

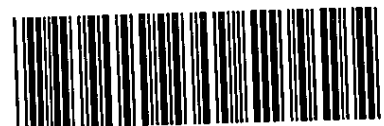
KNIGHTS RAIL SERVICES LIMITED

UNAUDITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2009

WEDNESDAY



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KNIGHTS RAIL SERVICES LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF KNIGHTS RAIL SERVICES LIMITED

In accordance with the engagement letter dated 31 July 2009, and in order to assist you to fulfil your duties under the Companies Act 2006, we have compiled the financial statements of the company for the year ended 31 May 2009 which comprise the profit and loss account, balance sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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's board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 2006. You consider that the company is exempt from the statutory requirement for an audit for the period.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

PKF (UK) LLP

PKF (UK) LLP

Ipswich, UK

21st December 2009

KNIGHTS RAIL SERVICES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MAY 2009

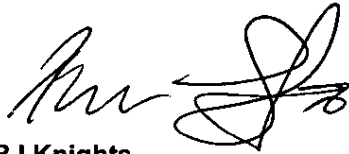
	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	3		42,257		70,109
CURRENT ASSETS					
Stocks		2,046		6,795	
Debtors: amounts falling due after more than one year	4	33,000		-	
Debtors: amounts falling due within one year	4	311,972		304,791	
Cash at bank and in hand		555,382		497,178	
			902,400	808,764	
CREDITORS: amounts falling due within one year	5	(758,886)		(551,010)	
NET CURRENT ASSETS			143,514		257,754
TOTAL ASSETS LESS CURRENT LIABILITIES			185,771		327,863
CREDITORS: amounts falling due after more than one year			-		(4,891)
PROVISIONS FOR LIABILITIES					
Deferred tax			(8,874)		(3,408)
NET ASSETS			176,897		319,564
CAPITAL AND RESERVES					
Called up share capital	6		2		2
Profit and loss account			176,895		319,562
SHAREHOLDERS' FUNDS			176,897		319,564

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 May 2009 and of its profit for the year then ended in accordance with the requirements of section 396 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company.

KNIGHTS RAIL SERVICES LIMITED

**ABBREVIATED BALANCE SHEET (continued)
AS AT 31 MAY 2009**

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 were approved and authorised for issue by the board and were signed on its behalf on 15 December 2009.



B I Knights
Director



Mrs S C Knights
Director

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

KNIGHTS RAIL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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.

Sales invoices for the process charge for vehicles, scrap value of vehicles, vehicle and component storage and consultancy are raised on a monthly basis and turnover is recognised on the issue of sales invoices.

1.3 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.

1.4 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:

Plant & machinery	-	33%	straight line
Motor vehicles	-	25%	straight line
Fixtures & fittings	-	33%	straight line
Office equipment	-	33%	straight line

1.5 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.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

KNIGHTS RAIL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 June 2008 and 31 May 2009	165,407
Amortisation	
At 1 June 2008 and 31 May 2009	165,407
Net book value	
At 31 May 2009	-
At 31 May 2008	-

KNIGHTS RAIL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

3. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 June 2008	121,937
Additions	45,615
Transfers intra group	(34,750)
Disposals	(28,425)
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At 31 May 2009	104,377
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Depreciation	
At 1 June 2008	51,828
Charge for the year	41,104
Transfers intra group	(14,397)
On disposals	(16,415)
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At 31 May 2009	62,120
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Net book value	
At 31 May 2009	42,257
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At 31 May 2008	70,109
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4. DEBTORS

Debtors include £33,000 (2008 - £NIL) falling due after more than one year.

5. CREDITORS:

Amounts falling due within one year

The bank loan has been repaid in full during the current year. At 31 May 2008 the loan outstanding of £36,891 was personally guaranteed by B I Knights, director.

6. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
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KNIGHTS RAIL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

7. RELATED PARTY TRANSACTIONS

During the year, a dividend totalling £100,000 (2008: £NIL) was paid to Knights Rail Holdings Limited.

At the year end, the company owed Knights Rail Holdings Limited an amount totalling £100,000 (2008: £NIL).

During the year, the company transferred tangible fixed assets with a net book value of £20,353 (2008: £NIL) to its parent company Knights Rail Holdings Limited as a dividend-in-specie.

During the year, B I Knights received dividends of £18,000 (2008: £59,000) from the company.

During the year, Mrs S Knights received dividends of £18,000 (2008: £59,000) from the company.

The Directors loan amounts owing to B I Knights and Mrs S Knights were fully repaid in the year. The directors loan account balances owing to them at 31 May 2008 was £50,000.

B I Knights, a director, has personally guaranteed borrowings of the company amounting to £NIL (2008: £36,891).

8. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Knights Rail Holdings Limited, whose shareholders are the ultimate controlling party.