

HTSPE Limited
(Formerly Broomco (4114) Limited)

**Directors' report and consolidated
financial statements**

Registered number 6407873

Period ended 31 March 2009



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Directors' report

The directors present their directors' report and financial statements for the 17 month period ended 31 March 2009.

Principal activities and business review

The company was incorporated as Broomco (4114) Limited on 24 October 2007. On 6 November 2007, the company purchased the business and assets and assumed certain liabilities of HTSPE Limited in a management buy out. The business purchased had been established for more than 50 years, operating principally through Hunting Technical Services and P-E International, which merged to form HTSPE Limited in 2004. On 13 November 2007, Broomco (4114) Limited changed its name to HTSPE Limited. The directors consider that the transition to a management-owned company was achieved seamlessly and quickly.

The company's principal activity is the supply of consulting services in many of today's challenging areas, such as the environment, poverty reduction, sustainable economic growth and governance. The majority of the company's work is carried out in developing countries on behalf of donor governments and world banks. The company works in partnership with our clients to achieve common goals of sustainable and equitable development for the beneficiary countries. The directors are not expecting there to be any material changes in the company's activities in the forthcoming year.

The Co-operative Bank has become an excellent funding partner for the company with the similar principles of ethics, prominence in Corporate Social Responsibility and commitment to environmental issues.

The directors consider that trading for the 17 months period ended 31 March 2009 has been good despite the weak economic climate. Group Profit before tax for the period amounted to £1,556,000. This included foreign exchange gains of £353,000 which substantially arose from the collection of net Euro and US receivables following the exceptionally large and rapid deterioration in Sterling against those currencies towards the end of 2008.

The directors also consider the financial position to be satisfactory based on strong cash flows, the reduction in bank loans of £125,000 and the full settlement of vendor deferred consideration of £500,000. In addition the company has an overdraft facility of £2.5m of which £2.3m was available at the balance sheet date. All bank covenants were comfortably complied with throughout the period.

Future prospects

The company started its new financial year with a healthy number of contracts in progress and with a good business pipeline and the directors are confident that the success achieved in the first period of trading as a management-owned company will be progressed further.

Principal risks and uncertainties

The company operates in a highly competitive environment and, in line with other similar businesses, the key risk is to ensure that new contract win rates are maintained at acceptable levels. The directors believe this is achieved by ensuring that the consultancy services provided to existing customers give good value for money and are of a standard and quality that surpass that of our competitors. A competitive edge is also aided by the breadth of geographical experience as well as having experience in several different sectors.

A significant part of the company's trading activities are denominated in Euro, and to a lesser extent in US\$, and therefore the company is exposed to movement in Sterling relative to these two currencies. The company reduces this risk by ensuring that related contract costs are borne in the same currency as that used for invoicing the customer.

By the very nature of the business the company gets involved in, employees and sub-contracted consultants often work in countries which are volatile, where crime is prevalent and where the environment is hostile. The company takes the matter of staff safety and security extremely seriously and has a comprehensive policy in place which covers travel security procedures, emergency response procedures and raises the awareness of safety whilst travelling on company business.

Directors' report *(continued)*

Proposed dividend

The directors consider that it would be prudent to retain the profit for the period and the cash balance in the company and therefore do not propose a dividend.

Directors and directors' interests

The following directors were appointed on 24 October 2007 and held office during the whole period:

D P Timmins
J R Green
C D A Lockett
J C West

Employees

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort would be made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employment involvement

The directors provide information to and consult with employees by means of regular meetings and via the company's intranet. An employee share plan was implemented during the period with the objective to extend share ownership in the company to all permanent employees

Political and charitable contributions

Neither the company nor its subsidiary made any political or charitable donations during the year, nor incurred any political expenditure.

The company takes Corporate Social Responsibility very seriously and provides, amongst other things, certain student sponsorship. The company's Pakistan branch has an agreement with the NWFP Agricultural University, Peshawar to sponsor at least two students per year from their Institute of Development Studies. This involves providing financial assistance to students to support research work at PhD and MSc level with the students also being involved in the project work of the company's Pakistan branch. An amount of £350 was directly spent during the period in this regard.

