

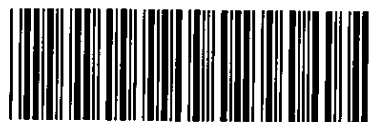
Company Registration No. 3896302

TASS (Europe) Limited

Report and Financial Statements

31 December 2006

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TASS (Europe) Limited

Report and financial statements 2006

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account	8
Balance sheet	9
Reconciliation of movements in equity shareholders' funds	10
Notes to the accounts	11

TASS (Europe) Limited

Report and financial statements 2006

Officers and professional advisers

Directors

B Spencer
R Phillips

Secretary

R Phillips

Registered office

Capital Tower
91 Waterloo Road
London
SE1 8RT

Bankers

Barclays Bank Plc
PO Box 25
Northampton
NN1 4YD

Solicitors

RFB
Wilberforce Court
High Street
HULL
HU1 1YJ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

TASS (Europe) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activity and business review

The company's principal activity during the year was the installation and testing of safety access and fall arrest equipment

As shown in the profit and loss account on page 8, the company's sales have decreased by 21.3% to £1.9m compared with the prior year. Over the same period, the company's profit before tax has increased by 52.2% to £0.6m

The company's balance sheet on page 9 shows an increase in cash of £0.6m and net assets of £0.4m. The company has no borrowings

The directors will be taking action during the current financial year to develop the profitability of the company and to maximise the benefits to the company within the constraints of prevailing market conditions

Proposed dividends and transfer to reserves

The directors do not recommend the payment of a final dividend (2005 - £nil). The profit for the year of £415,000 is transferred to reserves (2005 - £271,000)

Directors and their interests

The directors who served during the year and subsequently, except as noted, were as follows

P W Teasdale	(resigned 28 February 2007)
J R Foley	(resigned 20 July 2006)
W K Kendrick	(resigned 20 July 2006)
B Spencer	(appointed 20 July 2006)
R Phillips	(appointed 20 July 2006)

The directors in office at the period end held options over the following number of ordinary shares of 10 pence nominal value each in the ultimate parent undertaking, Interserve plc

Director	Options over shares of 10p each						
	31 December 2005*	Granted during year	Exercised during year	Lapsed during year	31 December 2006	Exercise price p	Period of exercise
B W Spencer	28,000	-	-	-	28,000	253.25	26/05/07 – 25/05/14
	5,295	-	-	-	5,295	566.50	19/03/05 – 18/03/12
	1,705	-	-	-	1,705	566.50	19/03/05 – 18/03/09
	34,787	-	-	-	34,787	359.30	14/03/08 – 13/03/15

* Or date of appointment

TASS (Europe) Limited

Directors' report

Directors and their interests (continued)

The directors in office at the period end had interests in the following number of ordinary shares of 10 pence nominal value each in the ultimate parent undertaking, Interserve plc, under the Interserve plc Performance Share Plan

Interserve Plc Performance Share Plan						
Director	31 December 2005*	Awarded during year	Vested during year	Lapsed during year	31 December 2006	Vesting date
B W Spencer	-	17,342	-	-	17,342	21-Jun-09

* Or date of appointment

The market price of Interserve Plc Shares at 31 December 2006 was 401p The highest and lowest market prices of ordinary shares during the financial year were 429p and 260p respectively

The interests of the other directors in office at the year end in the share capital of Interserve Plc are as follows

Number of ordinary shares of 5 pence each	
31 December 2006	31 December 2005

R Phillips

-

There are no other directors' interests requiring disclosure under the Companies Act 1985

Creditor payment policy

The company does not follow any code or standard on payment practice It agrees appropriate terms and conditions for its transactions with each supplier, these range from standard written terms to individually negotiated contracts Payments to suppliers should be made in accordance with those terms and conditions, provided that the supplier has met its obligations under those terms and conditions Trade creditors at 31 December 2006 represented 42 days of purchases (2005 48 days)

Employees

The company gives full consideration to applications for employment made by persons with reduced mobility, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event that an employee becomes disabled, every effort is made to ensure their continued employment and to arrange appropriate training It is the policy of the company that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability The company has continued its policy of regularly consulting and communicating with its employees through newsletters, briefing meetings and announcements on notice boards

Donations

Charitable donations amounted to £261 (2005 £165) There were no political donations in either year

TASS (Europe) Limited

Directors' report

Principal risks and uncertainties including financial risk management

The company's operations expose it to a variety of financial risks that include the effects of credit risk and liquidity risk. The directors actively manage these by monitoring levels of risk and the related costs.

The company has implemented credit control policies including carrying out appropriate credit checks on potential customers before sales are made and reviewing collection periods.

The company utilises group finance and hire purchase arrangements for capital expenditure that are designed to ensure the company has sufficient available funds for its operations and its required level of working capital.

