

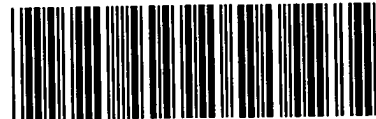
Defaqto Group Limited

Registered number 5442706

Report and financial statements

For the year ended 31 March 2014

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Company Information

Directors

P N C Gale
S Z H Bilgrami
R P Bijtjes
A C G Brown
R G Healey
L R D John

Secretary

P V C Cass

Company Number

5442706

Registered Office

Financial Research Centre
Haddenham Business Park
Pegasus Way
Haddenham
Buckinghamshire
HP17 8LJ

Bankers

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

Solicitors

Matthew Arnold & Baldwin LLP
21 Station Road
Watford
Hertfordshire
WD17 1HT

Auditor

Baker Tilly UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Contents

Directors' report	1
Strategic report	3
Directors' responsibilities in the preparation of the financial statements	5
Independent auditor's report to the members of Defaqto Group Limited	6
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Notes	12

Directors' report

The directors present their directors' report and the audited group financial statements for the year ended 31 March 2014.

Principal activity

During the year ended 31 March 2014, the Company continued to act as a holding company for the financial research and software business Defaqto Limited and the web-portal business DefaqtoMedia 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.

Results

The results for the year are set out in the consolidated profit and loss account (page 8). Revenue has grown by £792,527, an 11% uplift on the prior year, to £7,976,609. Operations were profitable and the Group generated £1,864,823 in operating cash inflows.

The consolidated balance sheet (page 9) and Company balance sheet (page 10) show net liabilities of £14,664,550 (2013: £14,319,151) and £12,852,223 (2013: £12,943,763) respectively. These net liabilities include loans and accrued interest due to shareholders totalling £17,053,071 (2013: £16,789,316). The directors have prepared a pro forma balance sheet extract for illustrative purposes for the Group and Company at 31 March 2014 which reflects the loans and accrued interest to shareholders representing long term institutional funding as if it was equity.

	31 March 2014		31 March 2013	
	Group £	Company £	Group £	Company £
Statutory net liabilities	(14,664,550)	(12,852,223)	(14,319,151)	(12,943,763)
Loans and accrued interest due to shareholders	17,053,071	17,053,071	16,789,316	16,789,316
Adjusted non-statutory net assets	2,388,521	4,200,848	2,470,165	3,845,553

The decline in the Group's adjusted non-statutory net assets includes £640,672 of goodwill amortisation (2013: £640,672). The directors also note that the above Group non-statutory net assets include deferred income of £2,275,322 (2013: £1,754,990).

Dividends

The directors do not propose to pay a dividend in respect of the year to 31 March 2014 (2013: £nil).

Directors

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

P N C Gale
S Z H Bilgrami
R P Bijtjes
A C G Brown
R G Healey
L R D John

Directors' report *(continued)*

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against directors of the Company and its subsidiaries and the directors of the Company are covered by this insurance.

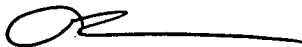
Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Baker Tilly UK Audit LLP will therefore continue in office.

On behalf of the board



A C G Brown
Director

29 August 2014

Strategic report

The directors present their strategic report for the year ended 31 March 2014.

Business review

Products and services and future developments

The Group has enjoyed growth across all revenue streams in the year resulting in an 11% growth in turnover. The Group sees continued growth opportunities arising due to the increasing breadth of offering and the strength of the Defaqto brand.

The Group is an independent researcher of financial products, focused on providing intelligence to support better decision-making. In order to do so, the Group:

- collects data from across the whole of the market for products in the following areas: banking, general insurance, life and protection, wealth and funds;
- uses its expertise and insight to analyse the data, and to make it comparable;
- creates a range of products and services to deliver information in a meaningful way to its customers and stakeholders, and
- helps consumers to make better financial decisions, and helps the financial services sector create, manage and distribute products.

The Group does this by providing timely and accurate information to all levels of the financial sector including financial intermediaries, banks, insurers, life companies, asset managers, government departments, comparison websites and directly to consumers. Such services are generally supplied through digital delivery mechanisms thereby ensuring that the data used by decision makers is of the best quality available in the market.

Financial advisers use the Group's range of products to research the right products to suit their clients' needs. This service is predominantly offered in the life and protection, wealth and funds product areas.

