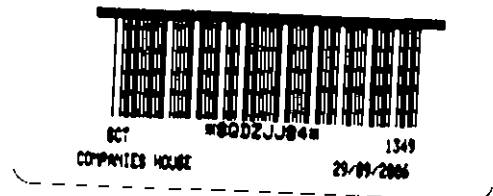


PALLET LOGISTICS LIMITED
ABBREVIATED ACCOUNTS
31 MARCH 2006



FOURM
Chartered Accountants
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PALLET LOGISTICS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

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PALLET LOGISTICS LIMITED**ABBREVIATED BALANCE SHEET****31 MARCH 2006**

	Note	2006 £	2005 £
FIXED ASSETS	2		
Tangible assets		389,907	368,452
CURRENT ASSETS			
Stocks		143,289	159,734
Debtors		593,089	511,976
Cash at bank and in hand		10,634	316
		747,012	672,026
CREDITORS: Amounts falling due within one year	3	347,398	467,500
NET CURRENT ASSETS		399,614	204,526
TOTAL ASSETS LESS CURRENT LIABILITIES		789,521	572,978
CREDITORS: Amounts falling due after more than one year	4	268,204	259,680
PROVISIONS FOR LIABILITIES AND CHARGES		6,742	5,010
		514,575	308,288

The Balance sheet continues on the following page.

The notes on page 1 form part of these abbreviated accounts.

PALLET LOGISTICS LIMITED

ABBREVIATED BALANCE SHEET *(continued)*

31 MARCH 2006

	Note	2006 £	2005 £
CAPITAL AND RESERVES			
Called-up equity share capital	6	20,000	20,000
Other reserves		10,000	10,000
Profit and loss account		484,575	278,288
SHAREHOLDERS' FUNDS		<u>514,575</u>	<u>308,288</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements 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 the Act relating to financial statements, so far as applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 31 August 2006 and are signed on their behalf by:



MR M. WENT

The notes on page 2 form part of these abbreviated accounts.

PALLET LOGISTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, 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 amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Plant & Machinery	-	25% straight line
Motor Vehicles	-	20% straight line
Office Equipment	-	20% straight line

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

PALLET LOGISTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

PALLET LOGISTICS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2006

2. FIXED ASSETS

	Tangible Assets £
COST	
At 1 April 2005	742,150
Additions	132,905
Disposals	(61,000)
At 31 March 2006	<u>814,055</u>
DEPRECIATION	
At 1 April 2005	373,698
Charge for year	83,449
On disposals	(32,999)
At 31 March 2006	<u>424,148</u>
NET BOOK VALUE	
At 31 March 2006	<u>389,907</u>
At 31 March 2005	<u>368,452</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2006 £	2005 £
Bank loans and overdrafts	<u>20,000</u>	<u>121,930</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2006 £	2005 £
Bank loans and overdrafts	<u>235,313</u>	<u>251,647</u>

Included within creditors falling due after more than one year is an amount of £155,313 (2005 - £171,647) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

PALLET LOGISTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

5. RELATED PARTY TRANSACTIONS

At the year end, Michael Went, a director, owed the company £3,500 (2005 - £3,500). There are no repayment terms and there is no interest being charged.

The company obtained legal services throughout the year on a normal commercial basis from Grant Smith Law Practice. The company is associated with the Grant Smith Law Practice by virtue of Mrs S. Ritchie being a director of the company as well as a partner in the law practice.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities.

6. SHARE CAPITAL

Authorised share capital:

	2006	2005
	£	£
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

7. POST BALANCE SHEET EVENTS

On the 10th April 2006, the company purchased 10,000 of its own ordinary £1 shares.