Auditors

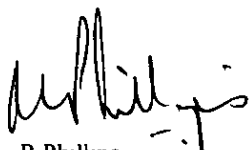
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

PricewaterhouseCoopers LLP resigned as auditors. Deloitte & Touche LLP were appointed auditors of the company and have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R Phillips
Secretary

8 May 2007

TASS (Europe) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

United Kingdom 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 as at the end of the financial year 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,
- state whether applicable accounting standards have been followed, and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the members of TASS (Europe) Limited

We have audited the financial statements of TASS (Europe) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders funds and the related notes 1 to 16. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report for the above year 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 International Standards on Auditing (UK and Ireland) 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.

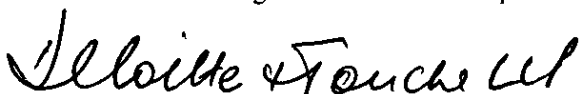
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of TASS (Europe) Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

8 May 2007

TASS (Europe) Limited

Profit and loss account Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Turnover	2	1,916	2,434
Cost of sales		(690)	(633)
Gross profit		1,226	1,801
Administrative expenses		(625)	(1,410)
Operating profit		601	391
Interest payable and similar charges		(9)	(2)
Profit on ordinary activities before taxation	3	592	389
Tax on profit on ordinary activities	6	(177)	(118)
Profit on ordinary activities after taxation transferred to reserves	12	415	271

All of the company's activities are classified as continuing

The above results are stated on an historical cost basis

There were no recognised gains and losses other than the profit for the year above and therefore no separate statement of recognised gains and losses has been presented

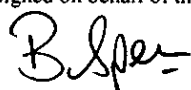
TASS (Europe) Limited

Balance sheet 31 December 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible fixed assets	7	115	171
Current assets			
Stocks – consumables		52	36
Debtors	8	501	435
Cash at bank and in hand		1,161	587
		1,714	1,058
Creditors – amounts falling due within one year	9	(666)	(428)
Net current assets		1,048	630
Total assets less current liabilities		1,163	801
Creditors – amounts falling due after more than one year	10	-	(53)
Net assets		1,163	748
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	1,163	748
Equity shareholders' funds		1,163	748

These financial statements were approved by the Board of Directors on 8 May 2007

Signed on behalf of the Board of Directors



B W Spencer

Director

TASS (Europe) Limited

Reconciliation of movements in equity shareholders' funds Year ended 31 December 2006

	2006 £'000	2005 £'000
Profit for the year	415	271
Net increase in equity shareholders' funds	415	271
Opening equity shareholders' funds	748	477
Closing equity shareholders' funds	1,163	748

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention, the Companies Act 1985 and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

The company is exempt from the requirements of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Interserve plc, and its cash flows are included within the consolidated cash flow statement of that company.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Tangible fixed assets

Tangible fixed assets are shown at cost, being purchase cost together with any incidental costs of acquisition, less accumulated depreciation. Depreciation is calculated on a straight line basis at rates appropriate to the expected useful economic lives and estimated residual values of the assets as follows:

Plant and machinery	50% per annum
Motor vehicles	25% per annum
Equipment	50% per annum

Stocks

Stocks, which comprise materials held for use on contracts, are stated at the lower of cost and net realisable value.

Trade debtors

Trade debtors are carried at their estimated realisable value after providing for debts where collection is doubtful.

Deferred tax

Deferred tax is provided for in full on all timing differences and is calculated, without applying discount factors, at the average tax rates expected to apply in the years in which timing differences are expected to reverse. Deferred taxation assets are recognised to the extent that, in the view of the directors, there are expected to be appropriate taxable profits within the foreseeable future from which the asset can be deducted.

Leases

Assets obtained under finance lease contracts are included as tangible fixed assets at their capital value and depreciated over their estimated useful lives. The corresponding liability, net of finance charges, is recorded as a creditor and the finance element of the liability is charged to the profit and loss account over the year of the contract. Rentals payable under operating leases are charged to the profit and loss account in the year to which they relate.

Pensions

Costs in respect of employees' pensions contributions to a defined contribution scheme are charged to the profit and loss account in the period in which they are incurred.

2 Segmental analysis

Turnover, operating profit and capital employed arise from the one principal activity of the company and arise wholly within the United Kingdom.

