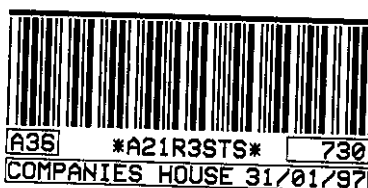


COMPANY NO: 2870220

THE RESEARCH DEPARTMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 1996.



THE RESEARCH DEPARTMENT LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st March 1996

The Directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 31st March 1996.

Activity

The company provides research data to the financial services industry. On 1 February 1996 the company acquired the database for Financial Intelligence Research (FIRe) to broaden its range of services to include the mortgages and savings market.

Review of business

A summary of the company's trading during the year is shown in the profit and loss account on page 6. The directors consider that this level of activity will continue.

Dividends and reserves

The Directors do not recommend a dividend for the year. The profit for the year of £230,075 (1995 : £139,249) is transferred to reserves.

Fixed assets

The movements in fixed assets during the year are shown in notes 8 and 9 to the financial statements.

Donations

The company did not make any charitable donations or political contributions during the year.

Directors and their share interests

The directors who held office throughout the year are shown below. No director had a direct interest in the share capital of the company, and their interest in the share capital of the holding company, The Independent Research Group Limited is shown in that company's accounts.

A Whitehead
S Ewan
D Lee
M Hayes-Newington
J Holmes (non-executive)

Tax Status

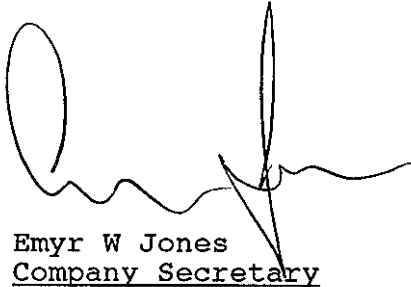
In the opinion of the directors, the company is a close company within the meaning of Section 414 Income and Corporation Taxes Act 1988.

THE RESEARCH DEPARTMENT LIMITED

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'Emyr W Jones', written over a horizontal line.

Emyr W Jones
Company Secretary

Registered Office:

Brands House
Kingshill Road
High Wycombe
Bucks
HP13 5BB

THE RESEARCH DEPARTMENT LIMITED

STATEMENT OF 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 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) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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.

BY ORDER OF THE BOARD

.....
Secretary

THE RESEARCH DEPARTMENT LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF THE RESEARCH DEPARTMENT LIMITED

We have audited the financial statements on pages 6-13.

Respective responsibilities of directors and auditors

As described on page 4, 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.

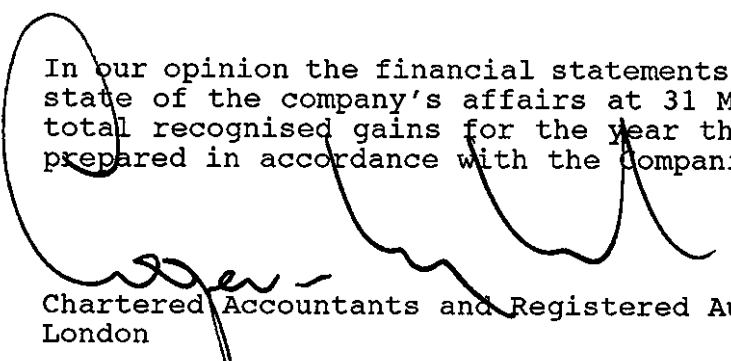
Basis of opinion

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 the company's affairs at 31 March 1996 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
London

8 October 1996

THE RESEARCH DEPARTMENT LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1996

	<u>Notes</u>	<u>1996</u> £	Period from 9 November 1993 to <u>31 March 1995</u> £
Turnover	1	1,173,161	488,791
Cost of sales		(216,532)	(28,528)
Gross profit		956,629	460,263
Net operating expenses		(646,503)	(275,316)
Operating profit		310,126	184,947
Interest payable	2	(2,390)	-
Interest receivable	3	4,339	1,568
Profit on ordinary activities before tax		312,075	186,515
Tax on profit on ordinary activities	7	(82,000)	(47,266)
Profit for the year transferred to reserves		230,075	139,249

The above results all arise from continuing activities.

The acquisition of the business of Financial Intelligence Research (note 18) did not have a material effect on turnover or operating profit for the year.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 13 form part of these financial statements.

Auditors' report - page 5.

