

**2007 FOR PROFIT CORPORATION ANNUAL REPORT**

**FILED**  
**Feb 02, 2007 8:00 am**  
**Secretary of State**

02-02-2007 90005 003 \*\*\*150.00

**40008584**



01082007 No Chg-P CR2E034 (11/05)

**DOCUMENT # F02000005738**  
 1. Entity Name  
 NEW SOUTH ELECTRICAL CONSTRUCTORS, INC.



Principal Place of Business: 837 SOUTH MAIN STREET, TROUTMAN, NC 28166  
 Mailing Address: P.O. BOX 1050, TROUTMAN, NC 28166

**DO NOT WRITE IN THIS SPACE**

4. FEI Number: 56-1471460 Applied For: Not Applicable  
 5. Certificate of Status Desired:  \$8.75 Additional Fee Required

6. Name and Address of Current Registered Agent  
 KNOX, J. CRAIG ESQ  
 1558 VILLAGE SQUARE BLVD.  
 TALLAHASSEE, FL 32309

**DO NOT WRITE IN THIS SPACE**

8. The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida. I am familiar with, and accept the obligations of registered agent.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
Signature, type or printed name of registered agent and title if applicable. (NOTE: Registered Agent signature required when reinstating)

**FILE NOW!!! FEE IS \$150.00 After May 1, 2007 Fee will be \$550.00**  
 9. Election Campaign Financing Trust Fund Contribution.  **\$5.00** May Be Added to Fees

10. OFFICERS AND DIRECTORS

TITLE	CP
NAME	SHERRILL, CLINTON LYNN
STREET ADDRESS	837 SOUTH MAIN STREET
CITY-ST-ZIP	TROUTMAN, NC 28166
TITLE	V
NAME	STUTTS, RICHARD A
STREET ADDRESS	837 SOUTH MAIN STREET
CITY-ST-ZIP	TROUTMAN, NC 28166
TITLE	S
NAME	MORRISON, B.L. JR.
STREET ADDRESS	837 SOUTH MAIN STREET
CITY-ST-ZIP	TROUTMAN, NC 28166
TITLE	T
NAME	MCDOWELL, LOIS
STREET ADDRESS	837 SOUTH MAIN STREET
CITY-ST-ZIP	TROUTMAN, NC 28166
TITLE	
NAME	
STREET ADDRESS	
CITY-ST-ZIP	
TITLE	
NAME	
STREET ADDRESS	
CITY-ST-ZIP	

**DO NOT WRITE IN THIS SPACE**

12. I hereby certify that the information supplied with this filing does not qualify for the exemptions contained in Chapter 119, Florida Statutes. I further certify that the information indicated on this report or supplemental report is true and accurate and that my signature shall have the same legal effect as if made under oath; that I am an officer or director of the corporation or the receiver or trustee empowered to execute this report as required by Chapter 607, Florida Statutes; and that my name appears in Block 10 or Block 11 if changed, or on an attachment with an address, with all other like empowered.

SIGNATURE: *[Signature]* 1-30-2007 764-528-5347  
SIGNATURE AND TYPED OR PRINTED NAME OF SIGNING OFFICER OR DIRECTOR Date Daytime Phone #

Form **1120S**

40008584

**ATTACHMENT**

#F02000005738

OMB No. 1545-0130

**U.S. Income Tax Return for an S Corporation**

Do not file this form unless the corporation has filed Form 2553

to elect to be an S corporation.

See separate instructions.

