519	441,561
Loss on disposal of tangible assets	2,166	2,890
Operating lease rentals		
- Plant and machinery	-	3,179
- Other assets	50,143	114,301
Auditors' remuneration (company £4,000, 2005 £7,000)	9,750	22,745
Remuneration of auditors for non-audit work	13,455	4,800

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

4	Interest payable	2006	2005
		£	£
	On bank loans and overdrafts	-	100
	On loans repayable after five years	64,928	30,215
	Hire purchase interest	1,231	812
	On overdue tax	142	-
		<u>66,301</u>	<u>31,127</u>
5	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U K corporation tax	103,434	26,280
	Adjustment for prior years	7,175	-
	Current tax charge	<u>110,609</u>	<u>26,280</u>
	Deferred tax		
	Deferred tax charge/credit current year	(2,472)	25,008
		<u>108,137</u>	<u>51,288</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>231,160</u>	<u>196,575</u>
	 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 19.00%)	 <u>43,920</u>	 <u>37,349</u>
	Effects of		
	Non deductible expenses	19,436	13,948
	Depreciation add back	90,349	79,182
	Capital allowances	(76,323)	(103,235)
	Adjustments to previous periods	7,175	-
	Other tax adjustments	26,052	(964)
		<u>66,689</u>	<u>(11,069)</u>
	Current tax charge	<u>110,609</u>	<u>26,280</u>

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

6 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	2006 £	2005 £
Holding company's profit for the financial year	<u>58,588</u>	<u>34,956</u>

7 Intangible fixed assets Group

	Goodwill £
Cost	
At 1 November 2005 & at 31 October 2006	<u>45,306</u>
Amortisation	
At 1 November 2005	15,102
Charge for the year	<u>6,472</u>
At 31 October 2006	<u>21,574</u>
Net book value	
At 31 October 2006	<u>23,732</u>
At 31 October 2005	<u>30,204</u>

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

8 Tangible fixed assets Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 November 2005	2,046,604	42,704	141,299	2,230,607
Additions	241,604	4,265	42,305	288,174
Disposals	(86,308)	(11,837)	(4,500)	(102,645)
At 31 October 2006	2,201,900	35,132	179,104	2,416,136
Depreciation				
At 1 November 2005	855,026	22,917	75,089	953,032
On disposals	(86,308)	(11,094)	(3,077)	(100,479)
Charge for the year	440,381	8,009	27,129	475,519
At 31 October 2006	1,209,099	19,832	99,141	1,328,072
Net book value				
At 31 October 2006	992,801	15,300	79,963	1,088,064
At 31 October 2005	1,191,578	19,787	66,210	1,277,575

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 October 2006	20,188	-	-	20,188
At 31 October 2005	26,097	-	-	26,097
Depreciation charge for the year				
31 October 2006	5,909	-	-	5,909
31 October 2005	3,447	-	-	3,447

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

Tangible fixed assets (continued) Company

	Motor vehicles £
Cost	
At 1 November 2005	141,299
Additions	42,305
Disposals	(4,500)
At 31 October 2006	179,104
Depreciation	
At 1 November 2005	75,089
On disposals	(3,077)
Charge for the year	27,129
At 31 October 2006	99,141
Net book value	
At 31 October 2006	79,963
At 31 October 2005	66,210

9 Tangible fixed assets Investment properties

	Group £	Company £
Cost or valuation		
At 1 November 2005	1,607,903	-
Revaluation	192,097	-
At 31 October 2006	1,800,000	-
Depreciation		
At 1 November 2005 & at 31 October 2006	-	-
Net book value		
At 31 October 2006	1,800,000	-
At 31 October 2005	1,607,903	-

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

10 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 November 2005 & at 31 October 2006	1,800,220
At 31 October 2005	1,800,220

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
GKR Scaffolding Limited	England and Wales	Ordinary	100
Frindsbury Properties Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
GKR Scaffolding Limited	Scaffolding Supplies
Frindsbury Properties Limited	Property owning company

11 Stocks

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Raw materials and consumables	3,500	-	3,500	-

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

12 Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	1,108,806	1,336,580	78,177	16,587
Other debtors	83,167	26,500	18,590	16,090
Prepayments and accrued income	92,071	81,453	17,489	15,050
	<u>1,284,044</u>	<u>1,444,533</u>	<u>114,256</u>	<u>47,727</u>

13 Creditors : amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	75,637	75,192	-	-
Net obligations under finance lease and hire purchase contracts	5,909	5,909	-	-
Trade creditors	1,989,311	1,928,868	28,544	13,985
Amounts owed to group undertakings	-	-	100,000	800,000
Corporation tax	110,749	26,280	14,291	7,135
Taxes and social security costs	67,660	50,994	15,263	12,684
Directors current accounts	100,000	350,000	100,000	350,000
Other creditors	326,557	576,557	100,000	350,000
Accruals and deferred income	22,706	11,658	5,500	5,602
	<u>2,698,529</u>	<u>3,025,458</u>	<u>363,598</u>	<u>1,539,406</u>

