

**Defaqto Limited**

Directors' report and financial statements

Registered number 2870220

31 March 2007



**Directors**

K H Jorgensen  
A B Robb  
A C G Brown  
S A Fulkes  
K S Marsden  
S P Sandercock  
R Bijtjes

**Secretary**

P V C Cass

**Company Number**

2870220

**Registered Office**

Financial Research Centre  
Haddenham Business Park  
Thame Road  
Haddenham  
Buckinghamshire  
HP17 8LJ

**Bankers**

National Westminster Bank Plc  
Headington Branch  
91 London Road  
Headington  
Oxford  
OX3 9AF

**Solicitors**

Matthew Arnold and Baldwin  
21 Station Road  
Watford  
Hertfordshire  
WD17 1HT

**Auditors**

KPMG LLP  
20 Farringdon Street  
London  
EC4A 4PP

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## Directors' report

The directors present their directors' report and the audited financial statements for the period ended 31 March 2007

### Principal activity

The Company's principal activity is to provide research data and consulting services to the financial services industry

### Review of the business and future developments

A summary of the Company's trading during the period is shown in the profit and loss account on page 6

The accounting period year end was extended from the 30 September 2006 to 31 March 2007

2007 has been an excellent period for the business. The business has experienced good growth in turnover and profitability despite industry conditions remaining very challenging

The growth has come from all areas of the business. Core subscription revenues have increased in all key markets sectors – Life, Pensions and Investments, General Insurance and Retail Banking. Additionally the Company has experienced a significant growth in demand for qualitative analysis products, particularly for Market Reports and Star Ratings. The success in all these areas has allowed the business to surpass expectations and grow top line revenues faster than anticipated through the period

At the same time the business has been carefully managing costs. The total cost base of the business has been fairly consistent when comparing the last two financial periods. It is excellent to see that the increased efforts and focus of the business has produced better results

Looking to the future the industry still has to face up to some real challenges. There are a number of specific issues that need to be resolved. However, at a fundamental level the end consumer is still seeking independent financial information to assist in making decisions regarding retail financial products across the whole of market. Everyone in the industry has an important role to play in improving the levels of information clarity to consumers

The business has an important role to play for the industry as it changes into the future. The industry needs a robust and independent information business that will be providing ever-improving data, information and analysis to enable both an intermediary to contract effectively with the end consumer, and for a consumer to contract directly with the financial product provider. Through the continued development of the breadth and depth of data, the functionality and usability of the research tools, and the increasing capability for qualitative analysis, the business expects to be able to accelerate its growth in turnover and profitability into the future. The forthcoming financial year promises to be an exciting year for the business

### Research and development activity

The Company is developing new software and databases in areas in which the Company is not currently operating and is developing new tools to improve the clarity of information available to our customers

### Dividends

The directors do not propose to pay a dividend in respect of the period ended 31 March 2007 (2005: £nil)

## Directors' report *(continued)*

### Directors

The directors who held office during the period were as follows

K H Jorgensen	appointed 25 September 2006
A B Robb	appointed 25 September 2006
A C G Brown	appointed 2 April 2007
S A Fulkes	appointed 15 November 2006
K S Marsden	appointed 14 December 2006
S P Sandercock	appointed 8 February 2007
R Bijtjes	appointed 20 June 2007
D Lee	resigned 30 September 2006
M Hayes-Newington	resigned 30 September 2006
A Bobath	resigned 10 October 2006
N Morgan	resigned 10 October 2006

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial period

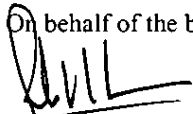
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the need for annual re-appointment of auditors of the Company is to be proposed at the forthcoming Annual General Meeting

On behalf of the board



**P V C Cass**  
*Company Secretary*

14 August 2007

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **KPMG LLP**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of Defaqto Limited**

We have audited the financial statements of Defaqto Limited for the period ended 31 March 2007 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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 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 auditors' report to the members of Defaqto Limited *(continued)***

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the period then ended,
- 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