Suppliers

The company agrees the terms of payment with suppliers prior to placing business and it is the company's policy to settle liabilities by the due date. At 31 March 2009, the company had an average of 31 days of purchases outstanding in trade creditors.

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



D P Timmins
Director

10th June 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of HTSPE Limited

We have audited the financial statements (the "financial statements") of HTSPE Limited for the period ended 31 March 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under 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 auditor's 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 auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 group's and 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.

Independent auditors' report to the members of HTSPE Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's profit for the period 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

12 June 2009

Consolidated Profit and Loss Account
for the 17 month period ended 31 March 2009

	<i>Note</i>	£000
Turnover	<i>1,2</i>	38,254
Cost of sales		(32,498)
		<hr/>
Gross profit		5,756
Distribution costs		(2,134)
Administrative expenses		(1,798)
		<hr/>
Operating profit		1,824
Interest payable and similar charges	<i>3</i>	(293)
Other interest receivable and similar income	<i>4</i>	25
		<hr/>
Profit on ordinary activities before taxation	<i>5</i>	1,556
Tax on profit on ordinary activities	<i>9</i>	(476)
		<hr/>
Profit on ordinary activities after taxation		1,080
Minority interests		17
		<hr/>
Profit for the financial period		1,097
		<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.


The group had no recognised gains or losses in the period other than as reported above and hence no statement of total recognised gains and losses is included in these financial statements. There is no difference between the result as disclosed above and the results on a historic cost basis.

The notes on pages 11 to 27 form part of these financial statements.

Consolidated Balance Sheet
at 31 March 2009

	<i>Note</i>	2009 £000	2009 £000
Fixed assets			
Intangible fixed assets	10		-
Tangible fixed assets	11		400
			<hr/> 400
Current assets			
Debtors	13	8,707	
Cash at bank and in hand		1,873	
		<hr/> 10,580	
Creditors: amounts falling due within one year	14	<hr/> (8,253)	
Net current assets			<hr/> 2,327
Total assets less current liabilities			2,727
Creditors: amounts falling due after more than one year	15		(1,296)
Net assets			<hr/> 1,431 <hr/>
Capital and reserves			
Called up share capital	17		1
Share premium account	18		329
Profit and loss account	18		1,080
Other reserves	18		4
			<hr/> 1,414
Equity Shareholders' funds	19		1,414
Minority Interest			17
			<hr/> 1,431 <hr/>

These financial statements were approved by the board of directors on 10/6/2009 and were signed on its behalf by:

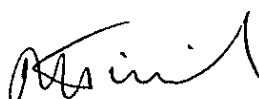


D P Timmins
Director

Company Balance Sheet
at 31 March 2009

	<i>Note</i>	2009 £000	2009 £000
Fixed assets			
Intangible fixed assets	<i>10</i>		-
Tangible fixed assets	<i>11</i>		397
Investments	<i>12</i>		3
			<hr/> 400
Current assets			
Debtors: amounts falling due within one year		8,616	
amounts falling due after one year		144	
		<hr/>	
	<i>13</i>	8,760	
Cash at bank and in hand		1,857	
		<hr/>	
		10,617	
Creditors: amounts falling due within one year	<i>14</i>	(8,217)	
		<hr/>	
Net current assets			2,400
			<hr/>
Total assets less current liabilities			2,800
Creditors: amounts falling due after more than one year	<i>15</i>		(1,296)
			<hr/>
Net assets			1,504
			<hr/> <hr/>
Capital and reserves			
Called up share capital	<i>17</i>		1
Share premium account	<i>18</i>		329
Profit and loss account	<i>18</i>		1,170
Other reserves	<i>18</i>		4
			<hr/>
Shareholders' funds			1,504
			<hr/> <hr/>

These financial statements were approved by the board of directors on 10/6/2009 and were signed on its behalf by:



