

Talent matters

Highams Systems Services Group plc
is a business and technology recruitment consultancy,
specialising in the insurance sector.

1700310



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Group at a glance

Our Markets

Highams provides technology resource to the insurance sector on a contract, interim and permanent basis. It also provides resource to a few select asset and fund management companies. Highams' main client base ranges from large insurance organisations to specialist niche companies.

Our Consultants, Contractors and Applicants

Our speciality is in finding excellent career opportunities and assignments for senior IT talent. We are constantly developing our relationships and networks to ensure we obtain the best available positions for such talent, whilst ensuring that their skills and personalities are compatible with the needs of our clients.

Our People

At Highams, we work hard to develop and maintain long-term relationships with our clients, contractors and applicants. To help ensure this, we focus on the development and retention of our experienced staff to ensure they are among the most knowledgeable in the industry, both in terms of recruitment best practice and the specialist niche markets in which Highams operates.

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Operating and financial highlights

	2009 £'000	2008 £'000
Revenue	10,533	13,606
Gross profit	1,765	2,125
Operating loss for the financial year	(317)	(1,841)
Operating loss for the financial year before impairment of goodwill	(317)	(770)
Loss for the financial year before tax	(370)	(1,922)
Net current assets/(liabilities)	48	(160)
Equity	63	(129)
Loss per share	(0.77)p	(6.06)p
Loss per share before impairment of goodwill	(0.77)p	(2.69)p

Operational

- 20 new customers secured
- Capital reorganisation stabilising the business
- Significant cost saving exercise implemented
- Launched Professional Services division
- Permanent revenue holding up
- Reduced revenue as UK contractor numbers decline
- Depressed market conditions throughout the year
- Reduced loss in second half

Chairman's Statement

Introduction

Following the Board restructuring and capital reorganisation undertaken last October, Highams has continued to reduce overheads in line with the challenging climate within the recruitment sector. We have made significant cost savings across the Company and will continue to ensure that our overheads are tightly controlled. The second half to March 2009 showed reduced losses at £110k compared to £260k in the first half to September 2008.

We continue to focus in our niche market within the insurance sector and in maintaining the quality of service and delivery associated with our brand.

Although the results for the year are disappointing overall, we have probably endured in the second half of the year arguably the most difficult conditions seen by the recruitment sector as a whole. The current outlook remains uncertain, but we are pleased to report that in the first quarter of this financial year the business has produced a small profit at EBITDA level, and we continue to focus on finding higher value business through our niche networks.

Since the year end further cost savings have been made. The strategy is to seek profits whilst maintaining the quality of our offering and the Directors currently expect an improved performance in the current financial year.

Financial Results

Group revenue fell by 22.6 per cent. to £10.5m (2008: £13.6m) as contractor numbers declined during the last quarter of the financial year.

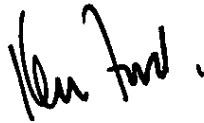
Gross profit was therefore reduced at £1.76m (2008: £2.1m). This represents 16.7% of revenue, which is a slight improvement when compared to 15.6% in 2008.

Group loss before taxation and impairment was £370,000 (2008: loss of £851,000). The Directors are not recommending the payment of a final dividend for the year to 31 March 2009 (2008: nil).

Executives and Staff

We remain a strong team of very knowledgeable long serving staff; and whilst we are in a challenging market their loyalty and commitment to the group remains positive for which we are extremely grateful.

Ken Ford
27 July 2009



Directors

Eric Kenelm (Ken) Ford

Non-Executive Chairman

Ken Ford has over 36 years of experience in the City. From 1993 he worked at Teather & Greenwood stockbrokers serving as Head of Corporate Finance, Managing Director, Chief Executive Officer and latterly as Deputy Chairman until retirement in 2007. Prior to this he worked as a director at Aberdeen Asset Management and served for seven years as a director at Morgan Grenfell, as Head of Research and Head of Corporate Finance at Morgan Grenfell Securities. Ken is a Fellow of the Securities Institute and on the executive committee of the Quoted Companies Alliance. He is also Chairman of Brainjuicer Group plc and a director of a number of other companies.

Mark de Lacy

Managing Director

Mark de Lacy has been employed by Highams since 1990. Originally brought in for his sales experience, Mark rapidly progressed to a senior role, responsible for the development of the Group's major accounts within the Life and Pensions and Insurance sectors. He moved into recruiting and developing successful sales teams before being appointed in 2007 to Sales Director. Mark continues to actively develop new strategic accounts within specialist vertical markets, whilst leading the sales team in Caterham.

Kerri Anne Sayers

Chief Operating Officer

Kerri Sayers has been employed by Highams since 1994 when she initially started in the finance department. She has since managed both the operation of the finance and HR team through various Group acquisitions and disposals. She is a member of the CIPD and was previously Twin Operations Manager for a high street recruiter.

John Edward Higham

Non-Executive Director and Deputy Chairman

John founded Highams in 1983 after many years gaining experience of the insurance market from an IT and business perspective, both within insurance company and software house environments. John was Chief Executive of the Group until April 2000 when he took up his current role. He has been a director of the company since 1 February 1983.

Directors and advisers

Company Registration Number:	1700310
Registered Office:	Quadrant House 33/45 Croydon Road Caterham Surrey CR3 6PB
Directors:	EK Ford (<i>Chairman</i>) M de Lacy (<i>Managing Director</i>) KA Sayers (<i>Chief Operating Officer</i>) JE Higham (<i>Non-executive and Deputy Chairman</i>)
Secretary:	KA Sayers
Bankers:	The Royal Bank of Scotland plc Turnpike House 123 High Street Crawley West Sussex RH10 1DQ
Nominated Adviser:	Charles Stanley Securities 131 Finsbury Pavement London EC2A 1NT
Registrars:	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0DA
Solicitors:	Eversheds LLP One Wood Street London EC2V 7WS
Auditors:	BDO Stoy Hayward LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

Report of the Directors

The directors present their report and the audited financial statements for the Company and the Group for the year ended 31 March 2009.

Principal Activity

Highams is a specialist IT recruitment consultancy and its principal activity is the provision of contract and permanent IT recruitment services, mainly in the insurance, investment management and financial sectors. Further details of the Group's operations are given in the introduction of the Chairman's Statement.