The Group has and continues to focus its efforts on assisting financial intermediaries in delivering appropriate services to their client base. The Group's customers, both financial intermediaries and financial product providers, benefit from the continued expansion of the product and service suite and the Group is focussed on delivering best in class solutions to fit such demand.

The Group continues to provide services to providers of financial products that enable them to research, launch, distribute and manage quality products. Additionally, the Group rates financial products based on quality using the Defaqto Ratings process.

The Group offers services on either a hosted or an unhosted basis for integration with a number of consumer web-portals and continues to operate the find.co.uk web-portal as well.

Liquidity

The Group generated a profit before interest, tax, depreciation and amortisation (calculated by adding back depreciation and amortisation to operating profit) of £1,082,893 in the year to 31 March 2014 (2013: £361,898). Operating activities generated £1,864,823 of positive cash inflows (2013: £296,499). The Group incurred capital expenditure of £95,913 (2013: £22,947). Cash and cash equivalents increased by £1,328,603 to £3,239,739 (2013: increase of £282,993 to £1,911,136). The Group settled the entire B loan notes for £447,653, a discount to the aggregate principal of £511,180 and with the accrued interest of £205,670 entirely waived, generating a profit on settlement of £269,197. The Group has sufficient funds available to finance continued operations.

Regulatory Issues

Various regulatory changes and thematic reviews have provided the Group with a number of opportunities and the directors believe that the existing product lines will enjoy success in the continuing evolution of the UK financial services industry which demands a deeper understanding of product and service features and new distribution models. Recent examples of such changes and reviews that have had a positive impact on the Group include:

- The Retail Distribution Review ("RDR") (January 2013)

Strategic report (continued)

- FSA Policy Statement on Personal Pensions and inflation adjusted illustrations (March 2013)
- ABI Annuity Sales Code (March 2013)
- FCA Review of Comparison Websites (November 2013)
- FG 14/1 - Inducements and conflicts of interest (January 2014)
- FCA Thematic Review of Annuities (February 2014)
- FCA Thematic Review on supervising retail investment advice: delivering independent advice (March 2014)
- FG 14/3 - Budget March 2014 Pension Reforms (March 2014)

Environmental Impact

The Group works to reduce its carbon footprint by promoting paperless processes and recycling.

Principal risks

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 100% (2013: 100%) of turnover. The UK economic downturn 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 revenues in prior years. However, the economic recovery coupled with the streamlining of the retail finance market, including the implementation of the RDR, have benefited the Group.

The Company is part financed through loan notes and therefore faces interest rate and liquidity risks. Such loan notes carry fixed rates of interest which is only repayable upon maturity of the principal or earlier at the Company's option. The interest is non-compounding.

Key performance indicators

The directors consider turnover and adjusted operating profit ("Adjusted Profit") to be the key performance indicators. These indicators are monitored at least monthly. The directors are very pleased with the performance of the Group as follows:

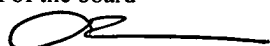
	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Turnover	7,976,609	7,184,082
Adjusted Profit*	1,300,407	499,794

*Adjusted Profit is calculated as Operating Profit/loss before depreciation, amortisation, share based payment expenses and certain costs not associated with the day to day operations of the Group.

Research and development

The Group is constantly developing new software and databases to improve the clarity and breadth of information available to customers. Costs arising in carrying out this work are expensed as incurred.

On behalf of the board


A C G Brown
Director

29 August 2014

Directors' responsibilities in the preparation of the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Defaqto Group Limited

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 auditor

As more fully explained 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 and express an opinion on 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's 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.

Baker Tilly UK Audit LLP

Graham Ricketts (Senior Statutory Auditor)
For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

1 September 2014

Consolidated profit and loss account
for the year ended 31 March 2014

	<i>Note</i>	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Turnover	2	7,976,609	7,184,082
Staff costs	5	(5,170,448)	(5,237,445)
Other operating charges		(1,723,268)	(1,593,839)
Depreciation of tangible fixed assets		(19,495)	(40,323)
Amortisation of intangible fixed assets		(688,965)	(718,805)
Other operating income	6	-	9,100
Operating profit/(loss)	3	374,433	(397,230)
Profit on settlement of loan notes	15	269,197	-
Interest receivable and similar income	7	6,346	9,532
Interest payable and similar charges	8	(984,186)	(1,007,515)
Loss on ordinary activities before taxation		(334,210)	(1,395,213)
Tax on loss on ordinary activities	9	(58,897)	182,128
Loss for the financial year	21,22	(393,107)	(1,213,085)

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.

