

Coopers
& Lybrand

EnTec Energy Consultants Limited
Annual report
and abbreviated financial statements
for the year ended 31 December 1994

Registered no: 1444885



EnTec Energy Consultants Limited

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	Pages
Review of business and future developments	1
Report of the auditors	2-3
Balance sheet	4
Notes to the financial statements	5-7

Review of business and future developments

The main activity of the company is the provision of high technology integrated consultancy services to oil companies, worldwide, for optimising the development of oil and gas reservoirs.

Oil prices improved during 1994, from \$13 a barrel to \$17 a barrel towards the end of the year. This has had a positive effect on budgets, allocated by oil companies, for field development. One exception was the UK sector of the North Sea, where the activity remained depressed as oil companies attempted to increase their profitability by cuts in personnel and budgets. As a result, no work originating from this sector was carried out by EnTec during this year. By contrast, the Norwegian Sector of the North Sea provided EnTec with several projects. Other areas where EnTec was active, included the Middle and Far East and North America.

1994 was a significant landmark for EnTec. Mobil Exploration and Producing US Inc, carried out a thorough technical evaluation of all major contractors providing integrated reservoir evaluation services. EnTec was judged by Mobil to be *"the company with the highest level of integration (both human and technological), the most advanced reservoir evaluation technology and the highest quality and usefulness of results"*. Mobil also gave EnTec the most favourite company status for integrated reservoir evaluation and elected one of their senior managers to promote EnTec's services within the Mobil affiliates worldwide. This resulted in a sharp increase in the number of projects from the Mobil affiliates towards the end of 1994. This trend will continue into the future, where the number of projects assigned to EnTec from Mobil will increase.

During 1995, EnTec activity will continue to expand in the Middle and Far East, the USA, Europe and West Africa. Major marketing efforts will be dedicated to further develop these areas.

EnTec is continuing to be technologically innovative. New software systems have been completed and will be totally operational, early 1995. These include novel techniques to further integrate seismic and well data, starting from raw measurements. This will give EnTec a competitive advantage, which in turn will create new opportunities, to expand the range and quality of the already available services.

Aggressive marketing and technological innovation will be the main ingredients needed for a substantial and sustained growth. Plans are already in place for expansion in 1995 of personnel, hardware and software. This will be necessary to cope with the expected increase in workload.

Report of the auditors to the directors of EnTec Energy Consultants Limited under Schedule 8 paragraph 24 of the Companies Act 1985

We have examined the abbreviated financial statements on pages 4 to 7 together with the annual financial statements of EnTec Energy Consultants Limited for the year ended 31 December 1994. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 4, and that the abbreviated financial statements have been properly prepared from the annual financial statements.

In our opinion the company is entitled to the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 and the abbreviated financial statements have been properly prepared in accordance with that Schedule.

We reported as auditors of EnTec Energy Consultants Limited to the members on 7 June 1995 on the company's annual financial statements prepared under Section 226 of the Companies Act 1985 and our report was as follows:

"Report of the auditors to the members of EnTec Energy Consultants Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1994 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985."

Clifford & Glynne C.

**Chartered Accountants and Registered Auditors
Croydon**

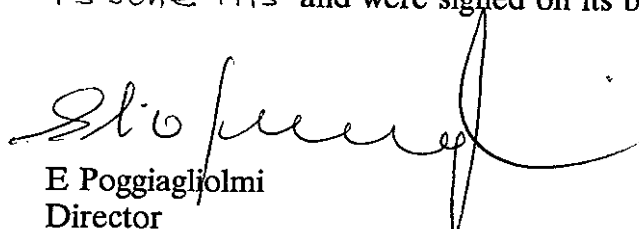
13 June 1995

Balance sheet at 31 December 1994

	Notes	1994 £	1993 £
Fixed assets			
Tangible assets	2	70,138	50,953
Current assets			
Stocks		3,364	3,024
Debtors	3	421,253	252,630
Short term deposit account		90,000	-
Cash at bank and in hand		512,840	534,410
		<u>1,027,457</u>	<u>790,064</u>
Creditors: amounts falling due within one year		<u>(349,459)</u>	<u>(156,471)</u>
Net current assets		<u>677,998</u>	<u>633,593</u>
Net assets		<u>748,136</u>	<u>684,546</u>
Capital and reserves			
Called-up share capital	4	100,000	100,000
Profit and loss account		648,136	584,546
		<u>748,136</u>	<u>684,546</u>

Advantage has been taken of the exemptions for small companies conferred by Section A of Part III of Schedule 8 to the Companies Act 1985, on the grounds that, in the directors' opinion, the company is entitled to benefit from those exemptions as a small company.

The financial statements on pages 4 to 7 were approved by the board of directors on 13 June 1995 and were signed on its behalf by:


E Poggiagliolmi
Director

Notes to the financial statements for the year ended 31 December 1994

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purchase are:

Computer equipment and motor vehicles	33 1/3%
Furniture and office equipment	15%

Turnover and long term contracts

Turnover comprises the value of billings (excluding VAT) for services in the normal course of business.

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

All known or anticipated losses are provided for in full as soon as they are foreseen.

Foreign exchange

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at year end are translated into pounds sterling at the exchange rates ruling at the balance sheet date. Differences on translation are reflected in the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

2 Tangible fixed assets

	Computer equipment	Motor vehicles	Furniture and office equipment	Total
	£	£	£	£
Cost				
At 1 January 1994	338,460	33,153	46,120	417,733
Additions	50,830	-	797	51,627
Disposals	-	-	-	-
At 31 December 1994	389,290	33,153	46,917	469,360
Depreciation				
At 1 January 1994	290,365	33,150	43,265	366,780
Charge for year	30,566	3	1,873	32,442
Disposals	-	-	-	-
At 31 December 1994	320,931	33,153	45,138	399,222
Net book value				
At 31 December 1994	£68,359	-	£1,779	£70,138
Net book value				
At 31 December 1993	£48,095	£3	£2,855	£50,953

3 Debtors

	1994	1993
	£	£
Amounts falling due within one year		
Trade debtors	261,098	249,784
Other debtors	10,002	2,846
Deferred Tax	6,594	-
Prepayments and accrued income	143,559	-
	£421,253	£252,630

4 Called-up share capital

	1994	1993
	£	£
Authorised		
100,000 ordinary shares of £1 each	£100,000	£100,000
Allotted, called up and fully paid		
100,000 (1993: 100,000) ordinary shares of £1 each	£100,000	£100,000