

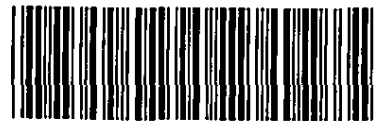
Defaqto Limited

Directors' report and financial statements

Registered number 2870220

31 March 2009

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COMPANIES HOUSE

Directors

K H Jorgensen
A C G Brown
R P 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 year ended 31 March 2009.

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 year is shown in the profit and loss account on page 6.

The financial year ended 31 March 2009 has been an excellent period for the business. The business has experienced good growth in turnover and invested that growth in further developing the service offering.

The growth has come from all areas of the business. Core subscription revenues have increased in all key market 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 Defaqto Star Ratings. The success in all of these areas has allowed the business to surpass expectations and grow top line revenues faster than anticipated through the period and to invest in developing a number of new products for launch in the following financial year.

The Company remains highly dependent upon a subscription based model whereby customers subscribe to receive a service from the Company for a minimum of a year. Such subscription revenues have grown by 10% when comparing March 2009 with the same month in the prior year. This reflects the continued growth in the Defaqto Compare product and the continuing use by financial intermediaries and providers of the Aequos Engage and Online platforms respectively. Further, we have complimented our offering by expanding into the hosted calculator and datafeed markets whereby we service comparison websites with our whole of market data and related tools.

Operating profit as a percentage of turnover has declined from 20% to 7%. Of this decline, 7% is due to the Company bearing management recharges to take account of costs incurred elsewhere in the Defaqto Group of companies that relate to the Company. Excluding such management recharges, Administration expenses increased by 27%. This growth in like for like Administration expenses reflects further investment in improving the accuracy and timeliness of the information collated by the Research staff as well as the cost of developing new products and increasing our brand identity.

Regulatory Issues

The Retail Distribution Review continues through review and implementation remains pending. The Directors believe that the Company is well placed to enable those operating under such regulatory regimes to improve their compliance operations and make better financial decisions through the use of Defaqto products and that the Company will benefit from the increasing regulatory environment.

Environmental Impact

The Company offset its carbon footprint during the year. Additionally, during the year we neutralized the carbon footprint of our hosted servers when moving to a new hosting environment.

Directors' report (*continued*)

Principal Risk

The principal risks facing the business continue to be economic in nature. The Company relies on the financial services sector in the United Kingdom for 98% (2008: 98%) of turnover. The UK economic downturn has resulted in a reduction in the number of financial products in the retail and broker markets, a reduction in activity for financial intermediaries, a decline in the investment by the financial sector in marketing activities and reduced budgets within our client base. These factors will negatively impact the turnover streams going forward. The streamlining of the retail finance market that we believe will arise from this downturn is anticipated to benefit the Company and we are in the process of developing products that will meet the requirements of an increasingly cautious and financially sophisticated population. The business faces an uncertain period but it is believed that the Company has the balance sheet strength and operating capacity to continue product expansion and benefit from the economic downturn.

Research and development activity

The Company is developing new software and databases to improve the clarity and breadth of information available to our customers.

Dividends

The directors do not propose to pay a dividend in respect of the year ended 31 March 2009 (2008: *£nil*).

Directors

The directors who held office during the year were as follows:

K H Jorgensen	
A C G Brown	
R P Bijtjes	
A B Robb	(resigned 31 March 2009)
S A Fulkes	(resigned 31 March 2009)

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 year.

Donations

Total donations in respect of community affairs in the year totalled £1,252 (2008: £268). There were no political donations in the year.

Disclosure of information to auditors

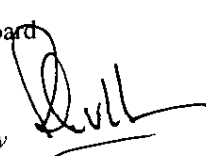
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

P V C Cass
Company Secretary



30 June 2009

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 year ended 31 March 2009 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 2009 and of its profit for the year 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

30 June 2009

Profit and loss account
for the year ended 31 March 2009

	<i>Note</i>	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Turnover	2	7,256,730	6,225,600
Cost of sales		(165,242)	(185,920)
Gross profit		7,091,488	6,039,680
Administrative expenses		(6,611,459)	(4,774,649)
Other operating income	4	8,248	-
Operating profit		488,277	1,265,031
Interest receivable and similar income	5	11,862	17,053
Interest payable and similar charges	6	(75)	(121)
Profit on ordinary activities before taxation	3	500,064	1,281,963
Tax on profit on ordinary activities	9	(5,835)	(96,447)
Profit for the financial year	15,16	494,229	1,185,516

A statement of total recognised gains and losses has not been prepared as there were no gains or losses for the year 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 2009

	Note	£	31 March 2009 £	£	31 March 2008 £
Fixed assets					
Tangible assets	10		263,534		228,060
Current assets					
Debtors	11	2,872,834		2,750,316	
Cash at bank and in hand		2,492,420		642,751	
		<u>5,365,254</u>		<u>3,393,067</u>	
Creditors: amounts falling due within one year	12	<u>(4,343,207)</u>		<u>(2,829,775)</u>	
Net current assets			<u>1,022,047</u>		<u>563,292</u>
Net assets			<u>1,285,581</u>		<u>791,352</u>
Capital and reserves					
Called up share capital	14		2		2
Profit and loss account	15		1,285,579		791,350
Shareholder's funds	16		<u>1,285,581</u>		<u>791,352</u>

These financial statements were approved by the board on 30 June 2009 and were signed on its behalf by:


K H Jorgensen
Director

The accompanying notes form an integral part of these financial statements.

