

**Defaqto Group Limited**

**Directors' report and financial statements**

**Registered number 5442706**

**31 March 2008**

THURSDAY



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COMPANIES HOUSE

## **Company Information**

### **Directors**

K H Jorgensen  
A B Robb  
M W Speeks  
A D Everett  
N Kumar  
R Pennant-Rea

### **Secretary**

P V C Cass

### **Company Number**

5442706

### **Registered Office**

Caledonia House  
223 Pentonville Road  
London  
N1 9NG

### **Bankers**

Bank of Scotland  
St James's Gate  
14-16 Cockspur Street  
London  
SW1Y 5BL

### **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 2008.

### Principal activity

The Company's principal activity is as a holding company. The Group trades under the names Defaqto, DefaqtoMedia and find.co.uk providing research data and consulting services to the retail financial services industry as well as providing web portals that allows users to evaluate consumer financial products available in the United Kingdom. The Group is focussed on helping people to make better financial decisions.

### Business review

During the year ended 31 March 2008, the Company continued to act as a holding company for the web-portal business DefaqtoMedia Limited (formerly Find.co.uk Limited) and the financial research business Defaqto Limited.

### Products and services

In order to help people make better financial decisions, the Group provides timely and accurate information to all levels of the financial sector including the government regulator, financial intermediaries, financial product providers and directly to consumers. Such services are generally supplied through digital delivery mechanisms and the Group aims to continue to do so in order that the data used by decision makers is of the best quality available in the market.

The Group continues to provide services to providers of financial products that enable them to better research and launch quality products. In the year, the Group developed and launched a quality related product, Defaqto Compare, which allows providers to review the terms, conditions and covers of products, thereby looking beyond price. Additionally, the Group rates financial products based on quality using the Defaqto Star Ratings process. We believe this is very much aligned with the increased drive by the Financial Services Authority (the 'FSA') for increased transparency on available products and will enable financial product providers to both research innovative products quickly as well as use the tool in their customer acquisition and retention functions. In the year, Defaqto Star Rating licences were aligned to all being launched annually in February and this proved a successful strategy in the year, being well received by clients.

Financial intermediaries use our Aequos range of products to source the right products to suit their clients' needs. This service is predominantly offered in the life, pensions and investments product markets. The Group has launched and aims to continue to launch new tools that will enable intermediaries to provide their clients with appropriate financial products in line with industry requirements as regulated by the FSA.

The Group has continued to operate the find.co.uk web-portal. Additionally, the Group has expanded its offering to other consumer web-portals and this has resulted in the sale of a number of financial tools including mortgage cost calculators and an increase in the number of digital information feeds that the Group provides. With the continued expansion in the number of consumer web-portals and the continued growth in online marketing spend by financial product providers, the Group is well placed to grow this revenue stream further.

As mentioned above, the Aequos range of tools, Aequos Online and Aequos Engage, have been complemented in the year with the addition of a beyond price comparison tool for insurance products called Defaqto Compare. Further, the Group is expanding its market intelligence offering including the new Defaqto Analyser tool that enables product providers to understand better the competitive market in which they operate.

## Directors' report (continued)

The Group now offers the following products:

Defaqto Product/service	Primary Customer Group	Financial product sector		
		Life, Pensions, Investments	Banking	General Insurance
Aequos Online	Product Providers	✓	✓	✓
Aequos Engage	Financial Intermediaries	✓	✗	✗
Defaqto Compare	Product Providers	✗	✗	✓
Defaqto Analyzer	Product Providers	✓	✗	✗
Defaqto Digital Information Services	Virtual Financial Intermediaries	✓	✓	✓
Defaqto Insight Reports	Product Providers	✓	✓	✓
Defaqto Star Ratings	Product Providers	✓	✓	✓
Defaqto Insight Consultancy	Product Providers	✓	✓	✓
DefaqtoMedia	Financial Intermediaries; Consumers	✓	✓	✓

The Aequos Engage and Online, Compare, Analyser and Digital Information Services products are all subscribed to by customers in advance for a minimum 12 month contract. Such subscription turnover has grown in aggregate throughout the year with the exception of Aequos Online, which saw a decline in usage and turnover as financial intermediaries moved their service to the Aequos Engage tool. This growth in subscription turnover has been met by an 8% increase in deferred income to £1,897,535 (2007: £1,751,914).

The development of the new products as well as the drive to increase the breadth of data collected by Defaqto on financial products drove costs up in the year. Headcount increased from 88 to 104 and annualised turnover per head grew from £63,712 in the 10 months to 31 March 2007 to £74,878 in the year to 31 March 2008.

