Defaqto Group Limited

Directors' report and financial statements

Registered number 5442706

For the year ended 31 March 2010

Company Information

Directors
K H Jorgensen
A C G Brown
R P Bijtjes
M W Speeks
H W B Sallitt
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
8 Salisbury Square
London
EC4Y 8BB

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2010

Principal activity

During the year ended 31 March 2010, the Company continued to act as a holding company for the web-portal business DefaqtoMedia Limited and the financial research business Defaqto Limited

The Group trades under the names Defaqto, DefaqtoMedia and find co uk providing research data and associated tools to the United Kingdom retail financial services industry Such tools enable consumers, financial product providers and financial product advisers to make more informed decisions

Business review

Products and services

The Group continues 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 research and launch quality products Additionally, the Group rates financial products based on quality using the Defaqto Star Ratings process

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

The Group has continued to operate the find co uk web-portal Additionally, the Group offers services on a hosted and unhosted basis for integration with a number of other consumer web-portals With the decline in the online marketing spend by financial product providers during the economic downturn, the Group has experienced a decline in media based revenues but continues to generate a positive contribution from this aspect of operations

There have been no significant product launches in the financial year ended 31 March 2010 due to continual changes in the economic environment and financial services sector However, a number of project initiatives are ongoing with expected beta launches in the financial year ending 31 March 2011

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

The cost base was in line with the prior year as the Group grew its headcount in order to fuel future revenue growth and reduced variable non-staff expenditures in other areas that would not make a positive return within the year

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 £913,012 in the year to 31 March 2010 (*2009 £484,308*) However, there was a significant decline in working capital, resulting in cash outflow from operating activies of £153,469 *(2009 cash inflow of £829,139)* The Group incurred capital expenditure of £261,412 (*2009 £160,351*) and repaid the remaining £33,204 of bank loans (*2009 £252,038*) The result was a decrease in Net Cash of £506,378 to £1,972,876 (*2009 increase in Net Cash to £2,479,254*) The Group did not need to raise any additional monies through financing (*2009 raised £1,395,297 through a September 2008 round of shareholder debt and equity financing*) and has sufficient funds available to finance continued growth

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 and works to reduce the gross carbon footprint of the Group as a whole as well

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 99% *(2009 98%)* of turnover The UK economic downturn has resulted in a reduction in the number of financial products in the retail and broker markets, a reduction in activity for financial intermediaries, a decline in the investment by the financial sector in marketing activities and reduced budgets within our client base These factors all impacted the revenues in the year However, 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

Directors' report *(continued)*

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 £8,908,109 *(2009 £8,136,620)* and £9,548,044 *(2009 £8,602,920)* respectively Both of these net liabilities include loans and accrued interest due to shareholders totalling £14,208,138 (*2009 £13,638,986*) The directors have prepared a proforma balance sheet extract for illustrative purposes for the Group and Company at 31 March 2010 which reflects the loans and accrued interest to shareholders representing long term institutional funding as if it was equity

	31 March 2010		31 March 2009	
	Group	Company	Group	Company
	£	£	£	£
Statutory net liabilities	**(8,908,109)**	**(9,548,044)**	**(8,136,620)**	**(8,602,920)**
Items reclassified within capital and reserves				
Loans and accrued interest due to shareholders	14,208,138	14,208,138	13,638,986	13,638,986
Adjusted non-statutory net assets	**5,300,029**	**4,660,094**	**5,502,366**	**5,036,066**

The decline in the Groups Adjusted non-statutory net assets includes £696,382 of Goodwill amortisation and £185,385 of corporation tax charges The directors would also note that the above Group non-statutory net assets include deferred income of £1,888,147 *(2009 £1,962,415)*

Donations

Total donations in respect of community affairs in the year totalled £2,024 *(2009 £1,252)* 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 C G Brown	
R P Bijtjes	
H W B Sallitt	(appointed 3 December 2009)
R Pennant-Rea	
M W Speeks	
N Kumar	
J A Van Zyl	(resigned 3 December 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

25th August 2010

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006 They have 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

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 financial statements of Defaqto Group Limited for the year ended 31 March 2010 set out on pages 8 to 31 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditors ' 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

As explained more fully in the *Directors' Responsibilities Statement set out on page 5* the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Defaqto Group Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

