Defaqto Group Limited

Directors' report and financial statements

Registered number 5442706

31 March 2009

Company Information

Directors
K H Jorgensen
A C G Brown (appointed 1 April 2009)
R P Bijtjes (appointed 1 April 2009)
M W Speeks
J A Van Zyl (appointed 27 January 2009)
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

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2009.

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 2009, 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

The Group continues to strive to assist people in the United Kingdom to make better financial decisions. The Group does this by providing 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. This enables financial product regulation, innovation and selection.

The Group continues to provide services to providers of financial products that enable them to better research and launch quality products. 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. The 2009 Defaqto Star Rating licences were launched on 1 February 2009 and product providers are now using the ratings in their advertising and marketing programmes across media including television, web and product brochures.

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 offers tools that enable intermediaries to provide their clients with appropriate financial products in line with industry requirements as regulated by the FSA or other bodies.

The Group has continued to operate the find.co.uk web-portal. Through reducing its cost base the find.co.uk business has been turned around into a profitable product. Additionally, the Group has expanded it's 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 decline in the online marketing spend by financial product providers during the economic downturn, the Group faces a highly challenging market for these product offerings going forward.

There have been no product launches in the financial year ended 31 March 2009. However, a number of project initiatives were commenced with expected beta launches in the second half of the financial year ending 31 March 2010.

Directors' report *(continued)*

The Aequos Engage and Online, Compare, Analyser and Digital Information Services products are all subscribed to by customers in advance, generally for a minimum 12 month contract. Such subscription turnover has grown in aggregate throughout the year, being met by a 5% increase in deferred income to £1,962,415 (2008: £1,870,722). However, the Group faces an uncertain economic climate and is focussed on retaining a flexible cost base wherever possible in order to continue the growth in profitability.

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. Total headcount increased from 104 to 117 due to the product development team expanding considerably.

Liquidity

The Group generated earnings before interest, tax, depreciation and amortisation (calculated by adding back depreciation, amortisation and impairment of fixed asset investments to Operating Loss) of £484,308 in the year to 31 March 2009 (2008: loss of £5,778. The Group incurred capital expenditure of £160,351 (2008: £293,019) and repaid £252,038 of bank loans (2008: £289,347). These outflows were offset by strong working capital management and, in addition, the Group raised £1,395,297 through a September 2008 round of shareholder debt and equity financing, resulting in an increase in Net Cash to £2,479,254 (*2008: £391,172*).

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

The Retail Distribution Review, noted in the Directors Report in the prior year financial statements, continues through review and implementation remains pending. The Directors believe that the Group is well placed to enable those operating under such a regulatory regime 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 offset the carbon footprint of the principal trading entity Defaqto Limited 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 Group 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. Overall, these factors may negatively impact turnover going forward. The streamlining of the retail finance market that we believe will arise from this downturn is anticipated to benefit the Group 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 Group has the balance sheet strength to continue product expansion and benefit from the economic downturn.

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 £8,136,620 *(2008: £7,921,781)* and £8,602,920 *(2008: £8,428,228)* respectively. Both of these net liabilities include loans and accrued interest due to shareholders totalling £13,638,986 (*2008: £12,411,611*). The directors have prepared a proforma balance sheet extract for illustrative purposes for the Group and Company at 31 March 2009 which reflects the loans and accrued interest to shareholders representing long term institutional funding as if it was equity.