### Liquidity

The Group generated earnings before interest, tax, depreciation and amortisation (calculated by adding back depreciation and amortisation to Operating Loss) of £35,396 in the year to 31 March 2008 and, assuming no changes in working capital conditions, it would be expected that the Net Cash balance of the Group would similarly increase (Net Cash being calculated as Cash at bank and in hand net of Bank loans and overdrafts). However, the Group incurred capital expenditure of £293,019 and placed £100,780 on deposit to cover a new premises lease entered into in London. These outflows were offset by strong working capital management, resulting in an increase in Net Cash to £391,172 (2007: £327,157).

The Group faces considerable seasonality in earnings and in cash flows with the Star Ratings product being launched annually in February and the seasonal slow down in the financial sector during the summer.

### Regulatory Issues

There are considerable regulatory activities being reviewed and implemented across the financial services sector. These include the Retail Distribution Review and Markets in Financial Instruments Directive. The Directors believe that the Group 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 Group will benefit from the increasing regulatory environment.

### Environmental Impact

The Group has carried out an assessment of the carbon footprint of the principal trading entity, Defaqto Limited, and will be working in the next financial year to both offset and reduce that footprint. The carbon footprint of DefaqtoMedia Limited will be assessed next as this becomes a Group-wide initiative during the financial year to 31 March 2009.

## Directors' report *(continued)*

### **Principal Risk**

The principal risks facing the business are economic in nature. The Group relies on the financial services sector in the United Kingdom for 98% of turnover. UK economic downturns may result in significant declines in the investment by the financial sector in marketing activities. The Group has attempted to mitigate this risk by ensuring that customers generally contract with the Group for a minimum of 12 months. Further, through enhancing the service offering, the Group is becoming a key supplier for the financial institutions and internal processes at such institutions are increasingly reliant on the Defaqto services.

### **Results**

The results for the year are set out in the consolidated profit and loss account on page 8.

The Consolidated balance sheet (page 9) and Company balance sheet (page 10) show net liabilities of £7,921,781 (2007: £6,246,473) and £8,428,228 (2007: £6,736,112) respectively. Both of these net liabilities include loans due to shareholders totalling £12,441,611 (2007: 11,533,834). The directors have prepared a proforma balance sheet extract for illustrative purposes for the Group and Company at 31 March 2008 which reflects the loans to shareholders representing long term institutional funding as if it was equity.

	31 March 2008		31 March 2007	
	Group £	Company £	Group £	Company £
<b>Statutory net liabilities</b>	<b>(7,921,781)</b>	<b>(8,428,228)</b>	<b>(6,246,473)</b>	<b>(6,736,112)</b>
<i>Items reclassified within capital and reserves:</i>				
Loans due to shareholders	12,441,611	12,441,611	11,533,834	11,533,834
<b>Adjusted non-statutory net assets</b>	<b>4,519,830</b>	<b>4,013,383</b>	<b>5,287,361</b>	<b>4,797,722</b>

The directors would also note that the above group non-statutory net assets include deferred income of £1,870,722 (2007: £1,751,914)

### **Donations**

Total donations in respect of community affairs in the year totalled £1,067. There were no political donations in the year.

## **Directors' report (*continued*)**

### **Directors**

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

K H Jorgensen  
A B Robb  
M W Speeks  
A D Everett  
N Kumar  
R Pennant-Rea

### **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 themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

  
**P V C Cass**  
Secretary

19 SEPTEMBER 2008

## **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 group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group 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 Group Limited**

We have audited the group and parent company financial statements of Defaqto Group Limited for the year ended 31 March 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, Consolidated cash flow statement 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 Directors' Report and 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 5.

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 group's and 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 Group 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 group's and the parent company's affairs as at 31 March 2008 and of the group's loss 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*

29 September 2008

**Consolidated profit and loss account**  
*for the year ended 31 March 2008*

	<i>Note</i>	<b>Year ended 31 March 2008 £</b>	<b>10 month period ended 31 March 2007 £</b>
<b>Turnover</b>	<i>1,2</i>	<b>7,791,123</b>	<b>4,672,246</b>
Cost of sales		<b>(507,566)</b>	<b>(492,081)</b>
<b>Gross profit</b>		<b>7,283,557</b>	<b>4,180,165</b>
Distribution expenses		<b>(1,051,221)</b>	<b>(1,524,910)</b>
Administrative expenses		<b>(7,112,756)</b>	<b>(8,174,781)</b>
<b>Operating loss</b>	<i>3</i>	<b>(880,420)</b>	<b>(5,519,526)</b>
Other interest receivable and similar income	<i>6</i>	<b>24,145</b>	<b>29,017</b>
Interest payable and similar charges	<i>7</i>	<b>(946,228)</b>	<b>(682,394)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(1,802,503)</b>	<b>(6,172,903)</b>
Tax on loss on ordinary activities	<i>8</i>	<b>87,328</b>	<b>(12,941)</b>
<b>Loss for the financial period</b>	<i>20,21</i>	<b>(1,715,175)</b>	<b>(6,185,844)</b>

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.

