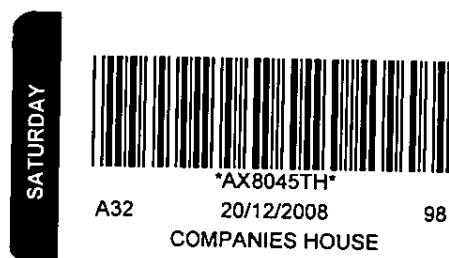


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Company Registration No. 2783475 (England and Wales)

BALSTATE SERVICES LIMITED
DIRECTOR'S REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

2



BALSTATE SERVICES LIMITED

COMPANY INFORMATION

Director	E C Edwards
Secretary	Morley & Scott Corporate Services Limited
Company number	2783475
Registered office	Winterton House Nixey Close Slough Berkshire SL1 1ND
Accountants	Morley and Scott Winterton House Nixey Close Slough Berkshire SL1 1ND

BALSTATE SERVICES LIMITED

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BALSTATE SERVICES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The director presents his report and financial statements for the year ended 31 March 2008.

Principal activities

The principal activity of the company continued to be that of provision of management services, financial support, vehicle hire and property management.

Director

The following director has held office since 1 April 2007:

E C Edwards

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

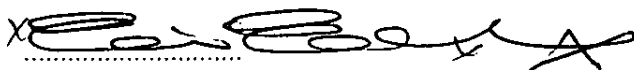
Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

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 15/12/07 X

BALSTATE SERVICES LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF BALSTATE SERVICES LIMITED

In accordance with the engagement letter dated 22 July 2008, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Balstate Services Limited for the year ended 31 March 2008, set out on pages 3 to 12 from the accounting records and information and explanations you have given to us.

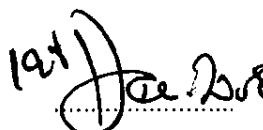
This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters 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 and 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 Not in use 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 as at 31 March 2008 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 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

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.


Morley and Scott
Accountants


Winterton House
Nixey Close
Slough
Berkshire
SL1 1ND

BALSTATE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007
	Notes	£	£
Turnover		163,277	61,080
Cost of sales		(59,711)	(21,882)
Gross profit		103,566	39,198
Administrative expenses		(45,804)	(57,711)
Operating profit/(loss)	2	57,762	(18,513)
Other interest receivable and similar income	3	1,751	205
Interest payable and similar charges		(21,779)	-
Profit/(loss) on ordinary activities before taxation		37,734	(18,308)
Tax on profit/(loss) on ordinary activities	4	(12,518)	(1,077)
Profit/(loss) for the year	10	25,216	(19,385)

BALSTATE SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Profit/(loss) for the financial year		25,216	(19,385)
Unrealised (deficit)/surplus on revaluation of properties		-	217,089
Total recognised gains and losses relating to the year		<u>25,216</u>	<u>197,704</u>

BALSTATE SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	5	1,957,106		1,681,522	
Current assets					
Stocks		-		41,821	
Debtors	6	1,292		6,768	
Cash at bank and in hand		57,258		23,544	
		58,550		72,133	
Creditors: amounts falling due within one year	7	(431,665)		(990,080)	
Net current liabilities		(373,115)		(917,947)	
Total assets less current liabilities		1,583,991		763,575	
Creditors: amounts falling due after more than one year	8	(800,000)		-	
Provisions for liabilities		-		(4,800)	
		783,991		758,775	
Capital and reserves					
Called up share capital	9	100		100	
Revaluation reserve	10	661,676		671,712	
Profit and loss account	10	122,215		86,963	
Shareholders' funds		783,991		758,775	

BALSTATE SERVICES LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2008

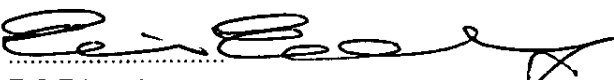
In preparing these financial statements:

- (a) The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The director acknowledges his responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, 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 2007).

Approved by the Board for issue on x 15/12/08

x

x 

E C Edwards
Director

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Accounting convention

At the balance sheet date the company has net current liabilities of £373,115, after taking account of amounts totalling £400,574 due to the director. However the financial statements have been prepared on a going concern basis as the director has confirmed his intention to continue to make funds available to facilitate the continuation of trading.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable in the ordinary course of business for property and vehicle rental services and property sales in the year exclusive of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% on revaluation or cost
Land and buildings Leasehold	2% on revaluation or cost
Computer equipment	25% on cost
Fixtures, fittings & equipment	25% on reducing balance
Motor vehicles	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.

