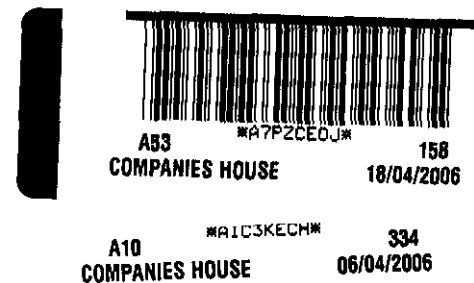


Company Registration No. 3810083 (England and Wales)

CHN GAS SERVICE AND MAINTENANCE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005



CHN GAS SERVICE AND MAINTENANCE LIMITED

COMPANY INFORMATION

Directors

Mr I L Cole
Mr R M Hopkins
Mr R G Nicholls
Mr P Dobson
Mr A Dudley

Secretary

Mr A Dudley

Company number

3810083

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 GAS SERVICE AND MAINTENANCE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

CHN GAS SERVICE AND MAINTENANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

The directors present their report and financial statements for the year ended 30 September 2005.

Principal activities

The principal activity of the company continued to be that of heating and plumbing engineers.

Directors

The following directors have held office since 1 October 2004:

Mr I L Cole
Mr R M Hopkins
Mr R G Nicholls
Mr P Dobson
Mr A Dudley

Directors' interests

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

	ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
Mr I L Cole	-	-
Mr R M Hopkins	-	-
Mr R G Nicholls	-	-
Mr P Dobson	-	-
Mr A Dudley	-	-

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 GAS SERVICE AND MAINTENANCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

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

31 January 2006

CHN GAS SERVICE AND MAINTENANCE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CHN GAS SERVICE AND MAINTENANCE LIMITED

We have audited the financial statements of CHN Gas Service and Maintenance Limited on pages 4 to 10 for the year ended 30 September 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditor's 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 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.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AGS

Registered Auditor



31 January 2006
2nd Floor
Wateloo Road
Wolverhampton
West Midlands
WV1 4DJ

CHN GAS SERVICE AND MAINTENANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Notes	2005 £	2004 £
Turnover		6,722,067	6,692,893
Cost of sales		(4,833,388)	(4,804,972)
Gross profit		1,888,679	1,887,921
Administrative expenses		(1,547,554)	(1,477,115)
Operating profit	2	341,125	410,806
Other interest receivable and similar income		30	39
Interest payable and similar charges		(773)	(2,413)
Profit on ordinary activities before taxation		340,382	408,432
Tax on profit on ordinary activities	3	(104,310)	(121,784)
Profit on ordinary activities after taxation	9	236,072	286,648

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 GAS SERVICE AND MAINTENANCE LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	4		28,244		35,375
Current assets					
Stocks		118,805		111,818	
Debtors	5	1,174,746		1,073,247	
Cash at bank and in hand		123,581		152	
		<u>1,417,132</u>		<u>1,185,217</u>	
Creditors: amounts falling due within one year	6	<u>(787,955)</u>		<u>(799,243)</u>	
Net current assets			629,177		385,974
Total assets less current liabilities			<u>657,421</u>		<u>421,349</u>
Capital and reserves					
Called up share capital	8		500		500
Profit and loss account	9		656,921		420,849
Shareholders' funds - equity interests	10		<u>657,421</u>		<u>421,349</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 31 January 2006

Mr R G Nicholls
Director



Mr R M Hopkins
Director



CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

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 other than freehold land 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:

Land and buildings Freehold	20% straight line
Fixtures, fittings & equipment	33% straight line basis
Motor vehicles	25% straight line basis

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

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	15,984	12,606
Operating lease rentals		
- Plant and machinery	45,031	41,987
- Other assets	43,776	43,646
Auditors' remuneration	12,000	12,000
Directors' emoluments	81,182	103,425

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

3

Taxation	2005 £	2004 £
Domestic current year tax		
U.K. corporation tax	104,310	121,784
Current tax charge	<u>104,310</u>	<u>121,784</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>340,382</u>	<u>408,432</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>102,115</u>	<u>122,530</u>
Effects of:		
Non deductible expenses	1,052	904
Depreciation add back	4,794	3,782
Capital allowances	(3,651)	(5,432)
	<u>2,195</u>	<u>(746)</u>
Current tax charge	<u>104,310</u>	<u>121,784</u>

4

Tangible fixed assets	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 October 2004	11,188	55,479	66,667
Additions	-	8,853	8,853
Disposals	-	(5,536)	(5,536)
At 30 September 2005	<u>11,188</u>	<u>58,796</u>	<u>69,984</u>
Depreciation			
At 1 October 2004	1,865	29,427	31,292
On disposals	-	(5,536)	(5,536)
Charge for the year	2,238	13,746	15,984
At 30 September 2005	<u>4,103</u>	<u>37,637</u>	<u>41,740</u>
Net book value			
At 30 September 2005	<u>7,085</u>	<u>21,159</u>	<u>28,244</u>
At 30 September 2004	9,323	26,052	35,375

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

5 Debtors	2005	2004
	£	£
Trade debtors	1,149,249	908,297
Amount owed by parent company	-	136,694
Other debtors	25,497	28,256
	<u>1,174,746</u>	<u>1,073,247</u>

6 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	-	115,997
Trade creditors	167,045	304,605
Amount owed to parent company	242,853	-
Taxation and social security	187,464	202,178
Other creditors	190,593	176,463
	<u>787,955</u>	<u>799,243</u>

Bank loans and overdrafts are secured by Cross Guarantees and Debentures between CHN Gas Service and Maintenance Limited, CHN Contractors Limited, CHN Electrical Services Limited, CHN Group Limited, CHN Northern Limited, Industry Development Services Limited and CHN Special Projects Limited.

7 Pension costs

Defined contribution

	2005	2004
	£	£
Contributions payable by the company for the year	<u>38,351</u>	<u>36,380</u>

8 Share capital	2005	2004
	£	£
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
500 ordinary shares of £1 each	<u>500</u>	<u>500</u>

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2004	420,849
Retained profit for the year	236,072
	<hr/>
Balance at 30 September 2005	656,921
	<hr/>

10 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	236,072	286,648
Opening shareholders' funds	421,349	134,701
	<hr/>	<hr/>
Closing shareholders' funds	657,421	421,349
	<hr/>	<hr/>

11 Financial commitments

At 30 September 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiry date:				
Within one year	13,160	-	61,852	55,041
Between two and five years	28,791	-	199,414	213,979
	<hr/>	<hr/>	<hr/>	<hr/>
	41,951	-	261,266	269,020
	<hr/>	<hr/>	<hr/>	<hr/>

12 Control

The ultimate parent company is CHN Group Limited, a company registered in England and Wales.

CHN Group Limited prepares group financial statements and copies can be obtained from CHN House, Straits Road, Lower Gornal, Dudley DY3 2UY.

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

13 Related party transactions

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

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

Sales

	2005	2004
	£	£
CHN Contractors Limited	14,457	7,662
CHN Special Projects Limited	4,082	2,116
Industry Development Services Limited	7,949	16,246

Purchases

	2005	2004
	£	£
CHN Contractors Limited	747,350	732,258
CHN Special Projects Limited	10,375	5,286
Industry Development Services Limited	97,965	44,228
CHN Electrical Limited	1,112	5,569