

20/03/06

**REPORT OF THE DIRECTOR AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
FOR
BALSTATE SERVICES LIMITED**



BALSTATE SERVICES LIMITED

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BALSTATE SERVICES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2006

DIRECTOR: E C Edwards

SECRETARY: C B Secretaries Limited

REGISTERED OFFICE: Suite 760
Henley Road
Medmenham
Buckinghamshire
SL7 2ER

REGISTERED NUMBER: 2783475 (England and Wales)

ACCOUNTANTS: ClarkBlair
Chartered Accountants
Suite 760
Henley Road
Medmenham
Buckinghamshire
SL7 2ER

BALSTATE SERVICES LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2006

The director presents his report with the financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITY

The company's principal activities during the year were the provision of management services, financial support, car hire and property management.

DIRECTOR

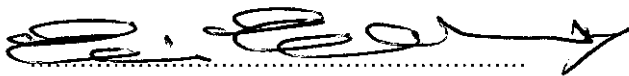
E C Edwards was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.3.06	1.4.05
Ordinary £1 shares	100	100

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
E C Edwards - Director

Date: 13th October 2006
.....

BALSTATE SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
TURNOVER		67,266	68,643
Cost of sales		<u>14,019</u>	<u>21,012</u>
GROSS PROFIT		53,247	47,631
Administrative expenses		<u>57,473</u>	<u>46,173</u>
		(4,226)	1,458
Other operating income		<u>-</u>	<u>657</u>
OPERATING (LOSS)/PROFIT	2	(4,226)	2,115
Interest receivable and similar income		<u>101</u>	<u>122</u>
		(4,125)	2,237
Interest payable and similar charges		<u>2,198</u>	<u>6,565</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,323)	(4,328)
Tax on loss on ordinary activities	3	<u>3,324</u>	<u>1,304</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(9,647)	(5,632)
DEFICIT FOR THE YEAR		<u>(9,647)</u>	<u>(5,632)</u>

The notes form part of these financial statements

BALSTATE SERVICES LIMITED

BALANCE SHEET 31 MARCH 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	4	1,143,340	1,214,322
CURRENT ASSETS			
Stocks		41,821	10,000
Debtors	5	8,706	19,159
Prepayments and accrued income		4,460	4,063
Cash at bank		19,570	5,537
		<u>74,557</u>	<u>38,759</u>
CREDITORS			
Amounts falling due within one year	6	70,083	115,120
NET CURRENT ASSETS/(LIABILITIES)		<u>4,474</u>	<u>(76,361)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,147,814</u>	<u>1,137,961</u>
CREDITORS			
Amounts falling due after more than one year	7	(581,943)	(561,943)
PROVISIONS FOR LIABILITIES	8	<u>(4,800)</u>	<u>(5,300)</u>
NET ASSETS		<u>561,071</u>	<u>570,718</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Revaluation reserve	10	466,252	474,063
Profit and loss account	10	94,719	96,555
SHAREHOLDERS' FUNDS		<u>561,071</u>	<u>570,718</u>

The notes form part of these financial statements

BALSTATE SERVICES LIMITED

**BALANCE SHEET - continued
31 MARCH 2006**

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 March 2006.

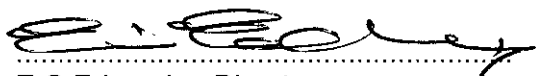
The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2006 in accordance with Section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

ON BEHALF OF THE BOARD:



E C Edwards - Director

Approved by the Board on 13th October 2006

The notes form part of these financial statements

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

The turnover shown in the profit and loss account represents the total amount receivable in the ordinary course of business for property and vehicle rental services provided in the year, exclusive of value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- 2% on revaluation cost
Plant and machinery etc	- 25% on cost, 25% on reducing balance, 20% on reducing balance and 20% on cost

Freehold and long leasehold buildings are depreciated on a straight line basis over 50 years. Freehold land is not subject to charges for depreciation.

Stocks

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

Deferred tax

Provision is made for deferred tax using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and for accounting purposes except to the extent that the director considers that an asset or liability to taxation is unlikely to crystallise.

2. OPERATING (LOSS)/PROFIT

The operating loss (2005 - operating profit) is stated after charging:

	2006 £	2005 £
Depreciation - owned assets	43,441	34,921
Loss on disposal of fixed assets	1,976	-
	<hr/>	<hr/>
Director's emoluments and other benefits etc	-	-
	<hr/>	<hr/>

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2006

3. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2006 £	2005 £
Current tax:		
UK corporation tax	2,350	(5,900)
Adjustment for prior year	1,474	304
Total current tax	3,824	(5,596)
Deferred taxation for year	(500)	6,900
Tax on loss on ordinary activities	3,324	1,304

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST OR VALUATION			
At 1 April 2005	1,106,986	176,804	1,283,790
Disposals	-	(55,621)	(55,621)
At 31 March 2006	1,106,986	121,183	1,228,169
DEPRECIATION			
At 1 April 2005	19,157	50,312	69,469
Charge for year	19,617	23,824	43,441
Eliminated on disposal	-	(28,081)	(28,081)
At 31 March 2006	38,774	46,055	84,829
NET BOOK VALUE			
At 31 March 2006	1,068,212	75,128	1,143,340
At 31 March 2005	1,087,829	126,492	1,214,321

Included in cost or valuation of land and buildings is freehold land of £229,045 (2005 - £229,045) which is not depreciated.

