

DIRECTORS' REPORT AND ACCOUNTS

VECTOR ENGINEERING PRODUCTS LIMITED

(Registered Number 994043)

31 December 2002



VECTOR ENGINEERING PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their annual report and the audited accounts of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity is that of a holding company. The company's principal subsidiary undertakings are shown in note 5 to the accounts.

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £Nil (2001: £109,113,000). An interim dividend of £Nil (2001: £336,521,000) was paid during the year. The directors do not propose the payment of a final dividend (2001: £Nil). Accordingly there is no transfer to reserves (2001: £227,408,000 deducted from reserves).

DIRECTORS AND THEIR INTERESTS

The composition of the Board of Directors during the year, and to the date of this report, was as follows:

AO Fischer
I Fisher
AT Fletcher
SA Smith

None of the directors held any beneficial interests in the share capital of the company during the year.

All directors are also directors of the ultimate parent undertaking, Helix Industries Limited, and their interests in the share capital and unsecured loan notes of that company are disclosed in the accounts of Helix Industries Limited.

VECTOR ENGINEERING PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

DIRECTORS' RESPONSIBILITY STATEMENT

Company law requires the directors to prepare accounts for each financial year that 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 year. The directors are required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on page 6 under note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the accounts for the year ended 31 December 2002 and that applicable United Kingdom accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies 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.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 20 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

Approved by the Board



SA SMITH
Director

7 May 2003

Registered Office:

2B Sidings Court
Doncaster
DN4 5NU

VECTOR ENGINEERING PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VECTOR ENGINEERING PRODUCTS LIMITED

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the directors' report.

Basis of audit 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 the company's affairs at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

7 May 2003

VECTOR ENGINEERING PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £'000	<u>2001</u> £'000
Provision against investments in subsidiary undertakings		-	(4,279)
Income from shares in subsidiary undertakings		-	113,392
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	109,113
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	109,113
Dividends	4	-	(336,521)
RETAINED LOSS FOR THE FINANCIAL YEAR	8	-	(227,408)

The company has no recognised gains or losses other than those shown in the profit and loss account and therefore no separate statement of recognised gains and losses has been presented.

VECTOR ENGINEERING PRODUCTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £'000	<u>2001</u> £'000
FIXED ASSETS			
Investments	5	130,076	130,076
CREDITORS (amounts falling due after one year)	6	<u>(102,076)</u>	<u>(102,076)</u>
NET ASSETS		<u>28,000</u>	<u>28,000</u>
CAPITAL AND RESERVES			
Called up share capital	7	28,000	28,000
Profit and loss account		<u>-</u>	<u>-</u>
SHAREHOLDERS' FUNDS	8	<u>28,000</u>	<u>28,000</u>

SA SMITH

Director



Approved by the Board on 7 May 2003

VECTOR ENGINEERING PRODUCTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2002

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies, which the directors have adopted within that convention, are set out below.

(2) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

2 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company (2001: £Nil). There were no employees other than the directors (2001: Nil).

3 AUDITORS' REMUNERATION

Auditors' remuneration has been borne by a group company.

4 DIVIDENDS

	<u>2002</u> £'000	<u>2001</u> £'000
Interim dividend paid: £Nil (2001: £12.02) per £1 ordinary share	<u>-</u>	<u>336,521</u>

VECTOR ENGINEERING PRODUCTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2002 (CONTINUED)

5 INVESTMENTS

	Gross investment £'000	Provision £'000	Total £'000
At 1 January and 31 December 2002	<u>137,578</u>	<u>(7,502)</u>	<u>130,076</u>

The principal subsidiary undertakings are set out below. All subsidiaries are wholly owned and are held via intermediate subsidiaries, except where indicated.

Name	Country of registration	Main activity
Vector Building Products Limited *	England and Wales	Investment holding
Vector Engineering & Aviation Limited *	England and Wales	Investment holding
Vector Engineering Industries Limited *	England and Wales	Investment holding
John Lee (Sacks) Limited (78.6% owned)	England and Wales	Sack and bag reclamation and manufacture of IBC's
Pneumatic Components Limited	England and Wales	Manufacture of tyre inflation and air line products

* owned directly by the company

The directors are of the opinion that the value of the company's investment in its subsidiaries is not less than the book value.

6 CREDITORS (amounts falling due after one year)

	2002 £'000	2001 £'000
Amounts owed to group undertakings	<u>102,076</u>	<u>102,076</u>

The amounts owed to group undertakings are unsecured, interest free and have no fixed repayment dates.

7 CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
<u>Authorised</u>		
28,000,000 ordinary shares of £1 each	<u>28,000</u>	<u>28,000</u>
<u>Allotted, called up and fully paid</u>		
28,000,000 ordinary shares of £1 each	<u>28,000</u>	<u>28,000</u>

VECTOR ENGINEERING PRODUCTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2002 (CONTINUED)

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£'000	£'000
Profit on ordinary activities after taxation	-	109,113
Dividend	-	(336,521)
Net reduction in shareholders' funds	-	(227,408)
Opening shareholders' funds	28,000	255,408
Closing shareholders' funds	28,000	28,000

9 CASH FLOW STATEMENT

The company is exempt from preparing a cash flow statement as required by FRS 1 (Revised) 1996 as it is a wholly owned subsidiary undertaking within the context of the standard. A consolidated group cash flow statement is included in the accounts of Helix Industries Limited, the ultimate parent undertaking.

10 CONTINGENT LIABILITIES

The company has entered into an unlimited cross guarantee arrangement in respect of the borrowings of all companies in the Helix Industries group. At 31 December 2002 the net borrowings of the group amounted to approximately £52 million (2001: £62 million).

The bank holds a debenture in respect of the company incorporating a fixed and floating charge over all assets.

VECTOR ENGINEERING PRODUCTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2002 (CONTINUED)

11 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Vector Engineering Limited, a company registered in England and Wales, and thus under Section 228 of the Companies Act 1985 is exempt from producing group accounts.

The ultimate parent undertaking and controlling is Helix Industries Limited, a company registered in England and Wales. The Helix Industries group is both the smallest and the largest group into which the company's accounts are consolidated. Copies of the group accounts for the ultimate parent undertaking may be obtained from the following address:

The Secretary
Helix Industries Limited
2B Sidings Court
Doncaster
South Yorkshire
DN4 5NU

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", as the consolidated accounts of Helix Industries Limited in which the company is included are available at the address noted above.