

DIRECTORS

K W T Hingley
W A Trendell

SECRETARY

S Vincent

REGISTERED NUMBER

3078473 England

REGISTERED OFFICE

61 Southwark Street
London
SE1 1SA

BANKERS

Arab National Bank
35 Curzon Street
London
W1J 7TT

AUDITOR

Tenon Audit Limited
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX



HPR Consulting Limited

DIRECTORS' REPORT

The directors present their report and financial statements of the company for the year ended 31 July 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the provision of consultancy services to the public sector.

RESULTS AND DIVIDENDS

The profit after taxation for the year is £372,000 (31 July 2003: £1,119,000) and is dealt with as shown in the profit and loss account on page 5. The directors recommend the payment of a dividend £417,000 (31 July 2003: £nil).

DIRECTORS

The directors at the date of this report are shown on page 1.

In accordance with the Articles of Association, directors are not required to retire by rotation.

DIRECTORS' INTERESTS

Messrs. W.A. Trendell and K.W.T. Hingley were also directors of the ultimate parent undertaking, HPR Holdings Limited, and their interests, as defined by the Companies Act 1985, are disclosed in the annual report of that company.

AUDITORS

On 28 February 2005 our auditors, Blueprint Audit Limited changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



W A Trendell
Director
5 August 2005

HPR Consulting Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

INDEPENDENT AUDITOR'S REPORT

to the members of HPR Consulting Limited

We have audited the company's financial statements for the year ended 31 July 2004 which comprise the profit and loss account, balance sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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 auditor

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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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 opinion

We conducted our audit in accordance with United Kingdom 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 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 financial statements give a true and fair view of the state of affairs of the company as at 31 July 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Tenon Audit Limited

Tenon Audit Limited
Chartered Accountants & Registered Auditor
Nottingham

5 August 2005.

HPR Consulting Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2004

	Notes	2004 £000	2003 £000
TURNOVER	2	141	1,985
Operating costs		(76)	(869)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	65	1,116
Tax on profit on ordinary activities	6	-	3
PROFIT FOR THE YEAR		65	1,119
Dividends		(110)	
(SUSTAINED DEFICIT)/RETAINED PROFIT FOR THE YEAR		(45)	1,119

Movements on reserves are set out in note 9.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of £45,000 in the year ended 31 July 2004 (31 July 2003: Profit of £1,119,000).

The notes on pages 7 to 10 form part of these financial statements.

HPR Consulting Limited
BALANCE SHEET at 31 July 2004

		2004	2003
	Notes	£000	£000
CURRENT ASSETS			
Debtors	7	25	70
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		25	70
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Share premium account	9	24	24
Profit and loss account	9	-	45
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		25	70
		<hr/>	<hr/>



W A Trendell
 Director
 5 August 2005

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Consolidated financial statements

Since the company is a wholly owned subsidiary undertaking of HPR Holdings Limited, a company registered in England and Wales, consolidated financial statements have not been prepared by reason of Section 228 of the Companies Act 1985.

Leasing and hire purchase commitments

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax, with the following exception:

- a. Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction; monetary assets and liabilities at the balance sheet are translated at the year end rate of exchange. All exchange differences thus arising are reported as part of the result for the year.

Pensions

Certain employees are members of the group's defined benefit pension scheme, details of which are disclosed in the financial statements of the ultimate parent undertaking.

In accordance with the provisions of SSAP24, pension costs are charged against profits over the service lives of the employees. Total pension costs comprise:

- a. The regular pension cost, that is the consistent outgoing cost, calculated as a level percentage of the current and expected future pensionable payroll.
- b. Variations from the regular cost, arising from pension scheme surpluses or deficits allocated over the expected remaining service lives of employees.

In addition, the company contributes to personal pension schemes on behalf of its staff. Contributions payable to pension schemes are charged to the profit and loss account in the period to which they relate.

Cashflow Statement

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking of HPR Holdings Limited, the group financial statements of which include a consolidated statement of cashflows including those of the company.

2. TURNOVER

The turnover, loss before tax and net assets are attributable to the company's principal activity. The whole of the company's turnover represents sales within Europe, Africa and the Middle East. Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from continuing activities.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004	2003
	£000	£000
Operating profit is stated after charging:		
Operating lease charges		
- Plant & Machinery	-	4

4. STAFF COSTS

The average number of persons employed by the company (including directors) during the year was nil (2003: nil).

The payroll costs disclosed represent costs recharged from other group undertakings.

The aggregate payroll costs were as follows:

	2004	2003
	£000	£000
Wages and salaries	-	672
Social security costs	-	79
Pension costs	-	46
	-	797

5. DIRECTORS' EMOLUMENTS

No remuneration was paid to directors during the year (2003: £nil)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the profit for the year comprises:

	2004	2003
	£000	£000
UK Corporation tax		
Deferred tax	-	(3)

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are reconciled below:

	2004	2003
	£000	£000
Profit on ordinary activities before tax	65	1,116
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	20	335
Utilisation of tax losses	(20)	(335)
Current tax charge for year	-	-

HPR Consulting Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 July 2004

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(a) Factors affecting future tax charge

As at 31 July 2004 the Company had carried forward tax losses of approximately £0.2m (2003: £0.2m) .

7. DEBTORS

	2004 £000	2003 £000
Amount due from group undertakings	25	70
All debtors fall due within one year.		

8. SHARE CAPITAL

	2004 £000	2003 £000
Authorised:		
Ordinary shares of £1 each	1	1
Convertible preferred non-voting shares of £1 each		
	1	1
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1	1

9. SHARE CAPITAL AND RESERVES

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000
At 31 July 2003	1	24	45
Result for the year	-	-	(45)
At 31 July 2004	1	24	-

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £000	2003 £000
At 31 July 2003	70	(1,049)
Result attributable to shareholders	(45)	1,119
At 31 July 2004	25	70

11. CONTINGENT LIABILITY

The company is a party to cross guarantees in respect of overdraft facilities which have been granted by the bankers to HPR Holdings Limited and other group companies.

12. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £nil (2003: £nil)

13. PENSION COMMITMENTS

The company contributes to personal pension schemes held by its staff. The pension cost charge represents contributions payable by the company to these funds and amounted to £nil (31 July 2003: £45,559).

Further details in respect of the group defined benefit scheme, of which certain employees were members, are disclosed in the accounts of the ultimate parent, HPR Holdings Limited.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(c) of FRS8 from disclosing transactions with related parties that are part of the HPR Holdings Limited.

15. HOLDING UNDERTAKING

As at 31 July 2004 the ultimate holding undertaking was HPR Holdings Limited which is registered in England and Wales. The company's results are consolidated into the financial statements of HPR Holdings Limited. Copies of the financial statements of that company may be obtained from the Secretary, HPR Holdings Limited, 61 Southwark Street, London, SE1 1SA.