Acetech Personnel Limited

Annual report and financial statements
for the year ended 31 March 2006

Registered number: 349147

Directors' report

Principal activity and business review

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2006.

The principal activity of the company continues to be that of an employment agency.

Acetech Personnel Limited has continued its substantial re-alignment of the business with the sale of the aviation operation during the year and continues to build a platform on which to base its growth for the coming year.

The management of the business and the execution of the company's strategy are subject to a number of risks. Having focused our activity towards inter-company trading opportunities all business risks should run in-line with associate group company performance.

Results and dividends

The profit after taxation for the year is £586,000 (2005 - £239,000) from which the directors propose a final dividend of £nil (2005 - £nil). The retained profit of £586,000 will be transferred to reserves (2005 – £239,000).

Directors

The directors who served during the year and subsequently are shown below:

N J Russell
A N Dungate
K W Goodman – Appointed 4 January 2006
F Martinelli – Appointed 19 January 2006
K D Fletcher – Appointed 22 June 2006
A J Marsh – Resigned 19 January 2006

Directors' interests

None of the directors had any beneficial interest in the shares of the company at any time during the year ended 31 March 2006.

The interests in Babcock International Group PLC of NJ Russell and AN Dungate who are also directors of the parent company, Babcock Support Services Limited are shown in that company's financial statements. The interests in Babcock International Group PLC of F Martinelli who is also director of the intermediate parent company, Babcock International Limited are shown in that company's financial statements. KW Goodman was granted nil options (2005: 20,000) in the ordinary shares of Babcock International Group PLC giving him interests at 31 March 2006 of 112,015 ordinary share options (31 March 2005– 112,015 ordinary share options). No options were exercised during the period.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 confirm they have complied with the above requirements in preparing the financial statements.

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.

Statement of disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the report is approved under section 234a of the Companies Act 1985 the following applies:

- so far as the director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board,

K D Fletcher
Director
21 December 2006

Independent auditors' report

To the members of Acetech Personnel Limited:

We have audited the financial statements of Acetech Personnel Limited for the year ended 31 March 2006 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements. We also 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 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

21 December 2006

Profit and loss account

For the year ended 31 March 2006

	Notes	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Turnover	2	13,073	11,392
Cost of sales		(11,472)	(9,838)
Gross profit		1,601	1,554
Administrative expenses		(1,285)	(1,359)
Operating profit	3	316	195
Gain on sale of business	6	225	-
Interest receivable and similar income		63	44
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		604	239
Tax on profit on ordinary activities	5	(18)	-
Profit on ordinary activities after taxation		586	239
Dividend paid and proposed		-	-
Retained Profit for the year	11	586	239

All amounts relate to continuing activities. The company had no recognised gains or losses other than its profit for the year. There are no differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 8 to15 form part of the financial statements.

Balance sheet

31 March 2006

	Notes	31 March 2006 £'000	31 March 2005 £'000
Fixed assets			
Tangible assets	7	23	43
Current assets			
Debtors	8	2,438	3,142
Cash at bank and in hand		2,042	964
		4,480	4,106
Creditors: amounts falling due within one year	9	(825)	(1,057)
Net current assets		3,655	3,049
Total assets less current liabilities		3,678	3,092
Capital and reserves			
Called-up equity share capital	10	50	50
Profit and loss account	11	3,628	3,042
Equity shareholders' funds	12	3,678	3,092

The financial statements on pages 6 to 15 were approved by the board of directors and signed on its behalf by:

K D Fletcher
Director

21 December 2006

Notes to financial statements

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and United Kingdom Accounting Standards (UK GAAP).

The company has taken advantage of the exemption in FRS 1 (Revised) from the requirement to produce a Cash flow statement as it is a wholly owned subsidiary undertaking of a company registered in England and Wales which has prepared consolidated accounts which include this company.

b) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	5 years

Residual value is calculated on prices prevailing at the date of acquisition.

c) Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date.

Exchange differences are taken to the profit and loss account.

d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognized in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1 Accounting Policies (continued)

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

During the year the Babcock International Group PLC has continued its policy of surrendering tax losses and advance corporation tax to group undertakings for no consideration except where there is a minority interest in the subsidiary, and except for the ex-Peterhouse companies acquired in the period.

e) Pensions

Contributions to the Babcock International Group Pension Scheme, a defined benefit scheme, are assessed by a qualified actuary based on the cost of providing pensions across all participating group companies, without calculation of the pension obligation for which the company is responsible. The company's share of the group contribution is based upon pensionable salaries. The contributions paid by the company are accounted as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Contributions are charged to the profit and loss account in the period in which they become payable.

f) Turnover

Turnover represents the invoiced value of goods and services supplied by the company excluding sales taxes.