	31 March 2009		31 March 2008	
	Group £	Company £	Group £	Company £
Statutory net liabilities	**(8,136,620)**	**(8,602,920)**	**(7,921,781)**	**(8,428,228)**
Items reclassified within capital and reserves:				
Loans and accrued interest due to shareholders	13,638,986	13,638,986	12,441,611	12,441,611
Adjusted non-statutory net assets	**5,502,366**	**5,036,066**	**4,519,830**	**4,013,383**

The directors would also note that the above Group non-statutory net assets include deferred income of £1,962,415 *(2008: £1,870 722).*

Donations

Total donations in respect of community affairs in the year totalled £1,252 *(2008: £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	
M W Speeks	
N Kumar	
J A Van Zyl	(appointed 27 January 2009)
R Pennant-Rea	
A B Robb	(resigned 31 March 2009)
A D Everett	(resigned 27 January 2009)

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

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
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 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 Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

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 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, Consoldiated 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 2009 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

30 June 2009

Consolidated profit and loss account
for the year ended 31 March 2009

	Note	**Year ended 31 March 2009 £**	Year ended 31 March 2008 £
Turnover	*1,2*	**8,298,316**	7,791,123
Cost of sales		**(353,888)**	(507,566)
Gross profit		**7,944,428**	7,283,557
Distribution expenses		**(317,582)**	(1,051,221)
Administrative expenses		**(8,110,913)**	(7,112,756)
Other operating income	*6*	**40,775**	-
Operating loss		**(443,292)**	(880,420)
Other interest receivable and similar income	*7*	**39,545**	24,145
Interest payable and similar charges	*8*	**(41,519)**	(946,228)
Loss on ordinary activities before taxation	*3*	**(445,266)**	(1,802,503)
Tax on loss on ordinary activities	*9*	**(24,255)**	87,328
Loss for the financial period	*21,22*	**(469,521)**	(1,715,175)

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 2009

	Note	31 March 2009 £	31 March 2009 £	31 March 2008 £	31 March 2008 £
Fixed assets					
Intangible assets	*10*		**4,946,977**		5,693,083
Tangible assets	*11*		**345,558**		258,386
Investments	*12*		**-**		34,613
			5,292,535		5,986,082
Current assets					
Debtors	*13*	**1,670,105**		1,572,266	
Cash at bank and in hand		**2,512,458**		676,414	
		4,182,563		2,248,680	
Creditors: amounts falling due within one year	*14*	**(3,968,761)**		(3,687,667)	
Net current assets/(liabilities)			**213,802**		(1,438,987)
Total assets less current liabilities			**5,506,337**		4,547,095
Creditors: amounts falling due after more than one year	*15*		**(13,642,957)**		(12,468,876)
Net liabilities			**(8,136,620)**		(7,921,781)
Capital and reserves					
Called up share capital	*20*		**1,397,162**		1,346,016
Share premium account	*21*		**172,798**		48
Profit and loss account	*21*		**(9,706,580)**		(9,267,845)
Shareholders deficit	*22*		**(8,136,620)**		(7,921,781)

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.

Company balance sheet
at 31 March 2009

	Note	31 March 2009		31 March 2008	
		£	£	£	£
Fixed assets					
Investments in subsidiaries	*12*		**6,364,896**		6,399,509
Current assets					
Debtors	*13*	**1,128,154**		10,071	
Cash at bank		**1,955**		9,440	
		1,130,109		19,511	
Creditors: amounts falling due within one year	*14*	**(2,458,939)**		(2,405,637)	
Net current liabilities			**(1,328,830)**		(2,386,126)
Total assets less current liabilities			**5,036,066**		4,013,383
Creditors: amounts falling due after more than one year	*15*		**(13,638,986)**		(12,441,611)
Net liabilities			**(8,602,920)**		(8,428,228)
Capital and reserves					
Called up share capital	*20*		**1,397,162**		1,346,016
Share premium account	*21*		**172,798**		48
Profit and loss account	*21*		**(10,172,880)**		(9,774,292)
Shareholders' deficit	*22*		**(8,602,920)**		(8,428,228)

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.

