

Company Registration No. 2980221 (England and Wales)

CHN ELECTRICAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



CHN ELECTRICAL SERVICES LIMITED

COMPANY INFORMATION

Directors

Mr I L Cole
Mr R G Nicholls
Mr R M Hopkins
Mr A Dudley (Appointed 1 November 2002)
Mr D S Cole (Appointed 26 February 2003)

Secretary

Mr A Dudley

Company number

2980221

Registered office

CHN House
Straits Road
Lower Gornal
Dudley
DY3 2UY

Auditors

AGS
2nd Floor 31 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

Bankers

Barclays Bank
47 High Street
Dudley
DY1 1PP

CHN ELECTRICAL SERVICES LIMITED

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CHN ELECTRICAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The directors present their report and financial statements for the year ended 30 September 2003.

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 October 2002:

Mr I L Cole	
Mr R G Nicholls	
Mr R M Hopkins	
Mr A Dudley	(Appointed 1 November 2002)
Mr D S Cole	(Appointed 26 February 2003)

Directors' interests

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

	ordinary shares of £ 1 each	
	30 September 2003	1 October 2002
Mr R G Nicholls	240	240
Mr I L Cole	480	480
Mr R M Hopkins	240	240
Mr A Dudley	-	-
Mr D S Cole	-	-

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, AGS, will be deemed to be reappointed for each succeeding financial year.

CHN ELECTRICAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

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

26 March 2004

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 30 September 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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. 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AGS

AGS

Accountants

Registered Auditor

26 March 2004

2nd Floor 31 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

CHN ELECTRICAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover		1,648,131	2,337,108
Cost of sales		(1,490,065)	(2,364,065)
Gross profit/(loss)		<u>158,066</u>	<u>(26,957)</u>
Administrative expenses		(151,552)	(165,854)
Operating profit/(loss)	2	<u>6,514</u>	<u>(192,811)</u>
Interest payable and similar charges		(56)	(921)
Profit/(loss) on ordinary activities before taxation		<u>6,458</u>	<u>(193,732)</u>
Tax on profit/(loss) on ordinary activities	3	-	-
Profit/(loss) on ordinary activities after taxation	9	<u><u>6,458</u></u>	<u><u>(193,732)</u></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 30 SEPTEMBER 2003

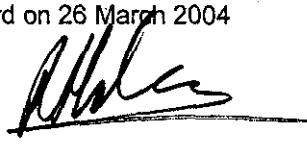
	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	4		1,169		-
Current assets					
Stocks		23,246		34,000	
Debtors	5	290,498		183,062	
Cash at bank and in hand		100		-	
		<u>313,844</u>		<u>217,062</u>	
Creditors: amounts falling due within one year	6	<u>(592,674)</u>		<u>(501,181)</u>	
Net current liabilities			(278,830)		(284,119)
Total assets less current liabilities			<u>(277,661)</u>		<u>(284,119)</u>
Capital and reserves					
Called up share capital	8		1,000		1,000
Profit and loss account	9		(278,661)		(285,119)
Shareholders' funds - equity interests	10		<u>(277,661)</u>		<u>(284,119)</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 26 March 2004



Mr R G Nicholls
Director



Mr R M Hopkins
Director

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

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	33% - 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

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 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 profit/(loss)	2003	2002
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	175	298
Operating lease rentals	34,676	22,621
Auditors' remuneration	800	6,800
Directors' emoluments	-	6,017
	<u> </u>	<u> </u>

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

3 Taxation

Current tax charge

-	-
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Factors affecting the tax charge for the year

Profit/(loss) on ordinary activities before taxation

6,458	(193,732)
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Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002 : 0.00 %)

1,227	-
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Effects of:

Non deductible expenses

175	-
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Depreciation add back

33	-
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Capital allowances

(295)	-
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Tax losses utilised

(1,140)	-
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(1,227)	-
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Current tax charge

-	-
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The company has estimated losses of £ 266,418 (2002 : £ 272,416) available for carry forward against future trading profits.

4 Tangible fixed assets

Plant and machinery etc

£

Cost

At 1 October 2002

7,785

Additions

1,344

At 30 September 2003

9,129

Depreciation

At 1 October 2002

7,785

Charge for the year

175

At 30 September 2003

7,960

Net book value

At 30 September 2003

1,169

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

5 Debtors	2003 £	2002 £
Trade debtors	286,102	181,036
Other debtors	4,396	2,026
	<u>290,498</u>	<u>183,062</u>

6 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	39,661	44,513
Trade creditors	188,657	110,493
Taxation and social security	67,198	40,530
Other creditors	297,158	305,645
	<u>592,674</u>	<u>501,181</u>

The bank overdraft is secured by cross guarantees and debentures between CHN Electrical Services Limited, CHN Contractors Limited, CHN Heating and Plumbing Services Limited, CHN Gas Service and Maintenance Limited, CHN Northern Limited, CHN Special Projects Limited, Industry Development Services Limited, CHN Heating and Plumbing Services and personal guarantees from the Directors.

7 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>2,867</u>	<u>2,821</u>

8 Share capital	2003 £	2002 £
Authorised		
10,000 ordinary shares of £ 1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,000 ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

9 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 October 2002	(285,119)
Retained profit for the year	6,458
Balance at 30 September 2003	<u>(278,661)</u>

10 Reconciliation of movements in shareholders' funds

2003
£

2002
£

Profit/(Loss) for the financial year	6,458	(193,732)
Opening shareholders' funds	<u>(284,119)</u>	<u>(90,387)</u>
Closing shareholders' funds	<u>(277,661)</u>	<u>(284,119)</u>

11 Financial commitments

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Expiry date:		
Between two and five years	<u>-</u>	<u>5,168</u>

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, Mr R M Hopkins and Mr A Dudley are directors of Industry Development Services Limited, CHN Contractors Limited, CHN Gas Service and Maintenance Limited, CHN Special Projects Limited and CHN Heating and Plumbing Limited.

During the year the company undertook the following arms length transactions:

	Sales £
CHN Contractors Limited	1,047,077
CHN Gas Services and Maintenance Limited	17,035
CHN Special Projects Limited	4,986
Industry Development Services Limited	83
CHN Heating and Plumbing Limited	6,453