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VGG LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004

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Company Number: 1809021



VGG LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2004

COMPANY INFORMATION

DIRECTOR:	J A Vincent
SECRETARY:	S Vincent
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 2004

The director presents his report and the financial statements for the year ended 31 August 2004.

Principal Activity

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

Directors

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

	Ordinary shares of £1 each	
	At 31/08/04	At 31/08/03
J A Vincent	47	47

Directors Responsibilities

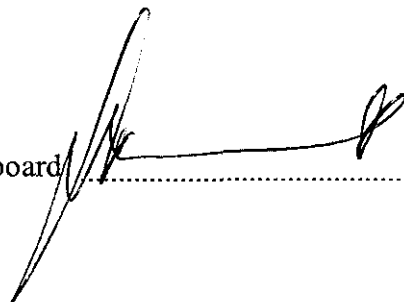
Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- . 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 18/5/05, 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 2004

	<u>Notes</u>	£	<u>2004</u> £	£	<u>2003</u> £
TURNOVER	1.2&2		529638		588725
Cost of Sales			<u>332609</u>		<u>323181</u>
GROSS PROFIT			197029		265544
Selling and distribution expenses			32641		48043
Administrative expenses			<u>140831</u>		<u>141763</u>
OPERATING PROFIT	3		23557		75738
Interest receivable		(1046)		(768)	
Interest payable		<u>14799</u>	<u>13753</u>	<u>6081</u>	<u>5313</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			9804		70425
Tax on profit on ordinary activities	4		<u>1620</u>		<u>13535</u>
PROFIT FOR THE FINANCIAL YEAR			8184		56890
Dividends	5		<u>6000</u>		<u>16500</u>
PROFIT FOR THE YEAR			<u>2184</u>		<u>40390</u>

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

VGG LIMITED

BALANCE SHEET AS AT 31 AUGUST 2004

	<u>Notes</u>	£	<u>2004</u> £	£	<u>2003</u> £
TANGIBLE FIXED ASSETS	6		267315		270823
INTANGIBLE FIXED ASSETS	7		<u>3750</u>		<u>5250</u>
			271065		276073
CURRENT ASSETS					
Stocks		75578		70465	
Debtors	8	82428		101099	
Cash at Bank and in Hand		<u>32304</u>		<u>31471</u>	
		190310		203035	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>219065</u>		<u>232333</u>	
NET CURRENT (LIABILITIES)			<u>(28755)</u>		<u>(29298)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			242310		246775
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		(130545)		(136843)
PROVISIONS FOR LIABILITIES AND CHARGES	11		<u>(18572)</u>		<u>(18923)</u>
NET ASSETS			<u>93193</u>		<u>91009</u>
CAPITAL AND RESERVES					
Called up Share Capital	12		47		47
Capital Redemption Reserve	13		52		52
Profit and Loss Account	13		<u>93094</u>		<u>90910</u>
Shareholders' Funds			<u>93193</u>		<u>91009</u>

The notes on pages 6 to 10 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 2004

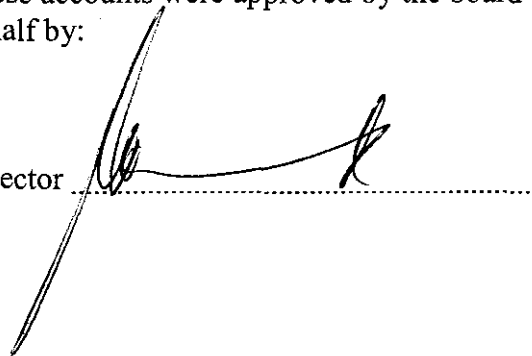
For the year in question, the director is satisfied that the company was entitled to exemption from an audit under section 249A(1) of the Companies Act 1985 and no member or members have requested an audit pursuant to section 249B(2) of the Act. The director acknowledges his responsibility for:

- (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 on 18/5/05 and were signed on its behalf by:

Director

A handwritten signature in black ink, consisting of a large, stylized 'V' followed by a horizontal line and a small flourish, is written over a dotted line.

