

Securities Lending Services Group Limited

Directors' report and financial statements

For the year ended 30 June 2010

Registered number 06097517

SATURDAY



A18

A11HES65

05/03/2011

100

COMPANIES HOUSE

Company Information

Directors	D T Smith M C Faulkner B K Cuthbert C T M Ind D R Calam M K P Grassby L Olesky
Company secretary	L G Berry
Company number	06097517
Registered office	2 Seething Lane London EC3N 4AT
Auditors	KPMG LLP Chartered Accountants & Registered Auditors 15 Canada Square London E14 5GL

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Securities Lending Services Group Limited	4
Consolidated Profit and Loss account	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Cashflow Statement	9
Reconciliation of net cash flow to movements in net funds/debt	9
Notes	10

Directors' report

The directors present their report and the financial statements for the year ended 30 June 2010

Principal activities

The principal activity of the group was that of the provision of securities lending data and services

The Company was incorporated on 12 February 2007 and commenced trading on 25 April 2007

Business review

The financial year to 30 June 2010 was another successful year for the group. Revenue has grown 17% year on year, with EBITDA growing 25%. This growth was delivered in the context of continuing turbulence in both the financial services industry and the real economy globally. Overall, an additional 63 new clients subscribed to our services.

The business launched further new product and content developments for clients. In addition the group announced new relationships with both Factset and Thomson Reuters, which allow access to the Company's data through their platforms.

The business has expanded its news and research publication through the launch of the Long-Short Report blog as well as additional press coverage in leading business publications.

The Forum events, which are hosted by the Company in conjunction with our key clients, witnessed successful events in Dubai, London and New York. Due to the success of these events a further Forum has been added to the annual calendar in Hong Kong.

Future Developments

The group's focus continues to be on providing innovative solutions to clients. Across the various market segments the business serves, product and content enhancements will deliver additional value to our clients, supporting their goals of enhancing both returns and managing risk within their portfolios.

In September 2010, the group's content was launched on the Bloomberg Professional Service. This allows all Bloomberg users to integrate Data Explorers' content into their workflow.

In addition, the group is opening an office in Hong Kong, in order to better service our current clients in the region as well as responding to the global market shifts that see increasing financial market activity being based in Asia.

Principal risks and uncertainties

The group continues to service the financial services industry, and the growth of the business is related to the health of this industry. Although the worst of the financial crisis of 2008 has passed and the outlook for regulation is now more certain, the industry is still subject to many unknowns, including the health of the world economy and especially that of the US economy.

Key performance indicators

The group is focused on growing the revenue and profitability (EBITDA). Revenue has grown 17% year on year, with EBITDA growing 25%. EBITDA margins also improved by 2%.

Results

The loss for the period, after taxation, amounted to £5,950,929 (2009 £6,681,740)

The directors do not recommend the payment of a dividend (2009 nil)

Directors and directors' interests

The directors who held office during the year were as follows

DR Calam
BK Cuthbert
MC Faulkner
CTM Ind
MKP Grassby
DT Smith
L Olesky

Going Concern

The group and company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1

The group has an £8 million term loan which matures in 2014. The bank facility is subject to three covenants: the ratio of EBITDA to total debt, the ratio of interest to EBITDA, and the ratio of cash available for debt service to total debt service costs. The Company's forecasts and projections show that the Company should be able to operate within these covenants and to repay the term loan on or before the maturity date.

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Charitable and political contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2009 £nil)

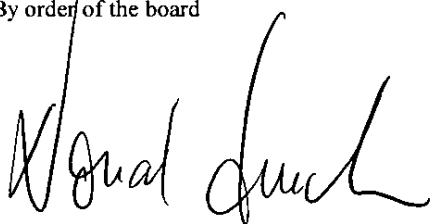
Provision of information to auditors

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

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board



DT Smith
Director

2 Seething Lane
London
EC3N 4AT

12 October 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Securities Lending Services Group Limited

We have audited the financial statements of Securities Lending Services Group Limited for the year ended 30 June 2010 set out on pages 6 to 23. 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 3, 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.