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

14 Creditors : amounts falling due after more than one year

	Group 2006 £	2005 £	Company 2006 £	2005 £
Bank loans	928,444	954,340	-	-
Other loans	-	-	1,200,000	-
Net obligations under finance leases and hire purchase agreements	14,279	20,188	-	-
	<u>942,723</u>	<u>974,528</u>	<u>1,200,000</u>	<u>-</u>
Analysis of loans				
Not wholly repayable within five years by instalments	697,690	730,060	-	-
Not wholly repayable within five years other than by instalments				
Wholly repayable within five years	260,010	256,896	-	-
	<u>957,700</u>	<u>986,956</u>	<u>-</u>	<u>-</u>
Included in current liabilities	(29,256)	(32,616)	-	-
	<u>928,444</u>	<u>954,340</u>	<u>-</u>	<u>-</u>
Instalments not due within five years	<u>697,690</u>	<u>730,060</u>	<u>-</u>	<u>-</u>
Loan maturity analysis				
In more than one year but not more than two years	29,256	29,256	-	-
In more than two years but not more than five years	201,498	195,024	-	-
In more than five years	697,690	730,060	-	-
	<u>928,444</u>	<u>954,340</u>	<u>-</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	5,909	5,909	-	-
Repayable between one and five years	14,279	20,188	-	-
	<u>20,188</u>	<u>26,097</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(5,909)	(5,909)	-	-
	<u>14,279</u>	<u>20,188</u>	<u>-</u>	<u>-</u>

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

15 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 November 2005	29,376
Profit and loss account	(2,472)
	<u>26,904</u>
Balance at 31 October 2006	<u>26,904</u>

Company

Balance at 1 November 2005	1,571
Profit and loss account	3,184
	<u>4,755</u>
Balance at 31 October 2006	<u>4,755</u>

The deferred tax liability is made up as follows:

	Group 2006 £	2005 £	Company 2006 £	2005 £
Accelerated capital allowances	<u>26,904</u>	<u>29,376</u>	<u>4,755</u>	<u>1,571</u>

16 Share capital

	2006 £	2005 £
Authorised		
222 Ordinary shares of £1 each of each	<u>222</u>	<u>222</u>
Allotted, called up and fully paid		
222 Ordinary shares of £1 each of each	<u>222</u>	<u>222</u>

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

17 Statement of movements on reserves Group

	Revaluation reserve £	Profit and loss account £
Balance at 1 November 2005	94,059	768,034
Profit for the year	-	123,023
Goodwill written off	-	(6,472)
Revaluation during the year	192,097	-
Balance at 31 October 2006	<u>286,156</u>	<u>884,585</u>

Company

	Profit and loss account £
Balance at 1 November 2005	430,675
Profit for the year	58,588
Balance at 31 October 2006	<u>489,263</u>

18 Reconciliation of movements in shareholders' funds Group

	2006 £	2005 £
Profit for the financial year	123,023	145,287
Other recognised gains and losses	192,097	94,059
Goodwill written-off	(6,472)	(6,472)
Net addition to shareholders' funds	<u>308,648</u>	<u>232,874</u>
Opening shareholders' funds	<u>862,315</u>	<u>629,441</u>
Closing shareholders' funds	<u>1,170,963</u>	<u>862,315</u>

	2006 £	2005 £
Profit for the financial year	58,588	34,956
Opening shareholders' funds	<u>430,897</u>	<u>395,941</u>
Closing shareholders' funds	<u>489,485</u>	<u>430,897</u>

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

19 Financial commitments

At 31 October 2006 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date				
Within one year	-	-	7,414	6,889
Between two and five years	-	-	117,676	56,371
In over five years	112,500	112,500	-	-
	<u>112,500</u>	<u>112,500</u>	<u>125,090</u>	<u>63,260</u>

At 31 October 2006 the company had annual commitments under non-cancellable operating leases as follows

Within one year	-	-	1,094	-
Between two and five years	-	-	115,940	55,315
	<u>-</u>	<u>-</u>	<u>117,034</u>	<u>55,315</u>

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

2006 Number	2005 Number
<u>3</u>	<u>3</u>

21 Control

The company is under the ultimate control of the directors

GKR LOGISTICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

22	Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit	288,105	206,200
	Depreciation of tangible assets	475,519	441,561
	Loss on disposal of tangible assets	2,166	2,890
	(Increase)/decrease in stocks	(3,500)	-
	Decrease/(increase) in debtors	160,489	(348,594)
	(Decrease)/Increase in creditors within one year	(411,843)	1,054,979
	Net cash inflow from operating activities	510,936	1,357,036

23	Analysis of net debt	1 November 2005	Cash flow	Other non-cash changes	31 October 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	531,462	108,317	-	639,779
	Bank overdrafts	(42,576)	(3,805)	-	(46,381)
		<u>488,886</u>	<u>104,512</u>	<u>-</u>	<u>593,398</u>
	Finance leases	(26,097)	5,909	-	(20,188)
	Debts falling due within one year	(32,616)	3,360	-	(29,256)
	Debts falling due after one year	(954,340)	25,896	-	(928,444)
		<u>(1,013,053)</u>	<u>35,165</u>	<u>-</u>	<u>(977,888)</u>
	Net debt	(524,167)	139,677	-	(384,490)

24	Reconciliation of net cash flow to movement in net debt	2006	2005
		£	£
	Increase/(decrease) in cash in the year	104,512	(314,645)
	Cash outflow/(inflow) from decrease/(increase) in debt	35,165	(906,371)
	Movement in net debt in the year	139,677	(1,221,016)
	Opening net (debt)/funds	(524,167)	696,849
	Closing net debt	(384,490)	(524,167)