

VGG LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000

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Company Number: 1809021



VGG LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

COMPANY INFORMATION

DIRECTORS:	J A Vincent P Gunning D Gunning
SECRETARY:	J A Vincent
REGISTERED OFFICE:	107 North Street MARTOCK Somerset
COMPANY NUMBER:	1809021
ACCOUNTANTS:	Derek J Read & Co. Chartered Accountants 107 North Street MARTOCK Somerset
BANKERS:	National Westminster Bank plc 2 Hendford YEOVIL Somerset

VGG LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000

The directors present their report and the audited financial statements for the year ended 31 August 2000.

Principal Activity

The principal activities of the company are those of supplying bottled gas together with motor and hydraulic engineering and supplies.

Directors

The directors who served during the year and their interests in the shares of the company at the end of the year were as follows:

	Ordinary shares of £1 each	
	At 31/08/00	At 31/08/99
J A Vincent	33	33
D Gunning	33	33
P Gunning	33	33

Directors Responsibilities

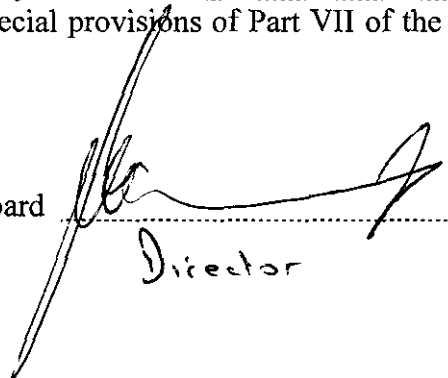
Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. Directors are 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 was approved by the board on 29th June 2001 , and has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board



Director

VGG LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2000

	<u>Notes</u>	£	<u>2000</u> £	£	<u>1999</u> £
TURNOVER	1:2&2		601893		577341
Cost of Sales			<u>317064</u>		<u>268157</u>
GROSS PROFIT			284829		309184
Selling and distribution expenses			35777		39169
Administrative expenses			<u>136744</u>		<u>125649</u>
OPERATING PROFIT	3		112308		144366
Interest receivable		(425)		(937)	
Interest payable		<u>19433</u>	<u>19008</u>	<u>25062</u>	<u>24125</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			93300		120241
Tax on profit on ordinary activities	4		<u>19195</u>		<u>25912</u>
PROFIT FOR THE FINANCIAL YEAR			74105		94329
Dividends	5		<u>43000</u>		<u>39000</u>
PROFIT FOR THE YEAR			<u>31105</u>		<u>55329</u>

- Turnover and operating profit derive wholly from continuing operations.
- There were no recognised gains or losses other than those recognised in the Profit and Loss Account.
- The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.
- The notes on pages 6 to 10 form an integral part of these financial statements.

VGG LIMITED

BALANCE SHEET AS AT 31 AUGUST 2000

	<u>Notes</u>	£	<u>2000</u> £	£	<u>1999</u> £
TANGIBLE FIXED ASSETS	6		295096		305575
INTANGIBLE FIXED ASSETS	7		<u>9750</u>		<u>11250</u>
			304846		316825
CURRENT ASSETS					
Stocks		57428		49981	
Debtors	8	157116		141180	
Cash at Bank and in Hand		<u>22255</u>		<u>24700</u>	
		236799		215861	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>376436</u>		<u>398366</u>	
NET CURRENT (LIABILITIES)			(139637)		(182505)
TOTAL ASSETS LESS CURRENT LIABILITIES			165209		134320
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred Taxation	10		<u>21715</u>		<u>21931</u>
NET ASSETS			<u>143494</u>		<u>112389</u>
CAPITAL AND RESERVES					
Called up Share Capital	11		99		99
Profit and Loss Account	12		<u>143395</u>		<u>112290</u>
Shareholders' Funds	13		<u>143494</u>		<u>112389</u>

The notes on pages 7 to 11 form an
integral part of these financial statements

See Continuation Sheet 5a for Director's Statement on Balance Sheet

VGG LIMITED

DIRECTORS' STATEMENT ON THE BALANCE SHEET

AS AT 31 AUGUST 2000

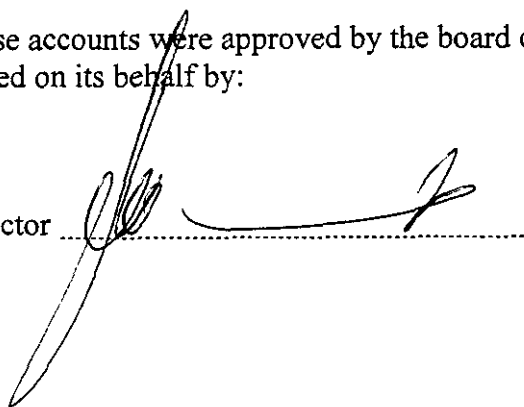
For the year in question, the directors are satisfied that the company was entitled to exemption from an audit under section 249A(1) of the Companies Act 1985 and no member or members have requested an audit pursuant to section 249B(2) of the Act. The directors acknowledge their responsibility for:

- (a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- (b) 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 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These accounts were approved by the board of directors on 29th June 2001 and were signed on its behalf by:

Director

A handwritten signature in black ink, consisting of a large, stylized 'J' or 'L' shape followed by a horizontal line and a small flourish.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2000

1. ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with the items which are considered material in relation to the company's accounts.

