

Company Registration No. 2980221 (England and Wales)

CHN ELECTRICAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001



CHN ELECTRICAL SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr R G Nicholls Mr I L Cole Mr R M Hopkins
Secretary	Mr A Dudley
Company number	2980221
Registered office	CHN House Straits Road Lower Gornal Dudley DY3 2UY
Auditors	Aston Gilbert & Squire 31 Waterloo Road Wolverhampton West Midlands WV1 4DJ
Bankers	Barclays Bank Plc Accounts Centre West P O Box 10 Windsor Court Cardiff CF10 3WP

CHN ELECTRICAL SERVICES LIMITED

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CHN ELECTRICAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the company continued to be that of the supply of electrical services.

Directors

The following directors have held office since 1 April 2000:

Mr R G Nicholls

Mr I L Cole

Mr R M Hopkins

Mr S W Johnson

(Resigned 21 May 2001)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
Mr R G Nicholls	240	240
Mr I L Cole	240	240
Mr R M Hopkins	240	240
Mr S W Johnson	240	240

Auditors

Directors' responsibilities

Company law requires the 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, 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.

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



Mr I L Cole

Director

30 January 2002

CHN ELECTRICAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHN ELECTRICAL SERVICES LIMITED

We have audited the financial statements of CHN Electrical Services Limited on pages 4 to 9 for the year ended 31 March 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, 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 with the company is not disclosed.

We read the directors' report 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 United Kingdom Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. 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..

Going concern

The bank overdraft facility is due for renewal on 15 February 2002 and the directors believe that the company's bankers will continue to support it. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of support by the company's bankers. However the evidence available to us was limited because the directors have not prepared cash flow forecasts for the twelve months from the date of this report and there were no other satisfactory audit procedures that we could adopt to confirm that the company was a going concern.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in evidence available to us in respect of cashflow forecasts, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 or of its loss for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

CHN ELECTRICAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF CHN ELECTRICAL SERVICES LIMITED

Aston Gilbert & Squire

Aston Gilbert & Squire

30 January 2002

Accountants

Registered Auditor

31 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

CHN ELECTRICAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
Turnover		1,051,274	703,506
Cost of sales		(846,162)	(581,994)
Gross profit		<u>205,111</u>	<u>121,512</u>
Administrative expenses		(206,041)	(81,070)
Operating (loss)/profit	2	(930)	40,442
Interest payable and similar charges		(44)	(670)
(Loss)/profit on ordinary activities before taxation		<u>(974)</u>	<u>39,772</u>
Tax on (loss)/profit on ordinary activities	3	-	-
(Loss)/profit on ordinary activities after taxation	10	<u>(974)</u>	<u>39,772</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CHN ELECTRICAL SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	4		298		2,198
Current assets					
Stocks		270,355		227,532	
Debtors	5	291,432		64,374	
		<u>561,788</u>		<u>291,906</u>	
Creditors: amounts falling due within one year	6	<u>(652,473)</u>		<u>(189,098)</u>	
Net current (liabilities)/assets			<u>(90,686)</u>		<u>102,808</u>
Total assets less current liabilities			<u>(90,388)</u>		<u>105,006</u>
Creditors: amounts falling due after more than one year	7		-		(194,420)
			<u>(90,388)</u>		<u>(89,414)</u>
Capital and reserves					
Called up share capital	9		1,000		1,000
Profit and loss account	10		<u>(91,388)</u>		<u>(90,414)</u>
Shareholders' funds - equity interests	11		<u>(90,388)</u>		<u>(89,414)</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.

The financial statements were approved by the Board on 30 January 2002


Mr R G Nicholls
Director


Mr R M Hopkins
Director

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	50% p.a.
Fixtures, fittings & equipment	50% p.a.
Motor vehicles	50% p.a.

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating (loss)/profit	2001 £	2000 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	1,901	3,030
Operating lease rentals		
- Plant and machinery	5,921	3,074
- Other assets	3,361	13,001
Auditors' remuneration	6,725	4,375
Directors' emoluments	26,640	21,014

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

4 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2000 & at 31 March 2001	5,200	2,585	7,785
Depreciation			
At 1 April 2000	3,739	1,847	5,586
Charge for the year	1,261	640	1,901
At 31 March 2001	5,000	2,487	7,487
Net book value			
At 31 March 2001	200	98	298
At 31 March 2000	1,460	738	2,198

5 Debtors

	2001 £	2000 £
Trade debtors	100,876	64,381
Other debtors	190,556	(7)
	291,432	64,374

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	38,225	42,836
Trade creditors	136,177	97,361
Taxation and social security	61,961	29,277
Other creditors	416,110	19,624
	652,473	189,098

The bank overdraft is secured by cross guarantees and debentures between CHN Electrical Limited, CHN Contractors Limited, CHN Heating and Plumbing Services Limited, CHN Gas Service and Maintenance Limited, CHN Northern Limited, CHN Special Projects Limited and ABS Plumbing Heating and Electrical Services Limited.

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

7 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,550 (2000 - £0).

8 Share capital	2001 £	2000 £
Authorised		
10,000 ordinary shares of £ 1 each	10,000	10,000
Allotted, called up and fully paid		
1,000 ordinary shares of £ 1 each	1,000	1,000

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2000	(90,414)
Retained loss for the year	(974)
Balance at 31 March 2001	(91,388)

10 Reconciliation of movements in shareholders' funds	2001 £	2000 £
(Loss)/profit for the financial year	(974)	39,772
Opening shareholders' funds	(89,414)	(129,186)
Closing shareholders' funds	(90,388)	(89,414)

11 Financial commitments

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Expiry date:		
Between two and five years	9,282	16,075

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

12 Related party transactions

The following companies are connected as defined by section 346 of the Companies Act 1985, in that Mr I Cole, Mr R G Nicholls and Mr R M Hopkins are directors of Industry Development Services Limited, CHN Contractors Limited, CHN Gas Service and Maintenance Limited and CHN Special Projects Limited.

During the year the company undertook arms length transactions to the value of:

CHN Contractors Limited - Purchases from CHN Electrical Services Limited £78,187
Included in debtors figure £1,339.

CHN Gas Service and Maintenance Limited - Purchases from CHN Electrical Services Limited £2,879.
Included in debtors figure £3,098.

CHN Special Projects Limited - Purchases from CHN Electrical Services Limited £1,122.
Included in debtors figure £1,318.

Industry Development Services Limited - Purchases from CHN Electrical Services Limited £4,142.
Included in debtors figure £4,867.