25th August 2010

Consolidated profit and loss account
for the year ended 31 March 2010

	Note	**Year ended 31 March 2010 £**	Year ended 31 March 2009 £
Turnover	*1,2*	**8,744,551**	8,298,316
Cost of sales		**(459,323)**	(353,888)
Gross profit		**8,285,228**	7,944,428
Distribution expenses		**(270,757)**	(317,582)
Administrative expenses		**(8,085,720)**	(8,110,913)
Other operating income	*6*	**40,963**	40,775
Operating loss		**(30,286)**	(443,292)
Other interest receivable and similar income	*7*	**7,036**	39,545
Interest payable and similar charges	*8*	**(584,135)**	(41,519)
Loss on ordinary activities before taxation	*3*	**(607,385)**	(445,266)
Tax on loss on ordinary activities	*9*	**(185,385)**	(24,255)
Loss for the financial period	*21,22*	**(792,770)**	(469,521)

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

The accompanying notes form an integral part of these financial statements

Consolidated balance sheet
at 31 March 2010

	Note	31 March 2010 £	31 March 2010 £	31 March 2009 £	31 March 2009 £
Fixed assets					
Intangible assets	*10*		**4,320,565**		4,946,977
Tangible assets	*11*		**244,471**		345,558
Investments	*12*		**-**		-
			4,565,036		5,292,535
Current assets					
Debtors	*13*	**2,587,827**		1,670,105	
Cash equivalents		**750,000**		-	
Cash at bank and in hand		**1,222,876**		2,512,458	
		4,560,703		4,182,563	
Creditors. amounts falling due within one year	*14*	**(3,825,710)**		(3,968,761)	
Net current assets			**734,993**		213,802
Total assets less current liabilities			**5,300,029**		5,506,337
Creditors: amounts falling due after more than one year	*15*		**(14,208,138)**		(13,642,957)
Net liabilities			**(8,908,109)**		(8,136,620)
Capital and reserves					
Called up share capital	*20*		**1,397,162**		1,397,162
Share premium account	*21*		**172,798**		172,798
Profit and loss account	*21*		**(10,478,069)**		(9,706,580)
Shareholders deficit	*22*		**(8,908,109)**		(8,136,620)

These financial statements were approved by the board on 25th August 2010 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 2010

	Note	31 March 2010		31 March 2009	
		£	£	£	£
Fixed assets					
Investments in subsidiaries	12		6,266,736		6,364,896
Current assets					
Debtors	13	1,118,742		1,128,154	
Cash at bank		11,247		1,955	
		1,129,989		1,130,109	
Creditors: amounts falling due within one year	14	(2,736,631)		(2,458,939)	
Net current liabilities			(1,606,642)		(1,328,830)
Total assets less current liabilities			4,660,094		5,036,066
Creditors: amounts falling due after more than one year	15		(14,208,138)		(13,638,986)
Net liabilities			(9,548,044)		(8,602,920)
Capital and reserves					
Called up share capital	20		1,397,162		1,397,162
Share premium account	21		172,798		172,798
Profit and loss account	21		(11,118,004)		(10,172,880)
Shareholders' deficit	22		(9,548,044)		(8,602,920)

These financial statements were approved by the board on 25th August 2010 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 2010

	Note	**Year ended 31 March 2010 £**	Year ended 31 March 2009 £
Cash flow from operating activities	*17*	**(153,469)**	829,139
Returns on investments and servicing of finance	*18*	**6,693**	23,997
Taxation		**(89,900)**	-
Capital expenditure	*18*	**(261,412)**	(160,351)
Cash (outflow)/inflow before financing		**(498,088)**	692,785
Financing (outflow)/inflow	*18*	**(41,494)**	1,143,259
(Decrease)/increase in cash in the period		**(539,582)**	1,836,044

Reconciliation of net cash flow to movement in net debt

	Note		
	19		
(Decrease)/increase in cash in the period		**(539,582)**	1,836,044
Cash outflow/(inflow) from decrease/(increase) in debt		**41,494**	(919,363)
Change in net debt resulting from cash flows		**(498,088)**	916,681
Interest accrued on loan notes		**(577,442)**	(25,974)
Movement in net debt in the period		**(1,075,530)**	890,707
Net debt at the start of the period		**(11,159,732)**	(12,050,439)
Net debt at the end of the period		**(12,235,262)**	(11,159,732)

Notes

(formıng part of the financial statements)

1 Accountıng polıcıes

The followıng accountıng polıcıes have been applıed consıstently ın dealıng wıth ıtems whıch are consıdered materıal ın relatıon to the financıal statements

