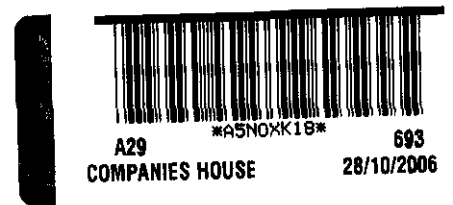


Company Number 4326532

S. R. TRANSPORT SERVICES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2005



D.B.THOMPSON & CO.

Chartered Certified Accountants
&
Registered Auditors

S. R. TRANSPORT SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER 2005

The director presents his report and the financial statements of the company for the year ended 31st December 2005.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of the provision of road haulage and transport services.

DIRECTOR

The director at 31st December 2005 and his interest in the share capital of the company was as follows:

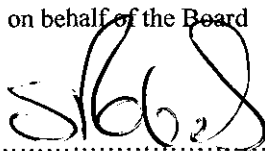
	£1 Ordinary Shares	
	<u>2005</u>	<u>2004</u>
S. ROBERTS	2	2

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.

Date 25/10/06

Signed on behalf of the Board


S. ROBERTS - Director

S. R. TRANSPORT SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER 2005

	<u>Note</u>	<u>2005</u>	<u>2004</u>
TURNOVER	1, 2	953141	766425
Cost of Sales		(504240)	(395554)
GROSS PROFIT		448901	370871
Administrative Expenses		(413041)	(316969)
OPERATING PROFIT	3	35860	53902
(Loss) Profit on Sale of tangible fixed assets		(4611)	(3437)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		31249	50465
Interest Receivable		623	-
Interest Payable	4	(11950)	(10398)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		19922	40067
Taxation on profit on ordinary activities	5	(5559)	(6847)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		£ 14363	£ 33220

The notes on pages 4 to 7 form part of these financial statements

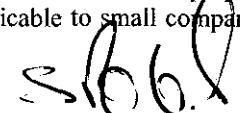
S. R. TRANSPORT SERVICES LIMITED

BALANCE SHEET AT 31ST DECEMBER 2005

	<u>Note</u>	<u>2005</u>	<u>2004</u>
FIXED ASSETS			
Tangible Assets	6	317421	114893
CURRENT ASSETS			
Stocks		11000	1000
Debtors	7	236604	184321
Cash at Bank and in hand		<u>4110</u>	<u>22948</u>
		251714	208269
CREDITORS:			
Amounts falling due within one year	8	(270468)	(149333)
NET CURRENT (LIABILITIES) ASSETS		(18754)	58936
TOTAL ASSETS LESS CURRENT LIABILITIES		298667	173829
CREDITORS :			
Amounts falling due after more than one year	9	(161962)	(45146)
PROVISION FOR LIABILITIES			
Deferred Taxation	11	(7685)	(4026)
NET ASSETS		£ 129020	£ 124657
CAPITAL AND RESERVES			
Called up equity share capital	12	2	2
Profit and Loss Account		<u>129018</u>	<u>124655</u>
SHAREHOLDERS' FUNDS		£ 129020	£ 124657

The director considers that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A (1) of the Companies Act 1985. Members have not required the company, under Section 249B (2) of the Companies Act 1985 to obtain an audit for the year ended 31st December 2005. The director acknowledges his responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31st December 2005 and of its Profit/Loss for the year then ended in accordance with the requirements of Section 226A, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

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 25.10.06..... and signed on its behalf.

Signed.....  S. ROBERTS – Director

The notes on pages 4 to 7 form part of these financial statements

S. R. TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

(b) Turnover

Turnover comprises the value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

(c) 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 over their expected useful lives on the following bases :

Office Equipment	- 20% per annum reducing balance basis
Motor Vehicles	- 25% per annum reducing balance basis

(d) Leasing and hire purchase agreements.

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

(e) Operating lease agreements.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to Profit and Loss Account as incurred.

(f) Stocks

Stocks are stated at directors valuation based on the lower of cost and net realisable value.

(g) 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. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

2. TURNOVER

The whole turnover and profit before tax are attributed to the one principal activity of the company.