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 30 June 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 auditor's report to the members of Securities Lending Services 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



W Southwood (Senior Statutory Auditor)

22 October 2010

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

Consolidated profit and loss account
for the year ended 30 June 2010

	<i>Note</i>	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Turnover	<i>1,2</i>	17,489,592	14,927,167
Cost of sales		(8,596,291)	(7,703,689)
Gross profit		8,893,301	7,223,478
Administrative expenses		(9,889,064)	(9,145,257)
Operating loss	<i>3</i>	(995,763)	(1,921,779)
Interest receivable		6,542	56,407
Interest payable	<i>7</i>	(4,408,846)	(4,647,565)
Loss on ordinary activities before taxation		(5,398,067)	(6,512,937)
Tax on loss on ordinary activities	<i>8</i>	(552,862)	(168,803)
Loss on ordinary activities after taxation		(5,950,929)	(6,681,740)

All amounts relate to continuing operations

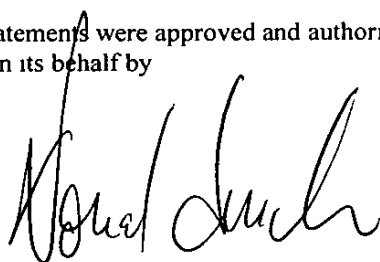
There were no recognised gains and losses in the current and prior year other than those included in the profit and loss account

The notes on pages 10 to 23 form part of these financial statements

Consolidated balance sheet
at 30 June 2010

	Note	2010	2009
		£	£
Fixed assets			
Intangible assets	9	38,614,603	44,265,562
Tangible fixed assets	10	304,714	388,744
		<u>38,919,317</u>	<u>44,654,306</u>
Current assets			
Debtors	12	4,254,103	3,575,337
Cash at bank and in hand		677,355	2,067,445
		<u>4,931,458</u>	<u>5,642,782</u>
Creditors: amounts falling due within one year	13	<u>(13,967,370)</u>	<u>(10,718,622)</u>
Net current liabilities		<u>(9,035,912)</u>	<u>(5,075,840)</u>
Total assets less current liabilities		<u>29,883,405</u>	<u>39,578,466</u>
Creditors, amounts falling due after more than one year	14	<u>(49,919,032)</u>	<u>(53,687,910)</u>
Net liabilities		<u>(20,035,627)</u>	<u>(14,109,444)</u>
Capital and reserves			
Called up share capital	15	1,600,001	1,600,001
Profit and loss account		(21,635,628)	(15,709,445)
Shareholders' deficit	16	<u>(20,035,627)</u>	<u>(14,109,444)</u>

These financial statements were approved and authorised for issue by the board of directors on 12 October 2010 and were signed on its behalf by



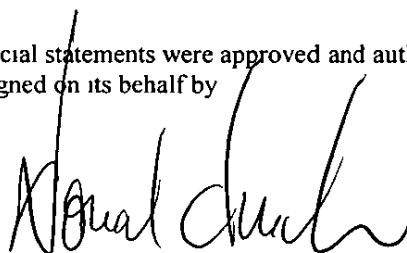
DT Smith
Director

The notes on pages 10 to 23 form part of these financial statements

Company balance sheet
at 30 June 2010

	<i>Note</i>	2010		2009	
		£	£	£	£
Fixed assets					
Fixed asset investment	11		45,794,992		45,794,992
Current assets					
Debtors	12	124,886		2,941,257	
Cash at bank and in hand		78,259		672,165	
		<u>203,145</u>		<u>3,613,422</u>	
Creditors amounts falling due within one year	13	(7,153,934)		(2,650,418)	
Net current assets			(6,950,789)		963,004
Total assets less current liabilities			38,844,203		46,757,996
Creditors amounts falling due after more than one year	14		(49,919,032)		(53,687,910)
Net liabilities			(11,074,829)		(6,929,914)
Capital and reserves					
Called up share capital	15		1,600,001		1,600,001
Profit and loss account			(12,674,830)		(8,529,915)
Shareholders' deficit	16		(11,074,829)		(6,929,914)

These financial statements were approved and authorised for issue by the board of directors on 12 October 2010 and were signed on its behalf by



DT Smith
 Director

The notes on pages 10 to 23 form part of these financial statements

Consolidated Cash flow statement
for the year ended 30 June 2010

	<i>Note</i>	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Net cash flow from operating activities	17	7,443,264	5,393,143
Returns on investments and servicing of finance	18	(1,846,743)	(308,885)
Taxation		(177,679)	(142,537)
Capital expenditure and financial investment	18	(84,192)	(273,903)
Cash inflow before financing		5,334,650	4,667,818
Financing outflow	18	(6,741,114)	(6,270,689)
Effect of exchange rate fluctuations on cash held	19	16,374	(10,828)
Decrease in cash in the period	19	(1,390,090)	(1,613,699)

Reconciliation of net cash flow to movement in net funds/debt
for the year ended 30 June 2010