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.

Basis of preparation

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

Group financial statements

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

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 19.

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company. The fair value of options granted is recognised as an employee expense with a corresponding increase in amounts due from and to group undertakings. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

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.

Notes (continued)

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 33⅓%
Computer equipment	-	20% to 33⅓%
Office equipment	-	33⅓%

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 £155,896 (2008: £148,998) deriving from activities carried out within Europe with the balance deriving from the United Kingdom.

3 Notes to the profit and loss account

	Year ended 31 March 2009	Year ended 31 March 2008
<i>Profit on ordinary activities before taxation is stated after (crediting)/charging:</i>	£	£
Depreciation and other amounts written off tangible assets	131,347	117,931
Hire of other assets – operating leases	66,223	108,846
Hire of plant and equipment – rentals payable under operating leases	94,107	65,727
Share based payments	(2,773)	877
Management recharges	527,521	-
Research and development expenditure	208,983	317,759
	<hr/>	<hr/>
Auditors' remuneration		
Audit of these financial statements	19,300	19,900
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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 Other operating income

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Settlement of legal dispute	8,248	-

5 Interest receivable and similar income

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Bank deposit interest	11,862	17,053

6 Interest payable and similar charges

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Bank loans and overdrafts	75	121

7 Directors' emoluments

Directors' emoluments comprise the following:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Directors' emoluments	94,849	185,526
Company contributions to money purchase pension scheme	4,243	6,341
Compensation for loss of office	-	3,960
	99,092	195,827

As at 31 March 2009, retirement benefits were accruing under the Defaqto Group Personal Pension Plan (a money purchase scheme) in respect of one director (2008: one).

Notes (continued)

8 Staff numbers and costs

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

	Number of employees	
	Year ended 31 March 2009	Year ended 31 March 2008
Research	49	45
Administration	32	21
Sales and marketing	29	24
	<hr/>	<hr/>
	110	90
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Wages and salaries	3,283,850	2,515,680
Social security costs	392,474	298,011
Share based payments	(2,773)	877
Pension costs	136,118	131,800
	<hr/>	<hr/>
	3,809,669	2,946,368
	<hr/>	<hr/>

Notes (continued)

9 Taxation

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
UK Corporation Tax		
Current tax on income for the period	55,712	183,775
Adjustments in respect of prior periods	(18,420)	(73,262)
Total current tax	<u>37,292</u>	<u>110,513</u>
Deferred tax (see note 13)		
Recognition of deferred tax asset	4,421	(14,066)
Adjustments in respect of prior periods	(35,878)	-
Total deferred tax	<u>(31,457)</u>	<u>(14,066)</u>
Tax on profit on ordinary activities	<u><u>5,835</u></u>	<u><u>96,447</u></u>

Factors affecting the tax charge for the current year

The current tax charge for the period is lower (2008: lower) than the standard rate of corporation tax in the UK (28%, 2008: 30%). The differences are explained below:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Current tax reconciliation		
Profit on ordinary activities before taxation	500,064	1,281,963
Current tax at 28% (2008: 30%)	140,018	384,589
Expenses not deductible for tax purposes	13,296	956
Capital allowances for period in excess of depreciation	(5,788)	7,646
Group relief claimed and not paid for	(91,571)	(209,337)
Charges on income	(243)	(79)
Adjustments to tax charge in respect of previous periods	(18,420)	(73,262)
Total current tax (see above)	<u><u>37,292</u></u>	<u><u>110,513</u></u>

Notes (continued)

10 Tangible fixed assets

	Fixtures, fittings and equipment £	Computer equipment £	Office equipment £	Total £
Cost				
At beginning of year	570,162	754,849	528,525	1,853,536
Additions	106,803	60,018	-	166,821
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	676,965	814,867	528,525	2,020,357
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	491,045	605,906	528,525	1,625,476
Charge for year	48,038	83,309	-	131,347
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	539,083	689,215	528,525	1,756,823
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2009	137,882	125,652	-	263,534
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	79,117	148,943	-	228,060
	<hr/>	<hr/>	<hr/>	<hr/>