**2005**

Department of the Treasury  
Internal Revenue Service

For calendar year 2005, or tax year beginning **10/01/05** ending **9/30/06**

<b>A</b> Effective date of S election <b>10/01/04</b>	Use the IRS label. Otherwise, print or type.	Name <b>NEW SOUTH ELECTRICAL CONSTRUCTORS</b>	<b>C</b> Employer identification number <b>56-1471460</b>
<b>B</b> Business code number (see instructions) <b>238210</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>P.O. BOX 1050</b>	<b>D</b> Date incorporated <b>6/20/1985</b>
		City or town, state, and ZIP code <b>TROUTMAN NC 28166</b>	<b>E</b> Total assets (see instructions) <b>\$ 2,245,174</b>

**F** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return

**G** Enter number of shareholders in the corporation at end of the tax year **1**

**Caution:** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	<b>1a</b> Gross rpt. or sales <b>5,836,256</b>	<b>b</b> Less rtn. and allowances	<b>c</b> Bal	<b>1c</b>	<b>5,836,256</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8)			<b>2</b>	<b>5,013,832</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>	<b>822,424</b>
	<b>4</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>4</b>	<b>-1,250</b>
	<b>5</b> Other income (loss) (attach statement) <b>See Stmt 1</b>			<b>5</b>	<b>1,387</b>
	<b>6</b> Total income (loss). Add lines 3 through 5			<b>6</b>	<b>822,561</b>
Deductions (see the instructions for limitations)	<b>7</b> Compensation of officers			<b>7</b>	<b>356,550</b>
	<b>8</b> Salaries and wages (less employment credits)			<b>8</b>	<b>121,396</b>
	<b>9</b> Repairs and maintenance			<b>9</b>	
	<b>10</b> Bad debts			<b>10</b>	<b>7,593</b>
	<b>11</b> Rents			<b>11</b>	<b>62,815</b>
	<b>12</b> Taxes and licenses			<b>12</b>	<b>52,425</b>
	<b>13</b> Interest			<b>13</b>	<b>43,760</b>
	<b>14a</b> Depreciation (attach Form 4562)	<b>14a</b>	<b>29,299</b>		
	<b>b</b> Depreciation claimed on Schedule A and elsewhere on return	<b>14b</b>	<b>24,100</b>		
	<b>c</b> Subtract line 14b from line 14a			<b>14c</b>	<b>5,199</b>
	<b>15</b> Depletion (Do not deduct oil and gas depletion.)			<b>15</b>	
	<b>16</b> Advertising			<b>16</b>	<b>988</b>
	<b>17</b> Pension, profit-sharing, etc., plans			<b>17</b>	
	<b>18</b> Employee benefit programs			<b>18</b>	
	<b>19</b> Other deductions (attach statement) <b>See Stmt 2</b>			<b>19</b>	<b>146,017</b>
<b>20</b> Total deductions. Add the amounts shown in the far right column for lines 7 through 19			<b>20</b>	<b>796,743</b>	
<b>21</b> Ordinary business income (loss). Subtract line 20 from line 6			<b>21</b>	<b>25,818</b>	
Tax and Payments	<b>22</b> Tax: <b>a</b> Excess net passive income tax (attach statement)	<b>22a</b>			
	<b>b</b> Tax from Schedule D (Form 1120S)	<b>22b</b>			
	<b>c</b> Add lines 22a and 22b (see the instructions for additional taxes)			<b>22c</b>	
	<b>23</b> Payments: <b>a</b> 2005 estimated tax payments and amount applied from 2004 return	<b>23a</b>			
	<b>b</b> Tax deposited with Form 7004	<b>23b</b>			
	<b>c</b> Credit for Federal tax paid on fuels (attach Form 4136)	<b>23c</b>			
	<b>d</b> Add lines 23a through 23c			<b>23d</b>	
	<b>24</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			<b>24</b>	
	<b>25</b> Tax due. If line 23d is smaller than the total of lines 22c and 24, enter amount owed.			<b>25</b>	
	<b>26</b> Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			<b>26</b>	
<b>27</b> Enter amount of line 26 you want: Credited to 2006 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			<b>27</b>		

**Sign Here** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: C. Lynn Sherrill Date: 1-30-2007

May the IRS discuss this return with the preparer shown below (see instr.)?  Yes  No