	<i>Note</i>	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Decrease in cash in the year	19	(1,390,090)	(1,613,699)
Cash outflow from change in debt and lease financing	18	6,741,114	6,270,689
Change in net debt resulting from cash flows		5,351,024	4,656,990
Other non-cash changes	19	(2,597,236)	(3,591,967)
Movement in net debt in the year		2,753,788	1,065,023
Net Debt Brought Forward		(53,338,458)	(54,403,481)
Net debt at 30 June 2010	19	(50,584,670)	(53,338,458)

The notes on pages 10 to 23 form part of these financial statements

Notes *(forming part of the financial statements)*

1 Accounting policies

Basis of preparation of financial statements

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

The group and company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on page 1

The group meets its day-to-day working capital requirements through an £8 million term loan which matures in 2014. The current economic conditions create uncertainty particularly over the level of demand for the Company's products and the availability of bank finance in the foreseeable future.

The bank facility is subject to three covenants: the ratio of EBITDA to total debt, the ratio of interest to EBITDA, and the ratio of cash available for debt service to total debt service costs. The Company's forecasts and projections, taking account of reasonably probable changes in trading performance, show that the Company should be able to operate within the level of its current facility. The Company has no reason to suggest that renewal of the facility may not be forthcoming on acceptable terms.

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The financial statements consolidate the accounts of Securities Lending Services Group Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the period are included from the effective date of acquisition.

The results of subsidiaries sold are included up to the effective date of disposal.

Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover is generally recognised on a straight line basis over the contract term, other than turnover for consulting services, which is recognised on a percentage completion basis when the services are performed.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term leasehold property	-	over term of the lease
Fixtures and fittings	-	33% straight line
Computer equipment	-	33% straight line

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Pensions

The pension cost charge represents contributions payable by the Company into individuals own pension funds

Share Based Payments

The share options 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 evaluation 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 except where forfeiture is due only to share prices not achieving the threshold for vesting.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to or reimbursed by the subsidiary are recognised as a reduction in the cost of investment in the subsidiary.

Goodwill

Acquired goodwill is valued at the fair value of consideration received less the fair value of assets acquired by the group. It is written off in equal annual instalments over its estimated useful economic life of 10 years.

2 Turnover

A geographical analysis of turnover split by destination is as follows

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
United Kingdom	6,052,274	5,765,165
Rest of world	11,437,318	9,162,002
	<u>17,489,592</u>	<u>14,927,167</u>

3 Operating loss

Operating loss is arrived at after charging

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Amortisation – intangible fixed assets	5,650,959	5,643,233
Depreciation of tangible fixed assets		
- owned by the group	170,301	149,842
Operating lease rentals		
- other operating leases	440,925	357,407
Foreign exchange (gains)/losses	44,584	(11,750)
	<u>6,266,769</u>	<u>6,139,732</u>

Notes (continued)

4 Auditors' remuneration

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
<i>Amounts receivable by auditors and their associates in respect of:</i>		
Audit of these financial statements	12,000	12,000
Audit of financial statements of subsidiaries pursuant to legislation	30,000	30,000
Other services relating to taxation	81,696	119,196

5 Staff costs

Staff costs, including directors' remuneration, were as follows

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Wages and salaries	6,733,369	5,422,183
Social security costs	713,881	538,343
Other pension costs	513,564	443,127
	7,960,814	6,403,653

The average monthly number of employees, including the directors, during the period was as follows

Number of employees

Year ended 30 June 2010	Year ended 30 June 2009
100	81

6 Remuneration of directors

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Directors' emoluments	345,667	234,440
Company pension contributions to money purchase pension schemes	160,277	139,072

During the year retirement benefits were accruing to 3 (2009 3) directors in respect of money purchase pension schemes

The highest paid director received remuneration of £286,667 (2009 £180,000)

Notes (continued)

7 Interest payable

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
On bank loans and overdrafts	512,209	698,361
On other loans	3,839,630	3,585,956
Amortisation of loan issuance costs	57,007	363,248
	<u>4,408,846</u>	<u>4,647,565</u>

8 Taxation

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Corporation tax charge on loss for the year	552,862	126,598
Adjustments in respect of prior periods	-	42,205
	<u>552,862</u>	<u>168,803</u>

Factors affecting the tax charge for the period

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK (28%) (2009 28%)
 The differences are explained below

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Loss on ordinary activities before tax	(5,398,067)	(6,512,937)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(1,511,459)	(1,823,622)
<i>Effects of</i>		
Expenses not deductible for tax	2,065,225	1,979,297
Capital allowances for period in excess of depreciation	(24,080)	(31,440)
Utilisation of tax losses	-	-
Higher overseas tax rate	23,176	2,363
Adjustments from prior year	-	42,205
	<u>552,862</u>	<u>168,803</u>

Notes (continued)

9 Intangible fixed assets

Group	Year ended 30 June 2010 £
Cost	
At beginning of year	56,492,855
At end of year	56,492,855
Amortisation	
At beginning of year	12,227,293
Charged in year	5,650,959
At end of year	17,878,252
Net book value	
At 30 June 2010	38,614,603
At 30 June 2009	44,265,562

During the year an impairment review was not considered necessary. Last year, the directors reviewed the carrying value of the goodwill for impairment as it was the first full year following acquisition. No impairment was considered necessary.