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2006 £'000	2005 £'000
Depreciation		
- owned assets	35	20
- assets held under hire purchase agreements	25	60
Auditors' remuneration including expenses		
- audit services	5	5
Loss on disposal of fixed assets	17	3
	<u> </u>	<u> </u>

4. Directors and employees

The average number of persons employed by the company (including directors) during the year was as follows

	2006 No	2005 No
Production	5	7
Administration	5	6
	<u> </u>	<u> </u>
	10	13
	<u> </u>	<u> </u>

The payroll costs of these employees were as follows
(including directors)

	£'000	£'000
Wages and salaries	517	486
Social security costs	58	55
Other pension costs	30	30
	<u> </u>	<u> </u>
	605	571
	<u> </u>	<u> </u>

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

4 Directors and employees (continued)

Directors

The directors' aggregate emoluments in respect of qualifying services were

	2006 £'000	2005 £'000
Aggregate emoluments	212	217
Pension scheme contributions	30	30
	<u>242</u>	<u>247</u>

The amounts in respect of the highest paid director are as follows
Emoluments

242	217
<u>242</u>	<u>217</u>

Company contributions paid to money purchase scheme

30	30
<u>30</u>	<u>30</u>

The number of directors who are accruing benefits under company pension schemes was as follows

	No	No
Money purchase scheme	1	1
	<u>1</u>	<u>1</u>

5 Interest payable and similar charges

	2006 £'000	2005 £'000
Bank interest receivable	-	10
Hire purchase interest payable	(10)	(12)
	<u>(10)</u>	<u>(2)</u>

6 Tax on profit on ordinary activities

	2006 £'000	2005 £'000
United Kingdom corporation tax at 30 % (2005 - 30%)		
- charge on results for the year	166	128
- adjustments in respect of prior year	(2)	1
Total current tax	<u>164</u>	<u>129</u>
Deferred taxation		
- origination and reversal of timing differences	11	(11)
- adjustment in respect of prior years	2	-
Total deferred tax	<u>13</u>	<u>(11)</u>
	<u>177</u>	<u>118</u>

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

6 Tax on profit on ordinary activities (continued)

Current tax

The current tax charge for the current year is higher than the standard rate of corporation tax in the UK (30%), the difference is explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	592	389
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	177	117
Effects of		
Expenditure not deductible for tax purposes		-
Depreciation in excess of capital allowances	(11)	11
Adjustment in respect of prior years	(2)	1
Total current tax	164	129
<i>Deferred tax</i>		
	£'000	£'000
Asset recognised for deferred tax comprises		
Accelerated capital allowances	6	19
Deferred taxation asset	6	19
At 1 January	19	8
Profit and loss account	(13)	11
At 31 December	6	19

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

7 Tangible fixed assets

	Plant and machinery £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2006	25	302	14	341
Additions	-	56	5	61
Disposals and adjustments	-	(172)	-	(172)
At 31 December 2006	25	186	19	230
Depreciation				
At 1 January 2006	21	140	9	170
Charge for the year	3	53	4	60
Disposals and adjustments	-	(115)	-	(115)
At 31 December 2006	24	78	13	115
Net book value				
At 31 December 2006	1	108	6	115
At 31 December 2005	4	162	5	171

The total net book value of vehicles includes assets held under hire purchase agreements which have a capital cost of £51,215 (2005 £223,000) and accumulated depreciation of £33,073 (2005 £123,000)

8 Debtors

	2006 £'000	2005 £'000
Trade debtors	451	369
Amounts due from group undertakings	4	5
Deferred taxation	7	19
Prepayments and accrued income	38	40
Other debtors	1	2
	501	435

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

9. Creditors amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	91	42
Amounts owed to group undertakings	230	174
Corporation tax	166	128
Other taxation and social security	61	25
Amounts due under hire purchase agreements	11	37
Accruals and deferred income	107	22
	<u>666</u>	<u>428</u>

10. Creditors, amounts falling due after more than one year

	2006 £'000	2005 £'000
Amounts due under hire purchase agreements maturing between 2 and 5 years	-	53

11. Called up share capital

	2006 £'000	2005 £'000
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
150 ordinary shares of £1 each	150	150

12. Profit and loss account

	£'000
At 1 January 2006	748
Profit for the year	415
At 31 December 2006	<u>1,163</u>

13. Contingent liabilities

The company has provided cross-guarantees in respect of bank overdrafts and other liabilities for group companies amounting in aggregate to £1,161,000 (2005 £10,960,000)

14. Commitments

At 31 December 2006 there were no annual commitments under non-cancellable operating leases (2005 – none) and the company had no capital commitments (2005 – none)

TASS (Europe) Limited

Notes to the accounts Year ended 31 December 2006

15 Related party transactions

The company's ultimate parent undertaking is Interserve plc which prepares consolidated financial statements that are publicly available

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Interserve plc group or investees of Interserve plc where such transactions are fully eliminated on consolidation

16 Parent undertaking

The company's immediate parent undertaking is MacLellan Group Limited and its ultimate parent undertaking and controlling party, and the undertaking of the smallest and largest group for which group financial statements are prepared, is Interserve plc, a company incorporated in Great Britain and registered in England and Wales

The consolidated financial statements of Interserve plc are available to the public and may be obtained from Interserve Plc, Capital Tower, 91 Waterloo Road, London, SE1 8RT. No other group financial statements include the results of the company