1.5 Stock

Work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.6 Deferred taxation

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/(loss)

	2008 £	2007 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	36,283	37,988

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

3	Investment income	2008	2007
		£	£
	Bank interest	1,751	189
	Other interest	-	16
		<hr/>	<hr/>
		1,751	205
		<hr/>	<hr/>
4	Taxation	2008	2007
		£	£
	Domestic current year tax		
	U.K. corporation tax	17,500	-
	Adjustment for prior years	(182)	1,077
		<hr/>	<hr/>
	Current tax charge	17,318	1,077
	Deferred tax		
	Deferred tax charge/credit current year	(4,800)	-
		<hr/>	<hr/>
		12,518	1,077
		<hr/>	<hr/>

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 April 2007	1,637,429	92,058	1,729,487
Additions	346,885	-	346,885
Disposals	-	(77,818)	(77,818)
	<u>1,984,314</u>	<u>14,240</u>	<u>1,998,554</u>
Depreciation			
At 1 April 2007	229	47,736	47,965
On disposals	-	(42,800)	(42,800)
Charge for the year	27,138	9,145	36,283
	<u>27,367</u>	<u>14,081</u>	<u>41,448</u>
Net book value			
At 31 March 2008	<u>1,956,947</u>	<u>159</u>	<u>1,957,106</u>
At 31 March 2007	<u>1,637,201</u>	<u>44,321</u>	<u>1,681,522</u>

Land and buildings were valued on an open market basis on 31 March 2007 by independent surveyors.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 April 2007	1,039,757
Additions	346,885
	<u>1,386,642</u>
At 31 March 2008	
Depreciation based on cost	
At 1 April 2007	78,589
Charge for the year	20,294
	<u>98,883</u>
At 31 March 2008	
Net book value	
At 31 March 2008	<u>1,287,759</u>
At 31 March 2007	<u>961,168</u>

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

5 Tangible fixed assets

(continued)

Included in cost or valuation of land and buildings is freehold land of £616,000 (2007 - 446,000) which is not depreciated.

The book amount of land and buildings comprises; Freehold - £1,594,888, Leasehold - £362,059.

6 Debtors	2008 £	2007 £
Trade debtors	-	695
Other debtors	1,292	6,073
	<u>1,292</u>	<u>6,768</u>

7 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	5,252	4,123
Taxation and social security	17,500	1,100
Other creditors	408,913	984,857
	<u>431,665</u>	<u>990,080</u>

Other creditors includes amounts totalling £400,574 (2007: £500,901) due to Mr E C Edwards - see note 12.

8 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loans	<u>800,000</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	<u>800,000</u>	<u>-</u>

The bank loan is due for repayment otherwise than in instalments on 1 June 2012. The loan is secured on the properties of the company.

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

9	Share capital	2008	2007
		£	£
	Authorised		
	100 Ordinary of £1 each	100	100
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	100 Ordinary of £1 each	100	100
		<u> </u>	<u> </u>
10	Statement of movements on reserves		
		Revaluation reserve	Profit and loss account
		£	£
	Balance at 1 April 2007	671,712	86,963
	Profit for the year	-	25,216
	Transfer from revaluation reserve to profit and loss account	-	10,036
	Depreciation written back	(10,036)	-
		<u> </u>	<u> </u>
	Balance at 31 March 2008	661,676	122,215
		<u> </u>	<u> </u>

The freehold and leasehold land and buildings were valued on an open market basis by a firm of independent Chartered Surveyors.

If these properties were sold for their revalued amounts it would be necessary to replace them with similar property, and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation.

11 Transactions with directors

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

During the year, the company arranged finance facilities with its bankers with a view to replacing funding previously provided by the director. Accordingly, all amounts due to Mr Edwards are now shown as due within one year and Mr Edwards has waived any entitlement to interest in respect of such sums to 31 March 2008. However not all the funds were repaid during the year although there is the capacity to do so.

Amounts due to Mr Edwards are as follows £(400,574), (2007 - £(500,901)).

BALSTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

12 Related party transactions

During the year, the company settled liabilities on behalf of EDS Holdings Limited, EDS Holdings Limited settled liabilities on behalf of the company and provided funding loans to enable the company to continue and expand its operations.

During the year, the company arranged finance facilities with its bankers with a view to replacing funding previously provided by EDS Holdings Limited. The loan element, totalling £470,000 was repaid during the year.

At the balance sheet date amounts due (to)/from E D S Holdings Limited in these respects totalled £(5,139) (2007 - (£480,343)).