

Registered number: 4164708

G K R Logistics Limited

**Directors' report and financial statements
for the year ended 31 October 2010**

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G K R Logistics Limited

Company Information

Directors	G Rowswell L Rowswell N Rowswell
Company secretary	C Rowswell
Company number	4164708
Registered office	94A High Street Sevenoaks Kent TN13 1LP
Auditors	Reeves & Co LLP Chartered Accountants & Registered Auditors Third Floor 24 Chiswell Street London EC1Y 4YX
Accountants	Thain Osborne & Co Chartered Accountants 94A High Street Sevenoaks Kent TN13 1LP

G K R Logistics Limited

Contents

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 22

G K R Logistics Limited

Directors' report for the year ended 31 October 2010

The directors present their report and the financial statements for the year ended 31 October 2010

Principal activities

The principal activity of the company was that of vehicle and transport suppliers. On 1 November 2009, the major part of the activity was transferred to G K R Scaffolding Limited, the company's fully owned subsidiary.

Business review

In the year ended 31 October 2010, sales for the supply of vehicles and transport services to the company's fully owned subsidiary G K R Scaffolding Limited decreased 54% to £150,000. Cost of sales decreased and admin costs reduced, thereby generating a profit after tax of £83,440.

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 2010. 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.

The principal risks facing the group arise from the continuing financial downturn dating from the latter part of 2008, which has been particularly damaging to the construction industry. Larger projects have stalled and the timing of their activation is outside our immediate control. The increase in activity has arisen principally from smaller, short term projects, creating a disproportionate administrative cost. The company continues to abide by all areas of legislation which remains a major burden on organisations.

Financial Risks

Maintaining margins whilst containing operating costs are the major risks. New customers are assessed for credit risk and credit limits apply where necessary. Sales for 2011 are expected to exceed £7.5 million. The company is fortunate in that it has no long term commitments for the supply of labour or distribution and can access a pool of skilled unemployed labour as activity increases.

All risks are constantly monitored and appropriate action is taken where necessary. Cash flow is monitored daily and professional staff are employed to ensure new legislation is complied with.

Development and performance

Activity in the sector is expected to slowly improve. 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. The owned vehicles have been transferred to G K R Scaffolding Limited on 1 November 2009 and the company will continue supply leased vehicles until existing agreements expire or can be assigned.

In recent years the group has invested heavily in scaffold plant, the hiring out of which is the company's principal activity. The existing stock of plant is sufficient for the reduced activity and only a modest investment was required in new stock. A slow improvement in profitability is expected in 2011 and the company is in a healthy position to weather the continuing sluggish economic environment.

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 £243,135 (2009 - loss £13,068).

G K R Logistics Limited

Directors' report for the year ended 31 October 2010 Directors

The directors who served during the year were

G Rowswell
L Rowswell
N Rowswell

Political and charitable contributions

During the year, the company made charitable contributions totalling £4,729 (2009 £3,285). These were made to various local charity organisations such as Guys Hospital Children's Ward of £1,000 and Hospice in the Weald of £150.

Auditors

The auditors, Reeves & Co LLP, 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 Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 the group and of the profit or loss of the group 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 group 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 the group 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 the group 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

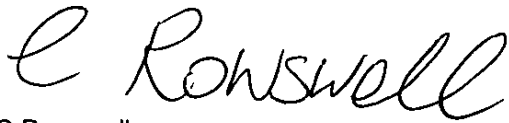
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors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

G K R Logistics Limited

**Directors' report
for the year ended 31 October 2010**

This report was approved by the board on

and signed on its behalf

A handwritten signature in black ink, appearing to read 'C Rowsell', written in a cursive style.

**C Rowsell
Secretary**

04.05 11

G K R Logistics Limited

Independent auditors' report to the shareholders of G K R Logistics Limited

We have audited the group and parent company financial statements (the "financial statements") of G K R Logistics Limited for the year ended 31 October 2010, set out on pages 6 to 22. 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 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

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 group's and the parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2010 and of the group's 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

G K R Logistics Limited

Independent auditors' report to the shareholders of G K R Logistics Limited

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

Reeves & Co LLP

Michael Procter BSc FCA (Senior statutory auditor)
for and on behalf of
Reeves & Co LLP
Chartered Accountants
Registered Auditors
Third Floor
24 Chiswell Street
London
EC1Y 4YX
Date

