

REGISTERED NUMBER: 04006562 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
FOR
VASATEK LIMITED**

WEDNESDAY



LWVJ9U97

L19

31/10/2007

253

COMPANIES HOUSE

VASATEK LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 to 10

VASATEK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2006**

DIRECTORS: Mr G M Long
Mr J Catania

SECRETARY: Mr G M Long

REGISTERED OFFICE: Sword House
Totteridge Road
High Wycombe
Buckinghamshire
HP13 6EJ

REGISTERED NUMBER: 04006562 (England and Wales)

AUDITORS: Seymour Taylor
Chartered Accountants and Registered Auditors
57 London Road
High Wycombe
Buckinghamshire
HP11 1BS

VASATEK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report with the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activities of the company in the year under review have been to develop non-tobacco nicotine products and to develop the marketing plans for such products. The company's long term success requires a total commitment to working together proactively with both business partners and authorities, and it demands a willingness to embrace new ideas and learn continuously.

The directors anticipate that the company will be in a position to commence trading in the future.

DIRECTORS

Mr G M Long has held office during the whole of the period from 1 January 2006 to the date of this report.

Other changes in directors holding office are as follows:

Mr J Catania - appointed 20 June 2006

Mr J Ahnstedt - resigned 20 June 2006

S M Jackman - resigned 20 June 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the 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 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 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

The auditors, Seymour Taylor, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

VASATEK LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2006**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'G M Long', written in a cursive style.

Mr G M Long
Director

24 October 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF VASATEK LIMITED

We have audited the financial statements of Vasatek Limited for the year ended 31 December 2006 on pages six to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
VASATEK LIMITED**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Seymour Taylor
Chartered Accountants and Registered Auditors
57 London Road
High Wycombe
Buckinghamshire
HP11 1BS

Date 24 October 2007

VASATEK LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
TURNOVER		-	-
Administrative expenses		<u>1,719</u>	<u>1,786</u>
OPERATING LOSS	2	(1,719)	(1,786)
Interest receivable and similar income		<u>17</u>	<u>124</u>
		(1,702)	(1,662)
Interest payable and similar charges		<u>-</u>	<u>2</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,702)	(1,664)
Tax on loss on ordinary activities	3	<u>5</u>	<u>(319)</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(1,707)</u>	<u>(1,345)</u>


The notes form part of these financial statements

VASATEK LIMITED**BALANCE SHEET
31 DECEMBER 2006**

	Notes	2006 £	2005 £
CURRENT ASSETS			
Debtors	4	437	188
Cash at bank		<u>445</u>	<u>3,360</u>
		882	3,548
CREDITORS			
Amounts falling due within one year	5	<u>304,866</u>	<u>305,825</u>
NET CURRENT LIABILITIES		<u>(303,984)</u>	<u>(302,277)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(303,984)	(302,277)
CREDITORS			
Amounts falling due after more than one year	6	<u>1,900,000</u>	<u>1,900,000</u>
NET LIABILITIES		<u>(2,203,984)</u>	<u>(2,202,277)</u>
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Profit and loss account	8	<u>(2,203,986)</u>	<u>(2,202,279)</u>
SHAREHOLDERS' FUNDS		<u>(2,203,984)</u>	<u>(2,202,277)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on 24 October 2007 and were signed on its behalf by



Mr G M Long
Director

The notes form part of these financial statements

VASATEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis. The company is able to rely on the financial support of the parent company within the group and, for this reason, the directors consider the going concern basis to be appropriate.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

2 OPERATING LOSS

The operating loss is stated after charging

	2006	2005
	£	£
Auditors' remuneration	<u>1,690</u>	<u>1,640</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows

	2006	2005
	£	£
Current tax		
UK corporation tax	5	37
Over/under provision in prior year	<u>-</u>	<u>(356)</u>
Tax on loss on ordinary activities	<u>5</u>	<u>(319)</u>

UK corporation tax has been charged at 30%

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of unrelieved tax losses and accelerated capital allowances. The amount that has not been recognised at 31 December 2006 when calculated at the large companies rate of corporation tax in the UK of 30% is £640,430 (2005-£639,914). The deferred tax asset would be recoverable to the extent that future taxable profits are generated enabling the tax losses to be relieved.

4 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Other debtors	2	2
VAT	435	186
	<u>437</u>	<u>188</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	2,892	3,544
Amounts owed to group undertakings	285,380	284,922
Corporation tax	42	37
Accruals and deferred income	16,552	17,322
	<u>304,866</u>	<u>305,825</u>

6 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Amounts owed to group undertakings	<u>1,900,000</u>	<u>1,900,000</u>

7 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2006	2005
		£1	£	£
2,000,000	Ordinary		<u>2,000,000</u>	<u>2,000,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2006	2005
		£1	£	£
2	Ordinary		<u>2</u>	<u>2</u>

VASATEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

8 RESERVES

	Profit and loss account £
At 1 January 2006	(2,202,279)
Deficit for the year	<u>(1,707)</u>
At 31 December 2006	<u>(2,203,986)</u>

9 RELATED PARTY DISCLOSURES

Transactions with related parties

The company is a subsidiary with at least 90% of its voting rights controlled within the group and it is included in the published consolidated financial statements of its ultimate parent company. The company has therefore taken advantage of the exemption, provided within Financial Reporting Standard for Smaller Entities (effective June 2005), related party disclosures, from disclosure of intra-group transactions.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities (effective June 2005).

Controlling party

There is no single controlling party.

10 ULTIMATE CONTROLLING PARTY

Ultimate and immediate parent company

The directors consider Swedish Match UK (Holdings) Limited, a company registered in England, to be the company's immediate parent company. They consider Swedish Match AB, a company registered in Sweden, to be ultimate parent company.