10 Tangible fixed assets

Group	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At beginning of year	181,105	639,659	820,764
Foreign exchange differences	-	2,080	2,080
Additions	4,799	80,362	85,161
Disposals	-	(969)	(969)
At end of year	185,904	721,132	907,036
Depreciation			
At beginning of year	27,263	404,757	432,020
Foreign exchange differences	-	1,219	1,219
Charge for year	30,497	138,640	169,137
On disposals	-	(54)	(54)
At end of year	57,760	544,562	602,322
Net book value			
At 30 June 2010	128,144	176,570	304,714
At 30 June 2009	153,842	234,902	388,744

Notes (continued)

11 Fixed asset investments

The shares of all companies except DataExplorers Limited and Data Explorers Consulting Limited are held via DataExplorers Limited

Company	Year ended 30 June 2010 £	Year ended 30 June 2009 £
<i>Cost or valuation</i>		
At beginning of year	45,794,992	45,746,147
Additions	-	48,845
Disposals	-	-
	<u>45,794,992</u>	<u>45,794,992</u>

Details of the principal subsidiaries can be found under note 25

12 Debtors

Group	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Trade debtors	2,821,495	2,333,457
Other debtors	166,223	462,536
Prepayments and accrued income	1,266,385	779,344
	<u>4,254,103</u>	<u>3,575,337</u>

Company	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Amounts owed by group undertakings	87,100	2,785,929
Other debtors	7,914	123,503
Prepayments and accrued income	29,872	31,825
	<u>124,886</u>	<u>2,941,257</u>

All amounts are due within one year

Notes *(continued)*

13 Creditors: amounts falling due within one year

Group	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Bank loans and overdrafts	1,342,993	1,717,993
Trade creditors	322,439	362,441
Corporation tax	527,613	152,430
Social security and other taxes	555,617	336,997
Other creditors	643,726	905,521
Accruals and deferred income	10,574,982	7,243,240
	<hr/>	<hr/>
	13,967,370	10,718,622
	<hr/>	<hr/>
 Company	 Year ended 30 June 2010 £	 Year ended 30 June 2009 £
Bank loans and overdrafts	1,342,993	1,717,993
Trade creditors	55,282	31,157
Corporation tax	70,000	-
Amounts owed to group undertakings	4,789,205	-
Social security and other taxes	172,513	44,749
Other creditors	35,315	27,920
Accruals and deferred income	688,626	828,599
	<hr/>	<hr/>
	7,153,934	2,650,418
	<hr/>	<hr/>

Notes (continued)

14 Creditors: amounts falling due after more than one year

Group and company	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Bank loans	4,625,477	5,968,470
Other loans	45,293,555	47,719,440
	<u>49,919,032</u>	<u>53,687,910</u>

Included within the above are amounts due as follows

Group and company	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Between one and five years		
Bank loans	4,625,477	5,371,973
	<u> </u>	<u> </u>
Over five years		
Bank loans	-	596,497
Other loans	45,293,555	47,719,440
	<u>45,293,555</u>	<u>47,719,440</u>

Creditors include amounts not wholly repayable within 5 years as follows

Group and company	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Repayable by instalments	-	596,497
Repayable other than by instalments	45,293,555	47,719,440
	<u>45,293,555</u>	<u>48,315,937</u>

Loan Notes are repayable in full in the event of a sale or listing or, if earlier, 25 April 2017. Interest is accrued daily at a rate of 8% per annum. See note 23 for loan notes held by related parties. At 30 June 2010 Securities Lending Services Group Limited had a bank facility with HSBC Bank plc. There are cross guarantees in place to guarantee this loan from other group companies, DataExplorers Limited and Data Explorers Consulting Limited.