12 MAY 2011

G K R Logistics Limited

**Consolidated profit and loss account
for the year ended 31 October 2010**

	Note	2010 £	2009 £
Turnover	1,2	6,355,535	4,867,517
Cost of sales		<u>(3,953,245)</u>	<u>(3,449,191)</u>
Gross profit		2,402,290	1,418,326
Distribution costs		(6,454)	(6,563)
Administrative expenses		<u>(1,870,944)</u>	<u>(1,400,566)</u>
Operating profit	3	524,892	11,197
Interest receivable and similar income		822	2,619
Interest payable and similar charges	6	<u>(16,375)</u>	<u>(24,366)</u>
Profit/(loss) on ordinary activities before taxation		509,339	(10,550)
Tax on profit/(loss) on ordinary activities	7	<u>(266,204)</u>	<u>(2,518)</u>
Profit/(loss) for the financial year	18	<u>243,135</u>	<u>(13,068)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss Account

The notes on pages 10 to 22 form part of these financial statements

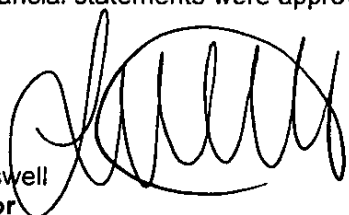
G K R Logistics Limited
Registered number. 4164708

Consolidated balance sheet
as at 31 October 2010

	Note	£	2010 £	£	As restated 2009 £
Fixed assets					
Intangible assets	8		556,548		4,316
Tangible assets	9		1,914,275		2,170,532
			2,470,823		2,174,848
Current assets					
Stocks	12	2,900		2,000	
Debtors	13	2,077,058		1,360,969	
Cash at bank		1,015,859		669,249	
		3,095,817		2,032,218	
Creditors: amounts falling due within one year	14	(1,394,179)		(1,931,917)	
Net current assets			1,701,638		100,301
Total assets less current liabilities			4,172,461		2,275,149
Creditors: amounts falling due after more than one year	15		(2,417,637)		(763,460)
Net assets			1,754,824		1,511,689
Capital and reserves					
Called up share capital	17		222		222
Profit and loss account	18		1,754,602		1,511,467
Shareholders' funds	19		1,754,824		1,511,689

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

L Rowsell
Director



04.05.11.

The notes on pages 10 to 22 form part of these financial statements

G K R Logistics Limited

**Company balance sheet
as at 31 October 2010**

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	9		-		48,782
Investments	10		1,800,220		1,800,220
			<u>1,800,220</u>		<u>1,849,002</u>
Current assets					
Stocks	12	-		2,000	
Debtors	13	129,250		25,128	
Cash at bank		69,452		86,961	
		<u>198,702</u>		<u>114,089</u>	
Creditors' amounts falling due within one year	14	(50,328)		(41,814)	
Net current assets			<u>148,374</u>		<u>72,275</u>
Total assets less current liabilities			<u>1,948,594</u>		<u>1,921,277</u>
Creditors: amounts falling due after more than one year	15		(1,123,877)		(1,180,000)
Net assets			<u><u>824,717</u></u>		<u><u>741,277</u></u>
Capital and Reserves					
Called up share capital	17		222		222
Profit and loss account	18		824,495		741,055
Shareholders' funds	19		<u><u>824,717</u></u>		<u><u>741,277</u></u>

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

L Rowswell
Director

The notes on pages 10 to 22 form part of these financial statements

G K R Logistics Limited

Consolidated cash flow statement for the year ended 31 October 2010

	Note	2010 £	2009 £
Net cash flow from operating activities	20	(213,402)	434,897
Returns on investments and servicing of finance	21	(15,553)	(21,747)
Taxation		89,731	(580,838)
Capital expenditure and financial investment	21	(1,166,800)	(224,298)
Cash outflow before financing		(1,306,024)	(391,986)
Financing	21	1,652,634	(70,938)
Increase/(Decrease) in cash in the year		346,610	(462,924)

Reconciliation of net cash flow to movement in net funds/debt for the year ended 31 October 2010

	2010 £	2009 £
Increase/(Decrease) in cash in the year	346,610	(462,924)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(1,652,634)	70,938
Movement in net debt in the year	(1,306,024)	(391,986)
Net (debt)/funds at 1 November 2009	(170,955)	221,031
Net debt at 31 October 2010	(1,476,979)	(170,955)

The notes on pages 10 to 22 form part of these financial statements

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

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

1.2 Basis of consolidation

The financial statements consolidate the accounts of G K R Logistics Limited and all of its subsidiary undertakings ('subsidiaries')

The profit and loss account for the parent Company has not been included, as permitted by Section 408 of the Companies Act 2006

1.3 Turnover

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

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss Account over its estimated economic life.