Basıs of preparatıon

The financıal statements have been prepared ın accordance wıth applıcable accountıng standards, under the hıstorıcal cost conventıon

Basıs of consolatıon

The consolıdated financıal statements ınclude the financıal statements of the Company and ıts subsıdıary undertakıngs made up to 31 March 2010 The acquısıtıon method of accountıng has been adopted Under thıs method, results of subsıdıary undertakıngs acquıred ın a perıod are ıncluded ın the consolıdated profit and loss account from the date of acquısıtıon

Under sectıon 408 of the Companıes Act 2006 the Company ıs exempt from the requırement to present ıts own profit and loss account

Goıng concern

The financıal statements have been prepared on the goıng concern basıs, not wıthstandıng Company net current lıabılıtıes of £1,606,642 (*2009 £1,328,830*), Group net lıabılıtıes of £8,908,109 (*2009 £8,136,620*) and Company net lıabılıtıes of £9,548,044 (*2009 £8,602,920*) The dırectors belıeve the goıng concern basıs to be approprıate as the Group has sufficıent cash reserves to fund the contınuıng tradıng of the Group for the foreseeable future The Group projectıons prepared by the dırectors demonstrate the Group wıll generate sufficıent cash to enable the Company and the Group to contınue ın operatıonal exıstence for the foreseeable future by meetıng ıts lıabılıtıes as they fall due for payment The Company's dırectors also belıeve that the ınstıtutıonal ınvestors wıll contınue to provıde support to the Company The dırectors acknowledge that whılst there can be no certaınty over future events, although at the date of approval of these financıal statements, they have no reason to belıeve that the Group wıll not perform as expected

Based on thıs undertakıng the dırectors belıeve that ıt remaıns approprıate to prepare the financıal statements on a goıng concern basıs The financıal statements do not ınclude any adjustments that would result from thıs basıs of preparatıon beıng ınapproprıate

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase price together with any incidental expenses of acquisition

Provision for depreciation is made so as to write off the cost over the period of their expected useful lives to their estimated residual values on a straight line basis as follows

Leasehold improvements	-	over the shorter of the remaining life of the lease or asset life
Fixtures, fittings and equipment	-	4 years
Computer equipment	-	4 years

Intangible fixed assets and amortisation

Intangible assets purchased in relation to computer software are capitalised at their cost Computer software costs are amortised through the profit and loss account in equal instalments over their estimated useful life of 3 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

Cash equivalents

Cash equivalents include amounts held in 90 day term deposit accounts

Leases

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 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 £55,050 (*2009 £155,896*) arising from European sales, arose within the United Kingdom

3 Notes to the profit and loss account

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	**144,005**	86,862
Amortisation of goodwill and computer software	**799,293**	806,125
Impairment of fixed asset investments	**-**	34,613
Share based payment expense	**21,281**	30,786
Research and development costs	**89,774**	211,183
Loss on disposal of tangible fixed assets	**-**	57
Hire of plant and machinery – rentals payable under operating leases	**330,976**	94,107
Hire of other assets – rentals payable under operating leases	**181,679**	164,653

Auditors remuneration

	£	£
Audit of these financial statements	**6,940**	18,029

Amounts receivable by auditors and their associates in respect of

Audit of the financial statements of subsidiaries pursuant to legislation	**41,240**	30,542
Other services relating to taxation	**17,764**	30,250

Notes *(continued)*

4 Remuneration of directors

Directors' emoluments comprise the following

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Director's emoluments	**533,000**	391,855
Company contributions to money purchase pension scheme	**31,560**	17,471
	564,560	409,326

The highest paid director earned total remuneration of £222,600 in the year, including £12,000 in pension contributions *(2009 £214,167 and £11,833 respectively)* As at 31 March 2010, retirement benefits were accruing under the Defaqto Group Personal Pension Plan in respect of two Director *(2009 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 2010	Year ended 31 March 2009	**Year ended 31 March 2010**	Year ended 31 March 2009
Research	**48**	49	-	-
Administration	**41**	34	**2**	2
Sales and marketing	**33**	34	**1**	2
	122	117	**3**	4

The aggregate payroll costs of these persons were as follows

	Group	
	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Wages and salaries	**3,875,692**	3,977,327
Social security costs	**505,829**	468,306
Share based payments	**21,281**	30,786
Other pension costs	**433,831**	172,246
	4,836,633	4,648,665