Results and Dividends

The Group recorded a loss before taxation and goodwill impairment of £370,000 (2008: loss before taxation and goodwill impairment £851,000) on a revenue of £10.5m (2008: £13.6m).

The directors do not recommend a final dividend (2008: nil). No interim dividend was paid during the year (2008: nil).

Review of Business

Following a significant year of change within the Board structure and the organisation as a whole, as reported in our interim statement we have executed significant cost savings across the Group and whilst we have not returned to profit in the financial year under review we believe we have implemented the changes needed to meet our expectations. We continue to find innovative ways to increase our sales performance and drive our service and quality and at the same time keep our costs firmly under control.

The results for the year are disappointing as shown in the financial statement. Given the current market conditions the future is uncertain and may remain difficult for the foreseeable future.

We continue to maintain a focused approach to our niche markets of insurance, investment management and finance. Our new Professional Services division and our existing Recruitment division address specialised areas within these markets enabling our staff to develop a deep knowledge of our clients' business. This is a key factor that differentiates Highams from less focused competitors. Delivery of our strategy is however dependent on our developing and retaining high quality staff and processes.

We have developed new processes to derive added value from our extensive candidate database which after 25 years contains many skilled business and IT professionals who are fundamental to our financial and insurance sector clients. This approach has resulted in a reduction of the use of on-line job boards where the quality of candidate response is variable. This has resulted in reduced on-line spend. The directors continually seek to improve our operating practices whilst returning the most value from our database.

Key Financial Risks of the Group

Interest Rate Risk

The Group finances its operations through a mixture of retained profit, bank borrowings and invoice discounting. The Group borrows in pounds sterling and euros. The Group has a bank offset arrangement in place. The net borrowing on the invoice discounting bears interest on a variable rate basis. Increases in bank base rates will therefore increase finance costs of the business.

Liquidity Risk

The Group's policy is to ensure that it has adequate financial resources to enable it to finance its day to day operations based on cash flow projections. The Group's working capital requirements are usually short term in nature and accordingly the Group uses invoice discounting facilities.

Foreign Currency Risk

The Group trades within Europe. Its transactions are generally priced and invoiced in euros and the direct costs of the sales are denominated in that currency. Risk arises on the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit concerned.

Credit Risk

Despite the current economic climate and turmoil in the financial services sector which has increased the Group's credit risk, no significant issues have arisen to date. However, credit ratings provided by credit rating agencies are obtained for all non 'blue chip' clients.

Details of the Group's financial instruments are given in note 20 to the financial statements.

Key Business Risks of the Group

Staff

Highams has an excellent record of staff retention in the recruitment market. In a service company such as Highams, it is essential that high-quality staff are recruited and then retained (through appropriate incentives, focused training and a challenging but supportive environment) if client relationships are to be maintained and new customers won.

Clients

Clients may choose not to continue to use Highams' services if our service fails to meet the required standards. We may also lose a client's business if that client is acquired by a competitor. To help ensure the maintenance of high standards, Highams is committed to the REC Code of Professional Practice and its ISO9001 certified quality management system. Importantly, longevity of service of many Highams' staff helps provide clients with continuity of service with someone who has a detailed knowledge of their needs; a big factor in helping retain clients. The current economic climate may result in a reduction of requirements.

Competition

There are many competing recruitment organisations. It is very important that Highams maintains and enhances its niche market approach in order to continue to differentiate itself from most other such organisations.

Given that the permanent and contract applicants have many recruitment organisations from which to choose, the risk is that they may choose not to register with Highams. Highams' staff work hard to be knowledgeable about their niche business and technical areas. By developing a network of clients, contractors and applicants relevant to that niche, Highams' staff are better positioned to attract and help talented contractors and applicants than more generalist agencies might be. Highams' database of such applicants and contractors continues to be an excellent source for the business and processes are continually updated to ensure continuity.

Directors

The biographies of the current directors of the Company are set out on page 3. The directors that served during the year were:

EK Ford	Chairman	Appointed 24 October 2008
M de Lacy	Managing Director	Appointed 30 September 2008
KA Sayers	COO	Appointed 30 September 2008
JE Higham	Non Exec Director	
El Andrews	COO	Resigned 30 September 2008
AM Howarth	Chairman	Resigned 30 September 2008
D Pye	CEO	Resigned 30 September 2008

Substantial shareholders

As at 13 July 2009, the following substantial shareholdings have been notified to the Company:

	Number of shares	% of issued Share Capital
EK Ford	13,802,857	20.00%
MJ Gray	10,304,286	14.92%
D Hart	9,776,386	14.16%
JE Higham	9,269,078	13.43%
EI Andrews	3,570,000	5.17%

Share option schemes

Information regarding the Company's share option schemes is given in note 22 to the financial statements.

Supplier payment policy

The Group's policy is to pay its contractors by direct credit within seven days of receipt of correct invoices. The Group's policy with regard to other suppliers is to settle amounts due in accordance with the terms of payment agreed when agreeing the terms of each transaction. The trade and other payables days figure at 31 March 2009 was 35 (2008: 25).

Liability insurance for Company Officers

The Company has maintained insurance cover for the directors against liability arising from negligence, default, breach of duty and breach of trust in relation to the Company.

Charitable and political donations

During the year, the Company made charitable donations of nil (2008: £3,150). There were no political donations (2008: nil).

Auditors

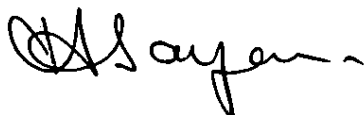
So far as the directors who were in office at the time that this Directors' report was approved are aware, there is no relevant audit information of which the auditors are unaware. Each such director has taken all reasonable steps to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the Annual General Meeting.

This report was approved by the Board of Directors on 27 July 2009.

KA Sayers

Company Secretary



Statement of Directors' responsibilities

Directors' responsibilities for the financial statements

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate governance

The board is committed to high standards of corporate governance so that the Company's management procedures are transparent and clearly understood by those who work within the Company, and by those who invest in it.

The Board

The aim of the Board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. Regular strategy meetings are held to review the Group's forward planning – vital in a rapidly changing market and technology environment.

