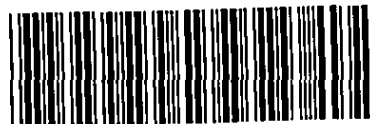


GKR LOGISTICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2008

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COMPANIES HOUSE

GKR LOGISTICS LIMITED

COMPANY INFORMATION

DIRECTORS

G Rowswell
L Rowswell
N Rowswell

COMPANY SECRETARY

C Rowswell

COMPANY NUMBER

4164708

REGISTERED OFFICE

47A London Road
Sevenoaks
Kent
TN13 1AR

AUDITORS

FW Stephens
Chartered Accountants and Registered Auditors
Third Floor
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 2008

The directors present their report and the financial statements for the year ended 31 October 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of vehicle and transport suppliers.

BUSINESS REVIEW

In the year ended 31st October 2008, sales for the supply of vehicles and transport services to the company's fully owned subsidiary GKR scaffolding Limited increased 15% to £489,739. Cost of sales increased 2% and admin costs reduced, thereby generating a profit before tax of £171,104, a 76% increase on 2007.

PRINCIPAL RISKS

Commercial Risks

As the parent and major supplier of a business involved in the construction industry, the company's principal risk is the weak activity in the sector during 2009. In addition, the volatility of fuel and transport costs are outside the company's control and can have a negative impact on the company's performance. The company continues to abide by all areas of legislation, which combined with the climate of growing bureaucracy, create added workloads for senior management.

Financial Risks

Maintaining margins whilst containing operating costs are the major risks. All risks are constantly monitored and appropriate action taken where necessary. Selling prices are adjusted where possible to maintain margins and cash flow is monitored daily.

DEVELOPMENT AND PERFORMANCE

Sales are expected to decline by 20% and the present capacity of transport vehicles, being a mix of owned and leased vehicles is deemed adequate, with no new investment expected in the current year.

In recent years the company acquired 100% holding in its major customer, obtaining financial assistance for this acquisition. The improvement in profitability in the year allowed the company to repay all short term borrowings and £20,000 of the long term loan, thereby increasing net assets by 22%.

KEY PERFORMANCE INDICATORS

Key performance indicators for the company are turnover, gross margins, operating costs and profitability all of which are regularly reported on and reviewed.

RESULTS

The profit for the year, after taxation, amounted to £123,975 (2007 - £72,310).

DIRECTORS

The directors who served during the year were:

G Rowswell
L Rowswell
N Rowswell

GKR LOGISTICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2008

AUDITORS

The auditors, FW Stephens, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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). 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that 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 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.

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 29 May 2009 and signed on its behalf.



C Rowsell
Secretary

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 2008, set out on pages 5 to 16. 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 judgments 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.

GKR LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT 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 affairs as at 31 October 2008 and of its 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 and Registered Auditors
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date: *9 JUNE 2009*

GKR LOGISTICS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2008**

	Note	2008 £	2007 £
TURNOVER	1,2	489,739	427,256
Cost of sales		(284,000)	(278,161)
GROSS PROFIT		205,739	149,095
Administrative expenses		(34,682)	(52,097)
OPERATING PROFIT	3	171,057	96,998
Interest receivable		47	23
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		171,104	97,021
Tax on profit on ordinary activities	5	(47,129)	(24,711)
PROFIT FOR THE FINANCIAL YEAR	13	123,975	72,310

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

GKR LOGISTICS LIMITED

**BALANCE SHEET
AS AT 31 OCTOBER 2008**

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible fixed assets	6		65,720		52,627
Fixed asset investments	7		1,800,220		1,800,220
			1,865,940		1,852,847
CURRENT ASSETS					
Stocks		3,500		500	
Debtors	8	48,478		63,493	
Cash at bank		41,930		91,202	
		93,908		155,195	
CREDITORS: amounts falling due within one year	9	(93,161)		(243,590)	
NET CURRENT ASSETS/(LIABILITIES)			747		(88,395)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,866,687		1,764,452
CREDITORS: amounts falling due after more than one year	10		(1,180,000)		(1,200,000)
PROVISIONS FOR LIABILITIES					
Deferred tax	11		(917)		(2,657)
NET ASSETS			685,770		561,795
CAPITAL AND RESERVES					
Called up share capital	12		222		222
Profit and loss account	13		685,548		561,573
SHAREHOLDERS' FUNDS	14		685,770		561,795

