

Acetech Personnel Limited
(Registered Number 349147)

Directors' Report and Accounts

31 December 1998



Acetech Personnel Limited

Directors' Report For The Year Ended 31 December 1998

The directors present their report and the audited accounts for the year ended 31 December 1998.

Principal Activity

The principal activity of the company during the year continued to be that of an employment agency.

Review Of The Business And Future Developments

Acetech Personnel is in the process of a major transmission period with the introduction of new senior management and a substantial re-alignment of the business which will strengthen and enhance the business during the forthcoming trading year.

Trading in 1998 was difficult on account of increasing competition for a decreasing supply of available personnel. Of particular note was the significant decrease in telecommunication personnel supplied during the second half of 1998. The financial results show that Acetech Personnel's resolve in overcoming these difficulties managed to achieve 96% of their forecast turnover and 84% of the gross profit forecast.

Results And Dividends

The loss after taxation for the year is £17,000 (1997: profit after taxation of £353,000) from which the directors do not wish to propose a final dividend (1997: £ Nil) and recommend that the balance of £(17,000) (1997: £353,000) be transferred to reserves.

Directors And Their Interests

The directors who served during the year were:

W E Jacobson (Chairman)
D P Martin (Resigned 31 December 1998)
D J Simons (Appointed 31 December 1998)

None of the directors in office at 31 December 1998 held any interest in the shares of the company.

Their interests in the shares of the ultimate parent undertaking, Hunting PLC, are disclosed in the directors' report incorporated within the accounts of Hunting Aviation Limited, except as follows:

	<u>At 31 December 1998</u>	<u>At 31 December 1997</u>
	<u>Executive</u>	<u>Executive</u>
	<u>Share Options</u>	<u>Share Options</u>
W E Jacobson	10,404	10,404

Options in the Executive Share Option Scheme are exercisable at various prices between 67p and 224p per share in whole or in part at various dates after 1 January 1992 and before 15 December 1999. The options of Mr W E Jacobson are exercisable at 201p.

There were no options granted during the year and none of the directors exercised any options during the year.

Acetech Personnel Limited

Directors' Report For The Year Ended 31 December 1998 (Continued)

Year 2000

The company has considered the issues and risks surrounding the Year 2000 issue. The risks to the company's business processes have been examined and are not considered to be significant following the implementation of a new accounting system. Plans to address the issues identified have been prepared and are currently being implemented.

The costs of addressing the Year 2000 problem are not expected to be significant and the resources required to achieve compliance are principally expected to be found from normal operating budgets.

Statement Of Directors' Responsibilities

The Directors are required by the Companies Act 1985 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 for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

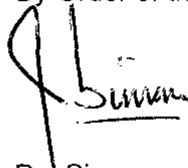
The Directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse, resigned and the Directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. A resolution to appoint PricewaterhouseCoopers as auditors of the Company will be proposed at the Annual General Meeting.

By Order of the Board



D J Simons
Director

22 June 1999

Auditors' Report To The Shareholders Of Acetech Personnel Limited

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by Statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors remuneration and transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

22 June 1999

Acetech Personnel Limited

Profit and Loss Account For The Year Ended 31 December 1998

	<i>Note</i>	1998 £'000	1997 £'000
Turnover	2	4,658	6,417
Cost of sales		(4,050)	(5,612)
Gross profit		608	805
Distribution and marketing costs		(137)	(138)
Administrative expenses		(403)	(55)
Operating Profit	3	68	612
Interest receivable		1	2
Interest payable on bank overdraft		(94)	(98)
Profit on ordinary activities before taxation		(25)	516
Tax on profit on ordinary activities	5	8	(163)
Profit on ordinary activities after taxation	11	(17)	353
Dividends	11	-	-
Profit for the financial year transferred to reserves		(17)	353

Turnover and operating profits are derived from continuing activities.

The company has recognised no gains or losses other than those shown in the above profit and loss account.

The notes on pages 6 to 12 form part of these accounts.

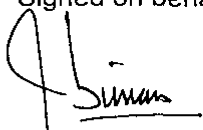
Acetech Personnel Limited

Balance Sheet As At 31 December 1998

	Note	1998 £'000	1997 £'000
Fixed assets			
Tangible assets	6	-	-
Investments	7	16	16
		16	16
Current assets			
Debtors	8	1,531	2,370
Cash at bank and in hand	13	104	54
		1,635	2,424
Creditors – amounts falling due within one year	9	(1,077)	(1,849)
Net current assets		558	575
Total assets less current liabilities		574	591
Capital and reserves			
Called up share capital	10	50	50
Profit and loss account	11	524	541
Shareholders' funds	11	574	591

Approved by the Board on 22 June 1999

Signed on behalf of the Board



D J Simons
Director

The notes on pages 6 to 12 form part of these accounts.

Acetech Personnel Limited

Notes To The Accounts – 31 December 1998

1 Accounting Policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has not presented a statement of cash flows in accordance with Financial Reporting Standard 1 Revised as its ultimate parent undertaking has published a consolidated statement of cash flows which includes the cash flows of the company.

The company is exempt from preparing group accounts by virtue of Section 228 Companies Act 1985, as it is a wholly-owned subsidiary of Hunting Aviation Limited, a company incorporated in Great Britain. These accounts, therefore, present financial information about the company as an individual undertaking only and not about its group.

(b) Depreciation

Depreciation on fixed assets is provided in equal annual instalments at the following principal rates per annum:

Office equipment	- 33 1/3%
Motor vehicles	- 25%

(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) Deferred taxation

Provision for deferred taxation is made using the liability method on the excess of capital allowances over depreciation and other timing differences to the extent that, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

(e) Leased assets

Operating lease rentals are charged to the profit and loss account as they fall due.

