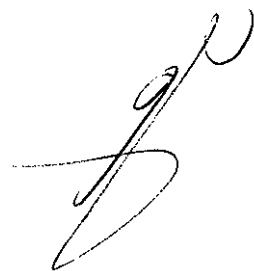


Abbreviated Financial Statements for the Year Ended 31st December 1997

for

Solway Gas Limited

A handwritten signature in black ink, consisting of a stylized 'S' followed by a flourish.

Solway Gas Limited

Index to the Abbreviated Financial Statements
for the Year Ended 31st December 1997

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Solway Gas Limited
Company Information
for the Year Ended 31st December 1997

DIRECTORS:	R Grierson Mrs M E Grierson
SECRETARY:	Mrs M Grierson
REGISTERED OFFICE:	8 Bank Street, Dumfries. DG1 2NS
REGISTERED NUMBER:	80500 (Scotland)
AUDITORS:	Farries, Kirk & McVean Registered Auditors Chartered Accountants 30 Castle Street DUMFRIES DG1 1EN
BANKERS:	BANK OF SCOTLAND, 91 High Street, DUMFRIES.
SOLICITORS:	JOHN HENDERSON & SONS, 8 Bank Street, DUMFRIES.

Solway Gas Limited

Report of the Auditors to

Solway Gas Limited

Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages three to five, together with the full financial statements of the company for the year ended 31st December 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

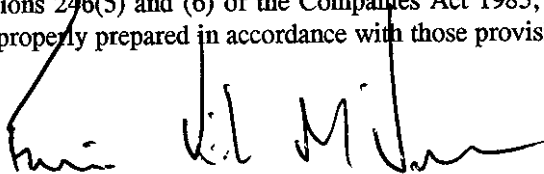
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages three to five are properly prepared in accordance with those provisions.



Farries, Kirk & McVean
Registered Auditors
Chartered Accountants
30 Castle Street
DUMFRIES
DG1 1EN

Dated: 16th March 1998

Abbreviated Balance Sheet
31st December 1997

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 16th March 1998

Page 3

Solway Gas Limited

Notes to the Abbreviated Financial Statements
for the Year Ended 31st December 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. INTANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1st January 1997	
and 31st December 1997	20,000
AMORTISATION:	
At 1st January 1997	
and 31st December 1997	20,000
NET BOOK VALUE:	
At 31st December 1997	-

Solway Gas Limited

Notes to the Abbreviated Financial Statements
for the Year Ended 31st December 1997

3. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST:	
At 1st January 1997	215,544
Additions	85,224
Disposals	(81,178)
	<u>219,590</u>
At 31st December 1997	
DEPRECIATION:	
At 1st January 1997	63,233
Charge for year	12,358
Eliminated on disposals	(14,264)
	<u>61,327</u>
At 31st December 1997	
NET BOOK VALUE:	
At 31st December 1997	<u>158,263</u>
At 31st December 1996	<u>152,312</u>

4. CREDITORS

The following secured debts are included within creditors:

	1997	1996
	£	£
Bank overdrafts	<u>82,724</u>	<u>72,419</u>

5. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1997	1996
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>