The Board currently consists of two executive directors and two non-executive directors. The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

The Chairman and the Managing Director

These tasks are carried out by different individuals. They have a clear understanding as to the split of responsibilities between them, and they meet regularly on a one-to-one basis so that each is aware of the ideas and action of the other.

Internal control

The Board has overall responsibility for ensuring that the Group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication, and that the assets are safeguarded.

An ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Group. The process has been in place for the full year under review and up to the date of approval of the annual report and financial statements. The Board regularly reviews the process.

Audit committee

The Board collectively undertakes the functions of the Audit Committee which is chaired by John Higham.

The terms of reference for the Audit Committee are to assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Its duties include maintaining an appropriate relationship with the Company's auditors, keeping under review the scope and results of the audit and its effectiveness.

The Audit Committee has sole responsibility for assessing the independence of the external auditors, BDO Stoy Hayward LLP. The committee has had due regard to the document published in May 2003 by the Institute of Chartered Accountants in England and Wales (ICAEW) "Reviewing Auditors Independence: guidance for audit committee". Each year the committee undertakes to seek reassurance that the external auditors are independent.

Remuneration committee

This committee (Remcom), which meets at least twice a year, is chaired by Ken Ford; the Board collectively undertakes the function of Remcom. The Board has adopted a set of operational rules for Remcom which will be available for inspection at the AGM.

The Directors' Remuneration Report is on page 10.

Going concern

After making appropriate enquiries, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' remuneration report

This report sets out the remuneration policies for the Group's executive directors. It should be read in conjunction with details of directors' remuneration in note 7 which forms part of the audited financial statements. The members of the remuneration committee (Remcom) are identified on page 9.

The members of Remcom are independent of conflicts of interest arising from day to day running of the business. Remcom makes recommendations to the Board. No director is involved in discussions about his own remuneration.

Remuneration policies

Remcom recommends to the Board a framework for executive remuneration. Remcom determines specific packages for each executive director including pension rights and compensation payments.

The general philosophy underlying the Group's remuneration policy for executive directors is the same as that applied to all senior employees in order to encourage excellence. The basic components of remuneration are: salary and benefits, cash bonuses, share schemes and pensions.

Salary and benefits

Remcom studies independent reports and market trends in considering the level of salary and benefits. It also takes into account experience, responsibility and performance.

Bonuses

Bonuses may be awarded at Remcom's discretion depending on Company performance and profits within the relevant business area.

Share schemes

Details of all Company share schemes appear in note 22 to the financial statements.

Mark de Lacy and Kerri Sayers were granted options on 2,070,530 each shares exercisable at 1.25p per share pursuant to the Highams EMI Share Option Scheme.

The vesting of 50% (2,070,550) of these options is contingent on the following condition; the gross profit of the Group for the year ended 31 March 2010 exceeds the gross profit for the year ended 31 March 2009 by 10%. The balance of the options are exercisable following the approval of the audited consolidated accounts of the Company for the financial year ending 31 March 2010.

The options were granted by Remcom on 21 November 2008; the share price was 1.25p.

Pensions

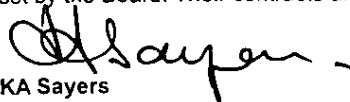
The group operates a defined contribution pension scheme, the contributions to which are set out in note 7 to the financial statements.

Service contract of the executive directors

Mark de Lacy and Kerri Sayers have service agreements terminable by the Company or by the executives of not less than six months notice.

Non-executive directors

Non-executive directors receive an annual fee in respect of their duties. The fees are reviewed annually and are set by the Board. Their contracts are immediately terminable.


KA Sayers
Company Secretary

Independent auditor's report

To the shareholders of Highams Systems Services Group plc

We have audited the group financial statements of Highams Systems Services Group plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes and the parent company financial statements which comprise the Company Balance Sheet and the related notes (together "the financial statements"). These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Group at a Glance, the Operating and Financial Highlights, the Chairman's statement and the Report of the Directors, Corporate Governance and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 auditor's report continued

To the shareholders of Highams Systems Services Group plc

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- 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.



BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

Gatwick

27 July 2009

Consolidated income statement

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Revenue	4	10,533	13,606
Cost of sales		(8,768)	(11,481)
Gross profit		1,765	2,125
Administrative costs			
Other administrative costs		(2,082)	(2,895)
Goodwill impairment		–	(1,071)
Total		(2,082)	(3,966)
Operating loss		(317)	(1,841)
Finance income	5a	4	3
Finance costs	5b	(57)	(84)
Loss before tax		(370)	(1,922)
Tax expense	9	–	–
Loss for the period attributable to equity shareholders		(370)	(1,922)
Loss per share			
Basic and diluted loss per share from continuing operations	10	(0.77)p	(6.06)p

All of the above relate to continuing operations.

Consolidated statement of recognised income and expense

For the year ended 31 March 2009

	2009 £'000	2008 £'000
Loss for the period	(370)	(1,922)
Foreign currency translation difference	(1)	4
Total recognised income and expense for the period attributable to equity shareholders	(371)	(1,918)

Consolidated balance sheet

At 31 March 2009

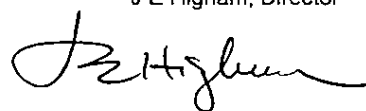
	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Intangible assets	12	3	11
Property, plant and equipment	13	12	20
Total		15	31
Current assets			
Trade and other receivables	14	1,343	2,273
Cash and cash equivalents		–	–
Total		1,343	2,273
Total assets		1,358	2,304
Current liabilities			
Trade and other payables	15	(1,039)	(1,237)
Borrowings	16	(256)	(1,196)
Total		(1,295)	(2,433)
Net (liabilities)/assets		63	(129)
Equity			
Share capital	21	1,597	1,594
Share premium account	23	1,239	679
Merger reserve	23	90	90
Employee share benefit trust reserve	23	(61)	(61)
Currency reserve	23	3	4
Retained earnings	23	(2,805)	(2,435)
Total equity		63	(129)