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2006**

4. TANGIBLE FIXED ASSETS - continued

The book amount of land and buildings comprises:

Freehold	£845,165
Leasehold	£223,047

Cost or valuation at 31 March 2006 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2004	790,000	-	790,000
Cost	316,986	121,183	438,169
	<u>1,106,986</u>	<u>121,183</u>	<u>1,228,169</u>

If land and buildings had not been revalued they would have been included at the following historical cost:

	2006 £	2005 £
Cost	<u>666,607</u>	<u>666,607</u>
Aggregate depreciation	<u>64,647</u>	<u>52,841</u>
Value of land in freehold land and buildings	<u>79,045</u>	<u>79,045</u>

Land and buildings were valued on an open market basis on 31 March 2004 by the director.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade debtors	1,615	3,737
Other debtors	7,091	15,422
	<u>8,706</u>	<u>19,159</u>

Other debtors includes amounts totalling £2,399 due from EDS Holdings Limited - see note 12.

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2006

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	3,725	2,688
Taxation and social security	2,350	-
Other creditors	64,008	112,432
	<u>70,083</u>	<u>115,120</u>

Other creditors includes amounts totalling £66,434 (2005: £94,929) due to Mr E C Edwards - see note 11.

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Other creditors	<u>581,943</u>	<u>561,943</u>

Other creditors includes amounts totalling £261,943 (2005: £241,943) due to Mr E C Edwards - see note 11. Other creditors also includes amounts totalling £320,000 (2005: £320,000) due to E D S Holdings Limited - see note 12.

8. PROVISIONS FOR LIABILITIES

At the balance sheet date the company had a potential deferred tax liability amounting to £4,800 in respect of accelerated capital allowances which has been recognised in full as it is expected to reverse in the short term.

As indicated in note 4 above, the company's interest in land and buildings was revalued at 31 March 2004 giving rise to a surplus amounting to approximately £482,000. If the properties were sold at that value it is estimated that a charge to taxation amounting to approximately £90,000 would arise. No provision has been made for this potential liability as no sale of the properties is contemplated and therefore, in the director's opinion, this is not a timing difference for taxation purposes.

9. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2006	2005
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2006

10. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2005	96,555	474,063	570,618
Deficit for the year	(9,647)		(9,647)
Transfer from Revaluation Reserve	7,811	(7,811)	-
At 31 March 2006	<u>94,719</u>	<u>466,252</u>	<u>560,971</u>

11. TRANSACTIONS WITH DIRECTOR

The company is controlled by Mr E C Edwards by virtue of his 100% interest in the company's issued equity share capital.

In the year under review, Mr Edwards purchased from the company vehicles with a net book value of £22,886. In the opinion of the director these transaction were at arms length value and the VAT inclusive proceeds, amounting to £21,231 were settled by reduction of amounts due to Mr Edwards.

Creditors due within one year includes amounts totalling £63,203 (2005:£94,929) due to Mr E C Edwards in respect of funding facilities provided to the company. Such amounts are interest-free and repayable on demand.

Creditors due after more than one year includes an amount of £261,943 (2005:£241,943) due to Mr E C Edwards in respect of a funding loan. At the balance sheet date, no formal repayment terms had been set in respect of this amount although Mr Edwards has indicated that repayment will not be sought prior to 1 April 2007. Interest is payable at 10% per annum at Mr Edwards' discretion on the outstanding amount and interest for the year ended 31 March 2006 has been waived.

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2006

12. RELATED PARTY DISCLOSURES

Creditors due in more than one year includes a funding loan of £320,000 (2005: £320,000) due to E D S Holdings Limited, a company controlled by Mr E C Edwards. This amount bears interest at 2% above Barclays Bank plc base rate. Interest arising in the year under review amounted to £21,074 of which an amount of £18,876 was waived by E D S Holdings Limited in consideration of the company's financial circumstances.

The company has received confirmation from E D S Holdings Limited that repayment of the funding loan will not be called before 1 April 2007.

The company leases vehicles at a commercial rate to E D S Holdings Limited for which the total VAT exclusive lease income for the year amounted to £5,400. The company also settled expenses on behalf of E D S Holdings Limited and Option 1 Logistics Limited, a wholly owned subsidiary undertaking of E D S Holdings Limited. The VAT exclusive amount of these costs was £657. At the balance sheet date, the VAT inclusive amounts outstanding and due to the company in these respects totalled £2,399.