**KPMG LLP**

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

14 August 2007

## Profit and loss account

for the 18 month period ended 31 March 2007

	<i>Note</i>	<b>18 month period ended 31 March 2007 £</b>	<b>Year ended 30 September 2005 £</b>
<b>Turnover</b>	<b>2</b>	<b>7,408,487</b>	<b>4,134,267</b>
Cost of sales		(288,222)	(100,206)
<b>Gross profit</b>		<b>7,120,265</b>	<b>4,034,061</b>
Administrative expenses		(6,458,979)	(3,541,783)
<b>Operating profit</b>	<b>3</b>	<b>661,286</b>	<b>492,278</b>
Interest receivable and similar income	<b>4</b>	<b>22,923</b>	<b>3,833</b>
Interest payable and similar charges	<b>5</b>	<b>(24,199)</b>	<b>(273,373)</b>
<b>Profit on ordinary activities before taxation</b>		<b>660,010</b>	<b>222,738</b>
Tax on profit on ordinary activities	<b>8</b>	<b>(133,210)</b>	<b>(162,865)</b>
<b>Profit for the financial year</b>	<b>14,15</b>	<b>526,800</b>	<b>59,873</b>

A statement of total recognised gains and losses has not been prepared as there were no gains or losses for the period other than as stated above

A note on historical gains and losses has not been included as part of the financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

Turnover and the operating result relate to continuing activities

**Balance sheet**  
*at 31 March 2007*

	<i>Note</i>		<b>31 March 2007</b>	<b>30 September 2005</b>
		£	£	£
<b>Fixed assets</b>				
Tangible assets	9		209,206	193,698
<b>Current assets</b>				
Debtors	10	1,487,290	841,100	
Cash at bank and in hand		863,264	45,330	
		<u>2,350,554</u>	<u>886,430</u>	
<b>Creditors</b> amounts falling due within one year	11	<u>(2,953,924)</u>	<u>(2,001,092)</u>	
<b>Net current liabilities</b>			<u>(603,370)</u>	<u>(1,114,662)</u>
<b>Net liabilities</b>			<u>(394,164)</u>	<u>(920,964)</u>
<b>Capital and reserves</b>				
Called up share capital	13		2	2
Profit and loss account	14		<u>(394,166)</u>	<u>(920,966)</u>
<b>Shareholder's deficit</b>	15		<u>(394,164)</u>	<u>(920,964)</u>

These financial statements were approved by the board on 14 August 2007 and were signed on its behalf by

  
**K Jorgensen**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- FRS 28 'Corresponding amounts'

FRS 21 has had no material effect on the financial statements. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

#### ***Basis of preparation***

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

#### ***Cash flow***

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Related party transactions***

As the Company is a wholly owned subsidiary of Defaqto Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Defaqto Group Limited, within which this Company is included, can be obtained from the address given in note 17

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £394,164 (2005 £920,964), which the directors believe to be appropriate. The Directors believe that the Company will continue to generate strong profits during the current period and on the basis of the projections prepared by the directors. Current liabilities also includes £1,724,065 of deferred income (2005 £1,082,451) that will be recognised as turnover within twelve months of the period end

Based on this, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate

#### ***Turnover***

Turnover is stated net of value added tax. Turnover includes the provision of information on a subscription basis and this is recognised rateably over the subscription period. Other revenues are recognised on delivery of product

#### ***Pensions***

Pension contributions made by the Company to employees' personal pension plans are charged to the profit and loss account in the period to which they relate

## 1 Accounting policies (continued)

### *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 on a straight line basis. The principal rate used for this purpose is as follows:

Fixtures and fittings	-	20% to 25%
Computer equipment	-	20% to 33 1/3%
Motor vehicles	-	20% to 33 1/3%
Office equipment	-	33 1/3%

### *Research and development*

Research and development expenditure in collating and verifying new databases and developing the associated software is written off as the costs are incurred.