27 July 2009 and signed on its behalf by:

K A Sayers, Director



J E Higham, Director



Consolidated cash flow statement

For the year ended 31 March 2009

	2009 £'000	2008 £'000
Operating activities		
Loss for the year after tax	(370)	(1,922)
Depreciation of property, plant and equipment	10	14
Amortisation of intangible assets	8	13
Impairment of goodwill	—	1,071
Net finance costs	53	81
Changes in trade and other receivables	930	662
Change in trade and other payables	(198)	(651)
Net cash used in operating activities	433	(732)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10)	(6)
Purchase of intangible assets	—	(14)
Proceeds of property plant and equipment	7	—
Interest received	4	3
Net cash used in investing activities	1	(17)
Financing activities		
Decrease/increase in borrowings	(890)	436
Proceeds from issue of share capital	650	—
Associated cost of share issue	(87)	—
Interest paid	(57)	(84)
Net cash from financing activities	(384)	352
Net changes in cash and cash equivalents	50	(397)
Cash and cash equivalents, beginning of year	(169)	228
Cash and cash equivalents, end of year	(119)	(169)

Notes to the financial statements

For the year ended 31 March 2009

1. Nature of operations and general information

Highams Systems Services Group plc and its subsidiaries' principal activity is the provision of contract and permanent IT recruitment services, mainly in the insurance, investment management and financial sectors.

Highams Systems Services Group plc, a limited liability company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Highams Systems Services Group plc's registered office, which is also its principal place of business, is Quadrant House, 33/45 Croydon Road, Caterham, Surrey CR3 6PB. The details of subsidiary undertakings are listed in Note 6 to the Company Financial Statements.

Highams Systems Services Group plc's shares are listed on the London Stock Exchange's Alternative Investment Market (AIM). Highams Systems Services Group plc's consolidated full year financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

2. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared under the historical cost convention. The principal accounting policies of the group are set out below.

The group has taken advantage of certain exemptions available under IFRS1 First time adoption of International Financial Reporting Standards. The exemptions are explained under the respective accounting policy.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis. As at 31 March 2009 the group had net assets of £63,000. It incurred a loss for the year of £370,000.

In considering the appropriateness of the going concern assumption the directors have taken into consideration:

1. Monthly operating and cash flow forecasts; and
2. Facilities available to the group;

The group has funding arrangements with its principal banker, linked to receivables, which expire in March 2010. The directors anticipate being able to renew these facilities on similar terms, although have not yet entered into renewal discussions.

The directors are therefore confident that the group will be able to continue as a going concern. No adjustments have been made to the carrying values of both assets and liabilities that would be required were the going concern assumption inappropriate.

Basis of consolidation

The group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 March 2009. Subsidiaries are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from its activities. The group obtains and exercises control through voting rights.

Unrealised gains on transactions between the group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the financial statements continued

For the year ended 31 March 2009

2. Accounting policies continued

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Business combinations completed prior to date of transition to IFRS.

The group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 April 2006.

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. The carrying amount of capitalised goodwill at 31 March 2006 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount.

Revenue

Revenue represents amounts receivable for services provided during the accounting period net of trade discounts and value added tax. Revenue in respect of contract placements is recognised in the period in which the contractor undertakes the work. Revenue in respect of permanent placements is recognised in the period in which a placement commences work.

Goodwill

Goodwill represents any excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired for acquisitions after 31 March 2006, together with goodwill recognised on transition to IFRS on 1 April 2006.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets

Computer software included at cost is amortised on a straight line basis over its useful economic life of two years. The amortisation charge is shown within administrative expenses.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of property, plant and equipment over their estimated useful lives at the following rates:

Leasehold improvements	– over remaining period of lease on a straight-line basis
Computer equipment	– 50% per annum on a straight-line basis
Furniture, fittings and office equipment	– 25% per annum on a straight-line basis
Motor vehicles	– 25% per annum on a reducing balance basis

Impairment testing of goodwill, other intangible assets and property, plant and equipment

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually on 31 March. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount the asset is written down immediately.

Leased assets

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term. All of the Group's current leases are operating leases.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognised in the balance sheet only where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

On consolidation the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at rates of exchange ruling on the balance sheet date. Exchange differences arising from this policy are recognised directly in the currency reserve.

The group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Pension costs

The Group operates a defined contribution pension scheme. The pension cost expensed to the income statement represents contributions payable by the Group to the pension scheme in the period.

Financial assets

All of the Group's financial assets are categorised as loans and receivables.

The Group's financial assets comprise trade receivables, other receivables, cash and cash equivalents. Trade and other receivables are measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Notes to the financial statements continued

For the year ended 31 March 2009

2. Accounting policies continued

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, other payables, and an interest bearing confidential invoice discounting facility. All financial liabilities are measured initially at fair value and subsequently at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are included within current liabilities unless there is a right of offset with cash balances.

Employee share benefit trust

The cost of the company's shares held by the employee share benefit trust is deducted from equity in the consolidated balance sheet. Any cash received by the employee share benefit trust on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the employee share benefit trust, (including borrowings) are recognised as assets and liabilities of the group. Any shares held by the employee share benefit trust are treated as cancelled for the purposes of calculating earnings per share.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" represents the difference between the value of shares and the nominal value in accordance with the requirements of Merger Relief under the Companies Act 1985.
- "Employee share benefit trust reserve" represents the cost of the company's shares held by the employee share benefit trust.
- "Currency reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" represents retained profits less accumulated losses.

Standards and interpretations currently in issue but not yet effective

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements.

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- Amendment to IAS 39 and IFRS 7 Reclassification of Financial Assets: Effective Date and Transition (effective 1 July 2008)
- Amendments to IFRS 7 Improving Disclosures about Financial Instruments (effective 1 January 2009)
- Amendments to IFRIC 9 and IAS 39 Embedded Derivatives (Effective 30 June 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14, IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
- IFRIC 17 Distribution of Non-Cash Assets to Owners (Effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (Effective 1 July 2009)

Based on the Group's current business model and accounting policies, management does not expect material impacts on the consolidated financial statements when the Interpretations become effective, except the amendment to IAS 1 and IFRS 8 that will impact on the presentation of the financial statements. The Group does not intend to apply any of these pronouncements early.

3. Critical accounting judgements and estimates

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The group does not consider that there are any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

Notes to the financial statements continued

For the year ended 31 March 2009

4. Segment reporting

Management consider that there is one primary business segment being the provision of contract and permanent IT recruitment services. A secondary geographical segmental analysis is set out below.