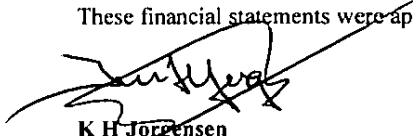
A note on historical gains and losses has not been included as part of the financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

Turnover and the operating result relate to continuing activities.

**Consolidated balance sheet**  
*at 31 March 2008*

	<i>Note</i>	<b>31 March 2008</b>		<b>31 March 2007</b>	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9	5,693,083		6,377,282	
Tangible assets	10	258,386		190,423	
Investments	11	34,613		-	
			<u>5,986,082</u>		<u>6,567,705</u>
<b>Current assets</b>					
Debtors	12	1,572,266		1,810,064	
Cash at bank and in hand		676,414		924,310	
			<u>2,248,680</u>		<u>2,734,374</u>
<b>Creditors: amounts falling due within one year</b>	13	(3,687,667)		(4,014,718)	
<b>Net current liabilities</b>			<u>(1,438,987)</u>		<u>(1,280,344)</u>
<b>Total assets less current liabilities</b>			<u>4,547,095</u>		<u>5,287,361</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(12,468,876)		(11,533,834)	
<b>Net liabilities</b>			<u>(7,921,781)</u>		<u>(6,246,473)</u>
<b>Capital and reserves</b>					
Called up share capital	19	1,346,016		1,346,001	
Share premium account	20	48		-	
Profit and loss account	20	(9,267,845)		(7,592,474)	
<b>Shareholders deficit</b>	21	(7,921,781)		(6,246,473)	

These financial statements were approved by the board on ~~18 SEPTEMBER~~ 2008 and were signed on its behalf by:

  
K H Jorgensen  
Director

**Company balance sheet**  
*at 31 March 2008*

	<i>Note</i>	<b>31 March 2008</b>	<b>31 March 2007</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Investments in subsidiaries	11	6,399,509	5,566,407
<b>Current assets</b>			
Debtors	12	10,071	204,253
Cash at bank		9,440	2,090
		<b>19,511</b>	<b>203,193</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(2,405,637)</b>	<b>(975,028)</b>
<b>Net current liabilities</b>		<b>(2,386,126)</b>	<b>(768,685)</b>
<b>Total assets less current liabilities</b>		<b>4,013,383</b>	<b>4,797,722</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(12,441,611)</b>	<b>(11,533,834)</b>
<b>Net liabilities</b>		<b>(8,428,228)</b>	<b>(6,736,112)</b>
<b>Capital and reserves</b>			
Called up share capital	19	1,346,016	1,346,001
Share premium account	20	48	-
Profit and loss account	20	(9,774,292)	(8,082,113)
<b>Shareholders' deficit</b>	21	<b>(8,428,228)</b>	<b>(6,736,112)</b>

These financial statements were approved by the board on **19 SEPTEMBER** 2008 and were signed on its behalf by:

  
**K H Jorgensen**  
Director

**Consolidated cash flow statement**  
*at 31 March 2008*

	<i>Note</i>	<b>Year ended 31 March 2008 £</b>	<b>10 month period ended 31 March 2007 £</b>
<b>Cash flow from operating activities</b>	<i>16</i>	<b>408,194</b>	<b>183,333</b>
Returns on investments and servicing of finance	<i>17</i>	<b>(14,306)</b>	<b>(24,631)</b>
Taxation		<b>(36,917)</b>	<b>113,736</b>
Capital expenditure and financial investment	<i>17</i>	<b>(293,019)</b>	<b>(186,015)</b>
Acquisitions and disposals	<i>17</i>	<b>-</b>	<b>(4,286,658)</b>
<b>Cash inflow/(outflow) before financing</b>		<b>63,952</b>	<b>(4,200,235)</b>
Financing	<i>17</i>	<b>(289,284)</b>	<b>4,578,157</b>
<b>(Decrease)/increase in cash in the period</b>		<b>(225,332)</b>	<b>377,922</b>
 <b>Reconciliation of net cash flow to movement in net debt</b>	<i>18</i>		
<b>(Decrease)/increase in cash in the period</b>		<b>(225,332)</b>	<b>377,922</b>
Cash inflow/(outflow) from decrease/(increase) in debt		<b>289,347</b>	<b>(3,978,157)</b>
<b>Change in net debt resulting from cash flows</b>		<b>64,015</b>	<b>(3,600,235)</b>
Loans acquired with subsidiary		<b>-</b>	<b>(1,172,000)</b>
Loans extinguished during period		<b>-</b>	<b>157,783</b>
Interest accrued onto loan notes		<b>(907,777)</b>	<b>(628,746)</b>
<b>Movement in net debt in the period</b>		<b>(843,762)</b>	<b>(5,243,198)</b>
Net debt at the start of the period		<b>(11,206,677)</b>	<b>(5,963,479)</b>
 <b>Net debt at the end of the period</b>		<b>(12,050,439)</b>	<b>(11,206,677)</b>

