

Compass Management Consulting Ltd

Report and Financial Statements

Year ended

31 December 2011

Company Number 01535245



Compass Management Consulting Ltd

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Compass Management Consulting Ltd

Directors and Advisors

Directors

D J L Whitmore

R M Brown

I M Barna

D E Berger

A R Scheller

Secretary and registered Office

R M Brown

1 Park Row

Leeds

LS1 5AB

Company Number

01535245

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

First Point

Buckingham Gate

Gatwick

West Sussex

RH6 0NT

Compass Management Consulting Ltd

Report of the Directors for the year ended 31 December 2011

The Directors present their report together with the audited financial statements of the company for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year (2010 Loss) No dividend was paid in the year (2010 nil) and the Directors do not recommend payment of a final dividend

Principal activities

The company's principal activity is the provision of consultancy services. During the year, the group headed by CCGH Limited, which included the company, was acquired by Information Services Group Inc, ('ISG'). The company's ultimate parent company, ISG, is a management consulting firm that identifies and delivers significant improvement in the business operations of large global organisations. With over 700 professionals operating in 21 countries, ISG brings together a more comprehensive range of Research, Consulting and Managed Services offerings to deliver even greater value for our clients. From trusted business performance metrics and detailed assessment analytics to industry-leading transformation methodologies, ISG helps clients assess, optimize, and manage their operational environment and drive operational excellence throughout your organisation.

In preparing this directors' report advantage has been taken of the small companies' exemption

Business Review

The company is exempt, by virtue of its size it being a small company, from the requirement to include an enhanced business review

Principal Risks & Uncertainties

The company is exempt, by virtue of its size it being a small company, from the requirement to include an enhanced analysis of principal risks and uncertainties

Funding & Liquidity

The Directors have considered the funding and liquidity position of the company and of its ultimate parent company, Information Services Group Inc. Following this review the Directors considered it appropriate to continue to prepare the financial statements on a going concern basis. Please also refer to Note 1. Compass Management Consultancy has received a letter of support from its ultimate parent company, Information Services Group, Inc, whereby it has agreed to provide financial support for a period of at least twelve months from the date of approval of these accounts to the Company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the Company remains a member of the ISG Group.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

D J L Whitmore
R M Brown
D E Berger (appointed 4 Jan 2011)
I M Barna (appointed 4 Jan 2011)
A R Scheller (appointed 4 Jan 2011)

Directors' Insurance

Throughout the financial year and up to the date of the approval of these financial statements, the ultimate parent company, Information Services Group Inc maintained Directors' & Officers' Liability insurance policies on behalf of the Directors of the company. These policies meet the 2006 Companies Act definition of a qualifying third party indemnity provision.

Compass Management Consulting Ltd

Report of the directors for the year ended 31 December 2011

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

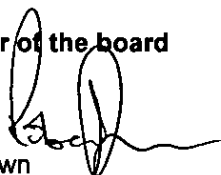
Disclosure of Information to Auditors

The Directors at the date of approval of this report confirm that

- so far as each of the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors have taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

During the year BDO LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed by the Directors in their place. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the board



R M Brown
Secretary
[Date]

13/12/12

Compass Management Consulting Ltd

Independent auditors' report to the members of Compass Management Consulting Ltd

We have audited the financial statements of Compass Management Consulting Ltd for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors' were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Peter Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

13 December 2012

Compass Management Consulting Ltd

Profit and Loss Account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	6,089,630	4,721,996
Cost of Sales		(3,145,804)	(3,116,620)
Gross Profit		2,943,826	1,605,376
Administrative expenses		(2,402,148)	(2,534,325)
Operating Profit / (loss)	3	541,678	(928,949)
Interest receivable and similar income	7	73	4,192
Interest payable and similar charges	8	(182,558)	(50,691)
Profit / (loss) on ordinary activities before tax		359,193	(975,448)
Tax on profit / (loss) on ordinary activities	9	-	(28,084)
Profit / (loss) for the financial year		359,193	(1,003,532)

The results stated above are all derived from continuing operations

There are no material differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the financial year stated above and their historical cost equivalents

There are no recognised gains and losses other than those included in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented

The notes on pages 9 to 15 form part of these financial statements

Compass Management Consulting Ltd

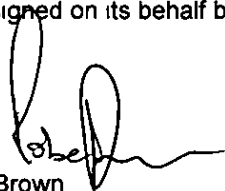
Balance Sheet as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	10	15,700	18,492
Current assets			
Debtors	11	2,954,588	1,525,155
Cash at bank and in hand		269,985	176,374
		3,224,573	1,701,529
Creditors' amounts falling due within one year	12	(6,127,477)	(4,966,418)
Net current liabilities		(2,902,904)	(3,264,889)
Total assets less current liabilities		(2,887,204)	(3,246,397)
Capital and reserves			
Called up share capital	13	3,912,791	3,912,791
Profit and loss account	14	(6,799,995)	(7,159,188)
Total Shareholders' deficit	15	(2,887,204)	(3,246,397)