Consolidated cash flow statement
at 31 March 2009

	Note	**Year ended 31 March 2009 £**	Year ended 31 March 2008 £
Cash flow from operating activities	*17*	**829,139**	408,194
Returns on investments and servicing of finance	*18*	**23,997**	(14,306)
Taxation		**-**	(36,917)
Capital expenditure and financial investment	*18*	**(160,351)**	(293,019)
Cash inflow before financing		**692,785**	63,952
Financing	*18*	**1,143,259**	(289,284)
Increase/(decrease) in cash in the period		**1,836,044**	(225,332)

Reconciliation of net cash flow to movement in net debt *19*

Increase/(decrease) in cash in the period	**1,836,044**	(225,332)
Cash inflow/(outflow) from (increase)/decrease in debt	**(919,363)**	289,347
Change in net debt resulting from cash flows	**916,681**	64,015
Interest accrued on loan notes	**(25,974)**	(907,777)
Movement in net debt in the period	**890,707**	(843,762)
Net debt at the start of the period	**(12,050,439)**	(11,206,677)
Net debt at the end of the period	**(11,159,732)**	(12,050,439)

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 consolation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2009. 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, not withstanding Company net current liabilities of £1,328,830 (*2008: £2,386,126*), Group net liabilities of £8,136,620 (*2008: £7,921,781*) and Company net liabilities of £8,602,920 (*2008: £8,428,228*). 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 cash 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)*

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 Group 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 £155,896 (*2008: £148,998*) arising from European sales, arose within the United Kingdom.

3 Notes to the profit and loss account

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	**86,862**	114,810
Amortisation of goodwill and computer software	**806,125**	759,832
Impairment of fixed asset investments	**34,613**	-
Share based payment expense	**30,786**	39,804
Research and development costs	**211,183**	317,759
Loss on disposal of tangible fixed assets	**57**	-
Hire of plant and machinery – rentals payable under operating leases	**94,107**	108,846
Hire of other assets – rentals payable under operating leases	**164,653**	131,378

Auditors remuneration:

	£	£
Audit of these financial statements	**18,029**	15,500

Amounts receivable by auditors and their associates in respect of:

Audit of the financial statements of subsidiaries pursuant to legislation	**30,542**	39,600
Other services relating to taxation	**30,250**	16,000

Notes *(continued)*

4 Remuneration of directors

Directors' emoluments comprise the following:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Director's emoluments	**391,855**	349,264
Company contributions to money purchase pension scheme	**17,471**	14,591
	409,326	363,855

The highest paid director earned total remuneration of £214,167 in the year, including £11,833 in pension contributions (*2008: £172,266 and £10,833 respectively*). As at 31 March 2009, retirement benefits were accruing under the Defaqto Group Personal Pension Plan in respect of one Director (*2008: 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 2009	Year ended 31 March 2008	**Year ended 31 March 2009**	Year ended 31 March 2008
Research	**49**	45	-	-
Administration	**34**	28	**2**	2
Sales and marketing	**34**	31	**2**	2
	117	104	**4**	4

The aggregate payroll costs of these persons were as follows:

	Group		**Company**	
	Year ended 31 March 2009	Year ended 31 March 2008	**Year ended 31 March 2009**	Year ended 31 March 2008
Wages and salaries	**3,977,327**	3,450,076	**556,705**	558,850
Social security costs	**468,306**	386,582	**56,853**	51,401
Share based payments	**30,786**	39,804	**35,332**	35,627
Other pension costs	**172,246**	161,341	**28,299**	21,324
	4,648,665	4,037,803	**677,189**	667,202

Notes *(continued)*

6 Other operating income

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Rental income	32,527	-
Settlement of legal dispute	8,248	-
	40,775	-

7 Other interest receivable and similar income

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Bank interest	39,545	22,027
Third party interest	-	2,118
	39,545	24,145

Notes *(continued)*

8 Interest payable and similar charges

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
On bank loans and overdrafts	**12,323**	37,650
On loan notes	**25,974**	907,777
Third party interest	**50**	801
Amortisation of debt issuance costs	**3,172**	-
	41,519	946,228

On 18 September 2008 an agreement was executed that altered the terms of the "A" and "D" series of loan note instruments such that subject to achieving financial performance targets in the year to 31 March 2009:

- the interest accruing in relation those notes in the year to 31 March 2009 would be forfeited; and
- the interest accruing on those notes would be reduced to 5% for the years to 31 March 2010 and 2011.