## 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.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2008. The acquisition method of accounting has been adopted. Under this method, results of subsidiary undertakings acquired in a period are included in the consolidated profit and loss account from the date of acquisition.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

#### *Going concern*

The financial statements have been prepared on the going concern basis, notwithstanding Group net current liabilities of £1,438,987 (2007: 1,280,344), Company net current liabilities of £2,386,126 (2007: £768,685), Group net liabilities of £7,921,781 (2007: £6,246,473) and Company net liabilities of £8,428,228 (2007: £6,736,112). The directors believe the going concern basis to be appropriate as the Group has sufficient cash reserves to fund the continuing trading of the Group for the foreseeable future. The Group projections prepared by the directors demonstrate the group will generate sufficient profits to enable the Company and the group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The Company's directors also believe that the institutional investors will continue to provide support to the Company. The directors acknowledge that whilst there can be no certainty over future events, although at the date of approval of these financial statements, they have no reason to believe that the Group will not perform as expected.

Based on this undertaking 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

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 over the period of their expected useful lives to their estimated residual values as follows:

Fixtures, fittings and equipment	-	4 years
Computer equipment	-	4 years

#### *Investments*

Investments held as fixed assets are stated at cost less amounts provided for impairment.

#### *Goodwill*

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of the business acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of ten years.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

#### *Provisions for liabilities and charges*

Provisions are recognised when (i) the Group has a constructive or legal obligation as a result of a past event; (ii) it is probable that a transfer of economic benefits will be required to settle the obligation; and (iii) a reliable estimate of the obligation can be made.

#### *Leases*

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.

#### *Foreign currency translation*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *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.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the result 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.

#### *Classification of financial instruments issued by the Group*

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### *Post retirement benefits*

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### *Share based payment*

The share option programme allows employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. 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.

## Notes (continued)

### 2 Turnover

The whole of the turnover is attributable to the principal activities of the Group. All turnover, with the exception of £148,998 (2007: £151,843) arising from European sales, arose within the United Kingdom.

### 3 Loss on ordinary activities before taxation is stated after charging

	Year ended 31 March 2008 £	10 month period ended 31 March 2007 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets	114,810	51,281
Amortisation of goodwill and computer software	759,832	834,857
Impairment of goodwill	-	4,487,924
Share based payment expense	39,804	-
Research and development costs	317,759	187,448
Hire of plant and machinery – rentals payable under operating leases	108,846	39,338
Hire of other assets – rentals payable under operating leases	131,378	33,750
	<hr/>	<hr/>
<i>Auditors remuneration:</i>		
	£	£
Audit of these financial statements	15,500	6,500
	<hr/>	<hr/>
Amounts receivable by auditors and their associates in respect of:		
Audit of the financial statements of subsidiaries pursuant to legislation	39,600	37,500
Other services relating to taxation	16,000	20,000
	<hr/>	<hr/>

Amounts paid to the Company's auditor in respect of services to the Company, 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.

## Notes (continued)

### 4 Remuneration of directors

Directors' emoluments comprise the following:

	Year ended 31 March 2008 £	10 month period ended 31 March 2007 £
Director's emoluments	349,264	187,778
Company contributions to money purchase pension scheme	14,591	9,668
	<u>363,855</u>	<u>197,446</u>

The highest paid director earned total remuneration of £172,266 in the year, including £10,833 in pension contributions (2007: £87,052 and £8,333 respectively). As at 31 March 2008, retirement benefits were accruing under the Defaqto Group Personal Pension Plan in respect of one Director (2007: one).

