

VGG LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2003

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Company Number: 1809021



VGG LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2003

COMPANY INFORMATION

DIRECTOR:	J A Vincent P Gunning (resigned 3 April 2003) D Gunning (resigned 3 April 2003)
SECRETARY:	J A Vincent (resigned 3 April 2003) S Vincent (appointed 3 April 2003)
REGISTERED OFFICE:	107 North Street MARTOCK Somerset
COMPANY NUMBER:	1809021
ACCOUNTANTS:	Derek J Read Limited Chartered Accountants 107 North Street MARTOCK Somerset
BANKERS:	National Westminster Bank plc 2 Hendford YEOVIL Somerset

VGG LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2003

The director presents his report and the financial statements for the year ended 31 August 2003.

Principal Activity

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

During the year the company purchased 52 of its £1 ordinary shares from the previous shareholders D and P Gunning.

Directors

The director 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 31/08/03	At 31/08/02
J A Vincent	47	33
D Gunning (resigned 3 April 2003)	-	33
P Gunning (resigned 3 April 2003)	-	33

Directors Responsibilities

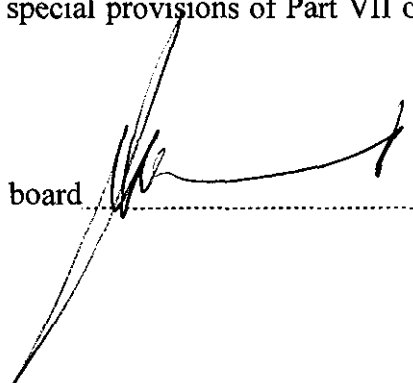
Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- . 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 on15.6.04....., 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 2003

	<u>Notes</u>	£	<u>2003</u> £	£	<u>2002</u> £
TURNOVER	1.2&2		588725		605415
Cost of Sales			<u>323181</u>		<u>303866</u>
GROSS PROFIT			265544		301549
Selling and distribution expenses			48043		36107
Administrative expenses			<u>141763</u>		<u>139507</u>
OPERATING PROFIT	3		75738		125935
Interest receivable		(768)		(742)	
Interest payable		<u>6081</u>	<u>5313</u>	<u>5033</u>	<u>4291</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			70425		121644
Tax on profit on ordinary activities	4		<u>13535</u>		<u>22963</u>
PROFIT FOR THE FINANCIAL YEAR			56890		98681
Dividends	5		<u>16500</u>		<u>33000</u>
PROFIT FOR THE YEAR			<u>40390</u>		<u>65681</u>

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

VGG LIMITED

BALANCE SHEET AS AT 31 AUGUST 2003

	<u>Notes</u>	£	<u>2003</u> £	£	<u>2002</u> £
TANGIBLE FIXED ASSETS	6		270823		272022
INTANGIBLE FIXED ASSETS	7		<u>5250</u>		<u>6750</u>
			276073		278772
CURRENT ASSETS					
Stocks		70465		69014	
Debtors	8	101099		141969	
Cash at Bank and in Hand		<u>31471</u>		<u>23357</u>	
		203035		234340	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>232333</u>		<u>242369</u>	
NET CURRENT (LIABILITIES)			<u>(29298)</u>		<u>(8029)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			246775		270743
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(136843)		-	
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(18923)</u>		<u>(19124)</u>	
NET ASSETS			<u>91009</u>		<u>251619</u>
CAPITAL AND RESERVES					
Called up Share Capital	12		47		99
Capital Redemption Reserve	13		52		-
Profit and Loss Account	13		<u>90910</u>		<u>251520</u>
Shareholders' Funds			<u>91009</u>		<u>251619</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

DIRECTOR'S STATEMENT ON THE BALANCE SHEET

AS AT 31 AUGUST 2003

For the year in question, the director is 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 director acknowledges his 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 and in accordance with Financial Reporting Standard for Smaller Entities (effective June 2002).