THE RESEARCH DEPARTMENT LIMITED

BALANCE SHEET

As at 31st March 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Intangible assets	1 & 8	306,854	122,709
Tangible assets	9	80,366	15,103
		<hr/>	<hr/>
		387,220	137,812
CURRENT ASSETS			
Debtors	10	646,488	256,736
Cash at bank		129,667	114,309
		<hr/>	<hr/>
		776,155	371,045
CREDITORS: Due within 1 year			
Creditors	11	451,392	168,331
Deferred income	1	258,282	170,009
		<hr/>	<hr/>
		709,674	338,340
Net current assets		66,481	32,705
Total assets		453,701	170,517
CREDITORS: Due after more than 1 year			
Loan	13	84,375	-
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	-	31,266
		<hr/>	<hr/>
Net assets		369,326	139,251
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Profit and loss account		369,324	139,249
		<hr/>	<hr/>
Equity shareholders' funds		369,326	139,251

The financial statements were approved by the Directors on 30 September 1996.

 } Directors
}
}

The notes on pages 8 to 13 form part of these financial statements.

Auditors' report - page 5.

THE RESEARCH DEPARTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 1996

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom.

a) Turnover and future update costs

Turnover represents fees invoiced or to be invoiced under a contract for subscription (excluding VAT) less a provision for future update costs. The provision for deferred income is made to cover the costs directly associated with the supply of data updates in respect of invoiced rentals which relate to a period after the balance sheet date. The provision amounts to 35% of such rentals attributed to that period. Turnover is all derived from the United Kingdom.

b) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Provision for depreciation is made so as to write off the cost of fixed assets over their expected useful life. The principal rate used for this purpose is:-

Equipment, fixtures and fittings 20% to 33½%.

c) Intangible fixed assets - database and systems

(i) Costs incurred in initially collating and verifying new databases and developing the associated software are capitalised. From the point at which the company begins to derive income from such databases, all subsequent costs in maintaining, updating and enlarging the databases are charged to the profit and loss account as incurred. The capitalised costs of databases and associated software are depreciated over a period of 3 years commencing from the date that income is derived. In these circumstances the directors consider that they are justified in not treating unamortised development costs as a realised loss when calculating distributable profits.

(ii) The cost of acquired databases and associated software are depreciated over 5 years from the date of acquisition.

d) Deferred taxation

Provision is made for deferred tax at the rate of corporation tax ruling at the year end (the liability method) in respect of any timing differences which are expected to result in a tax liability in the foreseeable future.

e) Comparative figures

All comparative figures relating to the profit and loss account cover the period from 9 November 1993 to 31 March 1995.

THE RESEARCH DEPARTMENT LIMITED

2. Interest payable

	<u>1996</u> £	Period from 9 November 1993 to <u>31 March 1995</u> £
Loan interest payable (note 13)	2,390	-

3. Interest receivable

	<u>1996</u> £	<u>1995</u> £
Bank deposit interest	4,339	1,568

4. Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging:

	<u>1996</u> £	<u>1995</u> £
Auditors' remuneration: audit	6,000	5,500
non-audit	4,000	-
Operating lease rentals:		
Equipment including motor vehicles	54,387	13,022
Land and buildings	26,796	10,427
Directors' emoluments (note 5)	141,517	78,547
Depreciation:		
Tangible fixed assets -		
charged to profit and loss	19,966	1,516
charged to system development	-	378
Intangible fixed assets	61,825	29,619

5. Directors' emoluments

a) Directors' emoluments comprise the following:-

	<u>1996</u> £	<u>1995</u> £
Salaries	134,200	72,161
Benefits	7,317	6,386
Pension contributions	-	-
	<hr/>	<hr/>
	141,517	78,547
	<hr/>	<hr/>

THE RESEARCH DEPARTMENT LIMITED

- b) The emoluments, excluding pension contributions of directors of the company, are as follows:

	<u>1996</u> £	Period from 9 November 1993 to <u>31 March 1995</u> £
Chairman	26,859	8,805
Highest paid director	39,200	38,828

The other directors' emoluments fell within the following ranges:

	<u>1996</u> Number	<u>1995</u> Number
£Nil - £ 5,000	1	1
£10,000 - £15,000	-	1
£15,001 - £20,000	-	1
£35,001 - £40,000	2	-

- c) The following number of directors have waived their rights to receive emoluments during the year:

	<u>1996</u>	<u>1995</u>
Emoluments waived	10,000	40,000
Number of directors	1	3

6. Employee information

- a) The average number of persons employed by the company, including executive directors, during the year was 15 (1995 : 8).

- b) Employee costs of all employees included above.