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

29.5.09

L Rowsell
Director

The notes on pages 8 to 16 form part of these financial statements.

GKR LOGISTICS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2008**

	Note	2008 £	2007 £
Net cash flow from operating activities	15	12,490	42,871
Returns on investments and servicing of finance	16	47	23
Taxation		(26,809)	(14,291)
Capital expenditure and financial investment	16	(35,000)	2,700
(DECREASE)/INCREASE IN CASH IN THE YEAR		(49,272)	31,303

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 OCTOBER 2008**

	2008 £	2007 £
(Decrease)/Increase in cash in the year	(49,272)	31,303
MOVEMENT IN NET DEBT IN THE YEAR	(49,272)	31,303
Net funds at 1 November 2007	91,202	59,899
NET FUNDS AT 31 OCTOBER 2008	41,930	91,202

The notes on pages 8 to 16 form part of these financial statements.

GKR LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 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 bases:

Motor vehicles	-	25% reducing balance
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1.4 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 LEASING AND HIRE PURCHASE

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 profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

GKR LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

1. ACCOUNTING POLICIES (continued)

1.8 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the company	21,907	17,542
Auditors' remuneration	3,326	6,273
Operating lease rentals:		
- plant and machinery	79,405	79,627
	<u>79,405</u>	<u>79,627</u>

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2007 - £NIL).

GKR LOGISTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

5. TAXATION

	2008 £	2007 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	48,869	26,809
DEFERRED TAX (see note 11)		
Origination and reversal of timing differences	(1,740)	(2,098)
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>47,129</u>	<u>24,711</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2007 - *lower than*) the standard rate of corporation tax in the UK (28.83%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>171,104</u>	<u>97,021</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.83% (2007 - 30%)	49,329	29,106
EFFECTS OF:		
Expenses not deductible for tax purposes	2,032	4,779
Depreciation for year in excess of capital allowances	1,037	(225)
Other tax adjustments	(3,529)	(6,851)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>48,869</u>	<u>26,809</u>

GKR LOGISTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

6. TANGIBLE FIXED ASSETS

	Motor vehicles £
COST	
At 1 November 2007	140,417
Additions	35,000
At 31 October 2008	175,417
DEPRECIATION	
At 1 November 2007	87,790
Charge for the year	21,907
At 31 October 2008	109,697
NET BOOK VALUE	
At 31 October 2008	65,720
At 31 October 2007	52,627

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST OR VALUATION	
At 1 November 2007 and 31 October 2008	1,800,220

GKR LOGISTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

7. FIXED ASSET INVESTMENTS (continued)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
GKR Scaffolding Limited	Ordinary	100%
Frindsbury Properties Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 October 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
GKR Scaffolding Limited	2,786,695	877,663
Frindsbury Properties Limited	709,635	52,556
	<u> </u>	<u> </u>

The principal activity of GKR Scaffolding Limited during the year was that of scaffolding suppliers. The principal activity of Frindsbury Properties Limited during the year was that of owning a property.