D P Timmins
Director

Consolidated Cash Flow Statement
for the 17 Month period ended 31 March 2009

	<i>Note</i>	£000
Cash flow statement		
Net cash flow from operating activities	21	2,893
Returns on investments and servicing of finance	22	(378)
Capital expenditure and financial investment	22	(56)
Acquisition of subsidiary net of cash acquired	22	(2,846)
		<hr/>
Net cash (outflow) before management of liquid resources and financing		(387)
 Financing	 22	 2,260
		<hr/>
Increase in cash in the period		1,873
		<hr/> <hr/>
Net bank and cash balances		
At start of period		-
At end of period		1,873
	23	<hr/> <hr/>
		1,873
		<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt		
(Increase) / decrease in cash in period		(1,873)
Cash inflow from increase in debt		1,820
		<hr/>
Movement in net debt in period		(53)
 Net debt at start of period		 -
		<hr/>
Closing net debt / (cash surplus)	23	(53)
		<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and a going concern basis and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis. The directors believe this is appropriate in view of the projected cash flows of the group together with their future plans for the business which will enable the group to meet its liabilities for the foreseeable future. The repayment of the subordinated loan notes is subject to certain restrictions by the company's bank.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2009. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. During the financial period the company made a profit before tax of £1,647,000.

Foreign Currencies

All assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies have been converted to sterling at the rates of exchange ruling at the dates of the transaction. All differences on exchange arising in the financial period are taken to the profit and loss account.

Goodwill and investments

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil, and negative goodwill is credited to nil, to the profit and loss account over its estimated useful life. In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Pension costs

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

The Employee Share Plan allows the company to grant Free Shares to permanent employees of any Group company. The fair value of the Free Shares awarded during the period is recognised as staff costs with a corresponding increase in equity by way of a capital contribution. The fair value is measured at the grant date and charged to the profit and loss account rateably over the period during which the Free Shares unconditionally vest.

1 Notes (continued)

Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, 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:

Leasehold property	-	lease period
Plant and equipment	-	3 years
Motor vehicles	-	4 years

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

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Turnover and profit recognition

Turnover is derived from the performance of contracts for the supply of services. The greater proportion of these contracts allows for the invoicing on a monthly basis of staff and sub-contracted consultants' time and related reimbursable expenses as well as programme spend. In this case turnover and profit are recognised as services are delivered and gross of reimbursable expenses.

Profit on other contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty and is then calculated on a prudent basis to reflect the proportion of work carried out by the period end. Provision is made for the full amount of any foreseeable losses on contracts.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions :

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company ; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability the effective part of any gain or loss on the derivative financial instrument is recognised in equity in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the consolidated Profit and Loss Account.

Notes (continued)

Accounting policies (continued)

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

2 Turnover

Substantially all turnover originates from the Group's consultancy activities. The analysis of turnover by geographical destination is as follows :

	17 Months ended 31 March 2009 £000
United Kingdom	887
Africa	18,884
Rest of Europe	9,906
Asia	8,106
Rest of World	471
	<hr/>
	38,254
	<hr/>

Notes *(continued)*

3 Interest payable and similar charges

	17 Months ended 31 March 2009 £000
On bank loans and overdrafts	197
On subordinated loan notes	7
On vendor deferred consideration	45
Amortisation of loan issue costs	44
	<hr/>
	293
	<hr/>

4 Other interest receivable and similar income

	17 Months ended 31 March 2009 £000
Bank interest receivable	25
	<hr/>
	25
	<hr/>

Notes *(continued)*

5 Analysis of profit on ordinary activities before taxation

	17 Months ended 31 March 2009 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>	
Depreciation and amounts written of tangible fixed assets	244
Amortisation of Negative Goodwill	(5)
Auditors' remuneration	
Audit of these financial statements	27
Other services relating to taxation	43
Other services	20
Operating lease rentals in respect of property	135
Exchange gain	(353)
	<hr/>

6 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees Group
Management	6
Professional staff	56
Administration	16
	<hr/>
	78
	<hr/>

The aggregate payroll costs of these persons were as follows:

	Group £'000
Wages and salaries	4,215
Social security costs	284
Pension costs	127
Share based payments	4
	<hr/>
	4,630
	<hr/>

Notes (continued)

7 Remuneration of directors

	£000
Directors' emoluments	614

The emoluments of the highest paid director were £182,000 and Company pension contributions of £14,000 were made to a defined contribution pension scheme on his behalf.

Contributions amounting to £31,102 were made to a defined contribution pension scheme on behalf of the three other directors.

