

Volunteer Energy Group Limited

Registered No. 2706333

Volunteer Energy Group Limited

Trading as

Gaz de France

Co. number 2706333

Report and Financial Statements

31 December 1999



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Volunteer Energy Group Limited

Registered No. 2706333

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Volunteer Energy Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr J C Depail
Ms E R Stein
Mr D Holleaux
Mr P Persuy
Mr J M Philippe
Mr M Ollevier

SECRETARY

Mr G J Hermiston

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
50 Pall Mall
London SW1A 1QF

REGISTERED OFFICE

5th Floor
Plaza One
Ironmasters Way
Telford
Shropshire TF3 4NT

Volunteer Energy Group Limited

DIRECTORS' REPORT

31 December 1999

The directors present their report and the financial statements of the company for the 15 months ended 31 December 1999.

Review of the business

The principal activities of the company and the subsidiaries are the purchase, supply and management of natural gas and electricity to industrial and commercial customers.

The directors are pleased with the result for the period, which reflects the efforts of everyone at the company, and represents a much improved performance over the previous years.

The directors consider that the year end position is satisfactory.

On 20 April 1999 the whole of the issued share capital of the company was acquired by GDF International S.A, a subsidiary of Gaz de France.

During the year, the company set up three new subsidiaries. In January 2000, all of the trade of the company transferred to its subsidiary Volunteer Energy Limited. Volunteer Energy Limited will carry on the existing trade and business of the company. Another subsidiary, Volunteer Energy Sales Limited, will have the same principal activity, but will concentrate on a different market to that in which Volunteer Energy Group Limited operated. The final subsidiary, Volunteer Limited, will act as a service company for the group.

Results and dividends

The results for the 15 months ended 31 December 1999 are shown in the profit and loss account on page 8. The profit for the period after taxation was £341,326 (1998:loss of £488,629).

The directors do not recommend the payment of dividend.

Post balance sheet event

On 24 May 2000 the company changed its name from Volunteer Energy Limited to Volunteer Energy Group Limited.

Directors

The directors who served during the year were:

J C Depail (Chairman)	(appointed 20 April 1999)
Ms E R Stein	
D Holleaux	(appointed 20 April 1999)
P Persuy	(appointed 20 April 1999)
J M Philippe	(appointed 1 June 1999)
M Ollevier	(appointed 1 June 1999)
R L Ennis	(resigned 10 November 1998)
J D Johnson	(resigned 10 November 1998)
A W Bowman	(resigned 20 April 1999)

Directors interests in shares

There are no interests requiring disclosure under the Companies Act 1985.

Volunteer Energy Group Limited

DIRECTORS' REPORT

31 December 1999

Year 2000 compliance

Many computer and digital storage systems express dates using only the last two digits of the year and had thus required modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting commercial disruption. This was a complex and pervasive issue and the operation of our business depends on our customers and suppliers computer systems as well as our own.

We performed a detailed risk analysis covering all aspects of our business to determine the impact of the issue on our activities. Prioritised plans were developed to address the key risks in advance of critical dates and priority given to those systems which could cause a significant operational, financial or legal impact on the company's business if they were to fail. Where appropriate we initiated formal communication with significant customers and suppliers. In addition, our readiness for the year 2000 was independently audited by Ofgem (the gas and electricity industry regulator) and we were given Blue Status – a clean bill of health.

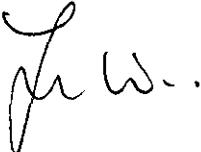
The directors are not aware of any issue arising either as we moved into the year 2000 or on the 29 February 2000 (another date that could have caused difficulties for some computer systems). The directors are pleased that the company wide awareness of the issue that was fostered and the work carried out by the Year 2000 team within the company has ensured that the date change passed without incident.

Much of the cost of implementing action plans and carrying out risk assessments and testing has been subsumed into the recurring activities of the departments involved. The additional cost incurred to ensure compliance is not considered material.

Auditors

A resolution to reappoint Ernst & Young as auditors of the company will be proposed at the Annual General Meeting.

Approved by the Board on
And signed on its behalf by



Emma Stein
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 December 1999

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 Company Act 1985. They 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.

REPORT OF THE AUDITORS to the members of Volunteer Energy Group Limited

We have audited the accounts on pages 8 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

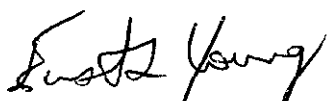
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

15 August 2000.

Volunteer Energy Group Limited

PROFIT AND LOSS ACCOUNT for the 15 month period ended 31 December 1999

	Notes	<i>15 month</i>	
		<i>period ended</i> 31 December 1999	<i>Year ended</i> 30 September 1998
		£	£
TURNOVER	2	9,503,515	5,865,354
Cost of sales		(8,124,573)	(5,669,430)
Gross profit		1,378,942	195,924
Administrative expenses		(1,154,145)	(638,926)
OPERATING PROFIT/(LOSS)	3	224,797	(443,002)
Interest receivable	5	115,388	4,389
Interest payable and similar charges	6	(2,482)	(50,016)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		337,703	(488,629)
Tax on profit/(loss) on ordinary activities	7	3,623	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		341,326	(488,629)

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit for the period ended 31 December 1999 and the loss for the year ended 30 September 1998. Accordingly, no statement of total recognised gains and losses is given.