Notes *(continued)*

6 Other operating income

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Rental income	40,963	32,527
Settlement of legal dispute	-	8,248
	40,963	40,775

7 Other interest receivable and similar income

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Bank interest	7,036	39,545
	7,036	39,545

Notes *(continued)*

8 Interest payable and similar charges

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
On bank loans and overdrafts	**41**	12,323
On loan notes	**577,442**	25,974
Third party interest	**302**	50
Amortisation of debt issuance costs	**6,350**	3,172
	584,135	41,519

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 were 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 2010 £	Year ended 31 March 2009 £
UK corporation tax		
Current tax on income for the period	**168,158**	55,712
Adjustments in respect of prior periods	**12,689**	-
Total current tax	**180,847**	55,712
Deferred tax (see note 16)		
De-recognition/(recognition) of deferred tax asset	**4,538**	(31,457)
Total deferred tax	**4,538**	(31,457)
Tax on profit on ordinary activities	**185,385**	24,255

Factors affecting the tax charge for the current year

The current tax charge for the period is higher (*2009 higher*) than the standard rate of corporation tax in the UK (*28%, 2009 28%)* The differences are explained below

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Current tax reconciliation		
Loss on ordinary activities before tax	**(607,385)**	(445,266)
Current tax at 28% *(2009 28%)*	**(170,068)**	(124,674)
Expenses not deductible for tax purposes	**197,711**	227,549
Capital allowances for period in excess of depreciation	**183,710**	12,722
Tax losses utilised	**(43,052)**	(59,642)
Charges on income	**(143)**	(243)
Adjustments to tax charge in respect of previous periods	**12,689**	-
Total current tax (see above)	**180,847**	55,712

Notes *(continued)*

10 Intangible fixed assets

Group

	Computer software	**Goodwill**	**Total**
	£	**£**	**£**
Cost			
At beginning of year	378,543	12,006,595	12,385,138
Additions	137,374	-	137,374
Transfers from other categories of fixed assets	1,666	-	1,666
At end of year	517,583	12,006,595	12,524,178
Amortisation			
At beginning of year	292,318	7,145,843	7,438,161
Charge for year	102,911	696,382	799,293
Transfers to other categories of fixed assets	(33,841)	-	(33,841)
At end of year	361,388	7,842,225	8,203,613
Net book value			
At 31 March 2010	**156,195**	**4,164,370**	**4,320,565**
At 31 March 2009	86,225	4,860,752	4,946,977

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	70,652	279,770	258,408	608,830
Additions	7,108	11,114	60,203	78,425
Disposals	-	(1,100)	(15,576)	(16,676)
Transfers to other categories of fixed assets	47,734	(127,202)	77,802	(1,666)
At end of year	125,494	162,582	380,837	668,913
Depreciation				
At beginning of year	1,077	147,386	114,809	263,272
Charge for year	17,561	39,871	86,573	144,005
Disposals	-	(1,100)	(15,576)	(16,676)
Trans from other categories of fixed assets	36,405	(83,055)	80,491	33,841
At end of year	55,043	103,102	266,297	424,442
Net book value				
At 31 March 2010	**70,451**	**59,480**	**114,540**	**244,471**
At 31 March 2009	69,575	132,384	143,599	345,558

Company

The Company has no tangible fixed assets

Notes *(continued)*

12 Fixed asset investments

	Group		Company	
	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
			£	£
At beginning of period	-	34,613	**6,364,896**	6,399,509
Impairment loss	-	(34,613)	**(98,160)**	(34,613)
At end of period	-	-	**6,266,736**	6,364,896

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	1,940,670	655,089
Defaqtomedia Limited	796,970	114,659
The Independent Research Group Limited	3,779	-
Investment and Business news Limited	(6,295)	-
Defaqto Europe Limited	(271,913)	-
Find Limited	1,000	-

Notes *(continued)*

13 Debtors

	Group		Company	
	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Trade debtors	**2,080,715**	1,201,705	**-**	-
Amounts owed by group undertakings	**-**	-	**1,087,364**	1,083,830
Other debtors	**107,112**	107,108	**6,247**	5,896
Deferred tax asset (see Note 16)	**40,985**	45,523	**-**	-
Prepayments and accrued income	**359,015**	315,769	**25,131**	38,428
	2,587,827	1,670,105	**1,118,742**	1,128,154