Title: PRESIDENT

<b>Paid</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
<b>Preparer's Use Only</b>	Firm's name (or yours if self-employed), address, and ZIP code			
	<b>Coffey, Lovins &amp; Company, PLLC</b>	<b>1/08/07</b>		<b>237-60-0890</b>
	<b>113 North Center Street</b>			<b>EIN 56-1929162</b>
	<b>Statesville, NC 28677</b>			<b>Phone no. 704-871-1477</b>

40008584

ATTACHMENT

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	128,915
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	24,100
5	Other costs (attach statement)	5	5,189,785
6	Total. Add lines 1 through 5	6	5,342,800
7	Inventory at end of year	7	328,968
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	5,013,832

9a Check all methods used for valuing closing inventory: (i)  Cost as described in Regulations section 1.471-3  
 (ii)  Lower of cost or market as described in Regulations section 1.471-4  
 (iii)  Other (specify method used and attach explanation)   
 b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)   
 c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)   
 d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO   
 e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation?   
 f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

**Schedule B Other Information** (see instructions)

1	Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) 2 See the instructions and enter the: (a) Business activity <b>ELECTRICAL CONTRAC</b> (b) Product or service <b>ELECTRICAL WORK</b> 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name, address, and employer identification number and (b) percentage owned 4 Was the corporation a member of a controlled group subject to the provisions of section 1561? 5 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? 6 Check this box if the corporation issued publicly offered debt instruments with original issue discount If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. 7 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years 8 Check this box if the corporation had accumulated earnings and profits at the close of the tax year 9 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.	Yes	No
			X
			X
			X
			X

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

**Schedule K Shareholders' Shares of Income, Deductions, Credits, etc.**

Shareholders' Pro Rata Share Items		Total amount	
1	Ordinary business income (loss) (page 1, line 21)	1	25,818
2	Net rental real estate income (loss) (attach Form 8825)	2	
3a	Other gross rental income (loss)	3a	
b	Expenses from other rental activities (attach statement)	3b	
c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
4	Interest income	4	5,317
5	Dividends: a Ordinary dividends	5a	259
b	Qualified dividends	5b	259
6	Royalties	6	
7	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
8a	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
b	Collectibles (28%) gain (loss)	8b	
c	Unrecaptured section 1250 gain (attach statement)	8c	
9	Net section 1231 gain (loss) (attach Form 4797)	9	
10	Other income (loss) (see instructions) Type	10	

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# ATTACHMENT

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	25,818
	12a	Contributions <span style="float:right">Stmt 5</span>	12a	1,450
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
	d	Other deductions (see instructions) Type ▶	12d	
Credits & Credit Recapture	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type ▶	13d	
	e	Other rental credits (see instructions) Type ▶	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits and credit recapture (see instructions) Type ▶	13g	
Foreign Transactions	14a	Name of country or U.S. possession ▶		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level	14c	
		Foreign gross income sourced at corporate level:		
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation	14f	
		Deductions allocated and apportioned at shareholder level:		
	g	Interest expense	14g	
	h	Other	14h	
		Deductions allocated and apportioned at corporate level to foreign source income:		
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation	14k	
	Other information:			
l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l		
m	Reduction in taxes available for credit (attach statement)	14m		
n	Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	-2,230
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties-gross income	15d	
	e	Oil, gas, and geothermal properties-deductions	15e	
	f	Other AMT items (attach statement) <span style="float:right">Stmt 6</span>	15f	-199,636
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	5,576
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement) <span style="float:right">See Stmt 7</span>		
	e	Income/loss reconciliation. (Required only if Schedule M-1 must be completed.) Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	17e	4,126

40008584

# ATTACHMENT

56-1471460 #F0200005738

Form 1120S (2005) **NEW SOUTH ELECTRICAL CONSTRUCTORS**  
 Note: The corporation is not required to complete Schedules L and M-1 if question 9 of Schedule B is answered "Yes."