### 5 Staff numbers and costs

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

	Number of employees Group		Number of employees Company	
	Year ended 31 March 2008	10 month period ended 31 March 2007	Year ended 31 March 2008	10 month period ended 31 March 2007
Research	45	40	-	-
Administration	28	20	2	1
Sales and marketing	31	28	2	1
	<u>104</u>	<u>88</u>	<u>4</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	Year ended 31 March 2008	10 month period ended 31 March 2007	Year ended 31 March 2008	10 month period ended 31 March 2007
Wages and salaries	3,450,076	1,692,217	558,850	148,943
Social security costs	386,582	194,194	51,401	17,882
Share based payments	39,804	-	35,627	-
Other pension costs	161,341	34,115	21,324	5,243
	<u>4,037,803</u>	<u>1,920,526</u>	<u>667,202</u>	<u>172,068</u>

**Notes (continued)**

**6 Other interest receivable and similar income**

	Year ended 31 March 2008 £	10 month period ended 31 March 2007 £
Bank interest	22,027	29,017
Third party interest	2,118	-
	<u>24,145</u>	<u>29,017</u>

**7 Interest payable and similar charges**

	Year ended 31 March 2008 £	10 month period ended 31 March 2007 £
On bank loans and overdrafts	37,650	53,648
On loan notes	907,777	628,746
Third party interest	801	-
	<u>946,228</u>	<u>682,394</u>

Under the terms of the "A", "B" and "D" series of loan note instruments, interest accrues over the term of these loans at 10%, 5% and 8% respectively but prior to 20 May 2012, or an earlier exit by the shareholders, is only payable at the Company's option.

## Notes (continued)

### 8 Tax on loss on ordinary activities

	Year ended 31 March 2008 £	10 month period ended 31 March 2007 £
<b>UK corporation tax</b>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	(73,262)	-
<b>Total current tax</b>	<b>(73,262)</b>	<b>-</b>
<b>Deferred tax (see note 15)</b>		
Origination/reversal of timing differences	-	12,941
Recognition of deferred tax asset	(14,066)	-
<b>Total deferred tax</b>	<b>(14,066)</b>	<b>12,941</b>
<b>Tax on profit on ordinary activities</b>	<b>(87,328)</b>	<b>12,941</b>

#### Factors affecting the tax charge for the current year

The current tax charge for the period is higher (2007 : *higher*) than the standard rate of corporation tax in the UK (30%, 2007 : 30%). The differences are explained below:

	Year ended 31 March 2008 £	10 month period ended 31 March 2007 £
<b>Current tax reconciliation</b>		
Loss on ordinary activities before tax	(1,802,503)	(6,172,903)
Current tax at 30% (2007: 30%)	(540,781)	(1,851,871)
Expenses not deductible for tax purposes	489,736	1,842,128
Capital allowances for period in excess of depreciation	(2,377)	(11,322)
Tax losses utilised	-	(12,579)
Tax losses not recognised	53,472	33,644
Charges on income	(80)	-
Adjustments to tax charge in respect of previous periods	(73,262)	-
<b>Total current tax (see above)</b>	<b>(73,262)</b>	<b>-</b>

**Notes (continued)**

**9 Intangible fixed assets**

<b>Group</b>	<b>Computer software £</b>	<b>Goodwill £</b>	<b>Total £</b>
<i><b>Cost</b></i>			
At beginning of year	246,741	12,006,595	12,253,336
Additions	75,633	-	75,633
	<hr/>	<hr/>	<hr/>
At end of year	322,374	12,006,595	12,328,969
	<hr/>	<hr/>	<hr/>
<i><b>Amortisation</b></i>			
At beginning of year	56,820	5,819,234	5,876,054
Charge for year	94,786	665,046	759,832
	<hr/>	<hr/>	<hr/>
At end of year	151,606	6,484,280	6,635,886
	<hr/>	<hr/>	<hr/>
<i><b>Net book value</b></i>			
At 31 March 2008	170,768	5,522,315	5,693,083
	<hr/>	<hr/>	<hr/>
At 31 March 2007	189,921	6,187,361	6,377,282
	<hr/>	<hr/>	<hr/>

**Company**

The company has no intangible fixed assets.

**Notes (continued)**

**10 Tangible fixed assets**

<b>Group</b>	<b>Fixtures, fittings and equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<i><b>Cost</b></i>			
At beginning of year	89,309	177,955	267,264
Additions	182,986	-	182,986
Disposals	-	(213)	(213)
At end of year	272,295	177,742	450,037
<i><b>Depreciation</b></i>			
At beginning of year	20,327	56,514	76,841
Charge for year	66,027	48,783	114,810
At end of year	86,354	105,297	191,651
<i><b>Net book value</b></i>			
At 31 March 2008	185,941	72,445	258,386
At 31 March 2007	68,982	121,441	190,423

**Company**

The company has no tangible fixed assets.

