

Company Registration No. 3810083 (England and Wales)

CHN GAS SERVICE AND MAINTENANCE LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006



CHN GAS SERVICE AND MAINTENANCE LIMITED

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CHN GAS SERVICE AND MAINTENANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their report and financial statements for the year ended 30 September 2006

Principal activities and review of the business

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

The aim of this report is to present a balanced and comprehensive review of the development of the business during the year and its position at the year end. The review is consistent with the size and nature of the business and is written in context of the risks and uncertainties it faces.

CHN Gas Service and Maintenance Ltd ("CHN") is a subsidiary company of CHN Group Ltd ("Group"). CHN receives central services from Group for which it pays a management charge. In the year ended 30th September 2006 Group established an Employee Benefit Trust ("EBT"). This charge (explained fully in the accounts of Group) resulted in an additional management charge to CHN. In addition, Group made a one off pension contribution to the SSAS pension scheme of the directors for which CHN paid an additional management charge.

CHN repairs and services central heating systems on behalf of councils, housing associations, house builders and the domestic market. The majority of this work is on long term contracts under the Partnering ethos. The nature of these contracts together with the long standing customer relationships mean that the risk profile of CHN is limited.

The business environment in which CHN operates continues to be competitive. The market is consolidating as private equity companies enter the market and gear up their acquisitions. The increasing interest rate environment is welcomed by CHN as the Group's net funds will grow whilst indebted rivals will suffer.

CHN's Gross Margin improved to 29.6% from 28.1% reflecting cost controls and the select approach to tendering. CHN is confident about future trading.

The directors have made themselves aware of all relevant audit information. The auditors have been informed of all this information.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 October 2005

Mr I L Cole

Mr R M Hopkins

Mr R G Nicholls

Mr P Dobson

Mr A Dudley

(Resigned 29 March 2007)

CHN GAS SERVICE AND MAINTENANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

Directors' interests

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

	ordinary shares of £1 each	
	30 September 2006	1 October 2005
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 Accountants and Business Advisors Ltd, will be deemed to be reappointed for each succeeding financial year.

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 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr I L Cole
Director
15 May 2007



CHN GAS SERVICE AND MAINTENANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO CHN GAS SERVICE AND MAINTENANCE LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985 UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of CHN Gas Service and Maintenance Limited for the year ended 30 September 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

AGS

AGS Accountants and Business Advisors Ltd

15 May 2007

Accountants
Registered Auditor

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

CHN GAS SERVICE AND MAINTENANCE LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
Gross profit		1,713,930	1,888,679
Administrative expenses		(1,599,813)	(1,547,552)
Operating profit	2	114,117	341,127
Other interest receivable and similar income		85	30
Interest payable and similar charges	4	-	(773)
Profit on ordinary activities before taxation		114,202	340,384
Tax on profit on ordinary activities	5	(34,928)	(104,311)
Profit for the year	12	79,274	236,073

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

ABBREVIATED BALANCE SHEET

AS AT 30 SEPTEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	6		16,167		28,244
Current assets					
Stocks	7	116,141		118,805	
Debtors	8	1,079,008		1,174,746	
Cash at bank and in hand		25,733		123,582	
		<u>1,220,882</u>		<u>1,417,133</u>	
Creditors amounts falling due within one year	9	<u>(500,353)</u>		<u>(787,955)</u>	
Net current assets			720,529		629,178
Total assets less current liabilities			<u>736,696</u>		<u>657,422</u>
Capital and reserves					
Called up share capital	11		500		500
Profit and loss account	12		736,196		656,922
Shareholders' funds	13		<u>736,696</u>		<u>657,422</u>

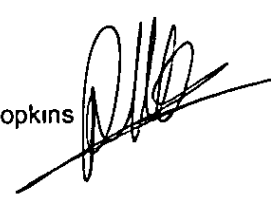
These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 15 May 2007

Mr R G Nicholls
Director



Mr R M Hopkins
Director



CHN GAS SERVICE AND MAINTENANCE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	£	2006 £	£	2005 £
Net cash inflow from operating activities		9,111		370,808
Returns on investments and servicing of finance				
Interest received	85		30	
Interest paid	-		(773)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		85		(743)
Taxation		(104,800)		(121,785)
Capital expenditure				
Payments to acquire tangible assets	(2,914)		(8,853)	
Receipts from sales of tangible assets	669		-	
Net cash outflow for capital expenditure		(2,245)		(8,853)
Net cash (outflow)/inflow before management of liquid resources and financing		(97,849)		239,427
(Decrease)/increase in cash in the year		(97,849)		239,427