Thereafter interest will accrue on the "A" and "D" series of loan note instruments at 10% and 8% respectively.

The "E" series loan note instruments were issued on 18 September 2008 and carry an interest coupon of 8%. However, on achievement of the same financial performance targets as mentioned above in relation to the "A" and "D" series of loan notes, the interest on the "E" series loan note instruments accruing in relation to the financial year to 31 March 2009 would be forfeited and the interest thereon reduced to 5% for the years to 31 March 2010 and 2011. Thereafter interest will accrue on the "E" series of loan note instruments at 8%.

The financial performance targets required in order to obtain the "A", "D" and "E" series loan note instrument interest forfeiture in the year to 31 March 2009 and interest reduction in the years to 31 March 2010 and 2011 have been achieved.

Interest on the "B" series loan note instruments accrues over the term of the notes at 5% per annum.

Interest accrues according to the above mentioned terms of the "A", "B" and "D" loans but prior to 20 May 2012, or an earlier exit by the shareholders, is only payable at the Company's option. Similarly, interest accrues on the "E" series loan notes but prior to 30 September 2013, or an earlier exit by the shareholders, is only payable at the Company's option.

Notes *(continued)*

9 Tax on loss on ordinary activities

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
UK corporation tax		
Current tax on income for the period	**55,712**	-
Adjustments in respect of prior periods	-	(73,262)
Total current tax	**55,712**	(73,262)
Deferred tax (see note 16)		
Recognition of deferred tax asset	**(31,457)**	(14,066)
Total deferred tax	**(31,457)**	(14,066)
Tax on profit on ordinary activities	**24,255**	(87,328)

Factors affecting the tax charge for the current year

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

	Year ended 31 March 2008 £	Year ended 31 March 2008 £
Current tax reconciliation		
Loss on ordinary activities before tax	**(445,266)**	(1,802,503)
Current tax at 28% *(2008: 30%)*	**(124,674)**	(540,751)
Expenses not deductible for tax purposes	**227,549**	489,736
Capital allowances for period in excess of depreciation	**12,722**	(2,377)
Tax losses utilised	**(59,642)**	-
Tax losses not recognised	-	53,472
Charges on income	**(243)**	(80)
Adjustments to tax charge in respect of previous periods	-	(73,262)
Total current tax (see above)	**55,712**	(73,262)

Notes *(continued)*

10 Intangible fixed assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At beginning of year	322,374	12,006,595	12,328,969
Additions	60,019	-	60,019
Disposals	(3,850)	-	(3,850)
At end of year	378,543	12,006,595	12,385,138
Amortisation			
At beginning of year	151,606	6,484,280	6,635,886
Charge for year	144,562	661,563	806,125
Disposals	(3,850)	-	(3,850)
At end of year	292,318	7,145,843	7,438,161
Net book value			
At 31 March 2009	**86,225**	**4,860,752**	**4,946,977**
At 31 March 2008	170,768	5,522,315	5,693,083

Company

The company has no intangible fixed assets.

Notes *(continued)*

11 Tangible fixed assets

Group

	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At beginning of year	-	272,295	177,742	450,037
Additions	70,652	10,829	92,610	174,091
Disposals	-	(3,354)	(11,944)	(15,298)
At end of year	70,652	279,770	258,408	608,830
Depreciation				
At beginning of year	-	86,354	105,297	191,651
Charge for year	1,077	64,329	21,456	86,862
Disposals	-	(3,297)	(11,944)	(15,241)
At end of year	1,077	147,386	114,809	263,272
Net book value				
At 31 March 2009	**69,575**	**132,384**	**143,599**	**345,558**
At 31 March 2008	-	185,941	72,445	258,386

Company

The Company has no tangible fixed assets.

