

Company Registration No. 3810087 (England and Wales)

INDUSTRY DEVELOPMENT SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004



INDUSTRY DEVELOPMENT SERVICES LIMITED

COMPANY INFORMATION

Directors

Mr I L Cole
Mr R M Hopkins
Mr R G Nicholls
Mrs V A Graham
Mr A Dudley

Secretary

Mr A Dudley

Company number

3810087

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

INDUSTRY DEVELOPMENT SERVICES LIMITED

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INDUSTRY DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2004

The directors present their report and financial statements for the year ended 30 September 2004.

Principal activities

The principal activity of the company continued to be that of gas training and consultancy.

Directors

The following directors have held office since 1 October 2003:

Mr I L Cole
Mr R M Hopkins
Mr R G Nicholls
Mrs V A Graham
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 2004	1 October 2003
Mr I L Cole	-	-
Mr R M Hopkins	-	-
Mr R G Nicholls	-	-
Mrs V A Graham	-	-
Mr A Dudley	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that AGS be reappointed as auditors of the company will be put to the Annual General Meeting.

INDUSTRY DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

Directors' responsibilities

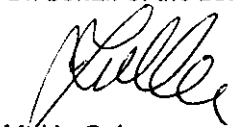
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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
12 April 2005

INDUSTRY DEVELOPMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INDUSTRY DEVELOPMENT SERVICES LIMITED

We have audited the financial statements of Industry Development Services Limited on pages 4 to 11 for the year ended 30 September 2004. 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.

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AGS 
Registered Auditor

12 April 2005
2nd Floor 31 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

INDUSTRY DEVELOPMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Notes	2004 £	2003 £
Turnover		389,362	383,136
Cost of sales		(193,321)	(196,132)
Gross profit		196,041	187,004
Administrative expenses		(298,918)	(184,862)
Other operating income		103,293	-
Operating profit	2	416	2,142
Interest payable and similar charges		(51)	(446)
Profit on ordinary activities before taxation		365	1,696
Tax on profit on ordinary activities	3	4,121	(8,246)
Profit/(loss) on ordinary activities after taxation		4,486	(6,550)
Dividends		-	(50,000)
Retained profit/(loss) for the year	10	4,486	(56,550)

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.

INDUSTRY DEVELOPMENT SERVICES LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	4		227,923		50,285
Current assets					
Stocks		1,585		737	
Debtors	5	125,365		27,186	
Cash at bank and in hand		145		734	
		<u>127,095</u>		<u>28,657</u>	
Creditors: amounts falling due within one year	6	<u>(150,400)</u>		<u>(41,064)</u>	
Net current liabilities			<u>(23,305)</u>		<u>(12,407)</u>
Total assets less current liabilities			<u>204,618</u>		<u>37,878</u>
Provisions for liabilities and charges			-		(4,121)
Accruals and deferred income	7		<u>(166,375)</u>		-
			<u>38,243</u>		<u>33,757</u>
Capital and reserves					
Called up share capital	9		500		500
Profit and loss account	10		<u>37,743</u>		<u>33,257</u>
Shareholders' funds - equity interests	11		<u>38,243</u>		<u>33,757</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 12 April 2005


Mr R M Hopkins
Director


Mr R G Nicholls
Director

INDUSTRY DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

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	Over period of Lease
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance

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.

1.8 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

INDUSTRY DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

2	Operating profit	2004	2003
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	18,418	30,291
	Operating lease rentals		
	- Plant and machinery	1,859	-
	- Other assets	66,327	35,706
	Auditors' remuneration	1,200	800
	Directors' emoluments	36,661	24,894
	and after crediting:		
	Government grants	103,293	-
3	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	-	4,125
	Current tax charge	-	4,125
	Deferred tax charge/credit current year	(4,121)	4,121
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	365	1,696
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2003: 19.00%)	-	322
	Effects of:		
	Non deductible expenses	-	600
	Depreciation add back	-	5,755
	Capital allowances	-	(2,552)
		-	3,803
	Current tax charge	-	4,125

The company has estimated losses of £ 75,132 (2003: £ nil) available for carry forward against future trading profits.

INDUSTRY DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 October 2003	58,311
Additions	196,056
	<hr/>
At 30 September 2004	254,367
	<hr/>
Depreciation	
At 1 October 2003	8,026
Charge for the year	18,418
	<hr/>
At 30 September 2004	26,444
	<hr/>
Net book value	
At 30 September 2004	227,923
	<hr/>
At 30 September 2003	50,285
	<hr/>

5 Debtors

	2004 £	2003 £
Trade debtors	58,960	18,891
Amount owed by parent company	-	5,868
Other debtors	66,405	2,427
	<hr/>	<hr/>
	125,365	27,186
	<hr/>	<hr/>

INDUSTRY DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

6	Creditors: amounts falling due within one year	2004 £	2003 £
	Bank loans and overdrafts	1,544	4,093
	Trade creditors	30,577	27,879
	Amount owed to parent company	110,740	-
	Taxation and social security	4,162	5,890
	Other creditors	3,377	3,202
		<u>150,400</u>	<u>41,064</u>

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

7 Accruals and deferred income

	Government grants £
Grants received during the year	166,375
Balance at 30 September 2004	<u>166,375</u>

8 Pension costs

Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	<u>1,402</u>	<u>1,133</u>

INDUSTRY DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

9	Share capital	2004	2003
		£	£
	Authorised		
	100,000 ordinary shares of £1 each	100,000	100,000
	Allotted, called up and fully paid		
	500 ordinary shares of £1 each	500	500
10	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 October 2003		33,257
	Retained profit for the year		4,486
	Balance at 30 September 2004		37,743
11	Reconciliation of movements in shareholders' funds	2004	2003
		£	£
	Profit/(Loss) for the financial year	4,486	(6,550)
	Dividends	-	(50,000)
	Net addition to/(depletion in) shareholders' funds	4,486	(56,550)
	Opening shareholders' funds	33,757	90,307
	Closing shareholders' funds	38,243	33,757

INDUSTRY DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

12 Financial commitments

At 30 September 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within one year	50,000	50,000	1,390	942
Between two and five years	250,000	200,000	-	-
	<u>300,000</u>	<u>250,000</u>	<u>1,390</u>	<u>942</u>

13 Control

The ultimate parent company is CHN Group Limited, a company registered in England and Wales. They prepare group financial statements and copies can be obtained from CHN House, Straits Road, Lower Gornal, Dudley, DY3 2UY.

14 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 M Hopkins, Mr R G Nicholls and Mr A Dudley are directors of CHN Group Limited, CHN Contractors Limited, CHN Gas Service and Maintenance Limited, CHN Northern Limited, CHN Special Projects Limited and CHN Electrical Services Limited.

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

Sales

	2004	2003
	£	£
CHN Group Limited	170	300
CHN Contractors Limited	41,728	5,998
CHN Gas Service and Maintenance Limited	44,229	40,147
CHN Special Projects Limited	907	-

Purchases

	2004	2003
	£	£
CHN Contractors Limited	10,477	-
CHN Gas Service and Maintenance Limited	16,246	-
CHN Special Projects Limited	-	29
CHN Electrical Limited	11,700	83