11 Debtors

	31 March 2009 £	31 March 2008 £
Trade debtors	1,084,455	934,278
Amounts owed by group undertakings	1,594,643	1,655,976
Deferred tax asset (note 13)	45,523	14,066
Prepayments and accrued income	148,213	145,996
	<hr/>	<hr/>
	2,872,834	2,750,316
	<hr/>	<hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	31 March 2009 £	31 March 2008 £
Trade creditors	289,206	240,212
Amounts owed to group undertakings	1,087,608	3,778
Other taxation and social security	458,486	392,507
Other creditors	63,224	46,406
Accruals	438,520	301,900
Corporation tax	55,712	-
Deferred income	1,950,451	1,844,972
	<u>4,343,207</u>	<u>2,829,775</u>

13 Deferred taxation

	Deferred taxation £	Total £
At beginning of year	14,066	14,066
Charge to the profit and loss for the year	31,457	31,457
	<u>45,523</u>	<u>45,523</u>

The elements of the recognised deferred tax asset are as follows:

	31 March 2009 £	31 March 2008 £
Accelerated capital allowances	40,773	14,066
Other timing differences	4,750	-
	<u>45,523</u>	<u>14,066</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)

14 Called up share capital

	31 March 2009 £	31 March 2008 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

15 Reserves

	Profit and loss £
At beginning of year	791,350
Profit for the financial year	494,229
	<hr/>
At end of year	1,285,579
	<hr/>

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

	31 March 2009 £	31 March 2008 £
Profit for the financial period	494,229	1,185,516
	<hr/>	<hr/>
Net addition to shareholder's funds and reduction to shareholder's deficit	494,229	1,185,516
Opening shareholder's funds/(deficit)	791,352	(394,164)
	<hr/>	<hr/>
Closing shareholder's funds	1,285,581	791,352
	<hr/>	<hr/>

Notes (continued)

17 Share option and incentive plans

The Defaqto Group Share Option Plan ('SOP') was established in May 2007 and options over shares in Defaqto Group Limited have been granted to employees of the Company.

Options held by employees of the Company and outstanding at 31 March 2009 under the SOP were as follows:

	Number of options	Weighted average exercise price £
Options outstanding at beginning of year	25,800	4.18
Granted	1,000	4.50
	<hr/>	<hr/>
Options outstanding at end of year	26,800	4.19
	<hr/>	<hr/>
Weighted average remaining life of options outstanding at end of year (years)		9
Options exercisable at end of year		nil

Options have been granted under the SOP carrying varying vesting periods of up to 3 years. Further, some options will only vest on the achievement of specific performance conditions relating to revenue and profitability. Exercise of all options is subject to continued employment.

The Company has borne an expense under FRS 20 '*Share based payments*' in relation to all share options granted after 7 November 2002. The fair value per option granted and the assumptions used in the calculation were as follows:

Grant date	27 September 2007	26 February 2008	18 September 2008
Exercise price	£4.18	£4.18	£4.50
Expected volatility	45%	45%	45%
Expected life of options	3 years	3 years	9 months
Dividend yield expected in underlying shares	Nil	Nil	Nil
Risk free interest rate	5.1%	4.5%	4.0%
Value of option	£1.49	£1.47	£1.55
Vesting period (period from grant date)	3 years	3 years	9 months
Performance conditions attached	Yes	Yes	No

Notes (continued)

17 Share option and incentive plans (continued)

Volatility has been estimated by reviewing the volatility of the share price of a group of companies against which the directors believe a reasonable benchmark can be attained. Vesting estimates take into account the Company's staff retention rate as well as the likelihood of achieving the performance conditions where relevant. The expected life is the average expected period to exercise from grant date and the risk free interest rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

In the year the Company recognised a credit of £2,773 in relation to share based payments (2008: £877 expense).

18 Pension scheme

Defined contribution pension scheme

The Defaqto Personal Pension Plan is a defined contribution plan and is open to all employees of the Company that have completed three months' service. The Company doubles the contributions made by employees up to a maximum company contribution of 6% (2008: 4%). The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £136,118 (2008: £131,800). Included in creditors due within one year is £26,794 (2008: £nil) in respect of contributions due in relation to this pension scheme.

19 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Defaqto Group Limited which is the ultimate parent company.

The Company is controlled by Defaqto Group Limited. The ultimate controlling parties are the A ordinary shareholders of Defaqto Group Limited.

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
Caledonia House
223 Pentonville Road
London
N1 9NG

20 Commitments

At 31 March 2009 the Company had annual commitments under operating leases as follows:

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry within one year	-	4,182	65,727	76,694
Expiry 2-5 years inclusive	-	74,151	-	29,261
Expiry in greater than 5 years	79,500	-	-	-
	<u>79,500</u>	<u>78,333</u>	<u>65,727</u>	<u>105,955</u>