The notes on pages 9 to 15 form part of these financial statements

The financial statements were approved by Board of Directors on
and signed on its behalf by

13/12/12



R M Brown
Director

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

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

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the year are set out below

Going concern

The financial statements are prepared on the going concern basis as the ultimate parent company, Information Services Group, Inc, has agreed to provide financial support for a period of at least twelve months from the date of approval of these accounts to the company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the company remains a member of the ISG Group

Cash flow statement

The company is a wholly owned subsidiary of Information Services Group Inc, and is included in the consolidated statements of Information Services Group, Inc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1, "Cash Flow Statements" (Revised 1996)

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Projects are generally on a fixed fee basis and turnover is recognised in line with the proportion of work complete. Revenues are reviewed to ensure collectability and adjusted for when necessary.

Fixed Assets

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Software, fixtures, fittings & equipment	-	20%-33 3% on a straight line basis per annum
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Foreign currency translation and financial instruments

Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to Sterling at the rate ruling at the date of the transaction. Foreign exchange gains & losses are recognised in the profit and loss account.

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies (continued)

Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods which are different from their inclusion in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Amounts recoverable on contracts

Where revenue recognised exceeds progress billings, the balance is recognised as accrued income within debtors. Where progress billings exceed revenue recognised, the balance is recognised as deferred income within creditors.

2 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 5.3% (2010 - 32.4%).

3 Operating profit / loss

This is arrived at after charging	2011	2010
	£	£
Staff costs		
- Wages and salaries	2,493,480	3,019,671
- Social security costs	310,198	259,257
- Other pension costs	73,328	109,232
- Termination costs	132,000	-
Depreciation of tangible fixed assets	11,908	34,086
Exchange differences	32,892	14,534
Hire of other assets - operating leases	-	62,000
Services provided by the company's Auditors		
- Fees payable for audit	19,000	14,000
- Taxation services	-	3,000

4 Employee Information

The average monthly number of persons (including executive directors) employed during the year was

	2011	2010
	Number	Number
Project Related	25	28

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

5 Directors' remuneration

	2011 £	2010 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	-	88,662

There were 2 directors in the Company's defined contribution pension scheme 'Compass Group Personal Pension' during the year (2010 1)

During the current year, the remuneration of all of the directors was borne by a fellow group subsidiary which makes no recharge to the company. The directors are directors of the fellow group subsidiary and are also directors of a number of fellow group subsidiaries. It is therefore not possible to make an accurate apportionment of their remuneration in respect of each of the fellow group subsidiaries that they are a Director of, hence no amounts are disclosed above.

6 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £73,328 (2010 - £109,233). Contributions amounting to £22,608 (2010 £43,402) were payable to the fund and are included in creditors.

7 Interest receivable and similar income

	2011 £	2010 £
Bank deposits	-	1,009
Exchange gains	73	3,183
	<u>73</u>	<u>4,192</u>

8 Interest payable and similar charges

	2011 £	2010 £
Loans from group companies	182,558	29,960
Other interest	-	20,731
	<u>182,558</u>	<u>50,691</u>

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

9 Taxation on loss on ordinary activities

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
<i>UK Corporation tax</i>		
Current tax on profits of the year / period	-	-
Adjustments in respect of the previous year / period	-	28,084
Total Current Tax	-	28,084
<i>Deferred Taxation</i>		
Movement in the Period	-	-
Total Current tax	-	28,084

The tax assessed for the year is lower (2010 higher) than the standard rate of corporation tax in the UK applied to profit (2010 loss) before tax. The differences are explained below.

	2011 £	2010 £
Profit / (Loss) on ordinary activities before tax	359,193	(975,448)
Profit / (Loss) on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 28%)	93,390	(273,125)
Effects of		
Expenses not deductible for tax purposes	12,104	89,707
(Accelerated)/ decelerated capital allowances	(5,036)	1,824
Adjustment to tax charge in respect of previous periods	-	28,084
Other timing differences	(5,406)	2,708
Group relief (claimed)/ surrendered	(19)	173,427
(Losses utilised) / losses carried forward	(95,033)	5,459
Current tax charge for the year	-	28,084

Factors that may affect future tax charges

The company has tax trading losses carried forward of approximately £4,376,658 (2010 - £4,742,168)

No provision has been made for a deferred tax asset on the losses due to uncertainty over the timing and extent of the tax benefit.