(f) Pensions

Contributions to the Hunting PLC defined benefit pension 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. Contributions are charged to the profit and loss account in the period in which they become payable.

Acetech Personnel Limited

Notes To The Accounts - 31 December 1998 (Continued)

2 Turnover

Turnover represents the total amount receivable for services provided in the ordinary course of business as an employment agency excluding VAT, and is derived from the following geographical markets:

	1998 £'000	1997 £'000
United Kingdom	3,331	4,604
Rest of Europe	1,327	1,773
Middle East	-	6
South America	-	34
	4,658	6,417

United Kingdom turnover includes sales to group undertakings of £Nil (1997: £Nil). Substantially all turnover originates wholly from the United Kingdom.

3 Operating Profit

	1998 £'000	1997 £'000
Operating profit is stated after charging the following items:		
Auditors' remuneration:		
- audit services	24	-
- other services	4	5
Rent payable to group undertaking	2	2
Depreciation of tangible fixed assets		
Operating lease rentals:		
- plant and machinery	-	35
- land and buildings	2	2

Audit fees were paid by the company's immediate parent undertaking in 1997.

4 Staff Costs And Directors' Remuneration

	1998 £'000	1997 £'000
Staff costs comprise:		
Wages and salaries	1,496	1,723
Social security costs	142	170
Other pension costs	-	-
	1,638	1,893

Acetech Personnel Limited

Notes To The Accounts - 31 December 1998 (Continued)

4 Staff Costs And Directors' Remuneration (Continued)

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

	1998 Number	1997 Number
United Kingdom	38	55
Rest of Europe	22	21
	60	76

Included in the above staff costs were directors' emoluments in respect of management services, totalling £Nil (1997: £Nil) excluding pension contributions of £Nil (1997: £Nil).

The emoluments, excluding pension contributions of £Nil (1997: £Nil), in respect of services provided to the company during the year of the highest paid director were £Nil (1997: £Nil). Accrued benefits under a defined benefit scheme amounted to £Nil.

None of the other directors received any remuneration in respect of their services to the company. There are 2 (1997: 2) directors with benefits accruing under defined benefit schemes in Hunting PLC.

5 Tax On Profit On Ordinary Activities

	1998 £'000	1997 £'000
Group relief receivable/(payable) at 31% (1997: 31.5%)	8	(163)

There is no actual or potential liability to deferred taxation.

Acetech Personnel Limited

Notes To The Accounts - 31 December 1998 (Continued)

6 Tangible Assets

	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 1998	2	18	20
Disposal cost	-	(18)	(18)
At 31 December 1998	2	-	2
Depreciation			
At 1 January 1997	2	18	20
Charge for the year 1998	-	-	-
Disposal	-	(18)	(18)
At 31 December 1998	2	-	2
Net book amount			
At 31 December 1998	-	-	-
At 31 December 1997	-	-	-

7 Investments

	Shares in subsidiary undertakings £'000
At 31 December 1998 and 31 December 1997	16

The company holds a 100% beneficial interest in the shares of TSC Technical Support and Consultancy GmbH, a company incorporated in Germany, whose business is that of an employment agency. The directors consider that the value of the company's investment in its subsidiary undertaking is not less than the amount stated in the balance sheet.

Acetech Personnel Limited

Notes To The Accounts - 31 December 1998 (Continued)

8 Debtors

	1998 £'000	1997 £'000
Trade debtors	1,465	1,754
Accrued income	57	508
Group relief receivable	8	-
Prepayments	1	108
	1,531	2,370

9 Creditors (Amounts Falling Due Within One Year)

	1998 £'000	1997 £'000
Bank overdraft (Note 13)	887	1,427
Trade creditors	19	21
Group relief payable	-	163
Other taxation and social security	110	204
Accruals	61	34
Proposed dividends	-	-
	1,077	1,849

10 Called Up Share Capital

	1998 £'000	1997 £'000
Authorised, allotted and fully paid 50,000 ordinary shares of £1 each	50	50

Acetech Personnel Limited

Notes To The Accounts - 31 December 1998 (Continued)

11 Reconciliation Of Movements In Shareholders' Funds

	Share capital £'000	Profit and loss account £'000	Total Shareholders' funds 1998 £'000	Total Shareholders' funds 1997 £'000
Opening shareholders' funds	50	541	591	238
(Loss)/profit for the financial year	-	(17)	(17)	353
Dividends	-	-	-	-
Closing shareholders' funds	50	524	574	591

12 Lease Obligations

The company has annual commitments payable under non cancellable operating leases which expire:

	Land and Buildings		Other	
	1998	1997	1998	1997
Within one year	-	-	-	-
Within two to five years	2	2	-	-
	2	2	-	-

13 Banking Arrangements

The company is a party to a group set-off arrangement with Lloyds Bank plc.

14 Contingent Liabilities

The directors are not aware of any contingent liabilities at 31 December 1998 (1997: Nil).

Acetech Personnel Limited

Notes To The Accounts - 31 December 1998 (Continued)

15 Pension Arrangements

Pension arrangements exist for employees. Under these arrangements, 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 are members of the Hunting PLC 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 members after allowing for expected future increases in pensionable earnings. Further details of the scheme are contained within the accounts of Hunting PLC, the ultimate parent undertaking.

16 Ultimate Parent Undertaking

The company which is incorporated in England and Wales is a wholly owned subsidiary of Hunting Aviation Limited.

The company's ultimate parent undertaking and ultimate controlling party is Hunting PLC. Copies of the group accounts of Hunting PLC may be obtained from 3 Cockspur Street, London SW1Y 5BQ.

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related party disclosures", as the consolidated accounts of Hunting PLC in which the company is included are available at the address noted above.