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2004

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 2004 (continued)

3. OPERATING PROFIT	<u>2004</u>	<u>2003</u>
	£	£
The operating profit is stated after charging:		
Depreciation of tangible fixed assets owned by the company	16539	16876
Hire of equipment	1634	2247
Director's remuneration	<u>7280</u>	<u>17920</u>
4. TAXATION	<u>2004</u>	<u>2003</u>
	£	£
U K current year tax:		
U K corporation tax at 19% (2003: 19%)	1971	13736
Transfer to deferred taxation	<u>(351)</u>	<u>(201)</u>
	<u>1620</u>	<u>13535</u>
5. DIVIDENDS		
During the year dividends totalling £127.66 per share were paid (2003: £351.07)		
6. TANGIBLE FIXED ASSETS - See schedule on page 8.		
7. INTANGIBLE FIXED ASSETS		Goodwill
		£
Cost:		
At 1 September 2003		<u>15000</u>
At 31 August 2004		<u>15000</u>
Amortisation:		
At 1 September 2003		9750
Charge for the year		<u>1500</u>
At 31 August 2004		<u>11250</u>
Net Book Value:		
At 1 September 2003		<u>5250</u>
At 31 August 2004		<u>3750</u>

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2004 (continued)

6. 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 2003	147450	2600	6203	16173	49841	170622	6360	399249
Additions	-	-	-	-	5250	7781	-	13031
At 31 August 2004	147450	2600	6203	16173	55091	178403	6360	412280
Depreciation:								
At 1 September 2003	8844	1467	3560	8688	23898	76152	5817	128426
Charge for the year	1474	130	661	748	3120	10225	181	16539
At 31 August 2004	10318	1597	4221	9436	27018	86377	5998	144965
Net Book Values:								
At 31 August 2004	137132	1003	1982	6737	28073	92026	362	267315
At 1 September 2003	138608	1133	2643	7485	25943	94470	543	270823

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2004 (continued)

8. DEBTORS

	<u>2004</u>	<u>2003</u>
	£	£
Due within one year:		
Trade debtors	68797	81527
Other debtors	206	1734
Prepayments and accrued income	<u>13425</u>	<u>17838</u>
	<u>82428</u>	<u>101099</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2004</u>	<u>2003</u>
	£	£
Bank loans and overdraft (secured)	103649	85285
Trade creditors	72794	64630
Other taxes and social security	7796	12090
Director's loan accounts	22426	45954
Other creditors	2464	2464
Corporation Tax	1971	13736
Accruals and deferred income	<u>7965</u>	<u>8174</u>
	<u>219065</u>	<u>232333</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>2004</u>	<u>2003</u>
	£	£
Bank loans	<u>140545</u>	<u>146843</u>
Analysis of loans		
Wholly repayable within five years	50000	50000
Included in current liabilities	<u>(10000)</u>	<u>(10000)</u>
	<u>40000</u>	<u>40000</u>
Wholly repayable after five years	<u>90545</u>	<u>96843</u>
TOTAL	<u>130545</u>	<u>136843</u>

VGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 AUGUST 2004 (continued)

11. DEFERRED TAXATION	Provided for		Maximum potential liability	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Accelerated capital allowances	<u>18572</u>	<u>18923</u>	<u>18572</u>	<u>18923</u>

12. CALLED UP SHARE CAPITAL

	<u>2004</u>	<u>2003</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>47</u>

13. RESERVES

	Capital Redemption Reserve	Profit & Loss Account
	£	£
Balance at 1 September 2003	52	90910
Profit for the year	-	<u>2184</u>
Balance at 31 August 2004	<u>52</u>	<u>93094</u>

14. TRANSACTIONS WITH DIRECTOR

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