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

9 Taxation on loss on ordinary activities (Continued ..)

On 22 June 2010, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (having been substantively enacted on 20 July 2010). The March 2011 UK Budget Statement announced an additional 1% reduction in the main UK corporation tax rate to 26% taking effect from 1 April 2011. At the balance sheet date, the second 1% reduction has been substantively enacted confirming that the main UK corporation tax rate will be 25% from 1 April 2012. Therefore, at 31 December 2011, deferred tax assets and liabilities have been calculated based on a rate of 25% where the timing difference is expected to reverse after 1 April 2012. The remaining proposed reductions of the main rate of corporation tax were expected to be 1% per year to 23% by 1 April 2014. The UK Government in the 2012 budget announced an additional 1% reduction from 1 April 2012 to 24% (rather than 25%) this was substantively enacted in March 2012 post the balance sheet and therefore has not been included in these financial statements. The further reductions of 1% are expected to be enacted separately each year, ultimately reducing the rate to 22% from 1 April 2014 and as they have not been substantively enacted at the balance sheet date they too, are not included in these financial statements.

10 Tangible fixed assets

Description	Software £	Fixture & Fittings £	Office Improvements £	Computer Equipment £	Total Assets £
Cost or valuation					
At 1 January 2011	25,553	27,508	42,575	58,830	154,466
Additions	-	-	-	13,092	13,092
Disposals	(11,199)	(27,149)	(35,566)	(50,535)	(124,449)
At 31 December 2011	14,354	359	7,009	21,387	43,109
Depreciation					
At 1 January 2011	25,253	22,636	42,013	46,072	135,974
Provided for the year	300	896	562	10,150	11,908
Disposals	(11,199)	(23,173)	(35,566)	(50,535)	(120,473)
At 31 December 2011	14,354	359	7,009	5,687	27,409
At 31 December 2011	-	-	-	15,700	15,700
At 31 December 2010	300	4,872	562	12,758	18,492

11 Debtors

	2011 £	2010 £
Trade debtors	870,822	1,066,232
Amounts owed by group undertakings	1,512,697	226,947
Other debtors	-	1,798
Prepayments and accrued income	571,069	117,781
Amounts recoverable on long term contracts	-	112,397
	2,954,588	1,525,155

Amounts owed by group undertaking are unsecured, interest free and are repayable on demand

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	14,711	275,660
Amounts owed to group undertakings	5,046,639	4,202,392
Taxation and social security	660,915	257,065
Accruals and deferred income	405,212	231,301
	<u>6,127,477</u>	<u>4,966,418</u>

Amounts owed to group undertakings include a loan of £3,975,461 due to Compass Ltd and a loan of £183,381 due to Compass Holdings BV. Both loans incur interest at LIBOR plus 3.5% per annum calculated on a daily basis and are repayable on demand. The remaining amounts owed to group companies are unsecured, interest free and are repayable on demand.

13 Called up share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
10,000 (2010: 10,000) ordinary shares of £1 each	10,000	10,000
3,902,791 (2010: 3,902,791) redeemable shares of £1 each	3,902,791	3,902,791
	<u>3,912,791</u>	<u>3,912,791</u>

The redeemable shares are redeemable at par, at the option of the company, and are not entitled to receive notice of, attend or vote at general meetings. The redeemable shares rank equally with the ordinary shares in respect of dividends and return of capital.

14 Profit and loss account

	Profit and loss account £
At 1 January 2011	(7,159,188)
Profit for the year	359,193
At 31 December 2011	<u>(6,799,995)</u>

15 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit / (Loss) for the year	359,193	(1,003,532)
Opening shareholders' deficit	(3,246,397)	(2,242,865)
Closing shareholders' deficit	<u>2,887,204</u>	<u>(3,246,397)</u>

Compass Management Consulting Ltd

Notes to the financial statements for the year ended 31 December 2011

16 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Buildings 2011 £	Buildings 2010 £
Operating leases which expire		
In two to five years	<u>-</u>	<u>65,643</u>

17 Related party disclosures

The company is a wholly owned subsidiary of Compass Holding BV and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Compass Holding BV or other wholly owned subsidiaries within the group

18 Ultimate Parent undertaking and controlling party

The company's immediate parent undertaking is Compass Holding BV, a company registered in the Netherlands

The company's ultimate parent undertaking and controlling party is Information Services Group, Inc a company registered in United States of America The consolidated financial statements of Information Services Group, Inc are available at Two Stamford Plaza, 281 Tresser Boulevard, Stamford, Connecticut, CT 06901, USA No other group financial statements include the results of the company