The Group makes sales to a variety of global destinations. An analysis of sales revenue by geographical market is given below:

	Revenue by origin		Revenue by destination	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
United Kingdom	10,485	13,441	8,600	11,896
Rest of World	48	165	1,933	1,710
	10,533	13,606	10,533	13,606

Assets and capital expenditure based on the geographical location of the assets are as follows:

	Assets		Capital expenditure	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
United Kingdom	1,330	2,269	10	20
The Netherlands	–	35	–	–
	1,330	2,304	10	20

5. Finance costs

(a) Finance income

	2009 £'000	2008 £'000
Bank deposit interest	4	3

(b) Finance costs

	2009 £'000	2008 £'000
Invoice discounting facility	55	81
Other	2	3
	57	84

6. Employees' remuneration

(a) Staff costs

Staff costs, including Executive Directors, during the year were as follows:

	2009 £'000	2008 £'000
Wages and salaries	1,045	1,592
Social security costs	115	174
Other pension costs	25	51
	1,185	1,817

(b) Staff numbers

The average number of persons employed during the year were as follows:

	2009 Number	2008 Number
Sales	18	25
Finance and administration	5	6
Management	5	7
	28	38

7. Directors' remuneration

Aggregate remuneration

The total amounts for directors' remuneration and other benefits were as follows:

	2009 £'000	2008 £'000
Emoluments	199	345
Compensation for loss of office	30	15
Money purchase pension contributions	13	31
	242	391

(a) Directors Remuneration

The highest paid director during the period was D Pye, total emoluments £94,412 (2008: D Pye, £188,762).

M de Lacy and K Sayers are employed under a service agreement which can be terminated at any time by either the director or the company giving six months' prior notice. The services of K Ford and JE Higham are secured by letters of appointment, and these appointments can be terminated by the Company in general meeting at any time.

(b) Directors' pension entitlements

During the year, two directors were members of money purchase pension schemes (2008: one). Contributions paid by the Company in respect of such directors are shown in part (a) of this note.

(c) Directors' Share options and interests

Details of directors' share options and interests are shown in the directors' report on pages (5 to 7).

Notes to the financial statements continued

For the year ended 31 March 2009

8. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2009 £'000	2008 £'000
The analysis of auditor's remuneration is as follows:		
Audit fees payable to the Company's auditor for the audit of:		
Company annual accounts	6	6
Group annual accounts	10	10
	16	16
Other fees payable to the Company's auditors:		
Subsidiary companies	9	13
Tax compliance	4	2
Tax advisory	–	7
	29	38
Amortisation of intangibles	8	13
Depreciation of property, plant and machinery	10	13
Foreign exchange gain	(31)	–
Operating lease rentals		
Property	71	70
Plant and equipment	5	5

9. Income tax expense

The relationship between the expected tax expense based on the effective tax rate of the Group at 28% (2008: 30%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2009 £'000	2008 £'000
Result for the year before taxation	(370)	(1,922)
Expected tax expense	(104)	(577)
Expenses not deductible for tax purposes	3	6
Differences between capital allowances and depreciation	–	5
Expenses not deductible relating to impairment of goodwill	–	322
Utilisation of tax losses	(6)	(56)
Losses carried forward	107	300
Current tax expense, net	–	–
Comprising:		
Current tax charge/(credit) for period	–	–
Deferred tax expense	–	–
	–	–

Please refer to note 18 for information on the entity's deferred tax assets and liabilities.

10. Loss per share

	2009			2008		
	Loss £'000	Weighted average number of shares £'000	Loss per share p	Profit/ (loss) £'000	Weighted average number of shares £'000	Loss per share p
Basic loss per share	(370)	47,770	(0.77)	(1,922)	31,692	(6.06)
Impairment of goodwill	—	—	—	1,071	—	—
Adjusted loss per share	(370)	47,770	(0.77)	(851)	31,692	(2.69)

The weighted average number of shares excludes 183,953 (2008: 183,953) shares held by the Employee Share Benefit Trust.

The loss per share before goodwill impairment for 2008 was considered to be a non recurring expense and therefore shown as adjusted.

There is no difference in either 2009 or 2008 between the basic and diluted loss per share.

11. Goodwill

The goodwill arose from the acquisition of RWP Recruitment Services Limited in 2004. The business was transferred into an existing group company in 2004 subsequent to the acquisition.

Changes in the net carrying amount of goodwill can be summarised as follows:

	Goodwill on consolidation £'000
Carrying amount at 1 April 2007	1,071
Addition	—
Carrying amount at 31 March 2007	1,071
Addition	—
Impairment loss recognised	(1,071)
Carrying amount at 31 March 2008 and 31 March 2009	—

The recoverable amount for the goodwill arising from the RWP Recruitment acquisition is determined based on value-in-use calculations, at a level identifying the cash inflows from the customer base, nature of assignments and contractors arising from the acquired business. In the year ended 31 March 2008 the Company recognised a full impairment provision as shown in the table as above.

Notes to the financial statements continued

For the year ended 31 March 2009

12. Other intangible assets

The amounts recognised in the balance sheet relate to the following:

	2009 £'000	2008 £'000
Software		
Cost:		
At 1 April	80	66
Additions	–	14
At 31 March	80	80
Amortisation:		
At 1 April	69	56
Charge in year at 31 March	8	13
	77	69
Net book amount:		
At 31 March	3	11

13. Property, plant and equipment

	Improvements to property £'000	Computer equipment £'000	Furniture fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2008	75	79	61	34	249
Additions	–	10	–	–	10
Disposals	–	–	–	(34)	(34)
At 31 March 2009	75	89	61	–	225
Depreciation:					
At 1 April 2008	73	69	61	26	229
Charge for the year	1	9	–	–	10
Disposals	–	–	–	(26)	(26)
At 31 March 2009	74	78	61	–	213
Net book value 31 March 2009	1	11	–	–	12

	Improvements to property £'000	Computer equipment £'000	Furniture fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2007	75	73	61	34	243
Additions	–	6	–	–	6
Disposals	–	–	–	–	–
At 31 March 2008	75	79	61	34	249
Depreciation:					
1 April 2007	72	59	61	24	216
Charge for the year	1	10	–	2	13
Disposals	–	–	–	–	–
At 31 March 2008	73	69	61	26	229
Net book value 31 March 2008	2	10	–	8	20

14. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	1,161	2,018
Other receivables	12	24
Prepayments and accrued income	170	231
	1,343	2,273

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the receivables have been reviewed for indicators of impairment and no provision (2008: £nil) has been considered necessary.