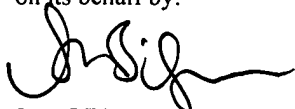
Turnover and the operating profit/(loss) relate to continuing activities.

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

Consolidated balance sheet
as at 31 March 2014

	<i>Note</i>	31 March 2014	31 March 2013
		£	£
Fixed assets			
Intangible assets	10	1,667,341	2,326,144
Tangible assets	11	44,075	18,907
		<u>1,711,416</u>	<u>2,345,051</u>
Current assets			
Debtors	13	1,717,140	1,721,116
Cash equivalents		-	400,000
Cash at bank and in hand		3,239,739	1,511,136
		<u>4,956,879</u>	<u>3,632,252</u>
Creditors: amounts falling due within one year	14	<u>(4,279,774)</u>	<u>(3,507,138)</u>
Net current assets		<u>677,105</u>	<u>125,114</u>
Total assets less current liabilities		<u>2,388,521</u>	<u>2,470,165</u>
Creditors: amounts falling due after more than one year	15	<u>(17,053,071)</u>	<u>(16,789,316)</u>
Net liabilities		<u>(14,664,550)</u>	<u>(14,319,151)</u>
Capital and reserves			
Called up share capital	20	1,398,162	1,397,162
Share premium account	21	172,798	172,798
Profit and loss account	21	(16,235,510)	(15,889,111)
Shareholders' deficit	22	<u>(14,664,550)</u>	<u>(14,319,151)</u>

These financial statements were approved by the board and authorised for issue on 29 August 2014 and were signed on its behalf by:



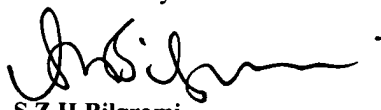
S Z H Bilgrami
Director

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

Company balance sheet
as at 31 March 2014

	<i>Note</i>	31 March 2014	31 March 2013
		£	£
Fixed assets			
Investments in subsidiaries	12	6,266,736	6,266,736
Current assets			
Debtors	13	95,980	19,000
Cash at bank		4,694	6,137
		<u>100,674</u>	<u>25,137</u>
Creditors: amounts falling due within one year	14	<u>(2,166,562)</u>	<u>(2,446,320)</u>
Net current liabilities		(2,065,888)	(2,421,183)
Total assets less current liabilities		4,200,848	3,845,553
Creditors: amounts falling due after more than one year	15	(17,053,071)	(16,789,316)
Net liabilities		<u>(12,852,223)</u>	<u>(12,943,763)</u>
Capital and reserves			
Called up share capital	20	1,398,162	1,397,162
Share premium account	21	172,798	172,798
Profit and loss account	21	(14,423,183)	(14,513,723)
Shareholders' deficit	22	<u>(12,852,223)</u>	<u>(12,943,763)</u>

These financial statements were approved by the board and authorised for issue on 29 August 2014 and were signed on its behalf by:


S Z H Bilgrami
Director

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

Consolidated cash flow statement
for the year ended 31 March 2014

	<i>Note</i>	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Cash flow from operating activities	17	1,864,823	296,499
Returns on investments and servicing of finance	18	6,346	9,441
Capital expenditure	18	(95,913)	(22,947)
Cash inflow before use of liquid resources and financing		1,775,256	282,993
Management of liquid resources		400,000	(400,000)
Financing	18	(446,653)	-
Increase/(decrease) in cash in the year		1,728,603	(117,007)
Reconciliation of net cash flow to movement in net debt	19		
Increase/(decrease) in cash in the year		1,728,603	(117,007)
(Decrease)/increase in liquid resources		(400,000)	400,000
Cash outflow from decrease in debt		447,653	-
Change in net debt resulting from cash flows		1,776,256	282,993
Interest accrued on loan notes		(980,605)	(1,001,074)
Profit on settlement of loan note instruments		269,197	-
Movement in net debt in the year		1,064,848	(718,081)
Net debt at the start of the year		(14,878,180)	(14,160,099)
Net debt at the end of the year		(13,813,332)	(14,878,180)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2014. 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 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. In the year ended 31 March 2014, the Company recorded a profit for the financial year of £43,832 (2013: loss for the financial year of £1,313,406).