## Notes (continued)

### 11 Fixed asset investments

	Group		Company	
	31 March 2008	31 March 2007	31 March 2008 £	31 March 2007 £
At beginning of period	-	-	5,566,407	6,682,064
Additions	34,613	-	833,102	9,976,833
Receipt of distribution of reserves	-	-	-	(4,410,426)
Impairment loss	-	-	-	(6,682,064)
<b>At end of period</b>	<b>34,613</b>	<b>-</b>	<b>6,399,509</b>	<b>5,566,407</b>

The investments held by the Company are as follows:

Name	Country of Incorporation	Class of shares held	Percentage held	Nature of business
<b>Direct subsidiaries</b>				
Defaqto Limited	England and Wales	Ordinary	100%	Financial research provider
Defqtomedia Limited	England and Wales	Ordinary	100%	Web-site Administration
Investment and Business News Limited	England and Wales	Ordinary	100%	Dormant
The Independent Research Group Limited	England and Wales	Ordinary	100%	Dormant
<b>Subsidiaries of The Independent Research Group Limited</b>				
Defaqto Europe Limited	England and Wales	Ordinary	100%	Dormant
Independent Line Limited	England and Wales	Ordinary	100%	Dissolved
Fundnet Limited	England and Wales	Ordinary	100%	Dissolved
New Business Solutions Limited	England and Wales	Ordinary	100%	Dormant
<b>Subsidiaries of Defaqtomedia Limited (formerly Find.co.uk Limited)</b>				
Omnium.com Limited	England and Wales	Ordinary	100%	Dissolved
Find Limited	England and Wales	Ordinary	100%	Dormant

Fundnet Limited and Independent Line Limited were dissolved on 24 April 2007. New Business Solutions Limited was dissolved on 1 May 2007. Omnium.com Limited was dissolved on 19 June 2007.

During the year the Company acquire a 1% holding in FinanceCube AS for £34,613.

**Minority shareholdings:**

FinanceCube AS	Norway	Ordinary	1%	Wealth management software
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**Notes (continued)**

**12 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,221,727	1,591,382	-	-
Amounts owed by group undertakings	-	-	-	196,103
Corporation tax repayable	-	-	-	-
Other debtors	100,780	-	4,995	3,150
Deferred tax asset (see Note 15)	14,066	-	-	-
Prepayments and accrued income	235,693	218,682	5,076	5,000
	<u>1,572,266</u>	<u>1,810,064</u>	<u>10,071</u>	<u>204,253</u>

Included within the Group's Other debtors is an amount of £100,780 in relation to a rental deposit due in greater than one year.

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

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdrafts	-	22,564	-	31,217
Bank loan	285,242	574,589	285,242	574,589
Trade creditors	437,050	606,779	12,484	-
Amounts owed to group undertakings	-	-	1,958,969	355,836
Corporation tax	-	110,179	-	-
Taxation and social security	439,105	411,974	-	-
Other creditors	46,524	35,764	-	-
Accruals	609,024	500,955	148,942	13,386
Deferred income	1,870,722	1,751,914	-	-
	<u>3,687,667</u>	<u>4,014,718</u>	<u>2,405,637</u>	<u>975,028</u>

**Notes (continued)**

**14 Creditors: amounts falling due after more than one year – Group and Company**

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
			<b>£</b>	<b>£</b>
Other creditors	27,265	-	-	-
Loan notes	12,441,611	11,533,834	12,441,611	11,533,834
<b>At end of period</b>	<b>12,468,876</b>	<b>11,533,834</b>	<b>12,441,611</b>	<b>11,533,834</b>
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debt can be analysed as falling due:				
10% "A" Series loan notes repayable between two and five years	5,786,982	5,337,179	5,786,982	5,337,179
8% "D" Series loan notes repayable between two and five years	6,061,200	5,629,200	6,061,200	5,629,200
5% "B" Series loan notes repayable between two and five years	593,429	567,455	593,429	567,455
	<b>12,441,611</b>	<b>11,533,834</b>	<b>12,441,611</b>	<b>11,533,834</b>

The bank loan shown in note 13 is secured by a debenture over the Group and a charge over the share capital of Defaqtomedia Limited (*formerly find.co.uk Limited*). The bank loan bears interest at 3% above base rate.

The balances included in note 14 for the "A", "D" and "B" Series loan notes includes interest accrued thereon at 10%, 8% and 5% respectively. Such interest is payable at the Company's discretion or on maturity of the loan notes on 20 May 2012 if later. The "A" and "D" Series loan notes are held by the Company's shareholders and the "B" Series loan notes are held by certain executive directors of the Company.