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash		112,182		241,271
2a	Trade notes and accounts receivable	939,438		781,855	
b	Less allowance for bad debts		939,438		781,855
3	Inventories		128,915		328,968
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets Stmt 8		341,378		436,404
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments Stmt 9		18,853		21,603
10a	Buildings and other depreciable assets	809,364		835,587	
b	Less accumulated depreciation	346,281	463,083	400,514	435,073
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets				
15	<b>Total assets</b>		<b>2,003,849</b>		<b>2,245,174</b>
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable		238,737		604,915
17	Mortgages, notes, bonds payable in less than 1 year		484,180		533,667
18	Other current liabilities Stmt 10		46,848		117,334
19	Loans from shareholders		75,609		102,677
20	Mortgages, notes, bonds payable in 1 year or more		86,184		42,704
21	Other liabilities Stmt 11		6,897		8,347
22	Capital stock		600		600
23	Additional paid-in capital				
24	Retained earnings		1,097,006		867,142
25	Adjustments to shareholders' equity (attach statement)		32,212		32,212
26	Less cost of treasury stock		( )		( )
27	<b>Total liabilities and shareholders' equity</b>		<b>2,003,849</b>		<b>2,245,174</b>

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return					
1	Net income (loss) per books	-232,609	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): Stmt 12	494	a	Tax-exempt interest \$ Stmt 14	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12, and 14i, not charged against book income this year (itemize):	
a	Depreciation \$ 1,814		a	Depreciation \$ Stmt 15	10
b	Travel and entertainment \$ Stmt 13	234,437			
		236,251	7	Add lines 5 and 6	10
4	Add lines 1 through 3	4,136	8	Income (loss) (Schedule K, line 17e). Line 4 less line 7	4,126

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	233,672	351,617
2	Ordinary income from page 1, line 21	25,818	
3	Other additions Stmt 16	18,614	
4	Loss from page 1, line 21	( )	
5	Other reductions Stmt 17	72,357	
6	Combine lines 1 through 5	205,747	351,617
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	205,747	351,617

4000 8584 **ATTACHMENT** # F02000005737  
**Application for Automatic 6-Month Extension of Time To File  
 Certain Business Income Tax, Information, and Other Returns**

Form **7004**

(Rev. December 2005)  
 Department of the Treasury  
 Internal Revenue Service

OMB No. 1545-0233

► File a separate application for each return.

**Type or  
Print**

Name <b>NEW SOUTH ELECTRICAL CONSTRUCTORS</b>	Taxpayer identification number <b>56-1471460</b>
--	---

File by the due date for the return for which an extension is requested. See instructions.

Number, street, and room or suite no. If P.O. box, see instructions. <b>P.O. BOX 1050</b>
City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). <b>TROUTMAN NC 28166</b>

**Caution: Carefully complete all items. Incorrect information may cause delay or rejection.**

- 1 Enter only one code for type of return form that this automatic 6-month extension is for (see below) 25
- 2 If the foreign corporation does not have an office or place of business in the United States, check here ►
- 3 If the organization qualifies under Regulations section 1.6081-5 (see instructions), check here ►
- 4a For calendar year 20 05, or other tax year beginning 10/01/05, and ending 9/30/06.
- b **Short tax year.** If this tax year is less than 12 months, check the reason:  
 Initial return     Final return     Change in accounting period     Consolidated return to be filed
- 5 If the organization is a corporation and is the common parent of a group that intends to file consolidated, check here ►   
 Also, you must attach a schedule, listing the name, address, and EIN for each member covered by this extension.