Notes *(continued)*

12 Fixed asset investments

	Group		Company	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
			£	£
At beginning of period	**34,613**	-	**6,399,509**	5,566,407
Additions	-	34,613	-	833,102
Impairment loss	**(34,613)**	-	**(34,613)**	-
At end of period	-	34,613	**6,364,896**	6,399,509

The Company has impaired the carrying value of its minority stake in a Norwegian financial services company that has suffered increasing losses during the current European economic downturn.

The investments held by the Company are as follows:

Name	**Country of Incorporation**	**Class of shares held**	**Percentage held**	**Nature of business**
Direct subsidiaries				
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
Subsidiaries of The Independent Research Group Limited				
Defaqto Europe Limited	England and Wales	Ordinary	100%	Dormant
Subsidiaries of Defaqtomedia Limited (formerly Find.co.uk Limited)				
Find Limited	England and Wales	Ordinary	100%	Dormant

The aggregate amount of capital and reservers and the results of these undertakings for the last relevant financial years were as follows:

	Capital and Reserves	**Profit for the year (after dividends)**
	£	**£**
Defaqto Limited	1,285,581	494,229
Defaqtomedia Limited	682,311	127,185
The Independent Research Group Limited	(6,295)	-
Investment and Business news Limited	3,778	-
Defaqto Europe Limited	(271,913)	-
Find Limited	1,000	-

Notes *(continued)*

13 Debtors

	Group		Company	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Trade debtors	**1,201,705**	1,221,727	**-**	-
Amounts owed by group undertakings	**-**	-	**1,083,830**	-
Other debtors	**107,108**	100,780	**5,896**	4,995
Deferred tax asset (see Note 16)	**45,523**	14,066	**-**	-
Prepayments and accrued income	**315,769**	235,693	**38,428**	5,076
	1,670,105	1,572,266	**1,128,154**	10,071

Included within the Group's Other debtors is an amount of £100,780 (*2008: £100,780*) in relation to a rental deposit due in greater than one year.

14 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Bank loan	**33,204**	285,242	**33,204**	285,242
Trade creditors	**473,645**	437,050	**21,197**	12,484
Amounts owed to group undertakings	**-**	-	**2,158,494**	1,958,969
Corporation tax	**55,712**	-	**-**	-
Taxation and social security	**486,937**	439,105	**-**	-
Other creditors	**63,343**	46,524	**-**	-
Accruals	**893,505**	609,024	**246,044**	148,942
Deferred income	**1,962,415**	1,870,722	**-**	-
	3,968,761	3,687,667	**2,458,939**	2,405,637

Notes *(continued)*

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

	Group		Company	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Other creditors	**3,971**	27,265	**-**	-
Loan notes	**13,638,986**	12,441,611	**13,638,986**	12,441,611
At end of period	**13,642,957**	12,468,876	**13,638,986**	12,441,611

	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Debt can be analysed as falling due:				
10% "A" Series loan notes repayable between two and five years	**5,786,982**	5,786,982	**5,786,982**	5,786,982
8% "D" Series loan notes repayable between two and five years	**6,061,200**	6,061,200	**6,061,200**	6,061,200
5% "B" Series loan notes repayable between two and five years	**619,403**	593,429	**619,403**	593,429
8% "E" Series loan notes repayable between two and five years	**1,171,401**	-	**1,171,401**	593,429
	13,638,986	12,441,611	**13,638,986**	12,441,611

The bank loan shown in note 14, which was secured by a debenture over the Group and a charge over the share capital of DefaqtoMedia Limited and carried interest at 3% above base rate, was retired in May 2009.

The balances included in note 15 for the "A", "D", "B" and "E" Series loan notes includes interest accrued thereon. Such interest is payable at the Company's discretion or on maturity of the loan notes if later. The "A", "D" and "B" Series loan notes mature on 20 May 2012. The "E" Series loan notes mature on 30 September 2013. The "A", "D" and "E" Series loan notes are held by the Company's shareholders and the "B" Series loan notes are held by certain employees of the Company.