Going concern

The financial statements have been prepared on the going concern basis. The A, D and E loan notes, including interest, as set out in note 15, are not repayable until the earlier of (a) 30 November 2015; (b) the sale or refinancing of the business; or until the Group has sufficient cash reserves to repay the balances in part or in full. Financial projections prepared by the directors demonstrate that 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. Accordingly, the directors believe it appropriate to prepare the financial statements on a going concern basis. In making this assessment, the directors have considered a period of at least 12 months from the date of authorising these financial statements. The directors acknowledge that 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.

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. The principal rates used for this purpose are as follows:

Leasehold improvements	-	over life of lease or asset life if lower
Office furniture, fixtures and fittings	-	20% to 33⅓% per annum
Office equipment	-	33⅓% per annum

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.

Notes (continued)

1 Accounting policies (continued)

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.

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.

Research and development

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

Taxation

The charge for taxation is based on the 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. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are only recognised to the extent that there is reasonable expectation that these will be recoverable in the foreseeable future.

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.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Group (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges and are charged to the profit and loss account on a rateable basis spreading the cost of the financial instrument over the life of that instrument.

Any gains on the settlement of loan notes are recorded in the profit and loss account as the net of the aggregate of the principal and accrued interest of the settled loan notes less the amount paid to settle them.

Pensions

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

Cash and liquid resources

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

Share based transactions

The share option programme allows Group employees to acquire shares of the Company. 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.

Where a fair value is required to be assigned to any other share based transactions with employees, the fair value is measured using an appropriate valuation model, taking into account the terms and conditions of such transactions and such fair value is spread over a period included in such terms and conditions.

The fair value of all such share based transactions, including options, is recognised as an employee expense with a corresponding increase in equity.

Turnover

Turnover is the amount derived from the provision of services falling within the Group's ordinary activities and is stated net of Value Added Tax. Consideration received in advance of performance is recognised as deferred income. When performance occurs, the deferred income is released and simultaneously reported as turnover. Consideration received in arrears is recognised as accrued income upon performance and simultaneously reported as turnover. The accrued income is released when invoicing occurs.

2 Turnover

The whole of the turnover is attributable to the principal activities of the Group and arose within the United Kingdom.

Notes (continued)

3 Operating profit/(loss)

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
<i>Operating profit/(loss) is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets	19,495	40,323
Amortisation of computer software	48,293	78,133
Amortisation of goodwill	640,672	640,672
Loss on disposal of fixed assets	-	2,948
Share based payment expense/(credit)	46,708	(1,778)
Research and development costs	565,485	633,268
Hire of land and buildings – rentals payable under operating leases	79,500	157,259
Hire of plant and equipment – rentals payable under operating leases	283,878	284,946
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
	£	£
Audit of these financial statements	8,500	7,850
	<hr/>	<hr/>
Amounts receivable by auditors and their associates in respect of:		
Audit of the financial statements of subsidiaries pursuant to legislation	26,000	22,500
Other services relating to taxation – compliance	7,000	7,000
– other tax services	3,000	2,850
	<hr/>	<hr/>

4 Remuneration of directors

Directors' remuneration comprises the following:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Directors' remuneration	568,871	426,147
Company contributions to money purchase pension scheme	66,298	57,777
	<hr/>	<hr/>
	635,169	483,924
	<hr/>	<hr/>

In addition to the amounts shown above, £50,000 (2013: £35,000) was paid to third parties for directors services.

The highest paid director earned total remuneration of £241,169 in the year, including £20,039 in pension contributions (2013: £186,870 and £17,573 respectively). As at 31 March 2014, retirement benefits were accruing under the Defaqto Group Personal Pension Plan in respect of three directors (2013: three).

