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ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Financial Statements

For the year ended 31st December 2006

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ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Financial statements for the year ended 31st December 2006

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ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Director, officers and advisers

Director

P E J McDermott

Company secretary

M S-M Green

Registered office

Lacon House
Theobald's Road
London
WC1X 8RW

Registered number

1699760

Auditors

Roger Sutton & Co
79 High Street
Teddington
Middlesex
TW11 8HG

Bankers

National Westminster Bank Plc
156 Fleet Street
London
SW14 2DX

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Director's report for the year ended 31st December 2006

The director presents his report and the financial statements of the company for the year ended 31st December 2006

Principal activity

The principal activity of the group continues to be the sale of gas turbine cleaning systems

Directors

The director who served during the year was

P E J McDermott

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for maintaining 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. It is also his responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities

Director's interests

The beneficial interests of the director and his family in the share capital of the company was as follows

	Ordinary shares of £1 each	
	<u>31st December</u>	<u>1st January 2006</u>
	<u>2006</u>	
P E J McDermott	-	-

Disclosure of information to auditors

To the knowledge and belief of the director, there is no relevant information that the company's auditors are not aware of, and the director has taken all the steps necessary to ensure the director is aware of any relevant information, and to establish that the company's auditors are aware of the information

Auditors

During the year Jackson & Co resigned as auditors to the Company and Roger Sutton & Co were appointed in their place. A resolution to reappoint Roger Sutton & Co as auditors of the company will be proposed at the forthcoming annual general meeting

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Director's report for the year ended 31st December 2006 (continued)

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Signed on behalf of the board



P E J MCDERMOTT

Director

Approved by the Board on 9.8.07

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Independent auditors' report to the shareholders of Rochem Technical Services (Europe) Ltd

We have audited the financial statements of Rochem Technical Services (Europe) Ltd for the year ended 31st December 2006 which are set out on pages 6 to 12. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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 directors and auditors

As described in the Statement of Director's Responsibilities the company's director is 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 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 if, in our opinion, the Director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 director 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.


We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 15 to the financial statements.

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Independent auditors' report to the shareholders of Rochem Technical Services (Europe) Ltd
(continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31st December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985



Roger Sutton & Co
Registered Auditors and
Chartered Accountants

9 August 2007
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ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Profit and loss account for the year ended 31st December 2006

	<i>Notes</i>	<u>2006</u> £	<u>2005</u> £
Turnover	2	1,613,244	955,792
Cost of sales		<u>(820,215)</u>	<u>(418,345)</u>
Gross profit		<u>793,029</u>	<u>537,447</u>
Administrative expenses		<u>(589,598)</u>	<u>(607,238)</u>
Operating profit/(2005 loss)	3	203,431	(69,791)
Other interest receivable and similar income		269	31
Interest payable and similar charges		<u>(1,651)</u>	<u>(2,616)</u>
Profit/(2005 loss) on ordinary activities before taxation		202,049	(72,376)
Taxation on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit/(2005 loss) for the financial year		<u>202,049</u>	<u>(72,376)</u>

The notes on pages 8 to 12 form part of these financial statements

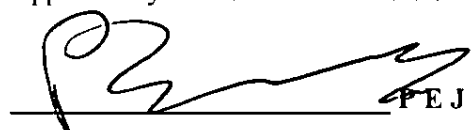
ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Balance sheet at 31st December 2006

	<i>Notes</i>	<u>2006</u> £	<u>2005</u> £
Fixed assets			
Tangible assets	6	135,064	146,581
Current assets			
Stock		53,426	56,612
Debtors	7	432,783	91,047
Cash at bank and in hand		4,876	57,987
		<u>491,085</u>	<u>205,646</u>
Creditors: amounts falling due within one year	8	<u>(190,503)</u>	<u>(113,819)</u>
Net current assets		<u>300,582</u>	<u>91,827</u>
Total assets less current liabilities		<u>435,646</u>	<u>238,408</u>
Creditors: amounts falling due after more than one year	9	-	(4,811)
		<u>435,646</u>	<u>233,597</u>
Capital and reserves			
Called up share capital	10	150,000	150,000
Profit and loss account	11	285,646	83,597
Shareholders' funds		<u>435,646</u>	<u>233,597</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the board of directors on 9.8.07 and signed on its behalf



P E J McDermott - Director

The notes on pages 8 to 12 form part of these financial statements

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Notes to the financial statements for the year ended 31st December 2006

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company

b) Turnover

Sales are assessed on a contract by contract basis and reflected in the Profit and Loss Account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract. Where it is considered that the outcome of a contract in progress at the year end can be assessed with reasonable certainty, before its conclusion, the prudently calculated attributable profit is recognised in the Profit and Loss Account as the difference between the reported turnover and related costs for that contract

c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Leasehold property	Over the period of the lease
Motor vehicles	25% on cost
Equipment, fixtures and fittings	15% on cost
Plant and machinery	15% on cost

d) Stocks

Stock and work in progress is valued at the lower of cost and estimated net realisable value, with no addition for labour and overhead costs

e) Foreign currency translation

Transactions denominated in foreign currencies are recorded at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

f) Research and development expenditure

The Company builds prototypes for testing and analysing equipment and products for purposes of quality control. Hardware costs of prototype parts are capitalised as plant and machinery and depreciated within the asset category of plant and machinery, other related costs are written off in the year of expenditure

g) Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

Rentals under operating leases are charged to the profit and loss account as they fall due