**Notes (continued)**

**15 Provisions for liabilities**

	<b>Deferred Taxation £</b>	<b>Total £</b>
<b>Group</b>		
At beginning of year	-	-
Acquired with subsidiary on acquisition	-	-
Charge to the profit and loss for the period	<b>(14,066)</b>	-
	<hr/>	<hr/>
At end of year	<b>(14,066)</b>	-
	<hr/>	<hr/>

A deferred tax asset of £14,066 has been recognised in relation to differences between accumulated depreciation and capital allowances. This represents the extent to which the directors consider it more likely than not that there will be suitable taxable profits from which the underlying differences can be deducted.

The elements of the unrecognised deferred tax assets (2007: *unrecognised*) are as follows:

	<b>31 March 2008 £</b>	<b>31 March 2007 £</b>
Difference between accumulated depreciation and capital allowances	<b>15,479</b>	74,163
Tax losses	<b>408,635</b>	392,617
Other timing differences	-	211,724
	<hr/>	<hr/>
	<b>424,114</b>	678,504
	<hr/>	<hr/>

	<b>Deferred Taxation £</b>	<b>Total £</b>
<b>Company</b>		
At beginning of year	-	-
Charge to the profit and loss for the period	-	-
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>

The elements of the unrecognised deferred tax asset (2007: *unrecognised*) are as follows:

	<b>31 March 2008 £</b>	<b>31 March 2007 £</b>
Tax losses	<b>90,127</b>	36,591
Other timing differences	-	188,624
	<hr/>	<hr/>
	<b>90,127</b>	225,215
	<hr/>	<hr/>

**Notes (continued)**

**16 Reconciliation of operating loss to operating cash flows**

	Year ended 31 March 2008	10 month period ended 31 March 2007
Operating profit	(880,420)	(5,519,526)
Depreciation, amortisation and impairment charges	874,642	5,374,062
Extinguishment of loan notes	-	(157,783)
Share based payment expense	39,804	-
(Increase)/decrease in debtors	251,862	(118,116)
Increase/(decrease) in creditors	3,498	37,451
Increase/(decrease) in deferred income	118,808	567,245
<b>Net cash inflow/outflow from operating activities</b>	<b>408,194</b>	<b>183,333</b>

**17 Analysis of cash flows**

	Year ended 31 March 2008	10 month period ended 31 March 2007
<b>Returns on investment and servicing of finance</b>		
Interest received	24,145	29,017
Interest paid	(38,451)	(53,648)
	<b>(14,306)</b>	<b>(24,631)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible and tangible fixed assets	(258,406)	(186,015)
Purchase of fixed asset investments	(34,613)	-
	<b>(293,019)</b>	<b>(186,015)</b>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking	-	(4,508,647)
Cash balance of acquired companies	-	221,989
	<b>-</b>	<b>(4,286,658)</b>

## Notes (continued)

### 17 Analysis of cash flows (continued)

	Year ended 31 March 2008	10 month period ended 31 March 2007
<b>Financing</b>		
Issue of ordinary share capital	63	600,000
Repayment of secured loan	(289,347)	(1,421,843)
New secured loan repayable in 2012	-	5,400,000
	<u>(289,284)</u>	<u>4,578,157</u>

### 18 Analysis of net debt

	At beginning of year £	Cash flow £	Other non cash changes £	At end of year £
Cash in hand, at bank	924,310	(247,896)	-	676,414
Overdrafts	(22,564)	22,564	-	-
	<u>901,746</u>	<u>225,332</u>	<u>-</u>	<u>676,414</u>
Debt due after one year	(11,533,834)	-	(907,777)	(12,441,611)
Debt due within one year	(574,589)	289,347	-	(285,242)
	<u>(11,206,677)</u>	<u>64,015</u>	<u>(907,777)</u>	<u>(12,050,439)</u>

### 19 Called up share capital

	31 March 2008 £	31 March 2007 £
<b>Authorised</b>		
Ordinary shares of £1 each	1,000,000	1,000,000
A Ordinary shares of £1 each	4,000,000	4,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	157,788	157,788
A Ordinary shares of £1 each	1,188,228	1,188,213
	<u>1,346,016</u>	<u>1,346,001</u>

On 9 May 2007 the Company issued 15 A ordinary shares at £4.18 per share.

A Ordinary and Ordinary share capital rank pari passu.