Some of the unimpaired trade receivables are past due as at the reporting date. The age of trade receivables past due but not impaired is as follows:

	2009 £'000	2008 £'000
More than one month but not more than 3 months	234	942
More than 3 months but not more than 6 months	1	86
More than 6 months but not more than 1 year	–	–
More than one year	–	1
	235	1,029

Notes to the financial statements continued

For the year ended 31 March 2009

15. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	703	789
Other taxes and social security costs	103	198
Other payables	55	74
Accruals and deferred income	178	176
	1,039	1,237

All amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value.

16. Borrowings

	2009 £'000	2008 £'000
Current liabilities		
Bank overdrafts	119	169
Invoice discounting	137	1,027
	256	1,196

The Group has a confidential invoice discounting facility of £2,000,000 (2008: £2,000,000). The facility is Group cross guaranteed.

17. Leases

Operating leases

The Group leases various offices and equipment under non-cancellable operating leases. The total minimum lease payments under non-cancellable operating leases are as follows:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	77	41	111	41
After one year and less than five years	–	–	93	53
After 5 years	–	–	–	–
	77	41	204	94

Lease payments recognised as an expense during the year amount to £77,012 (2008: £110,056). No sublease income is expected as all assets held under lease agreements are used exclusively by the Group.

The rental contract for the office building rented since July 2000 at Caterham has a lease which expires in March 2010.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding further leasing.

18. Deferred tax

Deferred tax recognised in the financial statements is set out below.

	2009 £	2008 £
	—	—

The temporary differences for which the deferred tax asset not provided in the financial statements is set out below:

	2009 £	2008 £
Losses	(2,475,932)	(1,972,930)
Accelerated capital allowances	(109,114)	(16,786)
	(2,585,046)	(1,989,716)

A deferred tax asset has not been recognised in respect of these amounts as it is not known whether the recovery of these losses is probable.

19. Related party transactions and controlling related party

The Group's related parties comprise its Board of Directors.

20. Financial risk management objectives and policies

Financial instruments

The Group uses various financial instruments; these include cash and cash equivalents, and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The group finances its operations through a mixture of retained profit, bank borrowings and invoice discounting. The group borrows in pounds sterling and euros through the invoice discounting facility.

Cash deposits are non-interest bearing unless placed on money markets at overnight rates. The overdraft balances are offset against cash deposits in accordance with the facility and is managed such that no interest cost is incurred. The invoice discounting facilities are charged at 1.65% above the UK base rate. The group is therefore exposed to changes in interest rates primarily through its invoice discounting facility. If the UK bank base increased by 1% finance cost would increase by £12,000.

Liquidity risk

The group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands including on a day-to-day and week-to-week basis, as well as on a monthly basis. As at 31 March 2009 all of the Group's financial liabilities are contractually due within 6 months of the balance sheet date. The majority of working capital is provided through the invoice discounting facility, additional draw down of these payments are directly related to the trade receivables. The Group's liquidity needs are assessed periodically.

Notes to the financial statements continued

For the year ended 31 March 2009

20. Financial risk management objectives and policies continued

Credit risk

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are low as they are held at banks with high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The group has historically not suffered from significant bad debt problems. Although the Group's principal bankers are The Royal Bank of Scotland, the Group's invoice discounting facility is held with Lloyds TSB Commercial Finance.

Currency risk

The Group trades within European markets. These transactions are generally priced and invoiced in euros.

The table below shows the Group's currency exposures. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in its functional currency of the operating unit concerned. The exposures which relate only to the sales ledger balance, purchase ledger balance and cash at bank were as follows:

	2009 £'000	2008 £'000 Restated
Euros (net asset)	181	49

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

	Loans and receivables 2009 £'000	Non financial assets 2009 £'000	Financial liabilities 2009 £'000	Non financial liabilities 2009 £'000	Total for balance sheet heading 2009 £'000
Balance sheet headings					
Trade receivables	1,231	–	–	–	1,231
Other receivables	–	12	–	–	12
Prepayments	–	100	–	–	100
Trade payables	–	–	(822)	–	(822)
Other taxes and social security costs	–	–	–	(103)	(103)
Other payables	–	–	(55)	–	(55)
Accruals	–	–	(178)	–	(178)
Borrowings	–	–	(137)	–	(137)
Total	1,231	112	(1,192)	(103)	48

	Loans and receivables 2008 £'000	Non financial assets 2008 £'000	Financial liabilities 2008 £'000	Non financial liabilities 2008 £'000	Total for balance sheet heading 2008 £'000
Balance sheet headings					
Trade receivables	2,018	–	–	–	2,018
Other receivables	8	16	–	–	24
Prepayments	–	231	–	–	231
Trade payables	–	–	(789)	–	(789)
Other taxes and social security costs	–	–	–	(198)	(198)
Other payables	–	–	(74)	–	(74)
Accruals	–	–	(176)	–	(176)
Borrowings	–	–	(1,196)	–	(1,196)
Total	2,026	247	(2,235)	(198)	(160)

The fair values of the financial assets and liabilities at 31 March 2009 and 31 March 2008 are not materially different from their book values.

21. Share capital

	At 31 March 2009 £'000	At 31 March 2008 £'000
Authorised		
42,921,300 Ordinary 5p shares		2,146
5,554,741,568 Ordinary 5p Shares subdivided to 0.01p	555	
31,875,868 Deferred shares at 4.99p	1,591	
	2,146	2,146
	At 31 March 2009 £'000	At 31 March 2008 £'000
Allotted, called up and fully paid		
Ordinary 5p shares		1,594
69,018,425 Ordinary 5p shares sub divided to 0.01p	7	
31,875,568 Deferred shares at 4.99p	1,590	
	1,597	1,594
	At 31 March 2009 Number	At 31 March 2008 Number
Movement in ordinary shares		
Total number of shares in issue at beginning of year	31,875,568	42,921,300
Sub division and redesignation	(31,875,568)	
Sub division and redesignation to ordinary shares of 0.01p	31,875,568	
Issue of new ordinary 0.01p shares	37,142,857	
	69,018,425	42,921,300
Deferred Shares		
Sub division and redesignation to deferred shares of 4.99p	31,875,568	

Notes to the financial statements continued

For the year ended 31 March 2009

21. Share capital continued

The changes in the share capital took place on 24 October 2008.