Notes (continued)

5 Staff numbers and costs

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

	Number of employees Group		Number of employees Company	
	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2013
Research	44	43	-	-
Administration	28	43	3	3
Sales and marketing	30	25	1	1
	<u>102</u>	<u>111</u>	<u>4</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	Group	
	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Wages and salaries	4,110,894	4,164,224
Social security costs	478,435	493,291
Share based payments	46,708	(1,778)
Other pension costs	534,411	581,708
	<u>5,170,448</u>	<u>5,237,445</u>

6 Other operating income

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Rental income	-	9,100

7 Interest receivable and similar income

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Bank interest	6,346	9,532

Notes (continued)

8 Interest payable and similar charges

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
On bank loans and overdrafts	-	91
On loan notes	980,605	1,001,074
Amortisation of debt issuance costs	3,581	6,350
	<u>984,186</u>	<u>1,007,515</u>

Interest accrues on the "A", "D" and "E" series of loan note instruments at 10%, 8% and 8% per annum respectively.

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

The "B" series loan note instruments were settled in the year. On 31 March 2014, all of the "A", "D" and "E" series of loan notes instruments were extended whereby they mature on the earlier of 30 November 2015 and the date of exit by the shareholders. Prior to either of those events, interest accrues but is only payable at the Company's option.

Notes (continued)

9 Tax on loss on ordinary activities

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
UK corporation tax		
Current tax on income for the year	18,847	-
Adjustments in respect of prior years	-	-
Total current tax	18,847	-
Deferred tax (see note 16)		
Deferred tax asset written off/(recognised)	40,050	(182,128)
Total deferred tax	40,050	(182,128)
Tax on loss on ordinary activities	58,897	(182,128)

Factors affecting the tax charge for the current year:

The current tax charge for the year is higher than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Current tax reconciliation		
Loss on ordinary activities before tax	(334,210)	(1,395,213)
Current tax at 23% (2013: 24%)	(76,868)	(334,851)
Expenses not deductible for tax purposes	257,162	248,444
Goodwill amortisation not deductible for tax purposes	147,355	153,761
Depreciation less than capital allowances	(26,372)	(3,063)
Enhanced tax relief of research and development expenditure	(16,410)	-
Tax losses utilised	(266,020)	(134,083)
Tax losses arising not utilised	-	69,792
Total current tax (see above)	18,847	-

Notes (continued)

10 Intangible fixed assets

Group	Computer software £	Goodwill £	Total £
<i>Cost</i>			
At beginning of year	682,417	11,902,140	12,584,557
Additions	30,162	-	30,162
Disposals	(194,151)	-	(194,151)
At end of year	518,428	11,902,140	12,420,568
<i>Amortisation</i>			
At beginning of year	598,627	9,659,786	10,258,413
Charge for year	48,293	640,672	688,965
Disposals	(194,151)	-	(194,151)
At end of year	452,769	10,300,458	10,764,227
<i>Net book value</i>			
At 31 March 2014	65,659	1,601,682	1,667,341
At 31 March 2013	83,790	2,242,354	2,326,144

Company

The Company has no intangible fixed assets.

Notes (continued)

11 Tangible fixed assets

Group	Leasehold improvements £	Office furniture, fixtures, fittings £	Office equipment £	Total £
<i>Cost</i>				
At beginning of year	56,621	29,464	408,353	494,438
Additions	-	-	44,663	44,663
At end of year	56,621	29,464	453,016	539,101
<i>Depreciation</i>				
At beginning of year	54,463	28,545	392,523	475,531
Charge for year	700	525	18,270	19,495
At end of year	55,163	29,070	410,793	495,026
<i>Net book value</i>				
At 31 March 2014	1,458	394	42,223	44,075
At 31 March 2013	2,158	919	15,830	18,907

Company

The Company has no tangible fixed assets.

Notes (continued)

12 Fixed asset investments

Company

	£
<i>Cost</i>	
At beginning and end of year	12,948,800
	<hr/>
<i>Impairment</i>	
At beginning and end of year	6,682,064
	<hr/>
<i>Net book value</i>	
At beginning and end of year	6,266,736
	<hr/> <hr/>

The investments held by the Group are as follows:

Name	Country of Incorporation	Class of shares held	Percentage held	Nature of business
<i>Direct subsidiaries</i>				
Defaqto Limited	England and Wales	Ordinary	100%	Financial research provider
DefaqtoMedia Limited	England and Wales	Ordinary	100%	Web-site administration
<i>Subsidiary of DefaqtoMedia Limited</i>				
Find Limited	England and Wales	Ordinary	100%	Dormant
<i>Subsidiary of Defaqto Limited</i>				
Defaqto Europe Limited	England and Wales	Ordinary	100%	Dormant

