

**VGG LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2001**

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Company Number: 1809021



**VGG LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2001**

**COMPANY INFORMATION**

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

## VGG LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2001

The directors present their report and the ~~audited~~ financial statements for the year ended 31 August 2001.

#### **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:

|             | <b>Ordinary shares of £1 each</b> |                    |
|-------------|-----------------------------------|--------------------|
|             | <b>At 31/08/01</b>                | <b>At 31/08/00</b> |
| J A Vincent | 33                                | 33                 |
| D Gunning   | 33                                | 33                 |
| P Gunning   | 33                                | 33                 |

#### **Directors Responsibilities**

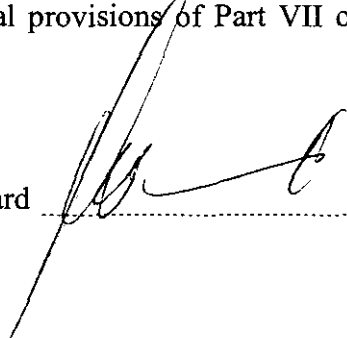
Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- . 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 28.06.02, 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



# VGG LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2001

|                                                  | <u>Notes</u> | £            | <u>2001</u><br>£ | £            | <u>2000</u><br>£ |
|--------------------------------------------------|--------------|--------------|------------------|--------------|------------------|
| TURNOVER                                         | 1:2&2        |              | 605815           |              | 601893           |
| Cost of Sales                                    |              |              | <u>316844</u>    |              | <u>317064</u>    |
| GROSS PROFIT                                     |              |              | 288971           |              | 284829           |
| Selling and distribution expenses                |              |              | 43765            |              | 35777            |
| Administrative expenses                          |              |              | <u>130114</u>    |              | <u>136744</u>    |
| OPERATING PROFIT                                 | 3            |              | 115092           |              | 112308           |
| Interest receivable                              |              | (1055)       |                  | (425)        |                  |
| Interest payable                                 |              | <u>13521</u> | <u>12466</u>     | <u>19433</u> | <u>19008</u>     |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION |              |              | 102626           |              | 93300            |
| Tax on profit on ordinary activities             | 4            |              | <u>21182</u>     |              | <u>19195</u>     |
| PROFIT FOR THE FINANCIAL YEAR                    |              |              | 81444            |              | 74105            |
| Dividends                                        | 5            |              | <u>39000</u>     |              | <u>43000</u>     |
| PROFIT FOR THE YEAR                              |              |              | <u>42444</u>     |              | <u>31105</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 2001**

|                                                   | <u>Notes</u> | <u>2001</u><br>£ | <u>2000</u><br>£ |
|---------------------------------------------------|--------------|------------------|------------------|
| TANGIBLE FIXED ASSETS                             | 6            | 282825           | 295096           |
| INTANGIBLE FIXED ASSETS                           | 7            | <u>8250</u>      | <u>9750</u>      |
|                                                   |              | 291075           | 304846           |
| CURRENT ASSETS                                    |              |                  |                  |
| Stocks                                            |              | 66042            | 57428            |
| Debtors                                           | 8            | 1443434          | 157116           |
| Cash at Bank and in Hand                          |              | <u>22954</u>     | <u>22255</u>     |
|                                                   |              | 233339           | 236799           |
| CREDITORS: AMOUNTS FALLING DUE<br>WITHIN ONE YEAR | 9            | <u>317401</u>    | <u>376436</u>    |
| NET CURRENT (LIABILITIES)                         |              | (84062)          | (139637)         |
| TOTAL ASSETS LESS CURRENT LIABILITIES             |              | 207013           | 165209           |
| PROVISIONS FOR LIABILITIES AND<br>CHARGES         |              |                  |                  |
| Deferred Taxation                                 | 10           | <u>21075</u>     | <u>21715</u>     |
| NET ASSETS                                        |              | <u>185938</u>    | <u>143494</u>    |
| CAPITAL AND RESERVES                              |              |                  |                  |
| Called up Share Capital                           | 11           | 99               | 99               |
| Profit and Loss Account                           | 12           | <u>185839</u>    | <u>143395</u>    |
| Shareholders' Funds                               | 13           | <u>185938</u>    | <u>143494</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

**YGG LIMITED**

**DIRECTORS' STATEMENT ON THE BALANCE SHEET**

**AS AT 31 AUGUST 2001**

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 28.06.02 and were signed on its behalf by:

Director

Director

Director

## **VGG LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 AUGUST 2001**

#### **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 2001** (continued)

#### **2. TURNOVER**

There were no exports during the financial year.

#### **3. OPERATING PROFIT**

|                                                            | <b><u>2001</u></b> | <b><u>2000</u></b> |
|------------------------------------------------------------|--------------------|--------------------|
| The operating profit is stated after charging:             | <b>£</b>           | <b>£</b>           |
| Depreciation of tangible fixed assets owned by the company | 18533              | 19382              |
| Hire of equipment                                          | 1479               | 1051               |
| Directors' remuneration                                    | <u>19740</u>       | <u>18720</u>       |

#### **4. TAXATION**

|                                        | <b><u>2001</u></b> | <b><u>2000</u></b> |
|----------------------------------------|--------------------|--------------------|
|                                        | <b>£</b>           | <b>£</b>           |
| U K current year tax:                  |                    |                    |
| U K corporation tax at 20% (2000: 20%) | 21822              | 19411              |
| Transfer to deferred taxation          | <u>(640)</u>       | <u>(216)</u>       |
|                                        | <u>21182</u>       | <u>19195</u>       |

#### **5. DIVIDENDS**

During the year dividends totalling £393.94 per share were paid (2000: £434.35).

