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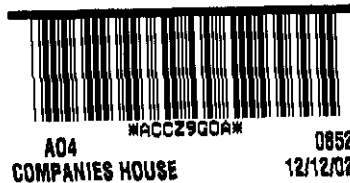
VGG LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

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Company Number: 1809021

VGG LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

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 2002

The directors present their report and the financial statements for the year ended 31 August 2002.

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 31/08/02	At 31/08/01
J A Vincent	33	33
D Gunning	33	33
P Gunning	33	33

Directors Responsibilities

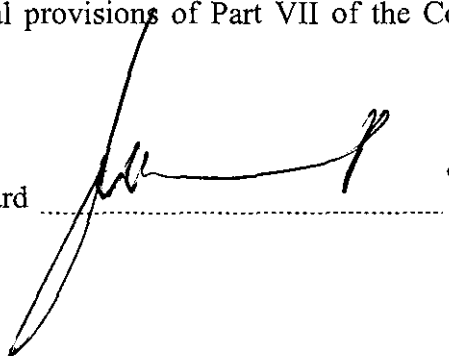
Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- . 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 4-12-02, 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 2002

	<u>Notes</u>	<u>£</u>	<u>2002</u> <u>£</u>	<u>£</u>	<u>2001</u> <u>£</u>
TURNOVER	1:2&2		605415		605815
Cost of Sales			<u>303866</u>		<u>316844</u>
GROSS PROFIT			301549		288971
Selling and distribution expenses			36107		43765
Administrative expenses			<u>139507</u>		<u>130114</u>
OPERATING PROFIT	3		125935		115092
Interest receivable		(742)		(1055)	
Interest payable		<u>5033</u>	<u>4291</u>	<u>13521</u>	<u>12466</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			121644		102626
Tax on profit on ordinary activities	4		<u>22963</u>		<u>21182</u>
PROFIT FOR THE FINANCIAL YEAR			98681		81444
Dividends	5		<u>33000</u>		<u>39000</u>
PROFIT FOR THE YEAR			<u>65681</u>		<u>42444</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

VGG LIMITED

BALANCE SHEET AS AT 31 AUGUST 2002

	<u>Notes</u>	<u>£</u>	<u>2002</u> <u>£</u>	<u>£</u>	<u>2001</u> <u>£</u>
TANGIBLE FIXED ASSETS	6		272022		282825
INTANGIBLE FIXED ASSETS	7		<u>6750</u>		<u>8250</u>
			278772		291075
CURRENT ASSETS					
Stocks		69014		66042	
Debtors	8	141969		1443434	
Cash at Bank and in Hand		<u>23357</u>		<u>22954</u>	
		234340		233339	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>242369</u>		<u>317401</u>	
NET CURRENT (LIABILITIES)			<u>(8029)</u>		<u>(84062)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			270743		207013
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred Taxation	10		<u>19124</u>		<u>21075</u>
NET ASSETS			<u>251619</u>		<u>185938</u>
CAPITAL AND RESERVES					
Called up Share Capital	11		99		99
Profit and Loss Account	12		<u>251520</u>		<u>185839</u>
Shareholders' Funds	13		<u>251619</u>		<u>185938</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

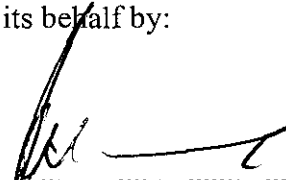
AS AT 31 AUGUST 2002

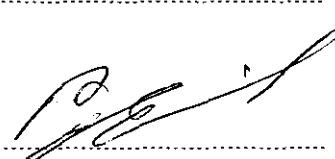
For the year in question, the directors are satisfied that the company was entitled to exemption from an audit under section 249A(1) of the Companies Act 1985 and no member or members have requested an audit pursuant to section 249B(2) of the Act. The directors acknowledge their responsibility for:

- (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 4-12-02..... and were signed on its behalf by:

Director 

Director 

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2002

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard for Smaller Entities [effective June 2002].

