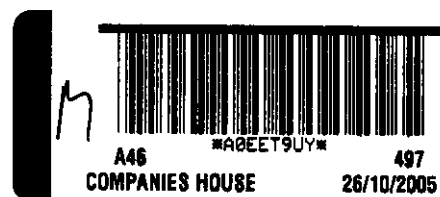


# Compass Management Consulting Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2004



Company Registration No. 1535245

# Compass Management Consulting Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

O S Soderblom

A D Chestnutt

### SECRETARY

B Miller

### COMPANY NUMBER

1535245 (England and Wales)

### REGISTERED OFFICE

Compass House  
60 Priestley Road  
Guildford  
Surrey  
Great Britain  
GU2 5YU

### AUDITORS

Baker Tilly  
12 Gleneagles Court  
Brighton Road  
Crawley  
West Sussex  
RH10 6AD

### BUSINESS ADDRESS

Compass House  
60 Priestley Road  
Guildford  
Surrey  
Great Britain  
GU2 5YU

# Compass Management Consulting Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Compass Management Consulting Limited for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of providing consultancy services.

### REVIEW OF THE BUSINESS

The directors are satisfied with the result for the year. The initiatives undertaken by the directors have substantially improved the results of the company and the directors will continue to work on these and other initiatives to return the company to profitability.

### RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £119,326.

The directors do not recommend payment of an ordinary dividend.

### DIRECTORS

The following directors have held office since 1 January 2004:

O S Soderblom  
A D Chestnutt

### DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of £ 1 each</i>	
	31.12.04	1.1.04
O S Soderblom	-	-
A D Chestnutt	-	-

	<i>Ordinary redeemable shares of £ 1 each</i>	
	31.12.04	1.1.04
O S Soderblom	-	-
A D Chestnutt	-	-

CHARITABLE DONATIONS	2004	2003
	£	£

During the year the company made the following payments:

Charitable donations	300	-
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# Compass Management Consulting Limited

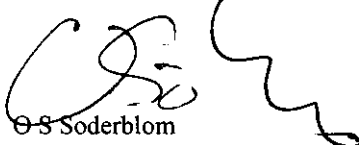
## DIRECTORS' REPORT (CONTINUED)

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### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

On behalf of the board



O S Soderblom  
Director

12 August 2005

# Compass Management Consulting Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS MANAGEMENT CONSULTING LIMITED

We have audited the financial statements on pages 6 to 17.

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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

## **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

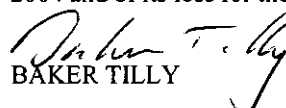
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Fundamental uncertainty - Going concern**

In forming our opinion, we have considered the adequacy of the disclosure made in the accounting policies on page 10, concerning the company's ability to pay its debts as they fall due. Our opinion is not qualified in this respect.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
12 Gleneagles Court  
Brighton Road  
Crawley  
West Sussex  
RH10 6AD

9 September 2005

# Compass Management Consulting Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
TURNOVER	1	5,837,072	4,767,761
Cost of sales		<u>3,833,569</u>	<u>3,360,279</u>
Gross profit		2,003,503	1,407,482
Other operating expenses		<u>2,148,485</u>	<u>2,276,425</u>
OPERATING LOSS		(144,982)	(868,943)
Investment income	2	<u>4,357</u>	<u>10,629</u>
		(140,625)	(858,314)
Interest payable	3	<u>301</u>	<u>8,012</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(140,926)	(866,326)
Taxation	6	<u>(21,600)</u>	<u>(21,000)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>(119,326)</u>	<u>(845,326)</u>

The operating loss for the year arises from the company's continuing operations.

**Compass Management Consulting Limited**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 December 2004**

	2004 £	2003 £
Loss for the financial year	(119,326)	(845,326)
Total recognised gains and losses relating to the year	(119,326)	(845,326)
Prior year adjustment	-	78,000
Total gains and losses recognised since last financial statements	(119,326)	(767,326)



# Compass Management Consulting Limited

## BALANCE SHEET

31 December 2004

	<i>Notes</i>	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	7	68,372	138,524
<b>CURRENT ASSETS</b>			
Debtors	8	1,299,629	1,247,834
Cash at bank and in hand		687,429	193,492
		1,987,058	1,441,326
<b>CREDITORS: Amounts falling due within one year</b>	9	1,864,004	1,269,098
<b>NET CURRENT ASSETS</b>		123,054	172,228
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		191,426	310,752
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	3,912,791	3,912,791
Profit and loss account	11	(3,721,365)	(3,602,039)
<b>SHAREHOLDERS' FUNDS</b>	12	191,426	310,752

