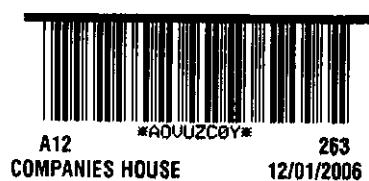


**REPORT OF THE DIRECTOR AND  
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005  
FOR  
BALSTATE SERVICES LIMITED**



# **BALSTATE SERVICES LIMITED**

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**BALSTATE SERVICES LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**DIRECTOR:** E C Edwards

**SECRETARY:** C B Secretaries Limited

**REGISTERED OFFICE:** Century House  
19 High Street  
Marlow  
Buckinghamshire  
SL7 1AU

**REGISTERED NUMBER:** 2783475

**ACCOUNTANTS:** ClarkBlair  
Chartered Accountants  
Century House  
19 High Street  
Marlow  
Buckinghamshire  
SL7 1AU

**BALSTATE SERVICES LIMITED**

**REPORT OF THE DIRECTOR  
FOR THE YEAR ENDED 31 MARCH 2005**

The director presents his report with the financial statements of the company for the year ended 31 March 2005.

**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:

	<b>31.3.05</b>	<b>1.4.04</b>
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: 9 January 2006

**BALSTATE SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>		<b>68,643</b>	66,453
Cost of sales		<u>21,012</u>	<u>7,355</u>
<b>GROSS PROFIT</b>		<b>47,631</b>	59,098
Administrative expenses		<u>46,173</u>	<u>30,859</u>
		<b>1,458</b>	28,239
Other operating income		<u>657</u>	-
<b>OPERATING PROFIT</b>	2	<b>2,115</b>	28,239
Interest receivable and similar income		<u>122</u>	<u>63</u>
		<b>2,237</b>	28,302
Interest payable and similar charges		<u>6,565</u>	<u>6,030</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(4,328)</b>	22,272
Tax on (loss)/profit on ordinary activities	3	<u>1,304</u>	<u>5,180</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>(5,632)</b>	17,092
<b>(DEFICIT)/RETAINED PROFIT FOR THE YEAR</b>		<u><b>(5,632)</b></u>	<u>17,092</u>

The notes form part of these financial statements

**BALSTATE SERVICES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2005**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(5,632)</b>	<b>17,092</b>
Surplus on revaluation of properties	-	481,874
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>(5,632)</b>	<b>498,966</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

**BALSTATE SERVICES LIMITED**

**BALANCE SHEET  
31 MARCH 2005**

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	4	1,214,322	854,322
<b>CURRENT ASSETS</b>			
Stocks		10,000	10,000
Debtors	5	19,159	5,736
Prepayments and accrued income		4,063	2,600
Cash at bank		5,537	21,459
		<u>38,759</u>	<u>39,795</u>
<b>CREDITORS</b>			
Amounts falling due within one year	6	<u>115,120</u>	<u>120,824</u>
<b>NET CURRENT LIABILITIES</b>		<u>(76,361)</u>	<u>(81,029)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,137,961</u>	<u>773,293</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	7	(561,943)	(196,943)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	8	<u>(5,300)</u>	<u>-</u>
		<u>570,718</u>	<u>576,350</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100	100
Revaluation reserve	10	474,063	481,874
Profit and loss account	10	96,555	94,376
<b>SHAREHOLDERS' FUNDS</b>		<u>570,718</u>	<u>576,350</u>

The notes form part of these financial statements

**BALSTATE SERVICES LIMITED**

**BALANCE SHEET - continued  
31 MARCH 2005**

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 March 2005.

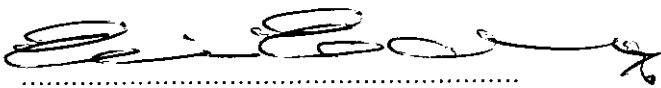
The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2005 in accordance with Section 249B(2) of the Companies Act 1985.

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 June 2002).

**ON BEHALF OF THE BOARD:**



.....  
E C Edwards - Director

Approved by the Board on 9 January 2006.....