#### **6. TANGIBLE FIXED ASSETS**

See schedule on page 9.

#### **7. INTANGIBLE FIXED ASSETS**

|                     | <b>Goodwill</b> |
|---------------------|-----------------|
|                     | <b>£</b>        |
| Cost:               |                 |
| At 1 September 2000 | <u>15000</u>    |
| At 31 August 2001   | <u>15000</u>    |
| Amortisation:       |                 |
| At 1 September 2000 | 5250            |
| Charge for the year | <u>1500</u>     |
| At 31 August 2001   | <u>6750</u>     |
| Net Book Value:     |                 |
| At 1 September 2000 | <u>9550</u>     |
| At 31 August 2001   | <u>8250</u>     |

**VGG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 AUGUST 2001** (continued)

**7. TANGIBLE FIXED ASSETS**

|                     | Freehold<br>Property | Improvements<br>to<br>Property | Motor<br>Vehicles | Gas<br>Storage<br>Equipment | Fixtures<br>and<br>Equipment | Gas<br>Cylinders | Computers | Total  |
|---------------------|----------------------|--------------------------------|-------------------|-----------------------------|------------------------------|------------------|-----------|--------|
|                     | £                    | £                              | £                 | £                           | £                            | £                | £         | £      |
| Cost or valuation:  |                      |                                |                   |                             |                              |                  |           |        |
| At 1 September 2000 | 147450               | 2600                           | 2703              | 16173                       | 47534                        | 149523           | 4417      | 370400 |
| Additions           | -                    | -                              | -                 | -                           | 1068                         | 3975             | 1219      | 6262   |
| At 31 August 2001   | 147450               | 2600                           | 2703              | 16173                       | 48602                        | 153498           | 5636      | 376662 |
| Depreciation:       |                      |                                |                   |                             |                              |                  |           |        |
| At 1 September 2000 | 4422                 | 1077                           | 1994              | 5905                        | 14409                        | 44521            | 2976      | 75304  |
| Charge for the year | 1474                 | 130                            | 177               | 1027                        | 3419                         | 10897            | 1409      | 18533  |
| At 31 August 2001   | 5896                 | 1207                           | 2171              | 6932                        | 17828                        | 55418            | 4385      | 93837  |
| Net Book Values:    |                      |                                |                   |                             |                              |                  |           |        |
| At 31 August 2001   | 141554               | 1393                           | 532               | 9241                        | 30774                        | 98080            | 1251      | 282825 |
| At 1 September 2000 | 143028               | 1523                           | 709               | 10268                       | 33125                        | 105002           | 1441      | 295096 |

**VGG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 AUGUST 2001** (continued)

| <b>8. DEBTORS</b>                                            | <b><u>2001</u></b> | <b><u>2000</u></b> |
|--------------------------------------------------------------|--------------------|--------------------|
|                                                              | <b>£</b>           | <b>£</b>           |
| Due within one year:                                         |                    |                    |
| Trade debtors                                                | 129549             | 141403             |
| Advance corporation tax                                      | 211                | 85                 |
| Prepayments and accrued income                               | <u>14794</u>       | <u>15628</u>       |
|                                                              | <u>144343</u>      | <u>157116</u>      |
| <br><b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b> |                    |                    |
|                                                              | <b><u>2001</u></b> | <b><u>2000</u></b> |
|                                                              | <b>£</b>           | <b>£</b>           |
| Bank loans and overdraft (secured)                           | 116922             | 202376             |
| Trade creditors                                              | 73907              | 63680              |
| Other taxes and social security                              | 12278              | 10081              |
| Directors' loan accounts                                     | 83660              | 72717              |
| Other creditors                                              | 2464               | 2464               |
| Corporation Tax                                              | 21611              | 19411              |
| Accruals and deferred income                                 | <u>6559</u>        | <u>5707</u>        |
|                                                              | <u>317401</u>      | <u>376436</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 2001** (continued)

| 10. DEFERRED TAXATION          | Provided for |              | Maximum potential liability |              |
|--------------------------------|--------------|--------------|-----------------------------|--------------|
|                                | <u>2001</u>  | <u>2000</u>  | <u>2001</u>                 | <u>2000</u>  |
|                                | £            | £            | £                           | £            |
| Accelerated capital allowances | <u>21075</u> | <u>21715</u> | <u>21075</u>                | <u>21715</u> |

**11. CALLED UP SHARE CAPITAL**

|                                        | <u>2001</u>  | <u>2000</u>  |
|----------------------------------------|--------------|--------------|
|                                        | £            | £            |
| Authorised:                            |              |              |
| Ordinary shares of £1 each             | <u>20010</u> | <u>20010</u> |
| Issued and fully paid:                 |              |              |
| Ordinary shares of £1 each, fully paid | <u>99</u>    | <u>99</u>    |

**12. PROFIT AND LOSS ACCOUNT**

|                             | <u>2001</u>   | <u>2000</u>   |
|-----------------------------|---------------|---------------|
|                             | £             | £             |
| Balance at 1 September 2000 | 143395        | 112290        |
| Profit for the year         | <u>42444</u>  | <u>31105</u>  |
| Balance at 31 August 2001   | <u>185839</u> | <u>143395</u> |

**13. TRANSACTIONS WITH DIRECTORS**

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