8 Share based payments

During the period, the company made Share awards of ordinary shares to permanent employees, other than directors, who were not in a probationary period. These Share awards have a two year vesting period and an exercise price at the nominal value per share of £0.01. There is no other conditions attached to the vesting of these Share awards. The majority of these awards will vest on 6 November 2009 having been granted to permanent employees of the company at the time of the management buy-out.

The fair value of Share awards is calculated by reference to the market price, as estimated by the directors, on the date of grant and spread over the required vesting period. The status of the non-vested Share awards as of 31 March 2009 and the changes during the period then ended are presented below:

	2009 Weighted average grant fair value	2009 Number of share options
	£	Number
Outstanding at the beginning of the period	-	-
Granted during the period	8,520	2,000
Forfeited during the period	(630)	(150)
Exercised during the period	-	-
	<hr/>	<hr/>
Outstanding at the end of the period	7,890	1,850
	<hr/>	<hr/>
Exercisable at the end of the period	Nil	Nil
	<hr/>	<hr/>

The share options outstanding at the period end have an exercise price of £0.01 and a weighted average contractual life of 2 years. Share awards are granted under a minimum of a two year continuous employee condition which is taken into account in the fair value measurement at grant date. There are no market conditions associated with the restricted Share awards.

The total expenses recognised for the period arising from share based payments are as follows:

	2009 £000
Equity settled share-based payments	4

Notes (continued)

9 Taxation

Analysis of charge in period

	17 Months ended 31 March 2009 £000
<i>UK corporation tax</i>	
Current tax on income for the period	506
	<hr/> 506
Deferred tax (see note 16)	(30)
	<hr/> 476

Factors affecting the tax charge for the current year

The current tax charge for the period is higher than the average standard rate of corporation tax in the UK (28.6%). The differences are explained below.

	£000
<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	1,556
	<hr/>
Current tax at 28.6%	445
<i>Effects of:</i>	
Expenses not deductible for tax purposes	1
Depreciation in excess of capital allowances	24
Unutilised tax loss in subsidiary	26
Other permanent differences	4
Other timing differences	6
	<hr/>
Total current tax charge (see above)	506

Notes *(continued)*

10 Intangible fixed assets

	Negative Goodwill £000
Group and Company	
Cost	
At start of the period	-
Acquisitions	(5)
	<hr/>
At end of period	(5)
	<hr/>
Amortisation	
At start of the period	-
Credit for period	5
	<hr/>
At end of period	-
	<hr/>
Net book value	
	<hr/>
At 31 March 2009	-
	<hr/>

On 6 November 2007, the company acquired the trade, assets and certain liabilities of Genus Consulting Limited (formerly HTSPE Limited) satisfied in cash.

	Book and fair value £000
Tangible Fixed assets	577
Trade debtors and other current assets	5,894
Cash	168
Trade creditors and other current liabilities	(3,620)
	<hr/>
Net assets acquired	3,019
Purchase consideration (including acquisition cost totalling £111,000)	(3,014)
	<hr/>
Negative Goodwill on acquisition	5
	<hr/>

Notes (continued)

11 Tangible fixed assets

	Short leasehold property	Fixtures, fittings and equipment	Total
Group	£000	£000	£000
<i>Cost</i>			
At start of period	-	-	-
At acquisition	339	421	760
Additions	32	35	67
Disposals	-	(12)	(12)
At end of period	371	444	815
<i>Depreciation</i>			
At start of period	-	-	-
At acquisition	17	166	183
Charge for period	54	190	244
Disposals	-	(12)	(12)
At end of period	71	344	415
<i>Net book value</i>			
At 31 March 2009	300	100	400

	Short leasehold property	Fixtures, fittings and equipment	Total
Company	£000	£000	£000
<i>Cost</i>			
At start of period	-	-	-
At acquisition	339	413	752
Additions	32	35	67
Disposals	-	(12)	(12)
At end of period	371	436	807
<i>Depreciation</i>			
At start of period	-	-	-
At acquisition	17	163	180
Charge for period	54	188	242
Disposals	-	(12)	(12)
At end of period	71	339	410
<i>Net book value</i>			
At 31 March 2009	300	97	397

