

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
Company No: 01714804

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1996

FRASER RUSSELL
Albany House
128 Station Road
Redhill
Surrey, RH1 1ET



COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
Company No: 01714804

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1996

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

Page

1	Report of the directors
2	Auditors' report
3	Profit and loss account
4	Balance sheet
5	Notes to the financial statements

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a computer hardware and software house.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in this company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
J Stembridge	Ordinary shares	1	1
D Toop	Ordinary shares	-	-
O Soderblom	Ordinary shares	-	-

Mr J Stembridge holds 1 ordinary share as a nominee of Compass Holding B.V..

DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

AUDITORS

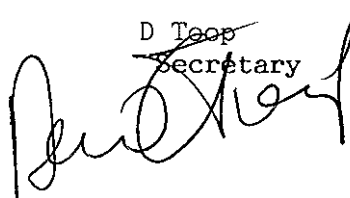
The auditors, Fraser Russell, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY DISCLOSURE

In preparing this report, the directors have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

By Order of the Board

Date: 14 January 1997

D Toop
Secretary


AUDITORS' REPORT TO THE SHAREHOLDERS OF
COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)

We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

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

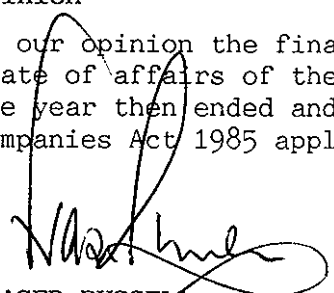
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



FRASER RUSSELL
Chartered Accountants
Registered Auditors

Albany House
128 Station Road
Redhill
Surrey, RH1 1ET

Date: 14 January 1997

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER		1,768,344	1,560,603
Cost of sales		(1,180,997)	(1,064,055)
GROSS PROFIT		587,347	496,548
Administrative expenses		(570,404)	(472,404)
Other operating income		7,513	-
OPERATING PROFIT	2	24,456	24,144
Exceptional items	6	(36,745)	-
Interest receivable		3,107	3,206
Interest payable		(10,416)	(13,529)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(19,598)	13,821
Tax on loss on ordinary activities	5	(8,996)	(7,339)
LOSS FOR THE FINANCIAL YEAR	13	(28,594)	6,482

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 5 to 10 form part of these financial statements.

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
BALANCE SHEET
AT 31 DECEMBER 1996

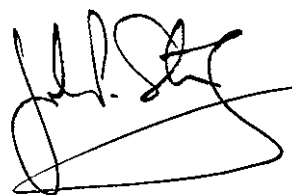
	Notes	£	1996 £	1995 £
FIXED ASSETS				
Tangible assets	7		109,845	141,583
CURRENT ASSETS				
Stocks	8	9,109		-
Debtors	9	262,580		151,665
Cash at bank and in hand		96,353		65,950
		<u>368,042</u>		<u>217,615</u>
CREDITORS: Amounts falling due within one year	10	(400,542)		(253,962)
NET CURRENT LIABILITIES			<u>(32,500)</u>	<u>(36,347)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			77,345	105,236
DEBTORS: Amounts falling due after more than one year			-	6,250
CREDITORS: Amounts falling due after more than one year	11		(87,820)	(93,367)
			<u>(10,475)</u>	<u>18,119</u>
CAPITAL AND RESERVES				
Called up share capital	12		1,000	1,000
Profit and loss account	13		(11,475)	17,119
			<u>(10,475)</u>	<u>18,119</u>

In preparing these financial statements, the directors have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

The financial statements were approved by the board on 14 January 1997 and signed on its behalf by

J Stembridge

Director



The notes on pages 5 to 10 form part of these financial statements.

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention on the basis that the directors have received assurance from the parent company, Compass Holding BV, that adequate finance will be made available to enable this company to conduct its business as a going concern

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Computer equipment	33 1/3%	Straight line
Fixtures and fittings	20%	Reducing balance
Motor vehicles	25%	Reducing balance

1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Work in progress - cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Provision is made by the liability method on all net adverse timing differences which are expected to be reversed in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996
 1.7 PENSIONS

Pension contributions are charged to the profit and loss accounts as incurred. These contributions are invested separately from the company's assets.