An analysis of turnover is given below :

	<u>2005</u>	<u>2004</u>
United Kingdom	£ <u>953141</u>	£ <u>766425</u>

S. R. TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (CONTD...)

	<u>2005</u>	<u>2004</u>		
3. OPERATING PROFIT				
Operating profit is stated after charging :				
Depreciation of tangible fixed assets				
- owned by the company	£ 31385	£ 24780		
- held under finance lease	£ 5843	£ 5843		
Operating lease rentals				
- hire of plant and machinery	£ 8976	£ 1943		
Director's Remuneration	£ <u>23400</u>	£ <u>25214</u>		
4. INTEREST PAYABLE				
On bank loans and overdrafts	5309	2332		
Other interest payable	<u>6641</u>	<u>8066</u>		
	£ <u>11950</u>	£ <u>10398</u>		
5. TAXATION				
U.K. Corporation Tax	1900	4037		
Transfer to Deferred Taxation	<u>3659</u>	<u>2810</u>		
	£ <u>5559</u>	£ <u>6847</u>		
6. TANGIBLE FIXED ASSETS				
	Freehold <u>Property</u>	Motor <u>Vehicles</u>	Other <u>Assets</u>	<u>TOTAL</u>
COST				
As at 1 st January 2005	-	153500	16424	169924
Additions in the year	151953	89642	12922	254517
Disposals	<u>-</u>	<u>(28900)</u>	<u>-</u>	<u>(28900)</u>
As at 31 st December 2005	<u>151953</u>	<u>214242</u>	<u>29346</u>	<u>395541</u>
DEPRECIATION				
As at 1 st January 2005	-	48347	6684	55031
Charge for the year	-	33106	4122	37228
Eliminated in respect of disposals	<u>-</u>	<u>(14139)</u>	<u>-</u>	<u>(14139)</u>
As at 31 st December 2005	<u>-</u>	<u>67314</u>	<u>10806</u>	<u>78120</u>
NET BOOK VALUE				
As at 31 st December 2004	£ -	£ 105153	£ 9740	£ 114893
As at 31 st December 2005	£ <u>151953</u>	£ <u>146928</u>	£ 18540	£ 317421

Included above are assets held under hire purchase contracts or finance leases with a net book value as follows :

	<u>2005</u>	<u>2004</u>
Motor Vehicles	112747	84045
Equipment	<u>179</u>	<u>2322</u>
	£ 112926	£ 86367

S. R. TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (CONTD...)

	<u>2005</u>	<u>2004</u>
7 DEBTORS		
Trade Debtors	223446	147263
Other Debtors	13158	32406
Director's Loan	-	4652
	<u>£ 236604</u>	<u>£ 184321</u>

8. CREDITORS:		
amounts falling due within one year:		
Bank loans and overdrafts	42474	4000
Trade Creditors	99390	29390
Other Creditors	83535	74889
Corporation Tax	1900	4037
Net Obligations under finance leases and hire purchase contracts	<u>43168</u>	<u>37017</u>
	<u>£ 270467</u>	<u>£ 149333</u>

Included within other creditors is an amount of £71721 (2004 £61074) relating to social security and other taxes.

9. CREDITORS:		
Amounts falling due after more than one year		
Bank loans	110770	1667
Net obligations under finance leases and hire purchase contracts – see note 10	<u>51192</u>	<u>43479</u>
	<u>£ 161962</u>	<u>£ 45146</u>

The finance leases are secured on the assets concerned

Bank loans outstanding at the year end amounted to £ 120493 (2004 - £ 5667) and include instalments due after more than five years of £ 78546 (2004 - £ NIL).

10. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS		
The maturity of these amounts is as follows :		
Amounts payable within one year	43168	37017
Between one and five years	<u>51192</u>	<u>43479</u>
	<u>£ 94360</u>	<u>£ 80496</u>

11. DEFERRED TAXATION		
Balance at 1 st January 2005	4026	1216
Charge for the year	<u>3659</u>	<u>2810</u>
Balance at 31 st December 2005	<u>£ 7685</u>	<u>£ 4026</u>

The provision for deferred taxation is made up of accelerated Capital allowances.

12. SHARE CAPITAL		
Authorised		
100 Ordinary Shares of £1 each	£ 100	£ 100
Issued		
2 Ordinary Shares of £1 each	£ 2	£ 2

S. R. TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (CONTD)

13. RECONCILIATION OF RESERVES

	Called up Share Capital	Profit and Loss account
Balance at 1 st January 2005	2	124655
Profit for the year	-	14363
Dividends paid	-	(10000)
Balance at 31 st December 2005	£ 2	£ 129018

14. TRANSACTIONS WITH DIRECTORS

Mr. S. Roberts is a partner in Washington Logistics from whom the company bought services to the value of £ 49057 (2004 £Nil) on normal commercial terms. At the balance sheet date the amount outstanding was £ 20769 (2004 - £ Nil)