The notes form part of these financial statements



# BALSTATE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

### 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 June 2002).

#### 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 and 20% on reducing balance

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 PROFIT

The operating profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation - owned assets	34,921	26,295
Profit on disposal of fixed assets	-	(2,283)
	<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 2005

### 3. TAXATION

#### Analysis of the tax charge

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

	2005 £	2004 £
Current tax:		
UK corporation tax	(5,900)	5,600
Adjustment for prior year	304	(20)
Total current tax	(5,596)	5,580
Deferred taxation for year	6,900	(400)
Tax on (loss)/profit on ordinary activities	1,304	5,180

### 4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
<b>COST OR VALUATION</b>			
At 1 April 2004	790,000	98,867	888,867
Additions	316,986	84,437	401,423
Disposals	-	(6,500)	(6,500)
At 31 March 2005	1,106,986	176,804	1,283,790
<b>DEPRECIATION</b>			
At 1 April 2004	-	34,547	34,547
Charge for year	19,157	15,764	34,921
At 31 March 2005	19,157	50,311	69,468
<b>NET BOOK VALUE</b>			
At 31 March 2005	1,087,829	126,493	1,214,322
At 31 March 2004	790,000	64,320	854,320

Included in cost or valuation of land and buildings is freehold land of £229,045 (2004 - £165,000) which is not depreciated.

The book amount of land and buildings comprises:

Freehold	£727,902
Leasehold	£359,927

# **BALSTATE SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31 MARCH 2005**

### **4. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 March 2005 is represented by:

	<b>Land and buildings £</b>	<b>Plant and machinery etc £</b>	<b>Totals £</b>
Valuation in 2004	790,000	-	790,000
Cost	316,986	176,804	493,790
	<u>1,106,986</u>	<u>176,804</u>	<u>1,283,790</u>

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

	<b>2005 £</b>	<b>2004 £</b>
Cost	<u>666,607</u>	<u>349,621</u>
Aggregate depreciation	<u>52,841</u>	<u>41,494</u>
Value of land in freehold land and buildings	<u>79,045</u>	<u>15,000</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**

	<b>2005 £</b>	<b>2004 £</b>
Trade debtors	3,737	3,819
Other debtors	15,422	1,917
	<u>19,159</u>	<u>5,736</u>

In 2004, Other debtors included a deferred tax asset amounting to £1,600 in respect of the excess of depreciation charges over taxation allowances.

Other debtors also includes amounts totalling £1,943 due from EDS Holdings Limited - see note 12.

# BALSTATE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2005

### 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade creditors	2,688	1,361
Taxation and social security	-	5,600
Other creditors	112,432	113,863
	<u>115,120</u>	<u>120,824</u>

Other creditors includes amounts totalling £94,929 (2004: £95,092) due to Mr E C Edwards - see note 11.

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

	2005	2004
	£	£
Other creditors	561,943	196,943
	<u>561,943</u>	<u>196,943</u>

Other creditors includes amounts totalling £241,943 (2004: £116,943) due to Mr E C Edwards - see note 11. Other creditors also includes amounts totalling £320,000 (2004: 80,000) due to E D S Holdings Limited - see note 12.

### 8. PROVISIONS FOR LIABILITIES AND CHARGES

At the balance sheet date the company had a potential deferred tax liability amounting to £5,300 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:			2005	2004
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

# **BALSTATE SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2005**

### **10. RESERVES**

	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>	<b>Totals £</b>
At 1 April 2004	94,376	481,874	576,250
Deficit for the year	(5,632)	-	(5,632)
Transfer from Revaluation Reserve	7,811	(7,811)	-
At 31 March 2005	<u>96,555</u>	<u>474,063</u>	<u>570,618</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.

Creditors due within one year includes amounts totalling £94,929 (2004:£95,092) 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 £241,943 (2004:£116,943) 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 2006. Interest is payable at 10% per annum at Mr Edwards' discretion on the outstanding amount and interest for the year ended 31 March 2005 has been waived.

## **BALSTATE SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2005**

#### **12. RELATED PARTY DISCLOSURES**

Creditors due in more than one year includes funding loans totalling £320,000 (2004: £80,000) due to E D S Holdings Limited, a company controlled by Mr E C Edwards. These amounts include a loan of £80,000 which bears interest at 3% above bank base rate and is payable on demand or by 1 December 2008. Interest arising in the year under review amounted to £6,554 of which £1,000 was outstanding and due to E D S Holdings Limited at the balance sheet date.

The company has received confirmation from E D S Holdings Limited that repayment of these funding loans will not be called before 1 April 2006.

The company leases vehicles at a commercial rate to E D S Holdings Limited for which the total lease income for the year amounted to £11,040. At the balance sheet date £2,256 was outstanding and due from E D S Holdings Limited in this regard. In addition, the company purchased a vehicle, at a VAT inclusive cost of £7,638, which was then sold to E D S Holdings Limited at the same price.

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 inclusive amount of these costs was £5,280 of which £1,943 was outstanding and due to the company at the balance sheet date.