2 Turnover

Turnover is wholly attributable to the provision of employment agency services and is analysed by market below:

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
United Kingdom	10,634	8,723
Europe	2,439	2,669
	13,073	11,392

Notes to financial statements (continued)

3 Operating profit

Operating profit is stated after charging/(crediting) the following items:

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Depreciation	20	31
Staff and directors' remuneration (note 4)	560	516
Auditors' remuneration - audit fees	14	14
Exchange losses	6	8
Operating lease charges – Machinery and equipment	26	27
Operating lease charges – Other	31	30

4 Staff costs and directors' remuneration

Staff costs comprise:

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Wages and salaries	504	476
Social security costs	56	40
Other pension costs	-	-
	560	516

The average number of employees in the year, classified by geographical market, was as follows:

	Year ended 31 March 2006 Number	Year ended 31 March 2005 Number
United Kingdom	14	15
Europe	2	2
	16	17

The remuneration of the directors in both years was borne by group companies.

5 Tax on profit on ordinary activities

a) Analysis of charge in the year

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior years:		
- UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	18	(3)
Adjustment in respect of prior years	-	3
Total deferred tax	18	-
Total tax charge on profit on ordinary activities	18	-

b) Factors affecting the current tax charge for the year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows:

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Profit on ordinary activities before taxation	604	239
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 - 30%)	181	72
Effects of :		
Timing Differences	(18)	3
Permanent Differences	(23)	4
Group relief received for nil consideration	(140)	(79)
Current tax charge/(credit) for the year	-	-

6 Sale of business

On 30 March 2006 the company sold the aviation part of the business for proceeds of £300,000, resulting in a gain on sale of £225,000.

7 Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 April 2005	136
Additions	-
Disposals	(33)
At 31 March 2006	103
Depreciation	
At 1 April 2005	93
Charge for the year	20
Disposals	(33)
At 31 March 2006	80
Net book value	
At 31 March 2005	43
At 31 March 2006	23

8 Debtors

	31 March 2006 £'000	31 March 2005 £'000
Trade debtors	1,612	2,441
Amounts owed by group undertakings	810	667
Other debtors	16	34
	2,438	3,142

Included with other debtors is a deferred tax asset as follows:

	31 March 2006 £'000	31 March 2005 £'000
Accelerated capital allowances	16	18
Other short term timing differences	-	16
	16	34
Asset at 1 April 2005	34	
Deferred tax charge in profit and loss account	(18)	
Asset at 31 March 2006	16	

There is no unrecognised deferred tax at 31 March 2006 or 31 March 2005

9 Creditors: Amounts falling due within one year

	31 March 2006 £'000	31 March 2005 £'000
Trade creditors	40	100
Amounts owed to group undertakings	133	151
Other taxation and social security	199	353
Accruals and deferred income	453	453
	825	1,057

10 Called-up equity share capital

	31 March 2006	31 March 2005
Authorised		
50,000 ordinary shares of £1 each	£50,000	£50,000
Allotted, called-up and fully paid		
50,000 ordinary shares of £1 each	£50,000	£50,000

11 Reserves

	Profit and loss account £'000
At 1 April 2005	3,042
Retained profit for the year	586
At 31 March 2006	3,628

12 Reconciliation of movements in equity shareholders' funds

	31 March 2006 £'000	31 March 2005 £'000
Profit on ordinary activities after taxation	586	239
Dividends paid and proposed	-	-
Net addition to equity shareholders' funds	586	239
Opening equity shareholders' funds	3,092	2,853
Closing equity shareholders' funds	3,678	3,092

13 Lease commitments

The company was committed to pay annual operating lease payments in respect of buildings and vehicles, analysed as follows:

	Land and Buildings		Other	
	31 March 2006	31 March 2005	31 March 2006	31 March 2005
Lease agreements expiring:	£'000	£'000	£'000	£'000
Within one year	31	30	4	4
Within two to five years	-	-	22	23
	31	30	26	27

14 Pension arrangements

Pension arrangements exist for employees. Under these arrangements, which include defined benefit and defined contribution schemes, which apply to the majority of employees, the company makes contributions based on actuarial advice to funded pension schemes. The contributions are charged against the profit and loss account.

Employees of the company which are entitled to be members of the defined benefit scheme are members of the Babcock International Group Pension Scheme, contributions to which are determined by the aggregate membership and funding of the scheme. On the basis of the latest actuarial valuation the value of the assets was in excess of the benefits that had accrued to the members after allowing for expected future increases in pensionable earnings. Further details of the scheme are continued within the financial statements of Babcock International Group PLC, the *ultimate parent company*.

It is not possible to identify the company's share of the underlying assets and liabilities in the group defined benefit pension scheme. In accordance with Financial Reporting Standard, although the company is a member of the group defined benefit scheme contributions made by the company have been disclosed as if it is a defined contribution scheme.

The pension cost charged to the Profit and Loss account for the year was £0 (12 months 2005: £0).

15 Ultimate controlling party and related party transactions

The company's immediate parent is Babcock Support Services Limited which is registered in Scotland.

The directors regard Babcock International Group PLC, a company incorporated in England and Wales, as the company's ultimate parent undertaking and ultimate controlling party.

Babcock International Group PLC is the parent undertaking of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of those group accounts are available from The Company Secretary, Babcock International Group PLC, 2 Cavendish Square, London, W1G 0PX.

As a subsidiary undertaking of Babcock International Group PLC, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Babcock International Group PLC.