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Notes to the financial statements for the year ended 31st December 2006 (continued)

1 Accounting policies (continued)

h) Pension scheme

Contributions in respect of the Company's defined contribution pension scheme are charged to the Profit and Loss Account for the year in which they are payable to the scheme

2 Turnover

The turnover and loss before taxation are attributable to the one principal activity of the company

Turnover attributable to geographical markets outside the United Kingdom amounted to 62% (2005 - 77%)

3 Profit on ordinary activities before taxation

This is stated after charging

	<u>2006</u> £	<u>2005</u> £
Depreciation	15,753	21,685
Loss/2005 profit on disposal of tangible fixed assets	-	(18,770)
Auditors' remuneration - Audit fee	<u>4,000</u>	<u>4,000</u>

4 Director's emoluments

	<u>2006</u> £	<u>2005</u> £
Emoluments	93,965	94,077
Company contributions to defined contribution pension schemes	<u>9,331</u>	<u>9,031</u>
	<u>103,296</u>	<u>103,108</u>

5 Tax on profit on ordinary activities

	<u>2006</u> £	<u>2005</u> £
United Kingdom corporation tax	-	-

The company has estimated tax losses of £15,325 (2005 - £224,397) available for carry forward against future trading profits

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Notes to the financial statements for the year ended 31st December 2006 (continued)

6 Tangible fixed assets

	<i>Land and buildings</i> £	<i>Motor vehicles</i> £	<i>Equipment fixtures and fittings</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
Cost:					
At 1st January 2006	162,370	78,099	44,859	70,918	356,246
Additions	-	-	1,241	2,995	4,236
Disposals	-	-	(3,320)	(314)	(3,634)
At 31st December 2006	<u>162,370</u>	<u>78,099</u>	<u>42,780</u>	<u>73,599</u>	<u>356,848</u>
Depreciation:					
At 1st January 2006	35,432	69,951	34,827	69,455	209,665
Provision for the year	2,706	8,147	3,524	1,376	15,753
Adjustments for disposals	-	-	(3,320)	(314)	(3,634)
At 31st December 2006	<u>38,138</u>	<u>78,098</u>	<u>35,031</u>	<u>70,517</u>	<u>221,784</u>
Net book value:					
At 31st December 2006	<u>124,232</u>	<u>1</u>	<u>7,749</u>	<u>3,082</u>	<u>135,064</u>
At 31st December 2005	<u>126,938</u>	<u>8,148</u>	<u>10,032</u>	<u>1,463</u>	<u>146,581</u>

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of £1 (2005 £8,148)

The net book value of land and buildings at 31st December 2006 is made up as follows

	<u>2006</u> £	<u>2005</u> £
Long-term leasehold premises	<u>124,232</u>	<u>126,938</u>

7 Debtors

	<u>2006</u> £	<u>2005</u> £
Trade debtors	192,073	75,465
Accrued sales	21,854	-
Amounts owed by group undertakings and undertakings in which the company has a participating interest	182,598	-
Other debtors	36,258	15,582
	<u>432,783</u>	<u>91,047</u>

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Notes to the financial statements for the year ended 31st December 2006 (continued)

8 Creditors: amounts falling due within one year

	<u>2006</u> £	<u>2005</u> £
Bank loans and overdrafts	9,766	-
Trade creditors	137,979	31,222
Amounts owing to group undertakings and undertakings in which the company has a participating interest	-	29,829
Other creditors	42,196	24,834
Other tax and social security	-	21,634
Obligations under finance leases and hire purchase	562	6,300
	<u>190,503</u>	<u>113,819</u>

9 Creditors: amounts falling due after more than one year

	<u>2006</u> £	<u>2005</u> £
Net obligations under finance leases and hire purchase contracts	-	4,811

10 Called-up share capital

	<u>2006</u> £	<u>2005</u> £
Authorised		
Equity shares:		
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

11 Reserves

	<i>Profit and loss account</i> £
At 1st January 2006	83,597
Profit for the year	<u>202,049</u>
At 31st December 2006	<u>285,646</u>

ROCHEM TECHNICAL SERVICES (EUROPE) LTD

Notes to the financial statements for the year ended 31st December 2006 (continued)

12 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31st December 2006 were as set out below

	<u>2006</u> <u>Land and</u> <u>buildings</u> £	<u>2005</u> <u>Land and</u> <u>buildings</u> £
Operating leases which expire Over five years	<u>26,000</u>	<u>26,000</u>

13 Controlling party

The company is controlled by Rochem Technical Services (Holdings) AG, incorporated in Switzerland, which holds 100% of the issued share capital

14 Related parties

At the financial year-end the amount owed to the Company by the parent company Rochem Technical Services (Holdings) AG was £182,598 (2005 - £29,829 was owing to the parent company Rochem Technical Services (Holdings) AG by the Company) During the year the Company provided goods and services to the parent company valued at £836,778 (2005 - £522,590), and received goods and services valued at £215,766 (2005 - £185,604)

15 Other professional services provided by the auditors

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

16 Pension commitments and other post-retirement benefits

Defined contribution scheme

The company operates defined contribution pension schemes on behalf of the director and employees The assets of each scheme are hold separately from those to the Company in independently administered funds The annual commitment under these schemes is for contributions of £37,828 (2005 - £42,596)