Notes (continued)

13 Debtors

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
Trade debtors	1,312,042	1,318,715	-	-
Other debtors	2,916	4,354	11,016	18,262
Deferred tax asset (see note 16)	142,078	182,128	76,230	-
Prepayments and accrued income	260,104	215,919	8,734	738
	<u>1,717,140</u>	<u>1,721,116</u>	<u>95,980</u>	<u>19,000</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
Trade creditors	228,276	195,466	9,518	934
Amounts owed to group undertakings	-	-	1,910,552	2,297,583
Taxation and social security	816,706	746,332	-	-
Other creditors	71,944	140,511	-	-
Accruals	887,526	669,839	246,492	147,803
Deferred income	2,275,322	1,754,990	-	-
	<u>4,279,774</u>	<u>3,507,138</u>	<u>2,166,562</u>	<u>2,446,320</u>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
Loan notes	17,053,071	16,789,316	17,053,071	16,789,316
At end of year	17,053,071	16,789,316	17,053,071	16,789,316
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
Debt can be analysed as falling due:				
10% "A" Series loan notes repayable after one year	7,586,194	7,136,391	7,586,194	7,136,391
5% "B" Series loan notes repayable after one year	-	711,760	-	711,760
8% "D" Series loan notes repayable after one year	7,897,200	7,465,200	7,897,200	7,465,200
8% "E" Series loan notes repayable after one year	1,569,677	1,475,965	1,569,677	1,475,965
	17,053,071	16,789,316	17,053,071	16,789,316

The balances included for the "A", "B", "D" and "E" Series loan notes include 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 "E" Series loan notes are held by the Company's institutional shareholders and the "B" Series loan notes were held by certain employees and former employees of the Company.

The "A", "B", "D" and "E" loan notes were due to mature on 20 May 2014. On 31 March 2014, all of the "A", "D" and "E" series of loan note instruments were extended whereby they mature on the earlier of 30 November 2015 and the date of exit by the shareholders.

The "B" series loan notes were assigned to the Company in two tranches on 23 May 2013 and 25 June 2013. Such assignment saw the £511,180 principal of all "B" series loan note instruments being settled for an agreed consideration of £447,653 payable in installments between June 2013 and March 2014, with all accrued interest thereon being waived. A profit of £269,197 has been recognized in respect of this settlement.

On 1 August 2014, £258,843, £310,747 and £67,409 of the A, D and E loan notes principal amounts were settled respectively. Accrued interest of £186,294, £151,990 and £24,717 in respect of the same loan notes respectively was settled at the same time.

Notes (continued)

16 Deferred taxation

Group

	Total £
At beginning of year	182,128
Charge to profit and loss for the year	(40,050)
	<hr/>
At end of year	142,078
	<hr/>

Of the recognised deferred tax asset at the end of the year, £56,220 (2013: £82,123) was in relation to differences between accumulated depreciation and capital allowances, £nil (2013: £90,654) in relation to tax losses and £85,858 (2013: £9,351) in relation to other timing differences. Of the £85,858 of other timing differences, £76,230 relates to interest on the loan notes which is deductible when paid. The recognition of a deferred tax asset is based on profit and loss forecasts which show that the asset will be utilised within 2 years of the balance sheet date.

In addition, the Group has not recognised a deferred tax asset of £447,683 (2013: £615,623). The elements of the unrecognised deferred tax asset are as follows:

	31 March 2014 £	31 March 2013 £
Difference between accumulated depreciation and capital allowances	24,368	32,547
Tax losses	35,679	181,910
Other timing differences	387,636	401,166
	<hr/>	<hr/>
	447,683	615,623
	<hr/>	<hr/>

Company

	Total £
At beginning of year	-
Credit to the profit and loss for the year	76,230
	<hr/>
At end of year	76,230
	<hr/>

The deferred tax asset recognised by the Company relates to interest on the loan notes which is deductible when paid. The recognition of a deferred tax asset is based on profit and loss forecasts which show that the asset will be utilised within 2 years of the balance sheet date.