The additional goodwill arose on the acquisition of the trade, assets and liabilities from GKR Construction Southern Limited. The goodwill addition in the accounts is the net book value transferred from GKR Construction Southern Limited on 1st November 2009. It is amortised to the profit and loss account over its estimated economic life and reviewed for impairment annually.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	20% straight line
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	33 33% reducing balance

Land and buildings are held in the balance sheet at a value confirmed by an independent qualified professional in June 2007 less any provisions for impairment. A depreciation charge has not been made on the grounds that the residual value is not materially different from the carrying amount of the asset. This will be reviewed in subsequent years.

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

**Notes to the financial statements
for the year ended 31 October 2010**

1. Accounting policies (continued)

1.7 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.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss Account 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.

1.9 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.

1.10 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.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

The whole of the turnover for the group has been derived from its principal activity of scaffold suppliers.

All turnover arose within the United Kingdom.

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

3 Operating profit

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Amortisation - intangible fixed assets	397,173	6,472
Depreciation of tangible fixed assets		
- owned by the group	474,642	594,634
- held under finance leases	2,461	22,170
Auditors' remuneration	9,875	12,750
Operating lease rentals		
- plant and machinery	68,514	63,005
Net profit on sales of fixed assets	(3,451)	(59,560)

Auditors fees for the company were £2,516 (2009 - £4,250)

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	2,486,669	-
Social security costs	248,519	-
Other pension costs	5,208	-
	2,740,396	-

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

	2010 No.	2009 No.
Administration	14	0
Scaffolders & Drivers	58	0
	72	0

5 Directors' remuneration

	2010 £	2009 £
Emoluments	170,768	-

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

6. Interest payable

	2010 £	2009 £
On other loans	15,862	23,135
On finance leases and hire purchase contracts	513	1,231
	<u>16,375</u>	<u>24,366</u>

7. Taxation

	2010 £	2009 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/loss for the year	292,014	60,343
Deferred tax (see note 16)		
Origination and reversal of timing differences	(25,810)	(57,825)
Tax on profit/loss on ordinary activities	<u>266,204</u>	<u>2,518</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 27 34% (2009 - 22 34%) The differences are explained below

	2010 £	2009 £
Profit/loss on ordinary activities before tax	<u>509,339</u>	<u>(10,550)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 27 34% (2009 - 22 34%)	139,260	(2,357)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	108,593	19,672
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,611	-
Depreciation for year in excess of capital allowances	23,720	58,444
Other tax adjustments	-	(15,416)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(170)	-
Current tax charge for the year (see note above)	<u>292,014</u>	<u>60,343</u>

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

8 Intangible fixed assets

	Goodwill £
Group	
Cost	
At 1 November 2009	45,306
Additions	949,405
At 31 October 2010	<u>994,711</u>
Amortisation	
At 1 November 2009	40,990
Charge for the year	397,173
At 31 October 2010	<u>438,163</u>
Net book value	
At 31 October 2010	<u>556,548</u>
At 31 October 2009	<u>4,316</u>

The net book value of goodwill in the company at the year end was £nil (2009 £4,316)

9. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
Group				
Cost				
At 1 November 2009	1,167,903	2,999,053	170,355	40,937
Additions	-	227,095	-	-
Disposals	-	(888,036)	(19,750)	-
At 31 October 2010	<u>1,167,903</u>	<u>2,338,112</u>	<u>150,605</u>	<u>40,937</u>
Depreciation				
At 1 November 2009	-	2,052,103	121,573	34,040
Charge for the year	-	464,173	10,633	2,297
On disposals	-	(888,036)	(13,501)	-
At 31 October 2010	<u>-</u>	<u>1,628,240</u>	<u>118,705</u>	<u>36,337</u>
Net book value				
At 31 October 2010	<u>1,167,903</u>	<u>709,872</u>	<u>31,900</u>	<u>4,600</u>
At 31 October 2009	<u>1,167,903</u>	<u>946,950</u>	<u>48,782</u>	<u>6,897</u>

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

9. Tangible fixed assets (continued)

Group	Total £
Cost	
At 1 November 2009	4,378,248
Additions	227,095
Disposals	(907,786)
At 31 October 2010	<u>3,697,557</u>
Depreciation	
At 1 November 2009	2,207,716
Charge for the year	477,103
On disposals	(901,537)
At 31 October 2010	<u>1,783,282</u>
Net book value	
At 31 October 2010	<u>1,914,275</u>
At 31 October 2009	<u>2,170,532</u>