2.	OPERATING PROFIT	1996 £	1995 £
	The operating profit is stated after charging:		
	Depreciation	51,601	59,870
	Auditors' remuneration	5,365	3,703
	Exceptional item - relocation costs.	36,745	-
		<u> </u>	<u> </u>
3.	DIRECTORS	1996 £	1995 £
	Directors' emoluments	118,264	110,338
		<u> </u>	<u> </u>

4. PENSION COSTS

The company makes contributions to the individual pension schemes of certain employees. Contributions payable by the company amounted to £11,842 (1995: £10,470). All contributions were paid in the year.

5.	TAX ON LOSS ON ORDINARY ACTIVITIES	1996 £	1995 £
	The taxation charge based on the loss before tax comprises:		
	U.K. corporation tax	9,108	8,000
		<u> </u>	<u> </u>
	Adjustment in respect of prior years	9,108 (112)	8,000 (661)
		<u> </u>	<u> </u>
		8,996	7,339
		<u> </u>	<u> </u>

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

6. EXCEPTIONAL ITEM

	1996 £	1995 £
Exceptional item	(36,745)	-
	<u>(36,745)</u>	<u>-</u>

The exceptional item relates to office relocation costs incurred during the year.

7. TANGIBLE ASSETS

	Plant and machinery etc. £
<u>Cost</u>	
At 1 January 1996	381,171
Additions	40,937
Disposals	(39,803)
At 31 December 1996	<u>382,305</u>
<u>Depreciation</u>	
At 1 January 1996	239,588
Charge for year	51,601
On disposals	(18,729)
At 31 December 1996	<u>272,460</u>
<u>Net book value at 31 December 1996</u>	<u>109,845</u>
<u>Net book value at 31 December 1995</u>	<u>141,583</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1996 £	1995 £
Net book value	<u>62,444</u>	<u>95,121</u>
Depreciation charge for the year	<u>20,810</u>	<u>31,701</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

8.	STOCKS	1996 £	1995 £
	Stocks	9,109	-
		<u>9,109</u>	<u>-</u>
9.	DEBTORS	1996 £	1995 £
	Trade debtors	120,103	-
	Amounts owed by undertakings in which the company has a participating interest	128,994	118,443
	Others	13,483	33,222
		<u>262,580</u>	<u>151,665</u>
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1996 £	1995 £
	Trade creditors	147,718	33,747
	Amounts owed to undertakings in which the company has a participating interest	43,294	57,515
	Other creditors	209,530	162,700
		<u>400,542</u>	<u>253,962</u>
11.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1996 £	1995 £
	Other creditors	87,820	93,367
		<u>87,820</u>	<u>93,367</u>

Included in other creditors are amounts of £86,032 owed to the Parent undertaking (1995: £53,381).

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

12. SHARE CAPITAL	1996 £	1995 £
<u>Authorised</u>		
Equity interests:		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
13. PROFIT AND LOSS ACCOUNT	1996 £	1995 £
Retained profits at 1 January 1996	17,119	10,637
Loss for the financial year	<u>(28,594)</u>	<u>6,482</u>
Accumulated losses at 31 December 1996	<u>(11,475)</u>	<u>17,119</u>
14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1996 £	1995 £
Loss for the financial year	(28,594)	6,482
Shareholders' funds at 1 January 1996	<u>18,119</u>	<u>11,637</u>
Shareholders' funds at 31 December 1996	<u>(10,475)</u>	<u>18,119</u>
Represented by:-		
Equity interests	<u>(10,475)</u>	<u>18,119</u>
	<u>(10,475)</u>	<u>18,119</u>

15. POST BALANCE SHEET EVENTS

On 1 January 1997 the company changed its name to Compass Limited.

COMPASS LIMITED
(FORMERLY COMPASS R & D LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

16. RELATED PARTY DISCLOSURES

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 are given below:

Sales	£000
Compass America Inc	368
Compass Australia Pty Ltd	25
Compass Analysis Canada Ltd	84
Compass Analysis SA	296
Compass Deutschland GmbH	337
Compass Analysis UK Ltd	423
Nordic Compass Analysis AB	231

Purchases	£000
Compass Analysis UK Ltd	30