Notes (continued)

16 Deferred taxation (continued)

In addition, the Company has not recognised a deferred tax asset as follows:

	31 March 2014 £	31 March 2013 £
Tax losses	35,679	181,910
Other timing differences	387,636	401,166
	<u>423,315</u>	<u>583,076</u>

The 'Other timing differences' contained within the unrecognised deferred tax asset of the Group and the Company relates to a proportion of the interest accrued on the loan notes which will only be deductible when paid.

The unrecognised deferred tax assets have not been recognised by the Group or the Company as a result of uncertainty over the timing and amount of future reversal.

17 Reconciliation of operating profit/(loss) to operating cash flows

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Operating profit/(loss)	374,433	(397,230)
Depreciation and amortisation	708,460	759,128
Share based payment expense/(credit)	46,708	(1,778)
(Increase) in debtors	(39,655)	(46,073)
Increase/(decrease) in creditors	254,545	(206,546)
Increase in deferred income	520,332	186,050
Loss on disposal of fixed assets	-	2,948
	<u>1,864,823</u>	<u>296,499</u>
Net cash inflow from operating activities	1,864,823	296,499

Notes (continued)

18 Analysis of cash flows

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Returns on investment and servicing of finance		
Interest received	6,346	9,532
Interest paid	-	(91)
	<u>6,346</u>	<u>9,441</u>
Capital expenditure and financial investment		
Purchase of intangible and tangible fixed assets	(95,913)	(23,147)
Proceeds on disposal of fixed assets	-	200
	<u>(95,913)</u>	<u>(22,947)</u>
Financing		
Issue of B ordinary share capital	1,000	-
Settlement of loan note instruments	(447,653)	-
	<u>(446,653)</u>	<u>-</u>

19 Analysis of net debt

	At beginning of year £	Cash flow £	Other non cash changes £	At end of year £
Cash equivalents	400,000	(400,000)	-	-
Cash in hand and at bank	1,511,136	1,728,603	-	3,239,739
	<u>1,911,136</u>	<u>1,328,603</u>	<u>-</u>	<u>3,239,739</u>
Loan notes (see note 15)	(16,789,316)	447,653	(711,408)	(17,053,071)
	<u>(14,878,180)</u>	<u>1,776,256</u>	<u>(711,408)</u>	<u>(13,813,332)</u>

The £711,408 of Other non cash changes is the net of the interest accrued on the loan notes (£980,605) and the profit on settlement of the B loan notes (£269,197) during the year.

Notes (continued)

20 Called up share capital

	31 March 2014 £	31 March 2013 £
<i>Allotted, called up and fully paid</i>		
180,011 Ordinary shares of £1 each	180,011	180,011
1,217,151 A Ordinary shares of £1 each	1,217,151	1,217,151
1,000 B Ordinary shares of £1 each	1,000	-
	<u>1,398,162</u>	<u>1,397,162</u>

On 30 October 2013, the Company issued 1,000 B Ordinary shares of £1 each at nominal value. All Ordinary, and A Ordinary shares rank pari passu. The B Ordinary Shares carry no voting rights and have no rights or entitlements to receive dividends. On an exit the B Ordinary Shares rank ahead of the A Ordinary Shares and Ordinary Shares at certain exit values.

21 Reserves

	Share premium account		Profit and loss account	
	31 March 2014 £	31 March 2013 £	31 March 2014 £	31 March 2013 £
Group				
At beginning of year	172,798	172,798	(15,889,111)	(14,674,248)
Share based payments expense/(credit)	-	-	46,708	(1,778)
Loss for the year	-	-	(393,107)	(1,213,085)
	<u>172,798</u>	<u>172,798</u>	<u>(16,235,510)</u>	<u>(15,889,111)</u>

	Share premium account		Profit and loss account	
	31 March 2014 £	31 March 2013 £	31 March 2014 £	31 March 2013 £
Company				
At beginning of year	172,798	172,798	(14,513,723)	(13,198,539)
Share based payments expense/(credit)	-	-	46,708	(1,778)
Profit/(loss) for the year	-	-	43,832	(1,313,406)
	<u>172,798</u>	<u>172,798</u>	<u>(14,423,183)</u>	<u>(14,513,723)</u>

Notes (continued)