Notes *(continued)*

16 Deferred taxation

Group

	Deferred Taxation	Total
	£	£
At beginning of year	14,066	14,066
Credit to the profit and loss for the period	31,457	-
At end of year	**45,523**	**14,066**

Of the deferred tax asset, £40,773 *(2008: £14,066)* has been recognised in relation to differences between accumulated depreciation and capital allowances and £4,750 (*2008: £nil*) in relation to other timing differences. 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 (*2008: unrecognised*) are as follows:

	31 March 2009	31 March 2008
	£	£
Difference between accumulated depreciation and capital allowances	**37,249**	15,479
Tax losses	**294,879**	408,635
Other timing differences	**161,497**	-
	493,625	424,114

Company

	Deferred Taxation	Total
	£	£
At beginning of year	-	-
Charge to the profit and loss for the period	-	-
At end of year	-	-

The elements of the unrecognised deferred tax asset (2008: unrecognised) are as follows:

	31 March 2009	31 March 2008
	£	£
Tax losses	**13,535**	90,127
Other timing differences	**161,497**	-
	175,032	90,127

The 'Other timing differences' contained within the unrecognised deferred tax asset of the Group and the Company relate to the interest accrued on the "D" series loan notes. Such interest is only deductible when paid.

Notes *(continued)*

17 Reconciliation of operating loss to operating cash flows

	Year ended 31 March 2009	Year ended 31 March 2008
Operating loss	**(443,292)**	(880,420)
Depreciation, amortisation and impairment charges	**927,600**	874,642
Share based payment expense	**30,786**	39,804
(Increase)/decrease in debtors	**(66,382)**	251,862
Increase in creditors	**288,677**	3,498
Increase in deferred income	**91,693**	118,808
Loss on disposal of tangible fixed assets	**57**	-
Net cash inflow from operating activities	**829,139**	408,194

18 Analysis of cash flows

	Year ended 31 March 2009	Year ended 31 March 2008
Returns on investment and servicing of finance		
Interest received	**39,545**	24,145
Interest paid	**(15,548)**	(38,451)
	23,997	(14,306)
Capital expenditure and financial investment		
Purchase of intangible and tangible fixed assets	**(160,351)**	(258,406)
Purchase of fixed asset investments	**-**	(34,613)
	(160,351)	(293,019)

Notes *(continued)*

18 Analysis of cash flows *(continued)*

	Year ended 31 March 2008	Year ended 31 March 2008
Financing		
Issue of ordinary share capital	**223,896**	63
Repayment of secured loan	**(252,038)**	(289,347)
New secured loan repayable in 2013	**1,171,401**	-
	1,143,259	(289,284)

19 Analysis of net debt

	At beginning of year £	Cash flow £	Other non cash changes £	At end of year £
Cash in hand, at bank	**676,414**	1,836,044	-	2,512,458
	676,414	1,836,044	-	2,512,458
Debt due after one year	**(12,441,611)**	(1,171,401)	(25,974)	(13,638,986)
Debt due within one year	**(285,242)**	252,038	-	(33,204)
Total	**(12,050,439)**	**916,681**	**(25,974)**	**11,159,732**

20 Called up share capital

	31 March 2009 £	31 March 2008 £
Authorised		
Ordinary shares of £1 each	**1,000,000**	1,000,000
A Ordinary shares of £1 each	**4,000,000**	4,000,000
	5,000,000	5,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**180,011**	157,788
A Ordinary shares of £1 each	**1,217,151**	1,188,228
	1,397,162	1,346,016

On 18 September 2008 the Company issued 28,923 A Ordinary shares and 11,111 Ordinary shares. On 4 December 2008 and 25 March 2009 the Company issued 4,000 and 7,112 Ordinary shares respectively. All A Ordinary and Ordinary shares issued in the year were issued a £4.50 per share. A Ordinary and Ordinary share capital rank pari passu.