6 Tentative total tax (see instructions)	6	0
7 Total payments and credits (see instructions)	7	0
8 <b>Balance due.</b> Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions)	8	0

Extension Is For:	Form Code	Extension Is For:	Form Code
Form 706-GS(D)	01	Form 1120-L	18
Form 706-GS(T)	02	Form 1120-ND	19
Form 990-C	03	Form 1120-ND (section 4951 taxes)	20
Form 1041 (estate)	04	Form 1120-PC	21
Form 1041 (trust)	05	Form 1120-POL	22
Form 1041-N	06	Form 1120-REIT	23
Form 1041-QFT	07	Form 1120-RIC	24
Form 1042	08	Form 1120-S	25
Form 1065	09	Form 1120-SF	26
Form 1065-B	10	Form 3520-A	27
Form 1066	11	Form 8612	28
Form 1120	12	Form 8613	29
Form 1120 (subchapter T cooperative)	13	Form 8725	30
Form 1120-A	14	Form 8804	31
Form 1120-F	15	Form 8831	32
Form 1120-FSC	16	Form 8876	33
Form 1120-H	17		

For Paperwork Reduction Act Notice, see instructions.

Form **7004** (Rev. 12-2005)

**COFFEY, LOVING & COMPANY, PLLC**  
 55-1020132  
 P.O. Box 1747, Statesville, NC 28687-1747

*Willis Coffey*

# ATTACHMENT

671105

OMB No. 1545-0130

**Schedule K-1  
(Form 1120S)**

Department of the Treasury  
Internal Revenue Service

40008584  
# F0200000 5738 **2005**  
For calendar year 2005, or tax  
year beginning 10/01/05  
ending 9/30/06

Final K-1  Amended K-1

**Shareholder's Share of Income, Deductions, Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Corporation**

A Corporation's employer identification number  
**56-1471460**

B Corporation's name, address, city, state, and ZIP code  
**NEW SOUTH ELECTRICAL CONSTRUCTORS**  
**P.O. BOX 1050**  
**TROUTMAN NC 28166**

C IRS Center where corporation filed return  
**Cincinnati, OH 45999**

D  Tax shelter registration number, if any \_\_\_\_\_

E  Check if Form 8271 is attached

**Part II Information About the Shareholder**

F Shareholder's identifying number  
**238-90-1912**

G Shareholder's name, address, city, state and ZIP code  
**LYNN SHERRILL**  
**700 BRAWLEY ROAD**  
**CLEVELAND NC 27013**

H Shareholder's percentage of stock ownership for tax year 100.000000 %



For IRS Use Only

**Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Ordinary business income (loss) <b>25,818</b>	13	Credits & credit recapture
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income <b>5,317</b>		
5a	Ordinary dividends <b>259</b>		
5b	Qualified dividends <b>259</b>	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15 <b>A</b>	Alternative minimum tax (AMT) items <b>-2,230</b>
		<b>F*</b>	<b>-199,636</b>
11	Section 179 deduction <b>25,818</b>	16	Items affecting shareholder basis
12 <b>A</b>	Other deductions <b>1,450</b>		
		17 <b>A</b>	Other information <b>5,576</b>
		<b>E*</b>	<b>STMT</b>

\* See attached statement for additional information.

# ATTACHMENT

40008584

Form **4562**  
(Rev. January 2006)

## Depreciation and Amortization #F02000005738

(Including Information on Listed Property)

OMB No. 1545-0172

2005

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment  
Sequence No. **67**

Name(s) shown on return <b>NEW SOUTH ELECTRICAL CONSTRUCTORS</b>	Identifying number <b>56-1471460</b>
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Business or activity to which this form relates

### Regular Depreciation

**Part I Election To Expense Certain Property Under Section 179**  
 Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	105,000
2 Total cost of section 179 property placed in service (see instructions)	2	27,213
3 Threshold cost of section 179 property before reduction in limitation	3	420,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instr.	5	105,000

(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6 See Statement 18	27,213	27,213	
7 Listed property. Enter the amount from line 29			7
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7			8
9 Tentative deduction. Enter the smaller of line 5 or line 8			9
10 Carryover of disallowed deduction from line 13 of your 2004 Form 4562			10
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)			11
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11			12
13 Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12			13
		1,395	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2005	17	27,484
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

**Section B-Assets Placed in Service During 2005 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property	1/12/06	2,200	39 yrs.	MM	S/L	40
				MM	S/L	