Volunteer Energy Group Limited

BALANCE SHEET at 31 December 1999

		<i>31 December 30 September</i>	
		<i>1999</i>	<i>1998</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
FIXED ASSETS			
Tangible assets	8	129,531	112,000
Investments	9	3	-
		<u>129,534</u>	<u>112,000</u>
CURRENT ASSETS			
Stocks	10	33,048	22,955
Debtors	11	2,165,120	1,131,941
Cash at bank and in hand		456,642	165
		<u>2,654,810</u>	<u>1,155,061</u>
CREDITORS: amounts falling due within one year	12	(1,879,994)	(1,755,304)
		<u>774,816</u>	<u>(600,243)</u>
NET CURRENT ASSETS/(LIABILITIES)		904,350	(488,243)
TOTAL ASSETS LESS CURRENT LIABILITIES		904,350	(488,243)
CREDITORS: amounts falling due after more than one year	13	(12,676)	-
		<u>891,674</u>	<u>(488,243)</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,483,591	445,000
Profit and loss account	16	(591,917)	(933,243)
		<u>891,674</u>	<u>(488,243)</u>
EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)	17	891,674	(488,243)

Emma Stein Director



Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS at 31 December 1999

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

Basis of preparation

The financial statements present information about the company as an individual undertaking and not about its group. The company is not required to prepare group accounts as it is itself part of a group. Note 20 to the accounts gives information where copies of the group accounts of its ultimate parent company can be obtained.

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Depreciation is provided on the assets in equal annual instalments over their estimated useful lives. The rates of depreciation are as follows:

Leasehold improvements	-	over the period of the lease
Motor vehicles	-	25% to 33%
Fixtures, fittings and office equipment	-	25% to 33%

Stocks

Stocks, which represent natural gas to be delivered by suppliers, have been valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that is probable that a liability or asset will crystallise in the future.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less any interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement.

Pension costs

Contributions to the defined contribution scheme are charged in the period in which they arise.

2. TURNOVER

Turnover represents amounts derived from the company's ordinary activities, excluding value added tax. The turnover and profit are attributable to the principal activities of the company.

Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS at 31 December 1999

3. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):

	<i>15 month period ended 31 December 1999 £</i>	<i>Year ended 30 September 1998 £</i>
Depreciation and amortisation:		
Owned assets	56,136	49,298
Assets held under finance leases	3,726	-
Auditor's remuneration, in respect of audit services	16,000	3,300
other services	2,875	3,450
Profit on disposal of fixed assets	(2,885)	(4,892)
Rentals under operating leases:		
Equipment and motor vehicles	7,636	1,732
Land and buildings	18,918	18,918
	<u> </u>	<u> </u>

4. DIRECTORS AND EMPLOYEES

	<i>1999 £</i>	<i>1998 £</i>
Director's emoluments		
Emoluments	136,489	113,275
Pension contributions	8,182	800
	<u> </u>	<u> </u>
	144,671	114,075
	<u> </u>	<u> </u>

One director (1998:one) was a member of the defined contribution pension scheme.

	<i>No.</i>	<i>No.</i>
Average number of persons employed (including directors)		
Sales and distribution	7	7
Administration	13	11
	<u> </u>	<u> </u>
	20	18
	<u> </u>	<u> </u>
Staff Costs	£	£
Wages and salaries	533,672	378,336
Social security costs	57,738	42,212
Other pension costs	30,210	3,277
	<u> </u>	<u> </u>
	621,620	423,825
	<u> </u>	<u> </u>

Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS at 31 December 1999

5. INTEREST RECEIVABLE

	<i>15 month period ended 31 December 1999</i>	<i>Year ended 30 September 1998</i>
	£	£
Other	35,566	4,389
Waiver of interest payable	79,822	-
	<u>115,388</u>	<u>4,389</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>15 month period ended 31 December 1999</i>	<i>Year ended 30 September 1998</i>
	£	£
Bank loans, overdrafts and other loans repayable within five years	801	2,398
Finance charges – finance leases	1,644	-
Other interest	37	47,618
	<u>2,482</u>	<u>50,016</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<i>15 month period ended 31 December 1999</i>	<i>Year ended 30 September 1998</i>
	£	£
Corporation tax recoverable	3,623	-
	<u>3,623</u>	<u>-</u>

Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS at 31 December 1999

8. TANGIBLE FIXED ASSETS

	<i>Leasehold expenses</i> £	<i>Fixtures, fittings and office equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:				
At 1 October 1998	10,556	168,713	55,851	235,120
Additions	-	41,792	41,050	82,842
Disposals	-	(19,798)	(14,550)	(34,348)
At 31 December 1999	<u>10,556</u>	<u>190,707</u>	<u>82,351</u>	<u>283,614</u>
Depreciation:				
At 1 October 1998	7,324	85,804	29,992	123,120
Charge for the period	2,639	39,478	17,745	59,862
Disposals	-	(14,349)	(14,550)	(28,899)
At 31 December 1999	<u>9,963</u>	<u>110,933</u>	<u>33,187</u>	<u>154,083</u>
Net book value:				
At 1 October 1998	3,232	82,909	25,859	112,000
At 31 December 1999	<u>593</u>	<u>79,774</u>	<u>49,164</u>	<u>129,531</u>

Motor vehicles includes assets with a net book value of £18,974 (1998:nil) held under a finance lease.

9. INVESTMENTS

	<i>Shares in subsidiary undertakings</i> £
Cost:	
At 1 October 1998	-
Additions	3
At 31 December 1999	<u>3</u>
Subsidiary undertakings:	
Volunteer Limited	<i>Percentage of equity capital owned</i> 100%
Volunteer Energy Limited	100%
Volunteer Energy Sales Limited	100%

Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS at 31 December 1999

10. STOCKS

	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£
Natural gas	33,048	22,955

11. DEBTORS

	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£
Trade debtors	1,945,156	1,102,134
Other debtors	5,636	7,828
Amounts owed by subsidiary undertakings	190,820	-
Prepayments and accrued income	23,508	21,979
	<u>2,165,120</u>	<u>1,131,941</u>

12. CREDITORS: amounts falling due within one year

	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£
Bank overdraft	-	123,314
Obligations under finance leases (note 13)	2,904	-
Trade creditors	1,500,588	753,407
Amounts owed to group undertakings	18,064	825,030
Other taxes and social security	166,670	40,349
Accruals and deferred income	191,768	13,204
	<u>1,879,994</u>	<u>1,755,304</u>

13. CREDITORS: amounts falling due after more than one year

	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£
Obligations under finance leases	12,676	-
	<u>12,676</u>	<u>-</u>
Obligations under finance leases are payable		
Within one year	2,904	-
Between two and five years	12,676	-
	<u>15,580</u>	<u>-</u>

Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS at 31 December 1999

14. DEFERRED TAXATION

The amounts provided in the accounts and the amounts not provided at 30% (1998: 21%) are as follows:

	<i>Provided</i>		<i>Not provided</i>	
	<i>31 December 1999</i>	<i>30 September 1998</i>	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£	£	£
Capital allowances in excess of depreciation	-	-	(4,619)	(616)
Short term timing differences	-	-	(172,048)	(194,274)
	-	-	(176,667)	(194,890)

15. SHARE CAPITAL

	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£
Authorised: 1,500,000 ordinary shares of £1 each	1,500,000	1,000,000
Called up, allotted and fully paid: 1,483,591 ordinary shares of £1 each	1,483,591	445,000

During the year the authorised share capital was increased by the creation of 500,000 ordinary shares of £1 each. During the year 1,038,591 ordinary shares of £1 each were issued at par by capitalising the intercompany balance.

16. PROFIT AND LOSS ACCOUNT

	£
Balance at 1 October 1998	(933,243)
Retained profit for the period	341,326
Balance at 31 December 1999	(591,917)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£
Profit/(loss) for the financial period	341,326	(488,629)
Shares issued	1,038,591	-
Net increase (reduction) in shareholders' funds	1,379,917	(488,629)
Opening shareholders' funds	(488,243)	386
Closing shareholders' funds/(deficit)	891,674	(488,243)

Volunteer Energy Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

18. PENSIONS

The company set up a defined contribution pension scheme on 1 July 1998, the assets of which are held separately from those of the company. Contributions to the scheme during the 15 month period were £30,210 (year ended 30 September 1998 - £3,277). At the period end, contributions of £1,407 (1998:£1,021) were unpaid.

19. FINANCIAL COMMITMENTS

Gas purchase commitments

At 31 December 1999 the company was committed to paying £3,224,823 (30 September 1998 - £2,443,094) during the next year under certain gas purchase contracts.

Operating lease commitments

At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases.

	<i>Land and building</i>		<i>Other</i>	
	<i>31 December 1999</i>	<i>30 September 1998</i>	<i>31 December 1999</i>	<i>30 September 1998</i>
	£	£	£	£
Leases which expire:				
Within one year	3,153	14,189	-	-
Within two to five years	-	-	7,636	7,468
	<u>3,153</u>	<u>14,189</u>	<u>7,636</u>	<u>7,468</u>

20. PARENT COMPANY

The immediate parent company is G.D.F. International S.A., a company registered in France.

The ultimate parent company is Gaz de France. Copies of the group accounts can be obtained by writing to Gaz de France, 23 rue Philibert Delorme, 75840, Paris, Cedex 17, France.