Notes (continued)

12 Fixed asset investments

Company	£'000
Cost and net book value	
At start of period	-
On acquisition	3
	<hr/>
At 31 March 2009	3
	<hr/>

The company has investments in the following subsidiary undertaking:

Name of company	Country of incorporation	Principal activity	Holding	%
HTSPE Tanzania Limited	Tanzania	Consulting services	Ordinary shares	80%

The above entity has been included in the consolidated results

13 Debtors

	Group	Company
	£000	£000
Trade debtors	2,573	2,538
Amounts recoverable on contracts	5,104	5,048
Amounts owed by group undertaking (falling due after more than one year)	-	144
Prepayments	1,000	1,000
Deferred tax (see note 16)	30	30
	<hr/>	<hr/>
	8,707	8,760
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	Group	Company
	£000	£000
Bank loans and overdrafts (see note 15)	469	469
Subordinated loan notes (see note 24)	55	55
Trade creditors	2,828	2,792
Other taxation and social security	87	87
Accruals and deferred income	4,308	4,308
Corporation tax	506	506
	<hr/>	<hr/>
	8,253	8,217
	<hr/>	<hr/>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group
	£000
Bank loans	1,765
	<hr/>
	1,765
	<hr/>
The ageing profile of these loans is as follows:	
Due within one year	
Bank loans falling due within one year	469
	<hr/>
Due between one and two years	469
Due between two and five years	827
	<hr/>
Bank loans falling due after more than one year	1,296
	<hr/>
Total loans	1,765
	<hr/>
Total loans can be analysed as follows:	
Bank loans	1,875
Unamortised Issue costs	(110)
	<hr/>
	1,765
	<hr/>

The bank loans are secured by a fixed and floating charge on the leasehold property and all other assets of the company.

The bank loans carry interest at 2.25% over the bank's base lending rate.

As part of its interest rate strategy, the company has entered into an interest rate swap to hedge floating LIBOR rates. As a result, bank loans include £1,406,000 which is fixed at a rate of 5.55%.

Notes *(continued)*

16 Deferred Tax

	£000
Difference between accumulated depreciation and capital allowances	24
Other timing differences	6
	<hr/>
Deferred tax asset	30
	<hr/> <hr/>

17 Called up share capital

	At 31 March 2009 £
<i>Authorised</i>	
110,000 ordinary shares of £0.01 each	1,100
	<hr/>
<i>Authorised, allotted and fully paid up</i>	
100,000 ordinary shares of £ 0.01 each	1,000
	<hr/> <hr/>

Notes (continued)

18 Reserves

Group	Share Capital £000	Share premium £000	Other reserves £000	Profit and loss account £000	Total £000
At start of period	-	-	-	-	-
Shares issued in period	1	329	-	-	330
Profit for the period	-	-	-	1,080	1,080
Credit in relation to share based payments	-	-	4	-	4
	<u>1</u>	<u>329</u>	<u>4</u>	<u>1,080</u>	<u>1,414</u>
At end of period	<u>1</u>	<u>329</u>	<u>4</u>	<u>1,080</u>	<u>1,414</u>

Company	Share Capital £000	Share premium £000	Other reserves £000	Profit and loss account £000	Total £000
At start of period	-	-	-	-	-
Shares issued in period	1	329	-	-	330
Profit for the period	-	-	-	1,170	1,170
Credit in relation to share based payments	-	-	4	-	4
	<u>1</u>	<u>329</u>	<u>4</u>	<u>1,170</u>	<u>1,504</u>
At end of period	<u>1</u>	<u>329</u>	<u>4</u>	<u>1,170</u>	<u>1,504</u>

19 Reconciliation of movements in group equity shareholders' funds

	£000
At start of period	-
Shares issued	330
Profit for the period	1,080
Credit in relation to share based payments	4
	<u>1,414</u>
Closing equity shareholders' funds	<u>1,414</u>

Notes (continued)

20 Commitments

Annual commitments under non-cancellable operating leases are as follows:

Group	£000
Land and buildings	
Operating leases which expire:	
Within one year	-
In the second to fifth years inclusive	-
Over five years	120
	<hr/> 120 <hr/>
Other operating leases	
Operating leases which expire:	
In the second to fifth years inclusive	78
	<hr/> 78 <hr/>