**Section C-Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary** (see instructions)

21 Listed property. Enter amount from line 28	21	1,775
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	29,299
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	



Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable. # F6200005738

Section A-Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No
(a) Type of property (list vehicles first) (b) Date placed in service (c) Business/investment use percentage (d) Cost or other basis (e) Basis for depreciation (business/investment use only) (f) Recovery period (g) Method/Convention (h) Depreciation deduction (i) Elected section 179 cost
25 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25
26 Property used more than 50% in a qualified business use:
97 CHEVY EXT CAB VIN 7652
9/30/96 100.00% 30,141 30,141 5.0 200DBHY 1,775
27 Property used 50% or less in a qualified business use:
S/L-
S/L-
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28 1,775
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29

Section B-Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)
31 Total commuting miles driven during the year
32 Total other personal (noncommuting) miles driven
33 Total miles driven during the year. Add lines 30 through 32
34 Was the vehicle available for personal use during off-duty hours?
35 Was the vehicle used primarily by a more than 5% owner or related person?
36 Is another vehicle available for personal use?

Section C-Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners
39 Do you treat all use of vehicles by employees as personal use?
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs (b) Date amortization begins (c) Amortizable amount (d) Code section (e) Amortization period or percentage (f) Amortization for this year
42 Amortization of costs that begins during your 2005 tax year (see instructions):
43 Amortization of costs that began before your 2005 tax year 43 0
44 Total. Add amounts in column (f). See the instructions for where to report 44

# ATTACHMENT

4006 85 84

Form **4797**

## Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

#F02000005738

OMB No. 1545-0184

**2005**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return. ▶ See separate instructions.

Attachment  
Sequence No. 27

Name(s) shown on return

Identifying number

**NEW SOUTH ELECTRICAL CONSTRUCTORS**

**56-1471460**

1 Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Most Property Held More Than 1 Year (see instructions)**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
3	Gain, if any, from Form 4684, line 42					3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37					4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5
6	Gain, if any, from line 32, from other than casualty or theft					6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: <b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. <b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.					7
8	Nonrecaptured net section 1231 losses from prior years (see instructions)					8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)					9

**Part II Ordinary Gains and Losses (see instructions)**

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

2 GENERATORS	(b)	(c)	(d)	(e)	(g)
	1/31/06	9/30/06		1,250	-1,250

11	Loss, if any, from line 7	11
12	Gain, if any, from line 7 or amount from line 8, if applicable	12
13	Gain, if any, from line 31	13
14	Net gain or (loss) from Form 4684, lines 34 and 41a	14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16
17	Combine lines 10 through 16	17
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:	
a	If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions	18a
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b

For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2005)

There are no amounts for Page 2

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# F02000005738

General Footnote

Description

RECONCILIATION OF TAX AAA TO BOOK RETAINED EARNINGS	
"C" CORPORATION RETAINED EARNINGS	503,024
OTHER ADJUSTMENTS ACCOUNT	351,617
AAA PER M-2	205,747
TAX DEPRECIATION > BOOK	
Y/E 9/30/05	81,599
Y/E 9/30/06	(1,816)
TAX GAIN > BOOK	
Y/E 9/30/06	(494)
PERCENT OF COMPLETION	
Y/E 9/30/05	(72,906)
Y/E 9/30/06	(199,636)
ROUNDING	7
	-----
	867,142

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**ATTACHMENT** 40008584

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Statement 1 - Form 1120S, Page 1, Line 5 - Other Income

<u>Description</u>	<u>Amount</u>
OTHER INCOME	\$ 1,271
INVENTORY SALES	
VENDOR DISCOUNTS	116
Total	<u>\$ 1,387</u>