These accounts were approved by the board of15.6.04..... and were signed on its behalf by:

Director

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2003

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

Provision is made for taxation deferred on the incremental liability approach in respect of all timing differences between the incidence of income and expenditure for taxation and accounts purposes that have originated but not reversed at the balance sheet date.

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.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2003 (continued)

3. OPERATING PROFIT	<u>2003</u>	<u>2002</u>
	£	£

The operating profit is stated after charging:

Depreciation of tangible fixed assets owned by the company	16876	17713
Hire of equipment	2247	368
Director's remuneration	<u>17920</u>	<u>21300</u>

4. TAXATION	<u>2003</u>	<u>2002</u>
	£	£

U K current year tax:

U K corporation tax at 19% (2002: 19%/20%)	13736	24914
Transfer to deferred taxation	<u>(201)</u>	<u>(1951)</u>
	<u>13535</u>	<u>22963</u>

5. DIVIDENDS

During the year dividends totalling £351.07 per share were paid (2002: £333.34)

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

7. INTANGIBLE FIXED ASSETS	Goodwill
	£

Cost:

At 1 September 2002	15000
At 31 August 2003	<u>15000</u>

Amortisation:

At 1 September 2002	8250
Charge for the year	<u>1500</u>
At 31 August 2003	<u>9750</u>

Net Book Value:

At 1 September 2002	<u>6750</u>
At 31 August 2003	<u>5250</u>

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2003 (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 2002	147450	2600	4203	16173	49712	157798	5636	383572
Additions	-	-	2000	-	129	12824	724	15677
At 31 August 2003	147450	2600	6203	16173	49841	170622	6360	399249
Depreciation:								
At 1 September 2002	7370	1337	2679	7856	21016	65656	5636	111550
Charge for the year	1474	130	881	832	2882	10496	181	16876
At 31 August 2003	8844	1467	3560	8688	23898	76152	5817	128426
Net Book Values:								
At 31 August 2003	138608	1133	2643	7485	25943	94470	543	270823
At 1 September 2002	140080	1263	1524	8317	28696	92142	-	272022

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2003 (continued)

8. DEBTORS

	<u>2003</u>	<u>2002</u>
	£	£
Due within one year:		
Trade debtors	81527	118277
Other debtors	1734	8000
Prepayments and accrued income	<u>17838</u>	<u>15692</u>
	<u>101099</u>	<u>141969</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2003</u>	<u>2002</u>
	£	£
Bank loans and overdraft (secured)	85285	31539
Trade creditors	64630	79372
Other taxes and social security	12090	13475
Director's loan accounts	45954	83747
Other creditors	2464	2464
Corporation Tax	13736	24914
Accruals and deferred income	<u>8174</u>	<u>6858</u>
	<u>232333</u>	<u>242369</u>

The bank loans and overdraft are secured by an unscheduled mortgage debenture dated 5 November 1991 and charges on the director's 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.

10. CREDITORS: FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2003</u>	<u>2002</u>
	£	£
Bank loans	<u>146843</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	50000	-
Included in current liabilities	<u>(10000)</u>	<u>-</u>
	<u>40000</u>	<u>-</u>
Wholly repayable after five years	<u>96843</u>	<u>-</u>
TOTAL	<u>136843</u>	<u>-</u>

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2003 (continued)

11. DEFERRED TAXATION	Provided for		Maximum potential liability	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	£	£	£	£
Accelerated capital allowances	<u>18923</u>	<u>19124</u>	<u>18923</u>	<u>19124</u>

12. CALLED UP SHARE CAPITAL

	<u>2003</u>	<u>2002</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>47</u>	<u>99</u>

13. RESERVES

	Capital Redemption Reserve	Profit & Loss Account
	£	£
Balance at 1 September 2002		251520
Purchase of own shares		(201000)
Capital Redemption Reserve Transfer	52	
Profit for the year	—	<u>40390</u>
Balance at 31 August 2003	<u>52</u>	<u>90910</u>

14. TRANSACTIONS WITH DIRECTOR

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