Approved by the board on 12 August 2005

O S Soderblom

Director



# Compass Management Consulting Limited

## CASH FLOW STATEMENT

for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	13	532,559	(807,805)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,357	10,629
Interest paid		(301)	(8,012)
Net cash inflow for returns on investments and servicing of finance		4,056	2,617
CAPITAL EXPENDITURE			
Payments to acquire tangible assets		(42,678)	(903)
Net cash outflow for capital expenditure		(42,678)	(903)
Net cash inflow/(outflow) before management of liquid resources and financing		493,937	(806,091)
FINANCING			
Issue of ordinary share capital		-	1,200,000
Other new long term loans		-	700,000
Repayment of other long term loans		-	(1,200,000)
Net cash (outflow)/inflow from financing		-	700,000
INCREASE/(DECREASE) IN CASH IN THE YEAR		493,937	(106,091)

# Compass Management Consulting Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

### GOING CONCERN

Having prepared and considered the profit and cash flow forecasts for a period to 31 March 2006 in conjunction with the confirmation from its parent, Compass Holding BV, of its intention to provide adequate facilities for the company to continue to meet its liabilities as and when they fall due for the 12 months from the date of signing these accounts, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis. However, inherently there can be no certainty in relation to these matters.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

### FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided to customers.

### INCOME RECOGNITION

Once a project has commenced income is recognised on the basis of invoices raised in accordance with individual customer contracts, which is in accordance with FRS5 'Reporting the substance of transactions'.

### GROUP RELIEF

During the previous year, the group revised its policy regarding the recognition of group relief. Previously no payment was made to recognise the effect of group relief in either the recipient or donor. This led to a prior year adjustment of £78,000 to the corporation tax charge and intercompany debtors in 2003.

# Compass Management Consulting Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

### 1. TURNOVER

The contributions of the company to turnover, which are in respect of continuing activities, are set out below:

By geographical market:

	Turnover	
	2004	2003
	£	£
United Kingdom	4,654,941	4,269,643
Europe	464,006	450,197
USA	395,807	32,854
Other	322,318	15,067
	<u>5,837,072</u>	<u>4,767,761</u>

### 2. INVESTMENT INCOME

	2004	2003
	£	£
Income from subsidiary undertakings	-	7,244
Bank interest	3,534	2,415
Other interest	823	970
	<u>4,357</u>	<u>10,629</u>

### 3. INTEREST PAYABLE

	2004	2003
	£	£
On bank loans and overdrafts	-	7,247
On overdue tax	-	91
Other interest	301	674
	<u>301</u>	<u>8,012</u>

### 4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004	2003
	£	£
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets:		
Charge for the year:		
owned assets	36,410	46,174
Loss on disposals	76,420	-
Loss on foreign exchange transactions	4,882	3,657
Auditors' remuneration	10,500	10,000
	<u></u>	<u></u>

# Compass Management Consulting Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2004

### 5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:	2004 No.	2003 No.
Consultants	29	40
Administration	10	5
	<u>39</u>	<u>45</u>

	£	£
Staff costs for the above persons:		
Wages and salaries	2,897,306	2,770,219
Social security costs	351,299	311,920
Other pension costs	78,937	91,744
	<u>3,327,542</u>	<u>3,173,883</u>

DIRECTORS' REMUNERATION	2004 £	2003 £
Emoluments for qualifying services	<u>145,348</u>	<u>64,044</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2003- 0).

# Compass Management Consulting Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### for the year ended 31 December 2004

6. TAXATION	2004	2003
	£	As restated £
Domestic current year tax		
Receipt in respect of group relief	(21,600)	(21,000)
	<u>(21,600)</u>	<u>(21,000)</u>
Current tax charge	<u>(21,600)</u>	<u>(21,000)</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(140,926)	(866,326)
	<u>(140,926)</u>	<u>(866,326)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	(42,278)	(259,898)
	<u>(42,278)</u>	<u>(259,898)</u>
Effects of:		
Non deductible expenses	6,540	25,000
Capital allowances in excess of depreciation	8,226	1,134
Tax losses utilised	-	21,000
Losses carried forward	5,400	191,764
Other tax adjustments	512	-
	<u>20,678</u>	<u>238,898</u>
Current tax charge	<u>(21,600)</u>	<u>(21,000)</u>

The company has estimated losses of £ 2,740,000 (2003: £ 2,740,000) available for carry forward against future trading profits.

During the previous year, the group revised its policy regarding the recognition of group relief. Previously no payment has been made to recognise the effect of group relief in either the recipient or donor. This has lead to a prior year adjustment of £78,000 in 2003.