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

Group	2010 £	2009 £
Plant and machinery	<u>-</u>	<u>2,461</u>

The land and buildings were revalued in June 2007 by an independent qualified professional on an open market existing use basis

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

Group	2010 £	2009 £
Cost	774,385	774,385
Accumulated depreciation	-	-
Total	<u>774,385</u>	<u>774,385</u>

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

	Motor vehicles £
Company	
Cost	
At 1 November 2009	170,355
Transfers intra group	(150,605)
Disposals	(19,750)
At 31 October 2010	-
Depreciation	
At 1 November 2009	121,573
Transfers intra group	(108,072)
On disposals	(13,501)
At 31 October 2010	-
Net book value	
At 31 October 2010	-
At 31 October 2009	48,782

10. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company

	Investments in subsidiary companies £
Company	
Cost or valuation	
At 1 November 2009 and 31 October 2010	1,800,220
Net book value	
At 31 October 2010	1,800,220
At 31 October 2009	1,800,220

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

11. Principal subsidiaries

Company name	Country	Percentage Shareholding	Principle Activity
G K R Scaffolding Limited	England and Wales	100 Ordinary Shares	Scaffolding suppliers
Frindsbury Properties Limited	England and Wales	100 Ordinary Shares	Property owning company

12 Stocks

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Finished goods and goods for resale	2,900	2,000	-	2,000

13. Debtors

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,813,525	1,070,954	129,250	19,823
Other debtors	76,286	128,434	-	-
Prepayments and accrued income	82,822	82,966	-	4,910
Deferred tax asset (see note 16)	104,425	78,615	-	395
	<u>2,077,058</u>	<u>1,360,969</u>	<u>129,250</u>	<u>25,128</u>

14. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	75,201	74,282	-	-
Net obligations under finance leases and hire purchase contracts	-	2,462	-	-
Trade creditors	273,859	1,762,369	-	13,100
Corporation tax	292,014	36,162	22,978	16,803
Social security and other taxes	417,563	8,861	19,100	1,911
Other creditors	296,749	7,999	-	-
Accruals and deferred income	38,793	39,782	8,250	10,000
	<u>1,394,179</u>	<u>1,931,917</u>	<u>50,328</u>	<u>41,814</u>

Net obligations due within one year and in more than one year under finance leases and hire purchase contracts are secured on the assets held under those agreements

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

15 Creditors. Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	687,342	763,460	-	-
Other loans	1,730,295	-	-	-
Amounts owed to group undertakings	-	-	1,123,877	1,180,000
	<u>2,417,637</u>	<u>763,460</u>	<u>1,123,877</u>	<u>1,180,000</u>

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Between one and two years				
Bank loans	37,600	74,282	-	-
Other loans	1,730,295	-	-	-
Between two and five years				
Bank loans	57,033	68,797	-	-
Over five years				
Bank loans	592,709	620,381	-	-
Amounts owed to group undertakings	-	-	1,123,877	1,180,000

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Repayable other than by instalments	592,710	620,381	1,123,877	1,180,000

The bank loans disclosed above bear interest at 1.5% per annum over Barclays Bank Plc's base rate. The loan is repayable by instalments until it is due to mature on 31 March 2025.

There is a bank loan within the financial statements of G K R Scaffolding Limited and Frindsbury Properties Limited, both of equal amounts.

A guarantee was given by Frindsbury Properties Limited on behalf of G K R Scaffolding Limited to Barclays Bank Plc, supported by a charge over that company's property.

The bank loan in Frindsbury Properties Limited is secured by way of a first legal charge over this company's same property at Medway City Estate, Rochester, Kent.

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

16. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
At beginning of year	78,615	20,790	395	(917)
Released during/(charge for) the year	25,810	57,825	(395)	1,312
At end of year	<u>104,425</u>	<u>78,615</u>	<u>-</u>	<u>395</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Accelerated capital allowances	<u>104,425</u>	<u>78,615</u>	<u>-</u>	<u>395</u>

17. Share capital

	2010	2009
	£	£
Allotted, called up and fully paid		
222 Ordinary shares of £1 each	<u>222</u>	<u>222</u>

18 Reserves

	Profit and loss account £
Group	
At 1 November 2009	1,511,467
Profit for the year	243,135
At 31 October 2010	<u>1,754,602</u>
Company	
At 1 November 2009	741,055
Profit for the year	83,440
At 31 October 2010	<u>824,495</u>