Statement 2 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
EMPLOYEE BENEFITS	\$ 890
PROFESSIONAL FEES	35,403
TEMPORARY SERVICES	
OUTSIDE SERVICES	6,247
UTILITIES	4,339
TELEPHONE & PAGER	48,020
COMPUTER TELEPHONE LINES	2,382
COMPUTER SUPPLIES	1,811
OTHER SUPPLIES	10,054
SMALL TOOLS	1,634
BIDDING EXPENSES	241
DUES & SUBSCRIPTIONS	3,526
MISCELLANEOUS	127
DRUG TESTING	1,888
CABLE SERVICES	784
TRUCK & AUTO EXPENSES	9,480
TRAVEL	3,132
POSTAGE	1,754
CUSTOMER RELATIONS	14,305
Total	<u>\$ 146,017</u>

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Statement 3 - Form 1120S, Page 2, Schedule A, Line 4 - Additional 263A Costs

<u>Description</u>	<u>Amount</u>
Depreciation	\$ 24,100
Total	\$ 24,100

Statement 4 - Form 1120S, Page 2, Schedule A, Line 5 - Other Costs

<u>Description</u>	<u>Amount</u>
JOB COSTS	\$ 5,216,105
MEALS AND ENTERTAINMENT	-26,320
OFFICER LIFE INSURANCE	
Total	\$ 5,189,785

**Federal Statements**

**Statement 5 - Form 1120S, Page 3, Schedule K, Line 12a - Contributions**

Desc	Cash Contrib 100% (Qualified)	Cash Contrib 50%	Cash Contrib 30%	Noncash Contrib 50%	Noncash Contrib 30%	Cap Gain Prop 30%	Cap Gain Prop 20%	Total
Charitable Contributions	\$ 0	\$ 1,450	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,450
<b>Total</b>	<b>\$ 0</b>	<b>\$ 1,450</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,450</b>

ATTACHMENT

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**Statement 6 - Form 1120S, Page 3, Schedule K, Line 15f - Other AMT Items**

<u>Description</u>	<u>Amount</u>
LONG TERM CONTRACTS	\$ -199,636
Total	\$ -199,636

**Statement 7 - Form 1120S, Page 3, Schedule K, Line 17d - Other Items and Amounts**

<u>Description</u>	<u>Amount</u>
See Attached Section 179 Disposal Worksheet	

**Federal Statements**

**ATTACHMENT** 40008584

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**Statement 8 - Form 1120S, Page 4, Schedule L, Line 6 - Other Current Assets**

Description	Beginning of Year	End of Year
COSTS LESS BILLINGS ON JOBS	\$ 178,206	\$ 193,760
EMPLOYEE LOANS	24,928	23,672
PREPAID EXPENSES	4,195	1,813
CASH VALUE OF LIFE INSURANCE	28,505	34,581
STATE INCOME TAXES RECEIVABLE	52	52
MISCELLANEOUS AR	1,000	1,000
A/R - OLD SOUTH INVESTMENTS	75,367	157,836
DEPOSITS	29,125	23,690
<b>Total</b>	<b>\$ 341,378</b>	<b>\$ 436,404</b>

**Statement 9 - Form 1120S, Page 4, Schedule L, Line 9 - Other Investments**

Description	Beginning of Year	End of Year
<b>Total</b>	<b>\$ 18,853</b>	<b>\$ 21,603</b>
<b>Total</b>	<b>\$ 18,853</b>	<b>\$ 21,603</b>

**Statement 10 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities**

Description	Beginning of Year	End of Year
PAYROLL ACCRUALS AND W/H	\$ 35,082	\$ 62,932
BILLINGS OVER COSTS ON JOBS	11,766	54,278
INCOME TAXES		
DEFERRED INCOME TAXES		124
<b>Total</b>	<b>\$ 46,848</b>	<b>\$ 117,334</b>

**Statement 11 - Form 1120S, Page 4, Schedule L, Line 21 - Other Liabilities**

Description	Beginning of Year	End of Year
DEFERRED INCOME TAXES	\$	\$
ACCRUED DEFERRED COMPENSATION	6,897	8,347
<b>Total</b>	<b>\$ 6,897</b>	<b>\$ 8,347</b>