**Notes (continued)**

**20 Share premium and reserves**

	<b>Share premium account</b>		<b>Profit and loss account</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>				
At beginning of year	-	-	(7,592,474)	(1,406,630)
Share premium on issue	48	-	-	-
Share based payments expense	-	-	39,804	-
Loss for the year	-	-	(1,715,175)	(6,185,844)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	48	-	(9,267,845)	(7,592,474)
	<hr/>	<hr/>	<hr/>	<hr/>

	<b>Share premium account</b>		<b>Profit and loss account</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Company</b>				
At beginning of year	-	-	(8,082,113)	(634,207)
Share premium on issue	48	-	-	-
Share based payments expense	-	-	39,804	-
Loss for the year	-	-	(1,731,983)	(7,447,906)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	48	-	(9,774,292)	(8,082,113)
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 21 Reconciliation of movements in shareholders' deficit

	Group		Company	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	£	£	£	£
Loss for the financial period	(1,715,175)	(6,185,844)	(1,731,983)	(7,447,906)
Share based payment expense	39,804	-	39,804	-
Share capital allotted	63	600,000	63	600,000
Net addition to shareholders' deficit	(1,675,308)	(5,585,844)	(1,692,116)	(6,847,906)
Opening shareholders' deficit	(6,246,473)	(660,629)	(6,736,112)	111,794
Closing shareholders' deficit	(7,921,781)	(6,246,473)	(8,428,228)	(6,736,112)

### 22 Share option and incentive plans

The Defaqto Group Share Option Plan ('SOP') was established in May 2007. Options outstanding at 31 March 2008 under the SOP were as follows:

	Number of options	Weighted average exercise price £
Options outstanding at beginning of year	-	-
Granted	130,560	4.18
Forfeited	(17,925)	4.18
Options outstanding at end of year	112,635	4.18
Weighted average remaining life of options outstanding at end of year		9.3
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 Group has borne an expense under FRS 20 'Share based payments' in relation to all share options granted after 7 November 2002. The only grants to have taken place since such date were granted in the year to 31 March 2008 and have been valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

## Notes (continued)

### 22 Share option and incentive plans (continued)

Grant date	8 May 2007	8 May 2007	27 September 2007	26 February 2008
Market value at date of grant	£4.18	£4.18	£4.18	£4.18
Exercise price	£4.18	£4.18	£4.18	£4.18
Expected volatility	45%	45%	45%	45%
Expected life of options	3 years	3 years	3 years	3 years
Dividend yield expected in underlying shares	nil	nil	nil	nil
Risk free interest rate	5.4%	5.4%	5.1%	4.5%
Value of option	£1.51	£1.51	£1.49	£1.47
Number of options granted	66,410	17,490	33,200	13,460
Number of options outstanding at end of year	56,950	15,175	27,050	13,460
Vesting period (period from grant date)	Daily up to 3 years	3 years	3 years	3 years
Performance conditions attached	No	No	Yes	Yes

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 Groups' 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.

The total expenses recognised for the period arising from share based payments is £39,804 (2007: nil).

### 23 Pension commitments

The Group makes contributions on behalf of one of its directors directly to his personal pension plan. The contributions made by the Group with respect to this plan, charged to the profit and loss account in the year, amounted to £10,833 (2007: £8,333). Included in creditors due within one year is £nil (2007: £nil) in respect of contributions due in relation to this directors pension plan.

Additionally, the find.co.uk Personal Pension Plan and Defaqto Personal Pension Plan are defined contribution plans and are open to all employees of the Group that have completed three months' service. The Group doubles the contributions made by employees up to a maximum Group contribution of 4% (2007: 2%). The pension cost, which represents the contributions payable by the Group under these personal pension plans, amounted to £150,014 for the year ended 31 March 2008 (2007: £25,782). Included in creditors due within one year is £nil (2007: £7,539) in respect of contributions due to such pension plans.



## Notes (continued)

### 24 Commitments

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

	31 March 2008		31 March 2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry within one year	65,727	76,694	-	-
Expiry 2-5 years inclusive	114,360	29,261	65,787	79,731
	<u>180,087</u>	<u>105,955</u>	<u>65,787</u>	<u>79,731</u>

At 31 March 2008 the Company had no annual commitments under operating leases (2007: none)

### 25 Ultimate controlling party

The A ordinary shareholders comprise six entities of which three, representing approximately 53% of the issued share capital of the Company, are managed by one institutional investment house and the other three, representing approximately 35% of the issued share capital of the Company, are managed by another institutional investment house. By virtue of these shareholdings and under the terms of an investment agreement dated 20 May 2005 these six institutional investors both control the composition of the board of directors and are in the position to exert significant influence over the Company.