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006		2005	
		£		£	
	Operating profit	114,117		341,127	
	Depreciation of tangible assets	14,322		15,984	
	Decrease/(increase) in stocks	2,664		(6,987)	
	Decrease/(increase) in debtors	95,738		(101,499)	
	(Decrease)/Increase in creditors within one year	(217,730)		122,183	
	Net cash inflow from operating activities	9,111		370,808	
2	Analysis of net funds	1 October 2005	Cash flow	Other non-cash changes	30 September 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	123,582	(97,849)	-	25,733
	Bank deposits	-	-	-	-
	Net funds	123,582	(97,849)	-	25,733
3	Reconciliation of net cash flow to movement in net funds	2006		2005	
		£		£	
	(Decrease)/increase in cash in the year	(97,849)		239,427	
	Movement in net funds in the year	(97,849)		239,427	
	Opening net funds/(debt)	123,582		(115,845)	
	Closing net funds	25,733		123,582	

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006

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

Land and buildings Leasehold	20% straight line
Fixtures, fittings & equipment	25% - 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 company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

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

	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of tangible assets	14,322	15,984
Operating lease rentals	45,236	43,776
Auditors' remuneration	12,000	12,000

3 Investment income

	2006 £	2005 £
Bank interest	-	30
Other interest	85	-

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

4	Interest payable	2006	2005
		£	£
	On bank loans and overdrafts	-	678
	Other interest	-	95
		<u>-</u>	<u>773</u>
		<u><u>-</u></u>	<u><u>773</u></u>
 5	 Taxation	 2006	 2005
		£	£
	Domestic current year tax		
	U K corporation tax	34,438	104,311
	Adjustment for prior years	490	-
		<u>34,928</u>	<u>104,311</u>
	Current tax charge	<u><u>34,928</u></u>	<u><u>104,311</u></u>
	 Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	114,202	340,384
		<u>114,202</u>	<u>340,384</u>
	 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	 34,261	 102,115
		<u>34,261</u>	<u>102,115</u>
	Effects of		
	Non deductible expenses	1,960	1,052
	Depreciation add back	4,297	4,794
	Capital allowances	(2,672)	(3,651)
	Adjustments to previous periods	490	1
	Other tax adjustments	(3,408)	-
		<u>667</u>	<u>2,196</u>
		<u><u>34,928</u></u>	<u><u>104,311</u></u>
	Current tax charge	<u><u>34,928</u></u>	<u><u>104,311</u></u>

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

6 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 October 2005	11,188	51,296	7,500	69,984
Additions	-	2,914	-	2,914
Disposals	-	(669)	-	(669)
At 30 September 2006	11,188	53,541	7,500	72,229
Depreciation				
At 1 October 2005	4,102	32,324	5,314	41,740
Charge for the year	2,238	10,209	1,875	14,322
At 30 September 2006	6,340	42,533	7,189	56,062
Net book value				
At 30 September 2006	4,848	11,008	311	16,167
At 30 September 2005	7,085	18,972	2,187	28,244

7 Stocks	2006 £	2005 £
Raw materials and consumables	116,141	118,805

8 Debtors	2006 £	2005 £
Trade debtors	765,385	1,149,249
Amounts owed by parent and fellow subsidiary undertakings	283,191	-
Other debtors	-	121
Prepayments and accrued income	30,432	25,376
	1,079,008	1,174,746

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

9 Creditors amounts falling due within one year	2006 £	2005 £
Trade creditors	219,188	167,045
Amounts owed to parent and fellow subsidiary undertakings	-	242,853
Corporation tax	34,438	104,310
Other taxes and social security costs	95,952	83,154
Other creditors	85,080	117,145
Accruals and deferred income	65,695	73,448
	<u>500,353</u>	<u>787,955</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, Industry Development Services Limited and CHN Special Projects Limited

10 Pension costs

Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	<u>46,399</u>	<u>38,351</u>

11 Share capital

	2006 £	2005 £
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 ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2005	656,922
Profit for the year	79,274
Balance at 30 September 2006	736,196

13 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	79,274	236,073
Opening shareholders' funds	657,422	421,349
Closing shareholders' funds	736,696	657,422

14 Financial commitments

At 30 September 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2007

	Land and buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Operating leases which expire				
Within one year	-	13,160	62,313	61,852
Between two and five years	28,791	28,791	161,238	199,414
	28,791	41,951	223,551	261,266

15 Directors' emoluments

	2006 £	2005 £
Emoluments for qualifying services	62,410	71,594
Company pension contributions to money purchase schemes	14,911	9,588
	77,321	81,182

CHN GAS SERVICE AND MAINTENANCE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

2006 Number	2005 Number
105	114

Employment costs

	2006 £	2005 £
Wages and salaries	2,246,868	2,646,432
Social security costs	240,622	273,979
Other pension costs	46,399	38,351
	2,533,889	2,958,762