

Company Registration No. 2980221 (England and Wales)

CHN ELECTRICAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2002



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)
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

CHN ELECTRICAL SERVICES LIMITED

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CHN ELECTRICAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

The directors present their report and financial statements for the period ended 30 September 2002.

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 2001:

Mr I L Cole	
Mr R G Nicholls	
Mr R M Hopkins	
Mr A Dudley	(Appointed 1 November 2002)
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	
	30 September 2002	1 April 2001
Mr R G Nicholls	240	240
Mr I L Cole	480	240
Mr R M Hopkins	240	240

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, Aston Gilbert & Squire, will be deemed to be reappointed for each succeeding financial year.

Directors' responsibilities

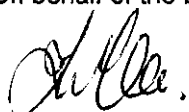
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 2003

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 3 to 8 for the period ended 30 September 2002. 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 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. 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 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Aston Gilbert & Squire

Aston Gilbert & Squire

26 March 2003

Accountants
Registered Auditor

31 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

CHN ELECTRICAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

	Notes	Period ended 30 September 2002 £	31 March 2001 £
Turnover		2,337,108	1,051,273
Cost of sales		(2,292,744)	(846,162)
Gross profit		44,364	205,111
Administrative expenses		(237,175)	(206,041)
Operating loss	2	(192,811)	(930)
Interest payable and similar charges		(921)	(44)
Loss on ordinary activities before taxation		(193,732)	(974)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	9	(193,732)	(974)

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 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4		-		298
Current assets					
Stocks		34,000		270,355	
Debtors	5	183,062		291,432	
		<u>217,062</u>		<u>561,787</u>	
Creditors: amounts falling due within one year	6	<u>(501,181)</u>		<u>(652,473)</u>	
Net current liabilities			(284,119)		(90,686)
Total assets less current liabilities			<u>(284,119)</u>		<u>(90,388)</u>
Capital and reserves					
Called up share capital	8		1,000		1,000
Profit and loss account	9		(285,119)		(91,388)
Shareholders' funds - equity interests	10		<u>(284,119)</u>		<u>(90,388)</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 2003


Mr R G Nicholls
Director


Mr R M Hopkins
Director

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2002

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.

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 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 period 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 loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	298	1,901
Operating lease rentals		
- Plant and machinery	12,538	5,921
- Other assets	10,083	3,361
Auditors' remuneration	6,800	6,725
Directors' emoluments	6,017	26,640
	<u> </u>	<u> </u>

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

3 Taxation

Current tax charge

-

Factors affecting the tax charge for the period

Loss on ordinary activities before taxation

(193,732)

(974)

Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2001 : 0.00%)
Effects of:

-

Current tax charge

-

The company has estimated losses of £ 193,732 (2001 : £ 974) available for carry forward against future trading profits.

4 Tangible fixed assets

Plant and
machinery
etc
£

Cost

At 1 April 2001 & at 30 September 2002

7,785

Depreciation

At 1 April 2001

7,487

Charge for the period

298

At 30 September 2002

7,785

Net book value

At 30 September 2002

-

At 31 March 2001

298

5 Debtors

2002

2001

£

£

Trade debtors

181,036

100,876

Other debtors

2,026

190,556

183,062

291,432

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

6	Creditors: amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	44,513	38,225
	Trade creditors	110,493	136,177
	Taxation and social security	40,530	61,961
	Other creditors	305,645	416,110
		<u>501,181</u>	<u>652,473</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

	2002 £	2001 £
Contributions payable by the company for the period	<u>2,821</u>	<u>1,550</u>

8	Share capital	2002 £	2001 £
	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>

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2001	(91,387)
Retained loss for the period	<u>(193,732)</u>
Balance at 30 September 2002	<u>(285,119)</u>

CHN ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

10 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial period	(193,732)	(974)
Opening shareholders' funds	(90,388)	(89,414)
Closing shareholders' funds	<u>(284,119)</u>	<u>(90,388)</u>

11 Financial commitments

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Expiry date:		
Between two and five years	<u>5,168</u>	<u>9,282</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 and Mr R M Hopkins are directors of Industry Development Services Limited, CHN Contractors Limited, CHN Gas Service and Maintenance Limited, CHN Special Projects Limited and are Partners in CHN Heating and Plumbing Services.

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

	Sales £
CHN Contractors Limited	1,050,987
CHN Gas Services and Maintenance Limited	4,635
CHN Special Projects Limited	1,050
Industry Development Services Limited	1,824
CHN Heating and Plumbing	1,564