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activities which are described in the directors' report and which are continuing. The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	1% straight line basis
Improvements to property	5% straight line basis
Motor vehicles	25% reducing balance basis
Fixtures and equipment	10% reducing balance basis
Gas storage equipment	10% reducing balance basis
Gas cylinders	10% reducing balance basis
Computers	25% straight line basis

1.4 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.6 Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2000 (continued)

2. TURNOVER

There were no exports during the financial year.

3. OPERATING PROFIT

	<u>2000</u>	<u>1999</u>
The operating profit is stated after charging:	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets owned by the company	19382	20361
Hire of equipment	1051	824
Directors' remuneration	18720	16800
Auditors' remuneration	<u>-</u>	<u>3000</u>

4. TAXATION

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
U K current year tax:		
Underprovision for previous year	-	830
U K corporation tax at 20% (1999: 21%/20%)	19411	25182
Transfer to deferred taxation	<u>(216)</u>	<u>(100)</u>
	<u>19195</u>	<u>25912</u>

5. DIVIDENDS

During the year dividends totalling £434.35 per share were paid (1999: £393.94).

6. TANGIBLE FIXED ASSETS

See schedule on page 9.

7. INTANGIBLE FIXED ASSETS

	Goodwill
	<u>£</u>
Cost at 1 September 1999	<u>15000</u>
At 31 August 2000	<u>15000</u>
Amortisation at 1 September 1999	3750
Charge for the year	<u>1500</u>
At 31 August 2000	<u>5250</u>
Net Book Value:	
At 1 September 1999	<u>11250</u>
At 31 August 2000	<u>9750</u>

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2000 (continued)

7. TANGIBLE FIXED ASSETS

	Freehold Property	Improvements to Property	Motor Vehicles	Gas Storage Equipment	Fixtures and Equipment	Gas Cylinders	Computers	Total
	£	£	£	£	£	£	£	£
Cost or valuation:								
At 1 September 1999	147450	2600	4286	16173	46682	141881	3229	362301
Disposals	-	-	(1583)	-	-	-	-	(1583)
Additions	-	-	-	-	852	7642	1188	9682
At 31 August 2000	147450	2600	2703	16173	47534	149523	4417	370400
Depreciation:								
At 1 September 1999	2948	997	2562	4764	10729	32854	1872	56726
Disposals	-	-	(804)	-	-	-	-	(804)
Charge for the year	1494	80	236	1141	3680	11667	1104	19382
At 31 August 2000	4422	1077	1994	5905	14409	44521	2976	75304
Net Book Values:								
At 31 August 2000	143028	1523	709	10268	33125	105002	1441	295096
At 1 September 1999	144502	1603	1724	11409	35953	109027	1357	305575

The directors consider that the gas storage equipment is under-valued.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2000 (continued)

8. DEBTORS	<u>2000</u>	<u>1999</u>
	£	£
Due within one year:		
Trade debtors	141403	125094
Advance corporation tax	85	2437
Prepayments and accrued income	<u>15628</u>	<u>13649</u>
	<u>157116</u>	<u>141180</u>
 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	<u>2000</u>	<u>1999</u>
	£	£
Bank loans and overdraft (secured)	202376	216043
Bank loan repayment falling due within one year	-	2697
Trade creditors	63680	70948
Other taxes and social security	10081	10191
Directors' loan accounts	72717	63133
Other creditors	2464	2464
Corporation Tax	19411	25182
Accruals and deferred income	<u>5707</u>	<u>7708</u>
	<u>376436</u>	<u>398366</u>

The bank loans and overdraft are secured by an unscheduled mortgage debenture dated 5 November 1991 and charges on the directors' business and private properties. The company meets its day to day working capital requirements through a bank overdraft facility which is secured but is payable on demand. While the bank continues to support the enterprise it should continue in operational existence for the foreseeable future.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2000 (continued)

10. DEFERRED TAXATION	Provided for		Maximum potential liability	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£	£	£	£
Accelerated capital allowances	<u>21715</u>	<u>21931</u>	<u>21715</u>	<u>21931</u>

11. CALLED UP SHARE CAPITAL

Authorised:	<u>2000</u>	<u>1999</u>
	£	£
Ordinary shares of £1 each	<u>20000</u>	<u>20000</u>
Issued and fully paid:		
Ordinary shares of £1 each, fully paid	<u>99</u>	<u>99</u>

12. PROFIT AND LOSS ACCOUNT

	<u>2000</u>	<u>1999</u>
	£	£
Balance at 1 September 1999	112290	56961
Profit for the year	<u>31105</u>	<u>55329</u>
Balance at 31 August 2000	<u>143395</u>	<u>112290</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
Profit for the year	112389	55329
Shareholders funds at 1 September 1999	<u>31105</u>	<u>57060</u>
Shareholders funds at 31 August 2000	<u>143494</u>	<u>112389</u>

14. TRANSACTIONS WITH DIRECTORS

The directors own one of the properties from which VGG Limited trades and received rent under normal commercial terms.