Each of the ordinary shares of 5p each in the capital of the Company were sub-divided and redesignated into one ordinary share of 0.01p each and one deferred share of 4.99p each.

Each of the authorised but un-issued ordinary shares of 5p each in the capital of the company were sub-divided into 500 New Ordinary Shares.

The Company issued 37,142,857 ordinary shares of 0.01p each for cash. The premium arising on each share was 1.74p.

The Deferred Shares do not carry any voting rights and do not entitle the holders to receive any dividend or other distribution.

22. Employee share schemes

(a) EMI option scheme

The EMI option scheme was amended with effect from 29 March 2007 in order to reflect legislative changes since the scheme's creation in 2000. Options over 4,141,060 ordinary shares were granted on 21 November 2008 at an exercise price of 1.25 pence per share. There are no other options in existence. The share based payment expense for the period and in aggregate is immaterial and therefore no further IFRS 2 disclosures are given.

(b) Employee Share Benefit Trust

An Employee Share Benefit Trust was established in November 1995 and its Trustees have the power to grant options to eligible employees over shares in the Company at the Trust's expense, and the Company's discretion, upon such terms as they think fit and to purchase such shares to be acquired by the eligible employees.

The Company did not make any contributions to the Trust during the year (2008: £nil). The Trust holds 183,953 shares in the Company, with a market value of £2,299 (2008: 9,428 shares at a market value of £9,428).

No shares have been transferred to employees or were under option as at 31 March 2009. The Trust's only other asset at 31 March 2009 was cash at bank of £2,368 (2008: £2,368) which is included in the Group's balance sheet as part of cash and cash equivalents. The Trust had no liabilities.

All other options granted in prior years have lapsed and no other types of options were granted in the year.

23. Reconciliation of movements in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Currency reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2007	1,594	679	90	(61)	—	(513)	1,789
Currency adjustments	—	—	—	—	4	—	4
Loss for the year	—	—	—	—	—	(1,922)	(1,922)
At 1 April 2008	1,594	679	90	(61)	4	(2,435)	(129)
Issue of new shares	3	647	—	—	—	—	650
Associated cost of new shares issued	—	(87)	—	—	—	—	(87)
Currency adjustments	—	—	—	—	(1)	—	(1)
Loss for the year	—	—	—	—	—	(370)	(370)
At 31 March 2009	1,597	1,239	90	(61)	3	(2,805)	63

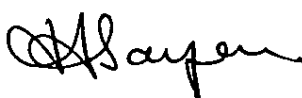
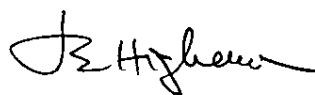
Company balance sheet

At 31 March 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	5	2	8
Investments	6	–	–
		2	8
Current assets			
Debtors: amount due within one year	7	91	123
Debtors: amount due greater than one year	7	1,607	1,607
Cash at bank and in hand		–	–
		1,698	1,730
Creditors: amount falling due within one year	8	(216)	(234)
Net current assets		1,482	1,496
Total assets less current liabilities being net assets		1,484	1,504
Capital and reserves			
Called up share capital	9	1,597	1,594
Share premium account	10	1,239	679
Merger reserve	10	297	297
Employee share benefit trust reserve	10	(61)	(61)
Profit and loss account	10	(1,588)	(1,005)
Shareholders' funds		1,484	1,504

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2009

KA Sayers, Director

JE Higham, Director

The accompanying notes on pages 34 to 38 are an integral part of these financial statements

Notes to the company financial statements

For the year ended 31 March 2009

1. Principal accounting policies

Basis of preparation

The parent company financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and 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 over its expected useful life as follows:

Leasehold improvements	– over period of lease
Computer equipment	– 50% on cost per annum
Furniture, fittings and office equipment	– 25% on cost per annum
Motor vehicles	– 25% on written down value per annum

Investments

Investments are stated at cost less provision for impairment.

Leased assets

Rentals payable under operating leases being leases which do not result in the transfer to the company of substantially all the risks and rewards of ownership of the assets, are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

2. Employee remuneration

(a) Staff Costs

Staff costs, including executive directors, during the year were as follows:

	2009 £'000	2008 £'000
Wages and salaries	334	443
Social security costs	31	53
Other pension costs	13	37
	378	533

(b) Staff numbers

The average number of persons employed during the year were as follows:

	2009 £'000	2008 £'000
Management	5	6

(c) Directors

Directors' remuneration has been disclosed within the directors report and Note 7 of the group financial statements.

3. Auditors' remuneration

Auditors' remuneration attributable to the company is as follows:

	2009 £'000	2008 £'000
Audit fees – statutory audit	6	6

4. Loss for the financial year

The parent Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements and is reporting under UK GAAP. The loss for the financial year was £583,346 (2008: Loss of £1,443,000).

Notes to the company financial statements

For the year ended 31 March 2009

5. Tangible fixed assets

	Leasehold improvements £'000	Computer equipment £'000	Furniture, fitting and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2008	75	70	52	19	216
Additions	—	—	—	—	—
Disposals	—	—	—	(19)	(19)
At 31 March 2009	75	70	52	—	197
Depreciation:					
At 1 April 2008	72	69	52	15	208
Provided in the year	1	1	—	—	2
Eliminated on disposals	—	—	—	(15)	(15)
At 31 March 2009	73	70	52	—	195
Net book amount:					
At 31 March 2009	2	—	—	—	2
At 31 March 2008	3	1	—	4	8

6. Investments

The amounts recognised in the Company's balance sheet relate to the following:

	£'000
Cost:	
At 1 April 2008 and 31 March 2009	80
Impairment:	
At 1 April 2008 and at 31 March 2009	80
Net book value:	
At 1 April 2008 and at 31 March 2009	—

	Principal activity	Class of shares held
Subsidiaries		
Highams Recruitment Services (N.E.) Limited*	Dormant	Ordinary
Highams Recruitment BV	Recruitment	Ordinary
Highams Recruitment Limited*	Recruitment	Ordinary
RWP Recruitment Services Limited	Dormant	Ordinary
EquationHR Limited	Dormant	Ordinary
Highams Holding BV*	Holding company	Ordinary
Highams Share Scheme Trustee Limited*	Trustee of Employee benefit trust	Ordinary
Highams International Limited*	Holding company	Ordinary

All subsidiaries are incorporated in the UK other than Highams Recruitment BV and Highams Holding BV which are incorporated in the Netherlands. All subsidiaries marked with an asterisk are directly owned by the Company.