**Statement 12 - Form 1120S, Page 4, Schedule M-1, Line 2 - Taxable Income Not on Books**

Description	Amount
Form 4797 Book/Tax Diff	\$ 494
<b>Total</b>	<b>\$ 494</b>



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Statement 13 - Form 1120S, Page 4, Schedule M-1, Line 3 - Expense on Books Not on Return

Description	Amount
PENALTIES	\$ 428
MEALS & ENTERTAINMENT	26,320
LIFE INSURANCE EXPENSE	6,603
PERCENTAGE OF COMPLETION	199,636
DEFERRED COMPLETION	1,450
Total	\$ 234,437

Statement 14 - Form 1120S, Page 4, Schedule M-1, Line 5 - Income on Books Not on Return

Description	Amount
REVERSAL OF PY DEFERRED TAX	\$
Total	\$ 0

Statement 15 - Form 1120S, Page 4, Schedule M-1, Line 6 - Deductions on Return Not on Books

Description	Amount
Rounding Adjustment	\$ 10
Total	\$ 10

Statement 16 - Form 1120S, Page 4, Schedule M-2, Line 3(a) - Other Additions

Description	Amount
NONTAXABLE GAIN ON INVESTMENT	\$ 13,038
Interest Income	5,317
Dividend Income	259
Total	\$ 18,614

Statement 17 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

Description	Amount
PY NONTAXABLE GAIN	\$ 10,288
PENALTIES	428
MEALS & ENTERTAINMENT	26,320
LIFE INSURANCE EXPENSE	6,603
DEFERRED COMPLETION	1,450
Charitable Contributions	1,450
Sec 179 Expense	25,818
Total	\$ 72,357

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### Federal Statements

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#### Regular Depreciation

#### Statement 18 - Form 4562, Part I, Line 6 - Section 179 Property Acquired This Year

<u>Description of Property</u>	<u>Cost</u>	<u>Expense</u>
MOWING EQUIPMENT	\$ 500	\$ 500
CANON 2300 COPIER/FAX	2,428	2,428
ENGINE REBUILD - 99 GMAC TR ASSET#	4,468	4,468
CAT CONVERTER ASSEMBLY REBUILD - A	1,787	1,787
DIMENSION 3000 DESKTOP W/ SPEAKERS	784	784
SERVICE EQUIPMENT	1,830	1,830
SERVICE EQUIPMENT	4,879	4,879
SERVICE EQUIPMENT	4,919	4,919
SYMANTEC SOFTWARE	591	591
PRINTER	1,615	1,615
MAJOR REPAIRS - 99 GMAC TR ASSET #	3,412	3,412
Total	<u>\$ 27,213</u>	<u>\$ 27,213</u>

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Form 1120S, Page 1, Line 12 - Taxes and Licenses

<u>Description</u>	<u>Amount</u>
PAYROLL TAXES	\$ 38,793
PROPERTY TAXES	3,026
OTHER TAXES	4,494
PRIVILEGE LICENSES	2,458
STATE ELECTRICAL LICENSES	3,654
Total	<u>\$ 52,425</u>

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Form 1120S, Page 2, Schedule K, Line 4 - Interest Income

<u>Description</u>	<u>Amount</u>
Other Interest	\$ 5,317
Total	\$ <u>5,317</u>

Form 1120S, Page 2, Schedule K, Line 5a - Ordinary Dividends

<u>Description</u>	<u>Amount</u>
Dividend Income	\$ 259
Total	\$ <u>259</u>

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Form 1120S, Page 3, Schedule K, Line 17a - Investment Income

<u>Description</u>	<u>Amount</u>
Interest Income	\$ 5,317
Dividends	259
Total	<u>\$ 5,576</u>

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**Form 4562, Page 1, Line 11 - Business Income Limitation**

<u>Description</u>	<u>Amount</u>
Ordinary Income (Loss)	\$ 25,818
Business Income	<u>25,818</u>