Notes *(continued)*

21 Share premium and reserves

	Share premium account		**Profit and loss account**	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Group				
At beginning of year	48	-	(9,267,845)	(7,592,474)
Share premium on issue (net of issue costs)	172,750	48	-	-
Share based payments expense	-	-	30,786	39,804
Loss for the year	-	-	(469,521)	(1,715,175)
At end of year	**172,798**	48	**(9,706,580)**	(9,267,845)

	Share premium account		**Profit and loss account**	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Company				
At beginning of year	48	-	(9,774,292)	(8,082,113)
Share premium on issue (net of issue costs)	172,750	48	-	-
Share based payments expense	-	-	30,786	39,804
Loss for the year	-	-	(429,374)	(1,731,983)
At end of year	**172,798**	48	**(10,172,880)**	(9,774,292)

Notes *(continued)*

22 Reconciliation of movements in shareholders' deficit

	Group		Company	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	£	£	**£**	£
Loss for the financial period	**(469,521)**	(1,715,175)	**(429,374)**	(1,731,983)
Share based payment expense	**30,786**	39,804	**30,786**	39,804
Share capital allotted	**223,896**	63	**223,896**	63
Net addition to shareholders' deficit	**(214,839)**	(1,675,308)	**(174,692)**	(1,692,116)
Opening shareholders' deficit	**(7,921,781)**	(6,246,473)	**(8,428,228)**	(6,736,112)
Closing shareholders' deficit	**(8,136,620)**	(7,921,781)	**(8,602,920)**	(8,428,228)

23 Share option and incentive plans

The Defaqto Group Share Option Plan ('SOP') was established in May 2007. Options outstanding at 31 March 2009 under the SOP were as follows:

	Number of options	**Weighted average exercise price**
		£
Options outstanding at beginning of year	112,635	4.18
Granted	21,876	4.50
Forfeited	(1,050)	4.18
Options outstanding at end of year	133,461	4.23

Weighted average remaining life of options outstanding at end of year	8 years
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)*

23 Share option and incentive plans *(continued)*

Grant date	8 May 2007	8 May 2007	27 September 2007	26 February 2008	18 September 2008
Exercise price	£4.18	£4.18	£4.18	£4.18	£4.50
Expected volatility	45%	45%	45%	45%	45%
Expected life of options	3 years	3 years	3 years	3 years	3 years
Dividend yield expected in underlying shares	nil	nil	nil	nil	nil
Risk free interest rate	5.4%	5.4%	5.1%	4.5%	4.0%
Value of option	£1.51	£1.51	£1.49	£1.47	£0.75
Vesting period (period from grant date)	Daily up to 3 years	3 years	3 years	3 years	9 months
Performance conditions attached	No	No	Yes	Yes	No

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 £30,786 (*2008: £39,804*).

24 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 £11,833 (*2008: £10,833*). Included in creditors due within one year is £nil (*2008: £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 6% (2008: 4%). The pension cost, which represents the contributions payable by the Group under these personal pension plans, amounted to £160,413 for the year ended 31 March 2009 (*2008: £150,014*). Included in creditors due within one year is £31,063 (*2008: £nil*) in respect of contributions due to such pension plans.

Notes *(continued)*

25 Commitments

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

	31 March 2009		31 March 2008	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Expiry within one year	**-**	**4,182**	65,727	76,694
Expiry 2-5 years inclusive	**114,360**	**74,151**	114,360	29,261
Expiry in greater than 5 years	**79,500**	**-**	-	-
	193,860	**78,333**	180,087	105,955

At 31 March 2009 the Company had no annual commitments under operating leases (*2008: none*)

26 Ultimate controlling party

The A ordinary shareholders comprise six entities of which three, representing approximately 52% (*2008: 53%*) of the issued share capital of the Company, are managed by one institutional investment house and the other three, representing approximately 35% (*2008: 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 as restated on 18 September 2008 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.