### *Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### *Leased assets*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## 2 Turnover

The whole of the turnover is attributable to the principal activity of the Company. Included within turnover is £23,554 deriving from activities carried out within Europe with the balance deriving from the United Kingdom.

## 3 Notes to the profit and loss account

	18 month period ended 31 March 2007 £	Year ended 30 September 2005 £
<b><i>Profit on ordinary activities before taxation is stated after charging</i></b>		
Depreciation and other amounts written off tangible assets	121,646	90,754
Hire of other assets – operating leases	98,890	68,019
Hire of plant and equipment – rentals payable under operating leases	138,452	76,609
Research and development expenditure	187,448	138,747
	<hr/>	<hr/>
Auditors' remuneration		
Audit	22,000	17,500

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Defaqto Group Limited.

Notes (continued)

**4 Interest receivable and similar income**

	18 month period ended 31 March 2007 £	Year ended 30 September 2005 £
Bank deposit interest	17,923	3,833
Third party interest received	5,000	-
	<u>22,923</u>	<u>3,833</u>

**5 Interest payable and similar charges**

	18 month period ended 31 March 2007 £	Year ended 30 September 2005 £
Bank loans and overdrafts	24,199	9,324
Interest payable on finance leases	-	5,000
Intra-group	-	259,049
	<u>24,199</u>	<u>273,373</u>

**6 Directors' emoluments**

Directors' emoluments comprise the following

	18 month period ended 31 March 2007 £	Year ended 30 September 2005 £
Director's emoluments	798,168	449,563
Company contributions to money purchase pension scheme	967	-
Compensation for loss of office	125,500	-
	<u>924,638</u>	<u>449,563</u>

As at 31 March 2007, retirement benefits were accruing under the Defaqto Group Personal Pension Plan (a money purchase scheme) in respect of two Directors (2005 nil)

**Notes (continued)**

**7 Staff numbers and costs**

The average number of persons employed by the Company (including executive directors) during the period, analysed by category, was as follows

	<b>Number of employees</b>	
	<b>18 month period ended 31 March 2007</b>	<b>Year ended 30 September 2005</b>
Research	41	42
Administration	20	20
Sales and marketing	15	10
	<hr/>	<hr/>
	76	72
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	<b>18 month period ended 31 March 2007 £</b>	<b>Year ended 30 September 2005 £</b>
Wages and salaries	3,609,009	2,152,372
Social security costs	398,040	228,557
Pension costs	42,655	-
	<hr/>	<hr/>
	4,049,704	2,380,929
	<hr/>	<hr/>

Notes (continued)

**8 Taxation**

	18 month period ended 31 March 2007 £	Year ended 30 September 2005 £
<b>UK Corporation Tax</b>		
Current tax on income for the period	110,179	-
Adjustments in respect of prior periods	-	1,455
<b>Total current tax</b>	<b>110,179</b>	<b>1,455</b>
<b>Deferred tax (see note 12)</b>		
Reversal of timing differences	23,031	161,410
Adjustments in respect of prior periods	-	-
<b>Total deferred tax</b>	<b>23,031</b>	<b>161,410</b>
<b>Tax on profit on ordinary activities</b>	<b>133,210</b>	<b>162,865</b>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2005 lower) than the standard rate of corporation tax in the UK (30%, 2005 30%). The differences are explained below

	Period ended 31 March 2007 £	Period ended 30 September 2005 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	660,010	222,738
Current tax at 30% (2005 30%)	198,003	66,821
Expenses not deductible for tax purposes	55,720	14,341
Utilisation of tax losses	(20,197)	(81,639)
Capital allowances for period in excess of depreciation	3,278	1,567
Group relief claimed	(126,521)	(1,090)
Charges on income	(104)	-
Adjustments to tax charge in respect of previous periods	-	1,455
<b>Total current tax charge (see above)</b>	<b>110,179</b>	<b>1,455</b>

Notes (continued)