Included within the Group's Other debtors is an amount of £100,780 (*2009 £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 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Bank loan	**-**	33,204	**-**	33,204
Trade creditors	**436,839**	473,645	**20,545**	21,197
Amounts owed to group undertakings	**-**	-	**2,604,677**	2,158,494
Corporation tax	**146,659**	55,712	**-**	-
Taxation and social security	**503,434**	486,937	**-**	-
Other creditors	**165,541**	63,343	**-**	-
Accruals	**685,090**	847,892	**111,409**	246,044
Accruals – Fixed assets	**-**	45,613	**-**	-
Deferred income	**1,888,147**	1,962,415	**-**	-
	3,825,710	3,968,761	**2,736,631**	2,458,939

Notes *(contınued)*

15 Credıtors: amounts fallıng due after more than one year – Group and Company

	Group		Company	
	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Other credıtors	**-**	3,971	**-**	-
Loan notes	**14,208,138**	13,638,986	**14,208,138**	13,638,986
At end of perıod	**14,208,138**	13,642,957	**14,208,138**	13,638,986

	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Debt can be analysed as fallıng due				
10% "A" Serıes loan notes repayable between two and five years	**6,011,884**	5,786,982	**6,011,884**	5,786,982
8% "D" Serıes loan notes repayable between two and five years	**6,331,200**	6,061,200	**6,331,200**	6,061,200
5% "B" Serıes loan notes repayable between two and five years	**635,083**	619,403	**635,083**	619,403
8% "E" Serıes loan notes repayable between two and five years	**1,229,971**	1,171,401	**1,229,971**	1,171,401
	14,208,138	13,638,986	**14,208,138**	13,638,986

The bank loan shown ın note 14, whıch was secured by a debenture over the Group and a charge over the share capıtal of DefaqtoMedıa Lımıted and carrıed ınterest at 3% above base rate, was retıred ın May 2009

The balances ıncluded ın note 15 for the "A", "D", "B" and "E" Serıes loan notes ınclude ınterest accrued thereon Such ınterest ıs payable at the Company's dıscretıon or on maturıty of the loan notes ıf later The "A", "D" and "B" Serıes loan notes mature on 20 May 2012 The "E" Serıes loan notes mature on 30 September 2013 The "A", "D" and "E" Serıes loan notes are held by the Company's shareholders and the "B" Serıes loan notes are held by certaın employees of the Company

Notes *(continued)*

16 Deferred taxation

Group

	Deferred Taxation	**Total**
	£	**£**
At beginning of year	45,523	45,523
Charge to the profit and loss for the period	(4,538)	(4,538)
At end of year	**40,985**	**40,985**

Of the deferred tax asset, £36,235 *(2009 £40,773)* has been recognised in relation to differences between accumulated depreciation and capital allowances and £4,750 (*2009 £4,750*) 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 2010	31 March 2009
	£	£
Difference between accumulated depreciation and capital allowances	**39,612**	37,249
Tax losses	**257,740**	294,879
Other timing differences	**232,757**	161,497
	530,109	493,625

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 (2009 unrecognised) are as follows

	31 March 2010	31 March 2009
	£	£
Tax losses	**13,535**	13,535
Other timing differences	**225,757**	161,497
	239,292	175,032

The 'Other timing differences' contained within the unrecognised deferred tax asset of 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 2010 £	Year ended 31 March 2009 £
Operating loss	**(30,286)**	(443,292)
Depreciation, amortisation and impairment charges	**943,298**	927,600
Share based payment expense	**21,281**	30,786
Increase in debtors	**(922,260)**	(66,382)
(Decrease)/increase in creditors	**(84,884)**	288,677
(Decrease)/increase in deferred income	**(74,268)**	91,693
Loss on disposal of tangible fixed assets	**-**	57
Amortisation of debt issuance costs	**(6,350)**	-
Net cash inflow from operating activities	**(153,469)**	829,139

18 Analysis of cash flows

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Returns on investment and servicing of finance		
Interest received	**7,036**	39,545
Interest paid	**(343)**	(15,548)
	6,693	23,997
Capital expenditure and financial investment		
Purchase of intangible and tangible fixed assets	**(261,412)**	(160,351)
	(261,412)	(160,351)

Notes *(continued)*

18 Analysis of cash flows *(continued)*

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Financing		
Issue of ordinary share capital	-	223,896
Repayment of secured loan	**(33,204)**	(252,038)
Repayment of loan notes	**(8,290)**	-
New secured loan repayable in 2013	-	1,171,401
	(41,494)	1,143,259