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 Deferred taxation

During the year, the company has adopted the Financial Reporting Standard for Smaller Entities [effective June 2002] and consequently changed its accounting policy on deferred taxation.

Under the previous policy, provision was made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated was accounted for to the extent that it was probable that a liability or assets would crystallise in the foreseeable future.

Under the new policy, full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted.

The change in accounting policy has given rise to an increase in taxation but the amounts arising are not considered material. Under the terms of the Financial Reporting Standard for Smaller Entities no prior year adjustment has been made.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2002 (continued)

1. ACCOUNTING POLICIES (continued)

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.

2. TURNOVER

There were no exports during the financial year.

3. OPERATING PROFIT

	<u>2002</u>	<u>2001</u>
	£	£
The operating profit is stated after charging:		
Depreciation of tangible fixed assets owned by the company	17713	18533
Hire of equipment	368	1479
Directors' remuneration	<u>21300</u>	<u>19740</u>

4. TAXATION

	<u>2002</u>	<u>2001</u>
	£	£
U K current year tax:		
U K corporation tax at 19%/20% (2001: 20%)	24914	21822
Transfer to deferred taxation	<u>(1951)</u>	<u>(640)</u>
	<u>22963</u>	<u>21182</u>

5. DIVIDENDS

During the year dividends totalling £333.34 per share were paid (2001: £393.94)

6. TANGIBLE FIXED ASSETS - See schedule on page 9.

7. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost:	
At 1 September 2001	<u>15000</u>
At 31 August 2002	<u>15000</u>
Amortisation:	
At 1 September 2001	6750
Charge for the year	<u>1500</u>
At 31 August 2002	<u>8250</u>
Net Book Value:	
At 1 September 2001	<u>6750</u>
At 31 August 2002	<u>8250</u>

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2002 (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 2001	147450	2600	2703	16173	48602	153498	5636	376662
Additions	-	-	1500	-	1110	4300	-	6910
At 31 August 2002	147450	2600	4203	16173	49712	157798	5636	383572
Depreciation:								
At 1 September 2001	5896	1207	2171	6932	17828	55418	4385	93837
Charge for the year	1474	130	508	924	3188	10238	1251	17713
At 31 August 2002	7370	1337	2679	7856	21016	65656	5636	111550
Net Book Values:								
At 31 August 2002	140080	1263	1524	8317	28696	92142	-	272022
At 1 September 2001	141554	1393	532	9241	30774	98080	1251	282825

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2002 (continued)

8. DEBTORS

	<u>2002</u>	<u>2001</u>
	£	£
Due within one year:		
Trade debtors	118277	129549
Advance corporation tax	-	211
Other debtors	8000	-
Prepayments and accrued income	<u>15692</u>	<u>14794</u>
	<u>141969</u>	<u>144343</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2002</u>	<u>2001</u>
	£	£
Bank loans and overdraft (secured)	31539	116922
Trade creditors	79372	73907
Other taxes and social security	13475	12278
Directors' loan accounts	83747	83660
Other creditors	2464	2464
Corporation Tax	24914	21611
Accruals and deferred income	<u>6858</u>	<u>6559</u>
	<u>242369</u>	<u>317401</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 2002 (continued)

10. DEFERRED TAXATION	Provided for		Maximum potential liability	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Accelerated capital allowances	<u>19124</u>	<u>21075</u>	<u>19124</u>	<u>21075</u>

11. CALLED UP SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
	£	£
Authorised:		
Ordinary shares of £1 each	<u>20020</u>	<u>20020</u>
Issued and fully paid:		
Ordinary shares of £1 each, fully paid	<u>99</u>	<u>99</u>

12. PROFIT AND LOSS ACCOUNT

	<u>2002</u>	<u>2001</u>
	£	£
Balance at 1 September 2001	185839	143395
Profit for the year	<u>65681</u>	<u>42444</u>
Balance at 31 August 2002	<u>251520</u>	<u>185839</u>

13. TRANSACTIONS WITH DIRECTORS

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