**9 Tangible fixed assets**

	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>					
At beginning of period	453,321	597,751	2,248	528,525	1,581,845
Additions	55,689	81,465	-	-	137,154
Disposals	-	-	(2,248)	-	(2,248)
At end of period	509,010	679,216	-	528,525	1,716,751
<b>Depreciation</b>					
At beginning of period	395,598	475,612	2,248	514,689	1,388,147
Charge for period	47,981	65,187	-	8,478	121,646
Disposals	-	-	(2,248)	-	(2,248)
At end of period	443,579	540,799	-	523,167	1,507,545
<b>Net book amount</b>					
At 31 March 2007	65,431	138,417	-	5,358	209,206
At 30 September 2005	57,723	122,139	-	13,836	193,698

**10 Debtors**

	31 March 2007 £	30 September 2005 £
Trade debtors	1,111,710	436,033
Amounts owed by group undertakings	245,250	275,458
Deferred tax asset (note 12)	-	23,031
Prepayments and accrued income	130,330	106,578
	<b>1,487,290</b>	<b>841,100</b>

Notes (continued)

**11 Creditors: amounts falling due within one year**

	<b>31 March 2007 £</b>	<b>30 September 2005 £</b>
Bank overdraft	22,533	-
Trade creditors	190,818	180,469
Amounts owed to group undertakings	196,441	303,637
Obligations under finance leases	-	78
Other taxation and social security	371,131	285,729
Other creditors	37,468	24,078
Accruals	301,289	124,650
Corporation tax	110,179	-
Deferred income	1,724,065	1,082,451
	<u>2,953,924</u>	<u>2,001,092</u>

**12 Provisions for liabilities**

	<b>31 March 2007 £</b>	<b>30 September 2005 £</b>
<b>Deferred tax asset</b>		
At beginning of period	(23,031)	(184,441)
Charge to the profit and loss for the period	23,031	161,410
	<u>-</u>	<u>23,031</u>

The elements of the unrecognised deferred tax asset (2005 recognised) are as follows

	<b>31 March 2007 £</b>	<b>30 September 2005 £</b>
Accelerated capital allowances	21,669	20,196
Other timing differences	23,100	2,835
	<u>44,769</u>	<u>23,031</u>

Deferred tax assets are recognised to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Notes (continued)

**13 Called up share capital**

	31 March 2007 £	30 September 2005 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

**14 Reserves**

	Profit and loss £
At beginning of period	(920,966)
Profit for the financial period	526,800
	<u>          </u>
At end of period	(394,166)
	<u>          </u>

**15 Reconciliation of movements in shareholder's funds/(deficit)**

	31 March 2007 £	30 September 2005 £
Profit for the financial period	526,800	59,873
	<u>          </u>	<u>          </u>
Net reduction to shareholder's deficit	526,800	59,873
Opening shareholder's deficit	(920,964)	(980,837)
	<u>          </u>	<u>          </u>
Closing shareholder's deficit	(394,164)	(920,964)
	<u>          </u>	<u>          </u>

**Notes (continued)**

**16 Pension scheme**

***Defined contribution pension scheme***

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £42,655 (2005 £nil). Included in creditors due within one year is £5,180 (2005 £864) in respect of contributions due in relation to this pension scheme.

**17 Ultimate parent company and controlling party**

The Company is a subsidiary undertaking of Defaqto Group Limited which is the ultimate parent company. The smallest and largest group in which the results of the Company are consolidated is that headed by Defaqto Group Limited, incorporated in the United Kingdom. The consolidated financial statements are available to the public and may be obtained from:

Defaqto Group Limited  
Bucklersbury House  
11 Walbrook  
London  
EC4N 8EL

**18 Contingent liabilities**

The Company is registered with HMRC 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 VAT balance of the other group companies in the VAT group, of which the Company is a member, was £nil (2005 £nil).

**19 Commitments**

At 31 March 2007 the Company had annual commitments under operating leases as follows:

	2007		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry within one year	-	-	-	41,769
Expiry 2-5 years inclusive	65,787	79,731	68,019	43,332
	<u>65,787</u>	<u>79,731</u>	<u>68,019</u>	<u>85,101</u>