Acetech Personnel Limited

Annual report and financial statements

For the year ended 31 March 2003

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 2003.

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 and continues to build a platform on which to base its growth for the coming year. The four new regional offices opened during the last four years continue to contribute to the business.

Given the above, trading in the period was satisfactory.

Future growth is continually underpinned by a new enlarged personnel database and an interactive recruitment website that are receiving investment for development.

Results and dividends

The profit after taxation for the period is £2,494,000 (2002 - £41,000) from which the directors propose a final dividend of £nil (2002 - £nil). The resulting profit of £2,494,000 will be transferred to reserves (2002 – £41,000).

Directors

The directors who served during the period and subsequent to the period end are shown below:

DJ Simons	(resigned 16 April 2002)
AJ Marsh	
PH Kay OBE	(appointed 30 July 2002)
RB Stewart	(appointed 30 July 2002)
AN Dungate	(appointed 30 July 2002)

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 2003.

The interests in Babcock Group International PLC of PH Kay, AJ Marsh, AN Dungate and RB Stewart who are also directors of the parent company, Babcock Support Services Limited are shown in that company's financial statements. DJ Simons share options of the company's ultimate parent company, Babcock International Group PLC, at 31/03/02 of 32,719 shares lapsed on his resignation on 16/04/02.

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.

Auditors

During the year Arthur Andersen resigned as auditors of the company and PricewaterhouseCoopers LLP filled the casual vacancy. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that PricewaterhouseCoopers LLP be appointed auditors of the company will be put to the Annual General Meeting.

By order of the Board,

RB Stewart
Director

26 August 2003

Independent auditors' report

To the members of Acetech Personnel Limited:

We have audited the financial statements which comprise the Profit and loss account, the Balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. 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 also report to you if, in our opinion, the directors' report is not 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 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 of the state of the company's affairs at 31 March 2003 and of it's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

26 August 2003

Profit and loss account

For the 12 months ended 31 March 2003

	Notes	Year ended 31 March 2003 £'000	15 months ended 31 March 2002 £'000
Turnover	2	15,527	19,057
Cost of sales		(13,437)	(16,711)
Gross profit		2,090	2,346
Administrative expenses		(1,942)	(2,323)
Operating profit	3	148	23
Interest receivable and similar income		15	1
Interest payable and similar charges	5	2,347	(13)
Profit on ordinary activities before taxation		2,510	11
Tax on profit on ordinary activities	6	(16)	30
Profit on ordinary activities after taxation		2,494	41
Dividend paid and proposed		-	-
Retained Profit for the period	11	2,494	41

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

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

Balance sheet

31 March 2003

	Notes	31 March 2003 £'000	31 March 2002 £'000
Fixed assets			
Tangible assets	7	182	154
Current assets			
Stock		26	-
Debtors	8	2,818	3,147
Cash at bank and in hand		356	256
		3,200	3,403
Creditors: amounts falling due within one year	9	(761)	(3,430)
Net current assets/(liabilities)		2,439	(27)
Total assets less current liabilities, being net assets		2,621	127
Capital and reserves			
Called-up equity share capital	10	50	50
Profit and loss account	11	2,571	77
Equity shareholders' funds	12	2,621	127

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

RB Stewart
Director

26 August 2003

1 Accounting policies

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

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

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 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.

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. 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 2003 £'000	15 months ended 31 March 2002 £'000
United Kingdom	8,941	14,758
Europe	4,603	1,771
Rest of world	1,983	2,528
	15,527	19,057

3 Operating profit

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

	Year ended 31 March 2003 £'000	15 months ended 31 March 2002 £'000
Depreciation	72	35
Staff and directors' remuneration (note 4)	968	1,551
Auditors' remuneration – audit fees	12	10
Exchange gains	-	(12)

4 Staff costs and directors' remuneration

Staff costs comprise:

	Year ended 31 March 2003 £'000	15 months ended 31 March 2002 £'000
Wages and salaries	908	1,432
Social security costs	60	107
Other pension costs	-	12
	968	1,551

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

	Year ended 31 March 2003 Number	15 months ended 31 March 2002 Number
United Kingdom	33	39
Overseas	-	3
	33	42

During the period D J Simons received remuneration of £33,282 (2002 £83,342).

The remuneration of the other directors in both years was borne by group companies. There are no (2002– 2) directors with benefits accruing under defined benefit schemes.

5 Interest payable and similar charges

	Year ended 31 March 2003 £'000	15 months ended 31 March 2002 £'000
Interest payable	38	13
Gain on the settlement of group debt	(2,385)	-
	(2,347)	13

6 Tax on profit/(loss) on ordinary activities

a) Analysis of (charge)/credit in the period

	Year ended 31 March 2003 £'000	15 months ended 31 March 2002 £'000
Current tax		
UK corporation tax	-	(4)
Adjustments in respect of prior years		
- UK corporation tax	2	12
Group relief	-	-
Total current tax	2	8
Deferred tax		
Origination and reversal of timing differences	(18)	22
Total deferred tax	(18)	22
Total tax on profit on ordinary activities	(16)	30

Tax on profit on ordinary activities (continued)

b) Factors affecting the current tax credit for the period

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 2003 £'000	15 months ended 31 March 2002 £'000
Profit on ordinary activities before taxation	2,510	11
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 30% (2002 - 30%)	753	(3)
Effects of :		
Capital allowances in excess of depreciation	4	-
Adjustments to corporation tax charge in respect of previous periods	(2)	12
Income not chargeable for tax purposes	(704)	(50)
Group relief	(53)	49
Current tax (charge)/credit for the period	(2)	8

c) Factors that may affect future tax charges

Based on current plans, the company expects to continue to make use of group relief from the parent for no consideration.

7 Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 April 2002	189
Additions	100
Group transfer	140
At 31 March 2003	429
Depreciation	
At 1 April 2002	35
Charge for the period	72
Group transfer	140
At 31 March 2003	247
Net book value	
At 31 March 2002	154
At 31 March 2003	182

8 Debtors

	31 March 2003 £'000	31 March 2002 £'000
Trade debtors	2,490	2,154
Amounts owed by group undertakings	317	938
Other debtors	11	36
Prepayments and accrued income	-	19
	2,818	3,147

Included with other debtors is a deferred tax asset in respect of short term timing Differences of:

1 April 2002	29
Deferred tax charge in profit/loss account	(18)
31 March 2003	11

9 Creditors: Amounts falling due within one year

	31 March 2003 £'000	31 March 2002 £'000
Trade creditors	483	364
Amounts owed to group undertakings	2	2,404
UK corporation tax	-	2
Other taxation and social security	276	246
Accruals and deferred income	-	414
	761	3,430

10 Called-up equity share capital

	31 March 2003	31 March 2002
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 2002	77
Retained profit for the year	2,494
At 31 March 2003	2,571

12 Reconciliation of movements in equity shareholders' funds

	31 March 2003 £'000	31 March 2002 £'000
Profit on ordinary activities after taxation	2,494	41
Dividends paid and proposed	-	-
Net addition to equity shareholders' funds	2,494	41
Opening equity shareholders' funds	127	86
Closing equity shareholders' funds	2,621	127

13 Contingent liabilities

The directors are not aware of any contingent liabilities at 31 March 2003 (2002– nil).

14 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 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 17's transitional arrangement, 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 £nil (15 months 2002: £12,000).

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.