19 Analysis of net debt

	At beginning of year £	Cash flow £	Other non cash changes £	At end of Year £
Cash equivalents	-	750,000	-	750,000
Cash in hand and at bank	**2,512,458**	(1,289,582)	-	1,222,876
	2,512,458	(539,582)	-	1,972,876
Debt due after one year	**(13,638,986)**	8,290	(577,442)	(14,208,138)
Debt due within one year	**(33,204)**	33,204	-	-
Total	**(11,159,732)**	**(498,088)**	**(577,442)**	**(12,235,262)**

20 Called up share capital

	31 March 2010 £	31 March 2009 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	**180,011**	180,011
A Ordinary shares of £1 each	**1,217,151**	1,217,151
	1,397,162	1,397,162

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 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Group				
At beginning of year	172,798	48	(9,706,580)	(9,267,845)
Share premium on issue (net of issue costs)	-	172,750	-	-
Share based payments expense	-	-	21,281	30,786
Loss for the year	-	-	(792,770)	(469,521)
At end of year	**172,798**	172,798	**(10,478,069)**	(9,706,580)

	Share premium account		Profit and loss account	
	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Company				
At beginning of year	172,798	48	(10,172,880)	(9,774,292)
Share premium on issue (net of issue costs)	-	172,750	-	-
Share based payments expense	-	-	21,281	30,786
Loss for the year	-	-	(966,405)	(429,374)
At end of year	**172,798**	172,798	**(11,118,004)**	(10,172,880)

Notes *(continued)*

22 Reconciliation of movements in shareholders' deficit

	Group		Company	
	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
	£	£	**£**	£
Loss for the financial period	**(792,770)**	(469,521)	**(966,405)**	(429,374)
Share based payment expense	**21,281**	30,786	**21,281**	30,786
Share capital allotted	**-**	223,896	**-**	223,896
Net addition to shareholders' deficit	**(771,489)**	(214,839)	**(945,124)**	(174,692)
Opening shareholders' deficit	**(8,136,620)**	(7,921,781)	**(8,602,920)**	(8,428,228)
Closing shareholders' deficit	**(8,908,109)**	(8,136,620)	**(9,548,044)**	(8,602,920)

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	133,461	3 50
Granted	14,815	6 75
Forfeited/lapsed	(42,960)	4 18
Options outstanding at end of year	105,316	3 68
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 All options granted since such date 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	18 September 2008	24 August 2009
Exercise price	£4 18	£4 18	£0 01	£6 75
Expected volatility	45%	45%	45%	45%
Expected life of options	3 years	3 years	4 years	3 years
Dividend yield expected in underlying shares	nil	nil	nil	Nil
Risk free interest rate	5 4%	5 4%	4 5%	4 5%
Value of option	£1 51	£1 51	£4 49	£0 97
Vesting period (period from grant date)	Daily up to 3 years	3 years	4 years	3 years
Performance conditions attached	No	No	No	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 £21,281 (*2009 £30,786*)

24 Contingent liabilities

The Company is registered with HMRC as a member of a group for VAT purposes, and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT At the balance sheet date, the outstanding VAT balance of the other group companies in the VAT group, of which the Company is a member, was a receivable amount of £6,247 (*2009 £5,896*)

25 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 £12,000 (*2009 £11,833*) Included in creditors due within one year is £nil (*2009 £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 8% (2009 6%) The pension cost, which represents the contributions payable by the Group under these personal pension plans, amounted to £433,831 for the year ended 31 March 2010 (*2009 £160,413*) Included in creditors due within one year is £39,910 (*2009 £31,063*) in respect of contributions due to such pension plans

Notes *(continued)*

26 Commitments

At 31 March 2010 the Group had annual commitments under operating leases as follows

	31 March 2010		31 March 2009	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Expiry within one year	**31,093**	**88,564**	-	4,182
Expiry 2-5 years inclusive	**114,360**	**252,970**	114,360	74,151
Expiry in greater than 5 years	**79,500**	**-**	79,500	-
	224,953	**341,534**	193,860	78,333

At 31 March 2010 the Company had no annual commitments under operating leases (*2009 none*)

27 Ultimate controlling party

The A ordinary shareholders comprise six entities of which three, representing approximately 52% (*2009 52%*) of the issued share capital of the Company, are managed by one institutional investment house and the other three, representing approximately 35% (*2009 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