22 Reconciliation of movements in shareholders' deficit

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
(Loss)/profit for the financial year	(393,107)	(1,213,085)	43,832	(1,313,406)
Share based payment expense/(credit)	46,708	(1,778)	46,708	(1,778)
Share capital allotted	1,000	-	1,000	-
Net (increase)/reduction in shareholders' deficit	(345,399)	(1,214,863)	91,540	(1,315,184)
Opening shareholders' deficit	(14,319,151)	(13,104,288)	(12,943,763)	(11,628,579)
Closing shareholders' deficit	(14,664,550)	(14,319,151)	(12,852,223)	(12,943,763)

23 Share option and incentive plans

The Defaqto Group Share Option Plan ('SOP') was established in May 2007. Options outstanding at 31 March 2014 under the SOP were as follows:

	Number of options	Weighted average exercise price £
Options outstanding at beginning of year	48,272	4.26
Options lapsed during the year	(31,400)	1.44
Options outstanding at end of year	16,872	3.89
Weighted average remaining life of options outstanding at end of year		5 years
Options exercisable at end of year		15,372

Options have been granted under the SOP carrying varying vesting periods of up to 4 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 and in relation to the issuance of the B Ordinary shares. The value of such share based payments and the expense thereon has been calculated using appropriate valuation principles. 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	1 June 2011
Exercise price	£4.18	£4.18	£0.01	£6.75	£1.50
Expected volatility	45%	45%	45%	45%	45%
Expected life of options	3 years	3 years	4 years	3 years	3 years
Dividend yield expected in underlying shares	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	5.4%	5.4%	4.5%	4.5%	4.5%
Value of option	£1.51	£1.51	£4.49	£0.97	£0.00
Vesting period (period from grant date)	Daily up to 3 years	3 years	4 years	3 years	3 years
Performance conditions attached	No	No	No	Yes	No
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

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 Group's staff retention rate as well as the likelihood of achieving the performance conditions where relevant. The expected life is the average expected period to exercise from grant date and the risk free interest rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The expense in relation to the B Ordinary shares (see note 20) has been calculated using the following assumptions in a binary option valuation model:

Expected volatility	27%
Dividend yield expected in underlying shares	Nil
Risk free interest rate	0.49%
Vesting period	1.67 years

The total expense charged for the period arising from share based payments is £46,708 (2013: credit of £1,778).

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 payable amount of £675,082 (2013: £634,502 payable).

Notes (continued)

25 Pension commitments

The Defaqto Personal Pension Plan is a defined contribution plan and is 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 10% (2013: 10%).

The pension cost, which represents the contributions payable by the Group under this personal pension plan, amounted to £534,411 for the year ended 31 March 2014 (2013: £581,708). Included in creditors due within one year is £46,354 (2013: £41,331) in respect of contributions due under this personal pension plan.

In the year to 31 March 2013, the Group made contributions on behalf of one of its former 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 that year, amounted to £32,833.

26 Commitments

At 31 March 2014 the Group had annual commitments under operating leases as follows:

	31 March 2014		31 March 2013	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry within one year	-	155,423	-	14,122
Expiry 2-5 years inclusive	79,500	70,948	79,500	257,010
	<u>79,500</u>	<u>226,371</u>	<u>79,500</u>	<u>271,132</u>

At 31 March 2014 the Company had no annual commitments under operating leases (2013: none).

27. Ultimate controlling party

The A ordinary shareholders comprise four entities of which three, representing approximately 52% (2013: 52%) of the issued share capital of the Company, are managed by one institutional investment house and the other, representing approximately 35% (2013: 35%) of the issued share capital of the Company, is managed by another institutional investment house. No individual shareholder is in a position to exert significant influence over the Company.

28 Related party transactions

The Company has taken advantage of the exemption contained in FRS8 and not disclosed transactions or balances with its wholly owned subsidiary undertakings.

The following shareholders had the following loan notes, including accrued interest, outstanding from the Company and interest accruing thereon:

	Loan notes outstanding		Interest charge in year	
	31 March 2014 £	31 March 2013 £	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Rose Nominees Limited (A/C # 20642)	3,372,408	3,175,291	197,117	197,117
Rose Nominees Limited (A/C # 20819)	2,933,958	2,763,017	170,941	170,941
Rose Nominees Limited (A/C # 21623)	3,925,478	3,708,226	217,251	217,251
Foresight 4 VCT plc	6,821,227	6,431,022	390,206	390,206