8. DEBTORS

	2008 £	2007 £
Trade debtors	42,722	55,556
Prepayments and accrued income	5,756	7,937
	<u> </u>	<u> </u>
	48,478	63,493

**9. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £	2007 £
Trade creditors	22,314	16,870
Amounts owed to group undertakings	-	170,000
Corporation tax	48,869	26,809
Social security and other taxes	11,890	21,161
Accruals and deferred income	10,088	8,750
	<u> </u>	<u> </u>
	93,161	243,590

GKR LOGISTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

**10. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2008	2007
	£	£
Amounts owed to group undertakings	1,180,000	1,200,000

Creditors include amounts not wholly repayable within 5 years as follows:

	2008	2007
	£	£
Repayable other than by instalments	1,180,000	1,200,000

11. DEFERRED TAXATION

	2008	2007
	£	£
At beginning of year	2,657	4,755
Released during year	(1,740)	(2,098)
At end of year	917	2,657

The provision for deferred taxation is made up as follows:

	2008	2007
	£	£
Accelerated capital allowances	917	2,657

12. SHARE CAPITAL

	2008	2007
	£	£
AUTHORISED		
1,000 Ordinary shares shares of £1 each	1,000	1,000
ALLOTTED, CALLED UP AND FULLY PAID		
222 Ordinary shares shares of £1 each	222	222

GKR LOGISTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

13. RESERVES

	Profit and loss account £
At 1 November 2007	561,573
Profit for the year	123,975
	<u>685,548</u>
At 31 October 2008	<u>685,548</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	561,795	489,485
Profit for the year	123,975	72,310
	<u>685,770</u>	<u>561,795</u>
Closing shareholders' funds	<u>685,770</u>	<u>561,795</u>

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	171,057	96,998
Depreciation of tangible fixed assets	21,907	17,542
Loss on disposal of tangible fixed assets	-	7,094
(Increase)/decrease in stocks	(3,000)	3,000
Decrease in debtors	15,015	50,763
Decrease in creditors	(2,489)	(202,526)
(Decrease)/increase in amounts owed to group undertakings	(190,000)	70,000
	<u>12,490</u>	<u>42,871</u>
NET CASH INFLOW FROM OPERATIONS	<u>12,490</u>	<u>42,871</u>

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2008 £	2007 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	47	23
	<u>47</u>	<u>23</u>

GKR LOGISTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2008 £	2007 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(35,000)	-
Sale of tangible fixed assets	-	2,700
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(35,000)	2,700

17. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2007 £	Cash flow £	Other non-cash changes £	31 October 2008 £
Cash at bank and in hand:	91,202	(49,272)	-	41,930
NET FUNDS	91,202	(49,272)	-	41,930

18. OPERATING LEASE COMMITMENTS

At 31 October 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
EXPIRY DATE:		
Within 1 year	-	40,773
Between 2 and 5 years	54,162	33,417

GKR LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

19. RELATED PARTY TRANSACTIONS

During the year, the company made £489,739 (2007: £427,256) of sales to GKR Scaffolding Limited, a subsidiary of the company. At the year end, £42,722 (2007: £55,557) was due from GKR Scaffolding Limited in respect of these sales. This balance is included within 'Trade debtors'.

During the year, the company was invoiced £600 (2007: £nil) by GKR Scaffolding Limited, in respect of expenses incurred by GKR Scaffolding Limited on the company's behalf. At the year end the balance outstanding was £nil (2007: £nil).

During the year, the company borrowed an additional £nil (2007: £150,000) from and repaid £190,000 (2007: £80,000) to GKR Scaffolding Limited. At the year end, £1,180,000 (2007: £1,370,000) was owed to GKR Scaffolding Limited in respect of this loan. This balance is included within 'Creditors: Amounts falling due after more than one year'.

During the year, the company charged a total of £2,213 (2007: £4,786) to the GK&Y Rowswell Partnership, of which Mr G Rowswell (a director of the company), Mr L Rowswell (a director of the company), and Mr N Rowswell (a director of the company) are members. The company was also invoiced a total of £nil (2007: £1,423) by the GK&Y Rowswell Partnership in respect of management charges for the year. At the year end the balance outstanding was £nil (2007: £nil).

20. CONTROLLING PARTY

The company is under the ultimate control of the directors.