	<u>1996</u> £	<u>1995</u> £
Gross wages and salaries	327,297	118,756
Social security costs	33,895	12,113
	<hr/>	<hr/>
	361,192	130,869
	<hr/>	<hr/>

7. Taxation on profit on ordinary activities

United Kingdom corporation tax at 25%	82,000	16,000
Deferred tax	-	31,266
Prior year adjustment		
- corporation tax	31,266	-
- deferred tax	(31,266)	-
	<hr/>	<hr/>
	82,000	47,266
	<hr/>	<hr/>

THE RESEARCH DEPARTMENT LIMITED

8. Intangible fixed assets

Intangible fixed assets represents expenditure in acquiring or developing databases and associated systems software.

	<u>Acquired</u> £	<u>Developed</u> £	<u>Total</u> £
<u>Cost</u>			
At 1 April 1995	-	152,328	152,328
Expenditure	236,470	9,500	245,970
	<hr/>	<hr/>	<hr/>
At 31 March 1996	236,470	161,828	398,298
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 April 1995	-	29,619	29,619
Charge for year	7,882	53,943	61,825
	<hr/>	<hr/>	<hr/>
At 31 March 1996	7,882	83,562	91,444
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 1996	228,588	78,266	306,854
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 1995	-	122,709	122,709
	<hr/>	<hr/>	<hr/>

9. Tangible fixed assets

Tangible fixed assets comprise of computers, equipment, fixtures and fittings.

	£
<u>Cost</u>	
At 1 April 1995	16,997
Expenditure	85,229
	<hr/>
At 31 March 1996	102,226
	<hr/>
<u>Depreciation</u>	
At 1 April 1995	1,894
Charge for year	19,966
	<hr/>
At 31 March 1996	21,860
	<hr/>
Net book value at 31 March 1996	80,366
	<hr/>
Net book value at 31 March 1995	15,103
	<hr/>

THE RESEARCH DEPARTMENT LIMITED

10. Debtors

	<u>1996</u> £	<u>1995</u> £
Trade debtors	286,301	133,491
Sundry debtors	166,441	56,399
Prepayments	87,490	66,846
Amount owed by fellow subsidiary	106,256	-
	<hr/>	<hr/>
	646,488	256,736
	<hr/>	<hr/>

11. Creditors : due within one year

	<u>1996</u> £	<u>1995</u> £
Trade creditors	44,515	39,132
Amount owed to parent company	51,147	57,480
Other creditors	44,342	27,980
Taxation and social security	95,377	30,390
Accruals	103,511	13,349
Loans due within one year	112,500	-
	<hr/>	<hr/>
	451,392	168,331
	<hr/>	<hr/>

The creditor for taxation and social security includes UK corporation tax payable of £82,266 (1995 : £16,000).

12. Provisions for liabilities and charges

Deferred taxation.

	£
At 1 April 1995	31,266
Charged to profit and loss in the year	(31,266)
	<hr/>
At 31st March 1996	-
	<hr/>

13. Loan

	<u>1996</u> £	<u>1995</u> £
Due within one year (see 11 above)	112,500	-
	<hr/>	<hr/>
Repayable within one to two years	84,375	-
	<hr/>	<hr/>

The above loan is repayable in equal monthly instalments of £9,375 and carries interest at 1 per cent above base rate. The loan is secured by a charge over the intangible assets acquired during the year.

THE RESEARCH DEPARTMENT LIMITED

14. Called up share capital

	<u>1996</u> £	<u>1995</u> £
Authorised - 100 ordinary shares of £1 each	100	100
Issued - 2 ordinary shares of £1 each	2	2

15. Reconciliation of movement in shareholders' funds

	<u>1996</u> £	<u>1995</u> £
Opening shareholders' funds	139,251	2
Profit for the year	230,075	132,249
	<u>369,326</u>	<u>139,251</u>

16. Ultimate holding company

The ultimate holding company is The Independent Research Group Limited, a company incorporated in England.

17. Commitments and contingent liabilities

The Company is registered with HM Customs & Excise as a member of a group for VAT purposes, and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the balance sheet date the outstanding liability to VAT in the other group companies was nil.

Other than noted above, the Company had no contingent liabilities or capital commitments at 31 March 1996 (1995 - nil). At 31 March 1996 the company had annual commitments under operating leases as follows:-

	<u>Land and Buildings</u> £	<u>Other</u> £
Expiry within one year	-	-
Expiry 2-5 years inclusive	-	18,395

18. Acquisition

On 1 February 1996 the Company acquired the business and certain assets of Financial Intelligence Research (FIRE) for an initial consideration of £225,000, funded by a two year loan from the vendor (see note 13).

Further contingent consideration may become payable equivalent to 25% of revenue from the sales of FIRE in excess of £750,000 in each of the years ending 31 March 1997 and 31 March 1998. No provision has been made for the contingent consideration, and in the opinion of the Directors no contingent consideration will be payable.