**Compass Management Consulting Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 December 2004

**7. TANGIBLE FIXED ASSETS**

	<i>Plant and machinery</i>	<i>Fixtures, fittings &amp; equipment</i>	<i>Total</i>
	£	£	£
Cost			
1 January 2004	526,732	176,660	703,392
Additions	42,678	-	42,678
Disposals	(526,610)	(52,772)	(579,382)
	<u>42,800</u>	<u>123,888</u>	<u>166,688</u>
31 December 2004			
Depreciation			
1 January 2004	437,695	127,173	564,868
Charge in the year	24,038	12,372	36,410
Disposals	(459,901)	(43,061)	(502,962)
	<u>1,832</u>	<u>96,484</u>	<u>98,316</u>
31 December 2004			
Net book value			
31 December 2004	<u>40,968</u>	<u>27,404</u>	<u>68,372</u>
31 December 2003	<u>89,037</u>	<u>49,487</u>	<u>138,524</u>

<b>8. DEBTORS</b>	2004	2003
	£	£
Due within one year:		
Trade debtors	1,032,604	746,019
Amounts owed by group undertakings	107,228	363,580
Prepayments and accrued income	159,797	138,235
	<u>1,299,629</u>	<u>1,247,834</u>

<b>9. CREDITORS: Amounts falling due within one year</b>	2004	2003
	£	£
Payments received on account	144,872	180,373
Trade creditors	172,323	204,079
Amounts owed to group undertakings	705,243	482,364
Taxes and social security costs	317,144	276,273
Accruals and deferred income	524,422	126,009
	<u>1,864,004</u>	<u>1,269,098</u>

# Compass Management Consulting Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### for the year ended 31 December 2004

10. SHARE CAPITAL	2004 £	2003 £
Authorised:		
10,000 Ordinary shares of £1 each	10,000	10,000
3,990,000 Ordinary redeemable shares of £1 each	3,990,000	3,990,000
	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, issued and fully paid:		
10,000 Ordinary shares of £1 each	10,000	10,000
3,902,791 Ordinary redeemable shares of £1 each	3,902,791	3,902,791
	<u>3,912,791</u>	<u>3,912,791</u>
11. STATEMENT OF MOVEMENT ON RESERVES		
		<i>Profit and loss account £</i>
1 January 2004		(3,602,039)
Retained loss for the year		<u>(119,326)</u>
31 December 2004		<u>(3,721,365)</u>
12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2004 £	2003 £
Loss for the financial year	(119,326)	(845,326)
Proceeds from issue of shares	-	1,200,000
Net (depletion in)/addition to shareholders' funds	<u>(119,326)</u>	<u>354,674</u>
Opening shareholders' funds	310,752	(43,922)
Closing shareholders' funds	<u>191,426</u>	<u>310,752</u>



# Compass Management Consulting Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2004

13. CASH FLOWS	2004 £	2003 £
a. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		
Operating loss	(144,982)	(868,943)
Depreciation of tangible assets	36,410	46,174
Loss on disposal of tangible assets	76,420	-
(Increase)/decrease in debtors	(51,795)	1,426,121
Increase/(decrease) in creditors within one year	594,906	(1,432,156)
Group relief	21,600	21,000
Net cash inflow/(outflow) from operating activities	<u>532,559</u>	<u>(807,804)</u>

b. Analysis of net funds	1 January 2004 £	Cash flow £	Other non-cash changes £	31 December 2004 £
Net cash:				
Cash at bank and in hand	<u>193,492</u>	<u>493,937</u>	<u>-</u>	<u>687,429</u>
Bank deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net funds	<u>193,492</u>	<u>493,937</u>	<u>-</u>	<u>687,429</u>

c. Reconciliation of net cash flow to movement in net debt	2004 £	2003 £
Increase/(decrease) in cash in the year	493,937	(106,091)
Cash (inflow)/outflow from (increase)/decrease in debt	<u>-</u>	<u>500,000</u>
Movement in net funds in the year	493,937	393,909
Opening net funds/(debt)	<u>193,492</u>	<u>(200,417)</u>
Closing net funds	<u>687,429</u>	<u>193,492</u>

## 14. PENSION COSTS

### DEFINED CONTRIBUTION

	2004 £	2003 £
Contributions payable by the company for the year	<u>78,937</u>	<u>91,744</u>

# Compass Management Consulting Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2004

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### 15 RELATED PARTY TRANSACTIONS

The directors regard Compass Holding BV a company incorporated in the Netherlands as this company's parent but are not aware of the existence or identity of any ultimate controlling party. Details of transactions with other group companies during the year are given below:

Loan interest recieved from Compass Benelux nil (2003: £7,244)

Sales to group companies £42,694 (2003: £198,611)

Purchases from group companies £2,617 (2003: £117,082)

Royalties and licence fees payable to Compass Limited £132,658 (2003: £11,050)

Rent and service charges payable to Compass Limited £230,393 (2003: £227,601)

Management charges from Compass Holding BV £107,290 (2003:£103,820).