7. Debtors

	2009 £'000	2008 £'000
Amounts due from subsidiary undertakings	1,607	1,607
Other debtors	12	24
Prepayments and accrued income	79	99
	1,698	1,730

The net balance of amounts due from subsidiary undertakings as shown above is repayable in more than one year.

8. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft	9	38
Trade creditors	98	58
Other taxes and social security costs	6	13
Accruals and deferred income	99	85
Other creditors	4	40
	216	234

9. Share capital

	At 31 March 2009 £'000	At 31 March 2008 £'000
Authorised		
42,921,300 Ordinary 5p shares		2,146
5,554,741,568 Ordinary 5p Shares subdivided to 0.01p	555	
31,875,868 Deferred shares at 4.99p	1,591	
	2,146	2,146

	At 31 March 2009 £'000	At 31 March 2008 £'000
Allotted, called up and fully paid		
Ordinary 5p shares		1,594
69,018,425 Ordinary 5p shares sub divided to 0.01p	7	
31,875,568 Deferred shares at 4.99p	1,590	
	1,597	1,594

	At 31 March 2009 Number	At 31 March 2008 Number
Movement in ordinary shares		
Total number of shares in issue at beginning of year	31,875,568	42,921,300
Sub division and redesignation	(31,875,568)	
Sub division and redesignation to ordinary shares of 0.01p	31,875,568	
Issue of new ordinary 0.01p shares	37,142,857	
	69,018,425	42,921,300

Deferred Shares

Sub division and redesignation to deferred shares of 4.99p	31,875,568	
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Notes to the company financial statements

For the year ended 31 March 2008

9. Share capital continued

The changes in the share capital took place on 24 October 2008.

Each of the ordinary shares of 5p each in the capital of the Company were sub-divided and redesignated into one ordinary share of 0.01p each and one deferred share of 4.99p each.

Each of the authorised but un-issued ordinary shares of 5p each in the capital of the company were sub-divided into 500 New Ordinary Shares.

The Company issued 37,142,857 ordinary shares of 0.01p each for cash. The premium arising on each share was 1.74p.

The Deferred Shares do not carry any voting rights and do not entitle the holders to receive any dividend or other distribution.

10. Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2007	1,594	679	297	(61)	438	2,947
Loss for the year	—	—	—	—	(1,443)	(1,443)
At 1 April 2008	1,594	679	297	(61)	(1,005)	1,504
Issue of new shares	3	647	—	—	—	650
Associated cost of issue of new shares	—	(87)	—	—	—	(87)
Loss for the year	—	—	—	—	(583)	(583)
At 31 March 2009	1,597	1,239	297	(61)	(1,588)	1,484

11. Financial commitments

	Land and buildings 2009 £'000	Other 2009 £'000	Land and buildings 2008 £'000	Other 2008 £'000
Annual Commitments under non-cancellable operating leases expiring:				
Within one year	77	41	—	—
Between 2 and 5 years	—	—	71	30
	77	41	71	30

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Highams Systems Services Group plc Quadrant House 33/45 Croydon Road, Caterham Surrey CR3 6PB on Wednesday 9 September 2009 at 11.00 a.m. in order to transact the following business:

Ordinary Business:

Resolution 1 To receive and adopt the financial statements and the reports of the Directors and the Auditors for the financial year ended 31 March 2009.

Resolution 2 To re-elect Mark de Lacy, who retires by rotation, as a Director of the Company.

Resolution 3 To re-appoint Eric Kenelm ("Ken") Ford, as a Director of the Company.

Resolution 4 To reappoint BDO Stoy Hayward LLP as Auditors of the Company and to authorise the Board to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions as Ordinary and Special Resolutions. In the case of resolution 5 as an ordinary resolution, and in the case of resolution 6 as a special resolution:

Ordinary Resolution

Resolution 5 That the directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in the Act) up to an aggregate maximum nominal amount of £2,300 (being approximately one third of the current issued share capital) provided that this authority shall expire on whichever is the earlier of the conclusion of the Annual General Meeting to be held in 2010 or the date falling 15 months from the passing of this Resolution but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired; and

Special Resolution

Resolution 6 That the directors be and are hereby empowered to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the general authority conferred by Resolution 5 above as if section 89(1) of the Act did not apply to such allotments provided that this power shall be limited to allotments of equity securities:

(i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

(ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate maximum nominal amount of £1,035

provided that this authority shall expire on whichever is the earlier of the conclusion of the Annual General Meeting to be held in 2010 or the date falling 15 months from the passing of this Resolution but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

KA Sayers
Secretary

27 July 2009

Registered Office
Quadrant House
33-45 Croydon Road
Caterham
Surrey
CR3 6PB

Notice of Meeting continued

NOTES:

- (a) A member entitled to attend and vote may appoint one or more proxies to attend and vote instead. A proxy need not be a member of the Company. A form of proxy is enclosed which, to be valid, must be delivered together with any power of attorney or other authority under which it is signed, to the Company's registrars Capita Registrars Proxy Dept, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received no less than 48 hours (excluding weekends and bank holidays) before the time appointed for holding the Annual General Meeting or any adjournment thereof. Lodgement of a form of proxy will not prevent a member from attending and voting in person if so desired.
- (b) The following documents will be available for inspection at the Company's registered office during usual business hours from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting:
 - (i) copies of the executive directors' service contracts and non-executive directors' appointment letters;
 - (ii) the Register of Directors' Interests
 - (iii) a copy of the Company's Articles of Association.
- (c) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 11.00am on 7 September 2009 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at that time. Changes to entries in the Register of Members after 11.00am on 7 September 2009 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

Financial calendar

Last date and time for receipt of proxy for the Annual General Meeting

11.00 a.m. on 7 September 2009

Annual General Meeting

11.00 a.m. on 9 September 2009