21 Reconciliation of operating profit to operating cash flows

	17 Months ended 31 March 2009 £000
Operating profit	1,824
Depreciation	244
Amortisation of goodwill	(5)
Increase in debtors & prepayments	(2,826)
Increase in creditors & accruals	3,652
Charge in relation to share based payments	4
	<hr/>
Net cash inflow from operating activities	2,893 <hr/>

Notes (continued)

22 Analysis of cash flows

	17 Months ended 31 March 2009 £000
Returns on investments and servicing of finance	
Interest received	25
Interest paid	(293)
Cash flows treated as issue costs	(110)
	<hr style="width: 100%; border: 0.5px solid black;"/> (378) <hr style="width: 100%; border: 0.5px solid black;"/>
Taxation	
Taxation paid	-
	<hr style="width: 100%; border: 0.5px solid black;"/>
Capital expenditure	
Purchase of tangible fixed assets	(56)
	<hr style="width: 100%; border: 0.5px solid black;"/>
Acquisition expenditure to date	
Purchase of subsidiary undertaking including costs of acquisition	(3,014)
Cash transferred as part of acquisition	168
	<hr style="width: 100%; border: 0.5px solid black;"/> 2,846 <hr style="width: 100%; border: 0.5px solid black;"/>
	17 Months ended 31 March 2009 £000
Financing	
Issue of Ordinary Share Capital	330
Debt due within one year:	
Increase in short term borrowing	430
Repayment of secured loans	(125)
New unsecured loans	55
Debt due after more than one year:	
New secured loans	1,570
	<hr style="width: 100%; border: 0.5px solid black;"/> 2,260 <hr style="width: 100%; border: 0.5px solid black;"/>

Notes (continued)

23 Analysis of net debt

	At 31 March 2009 £000
Net cash	
Bank deposits	1,873
	<hr/>
Debt	
Debts falling due within one year:	
Bank loans	469
Subordinated loan note	55
	<hr/>
Debts falling due within one year	524
	<hr/>
Debts falling due after one year:	
Bank loans	1,296
	<hr/>
Debts falling due after one year	1,296
	<hr/>
Net cash	53
	<hr/> <hr/>

24 Ultimate controlling party and related party disclosures

No one individual controls the company by virtue of shareholding.

The group has taken advantage of the exemptions within FRS 8 "Related party disclosures" and has not disclosed details of the transactions and balances with the group's subsidiary and associated undertakings.

The following directors held unsecured subordinated loan notes. The notes attract interest of 10% and £6,875 has been paid during the period. The loans, subject to certain conditions, are repayable on 6 November 2009.

	At 31 March 2009 £000
DP Timmins	35
JR Green	10
CDA Lockett	10
	<hr/> <hr/>

Notes *(continued)*

25 Contingent Liabilities

Bank bonds and guarantees provided to the company's customers as at 31 March 2009 amounted to Euro 178,000 (£165,000). Since the balance sheet date bonds and guarantees amounting to Euro 28,115 (£26,032) have expired with the remainder due to expire within 12 months of that date.

26 Financial Instruments

Interest rate risk management

Interest rate risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings by the use of an interest rate swap agreement. Under the interest rate swap agreement, the company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts which amortise with the repayment schedule of the bank loan which has a five year term expiring in November 2012. The fair value of the interest rate swap at the reporting date amounted to an unfavourable £91,000, which was determined by discounting the future cash flows at the reporting date and the credit risk inherent in the agreement.

Cash flow hedge

On drawing down the bank loan of £2m, an interest rate swap agreement in relation to £1.5m of the bank loan was entered into at a fixed interest rate of 5.55% with the aim of mitigating the risk of changing interest rates on the cash flow exposures on the issued variable debt held. The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is the bank's 3 month rate, effectively LIBOR. The company settles the difference between the fixed and floating interest rate on a net basis.

The interest rate swap agreement exchanging floating rate interest amounts for fixed rate interest amounts is designated as a cash flow hedge in order to reduce the company's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the bank loan occur simultaneously.