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

19. Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Group		
Opening shareholders' funds	1,511,689	1,524,757
Profit/(loss) for the year	243,135	(13,068)
Closing shareholders' funds	<u>1,754,824</u>	<u>1,511,689</u>
Company		
Opening shareholders' funds	741,277	685,770
Profit for the year	83,440	55,507
Closing shareholders' funds	<u>824,717</u>	<u>741,277</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account

The profit for the year dealt with in the accounts of the company was £83,440 (2009 - £55,507)

20 Net cash flow from operating activities

	2010 £	2009 £
Operating profit	524,892	11,197
Amortisation of intangible fixed assets	397,173	6,472
Depreciation of tangible fixed assets	477,103	616,804
Loss on disposal of tangible fixed assets	(3,451)	(59,560)
(Increase)/decrease in stocks	(900)	1,500
(Increase)/decrease in debtors	(816,172)	781,214
Decrease in creditors	(792,047)	(922,730)
Net cash (outflow)/inflow from operating activities	<u>(213,402)</u>	<u>434,897</u>

21. Analysis of cash flows for headings netted in cash flow statement

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	822	2,619
Interest paid	(15,862)	(23,135)
Hire purchase interest	(513)	(1,231)
Net cash outflow from returns on investments and servicing of finance	<u>(15,553)</u>	<u>(21,747)</u>

G K R Logistics Limited

**Notes to the financial statements
for the year ended 31 October 2010**

21. Analysis of cash flows for headings netted in cash flow statement (continued)

	2010 £	2009 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(949,405)	-
Purchase of tangible fixed assets	(227,095)	(284,535)
Sale of tangible fixed assets	9,700	60,237
Net cash outflow from capital expenditure	<u>(1,166,800)</u>	<u>(224,298)</u>
	2010 £	2009 £
Financing		
Repayment of loans	(75,199)	(65,029)
Other new loans	1,730,295	-
Repayment of finance leases	(2,462)	(5,909)
Net cash inflow/(outflow) from financing	<u>1,652,634</u>	<u>(70,938)</u>

22. Analysis of changes in net debt

	1 November 2009 £	Cash flow £	Other non-cash changes £	31 October 2010 £
Cash at bank and in hand	669,249	346,610	-	1,015,859
Debt:				
Debts due within one year	(76,744)	(1,652,634)	1,654,177	(75,201)
Debts falling due after more than one year	(763,460)	-	(1,654,177)	(2,417,637)
Net debt	<u>(170,955)</u>	<u>(1,306,024)</u>	<u>-</u>	<u>(1,476,979)</u>

23. Pension commitments

The group operates a defined contributions pension scheme for two employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £5,208 (2009 £Nil).

G K R Logistics Limited

Notes to the financial statements for the year ended 31 October 2010

24 Operating lease commitments

At 31 October 2010 the Group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings		2010 £	Other 2009 £
	2010 £	2009 £		
Expiry date:				
Within 1 year	-	-	2,279	-
Between 2 and 5 years	112,500	-	68,527	57,592
After more than 5 years	-	112,500	-	-
	<u>112,500</u>	<u>112,500</u>	<u>70,806</u>	<u>57,592</u>

At 31 October 2010 the Company had annual commitments under non-cancellable operating leases as follows

Company

Expiry date:

Within 1 year	2,279	-
Between 2 and 5 years	-	54,160
	<u>2,279</u>	<u>54,160</u>

25 Related party transactions

G Rowswell, L Rowswell and N Rowswell are partners in G K & Y Rowswell Partnership. The invoiced value of management costs supplied by the Partnership was £5,000 (2009 £230,000). In addition to this the loan due to the Partnership within GKR Construction Southern Limited was transferred to GKR Scaffolding Limited resulting in a creditor at the year end of £1,730,295 (2009 £nil).

G Rowswell, L Rowswell and N Rowswell are directors of GKR Construction Southern Limited. The invoiced value of subcontractor labour bought on normal commercial terms was £nil (2009 £2,852,984).

The invoiced value of administrative costs supplied by the company to GKR Construction Southern Limited, was £nil (2009 £13,136).

During the year, GKR Construction Southern Limited prepaid insurance costs of £nil (2009 £7,997).

On 1 November 2009 the trade and business assets and liabilities of GKR Construction Southern Limited were transferred to GKR Scaffolding Limited. The value of the net transfer was £633,652. The balance outstanding at the year end was a creditor £241,649 (2009 £1,612,135).

26 Controlling party

The company is under the ultimate control of its directors.