Notes (continued)

15 Called up share capital

	Year ended 30 June 2010	Year ended 30 June 2009
<i>Authorised</i>	£	£
25,000,000 Ordinary A shares of £0.10 each (2009 25,000,000 of £0.10 each)	2,500,000	2,500,000
25,000,000 Ordinary B shares of £0.10 each (2009 25,000,000 of £0.10 each)	2,500,000	2,500,000
25,000,000 Ordinary C shares of £0.10 each (2009 25,000,000 of £0.10 each)	2,500,000	2,500,000
25,000,000 Ordinary D shares of £0.10 each (2009 25,000,000 of £0.10 each)	2,500,000	2,500,000
	<u>10,000,000</u>	<u>10,000,000</u>
<i>Allotted, called up and fully paid</i>		
8,121,160 Ordinary A shares of £0.10 each (2009 8,121,160 of £0.10 each)	812,116	812,116
4,005,320 Ordinary B shares of £0.10 each (2009 4,005,320 of £0.10 each)	400,532	400,532
1,560,060 Ordinary C shares of £0.10 each (2009 1,560,060 of £0.10 each)	156,006	156,006
2,313,470 Ordinary D shares of £0.10 each (2009 2,313,470 of £0.10 each)	231,347	231,347
	<u>1,600,001</u>	<u>1,600,001</u>

The Ordinary A, B, C and D shares rank *pari passu*

The directors consider that the Company is a close company, as defined by section 439 Corporation Tax Act 2010

16 Reconciliation of movement in shareholders' deficit

Group	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
Opening shareholders' deficit	(14,109,444)	(7,500,708)
Loss for the year	(5,950,929)	(6,681,740)
Share based payments	93,392	60,016
Foreign exchange	18,454	12,988
Purchase of own shares by Employee Share Ownership Trust	(87,100)	-
	<u>(20,035,627)</u>	<u>(14,109,444)</u>
Closing shareholders' deficit		
	<u>(20,035,627)</u>	<u>(14,109,444)</u>
 Company	 Year ended 30 June 2010	 Year ended 30 June 2009
	£	£
Opening shareholders' funds	(6,929,914)	(2,858,562)
Loss for the year	(4,178,832)	(4,131,368)
Share based payments	33,917	60,016
	<u>(11,074,829)</u>	<u>(6,929,914)</u>
Closing shareholders' deficit		
	<u>(11,074,829)</u>	<u>(6,929,914)</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the period dealt with in the accounts of the Company was £4,178,832 (2009 £4,131,368)

During the year, the group purchased 160,000 of its shares for £87,100 which are held in an Employee Benefit Trust

Notes *(continued)*

17 Net cash flow from operations

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Operating loss	(995,763)	(1,921,779)
Amortisation of intangible fixed assets	5,650,959	5,643,233
Depreciation of tangible fixed assets	170,301	149,842
Share based payment charge	93,392	60,016
Increase in debtors	(765,866)	(84,198)
Increase in creditors	3,290,241	1,546,029
Net cash inflow from operations	<u>7,443,264</u>	<u>5,393,143</u>

18 Analysis of cash flows for headings netted in cash flow statement

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Return of investments and servicing of finance		
Interest received	6,542	56,407
Interest paid	(1,853,285)	(365,292)
Net cash outflow from returns on investments and servicing of finance	<u>(1,846,743)</u>	<u>(308,885)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(84,192)	(273,903)
Financing		
Issue of ordinary shares	-	-
New secured loans	-	13,629,311
Repayment of loans	(1,775,000)	(19,900,000)
Issue of loan notes	-	-
Redemption of loan notes	(4,966,114)	-
Net cash out flow from financing	<u>(6,741,114)</u>	<u>(6,270,689)</u>

Notes *(continued)*

19 Analysis of changes in net debt

	30 June 2009 £	Cash flow £	Other Non-cash changes £	30 June 2010 £
Cash at bank and in hand	2,067,445	(1,406,464)	16,374	677,355
Debt				
Debts due within one year	(1,717,993)	432,007	(57,007)	(1,342,993)
Debts falling due after more than one year	(53,687,910)	6,309,107	(2,540,229)	(49,919,032)
Net debt	<u>(53,338,458)</u>	<u>5,334,650</u>	<u>(2,580,862)</u>	<u>(50,584,670)</u>

20 Major non-cash transactions

Non-cash changes consist of capitalised interest on loan notes

21 Pension commitments

The pension cost charge represents contributions payable by the Company into individuals own pension funds. Contributions payable by the Company for the period were £513,564 (2009 £443,127)

22 Operating lease commitments

The Group had annual commitments under non-cancellable operating leases as follows

	Year ended 30 June 2010 Land and buildings £	Year ended 30 June 2009 Land and buildings £
Group		
Expiry date		
Within 1 year	128,481	80,157
Within 2-5	241,024	60,734
After more than 5 years	-	180,290

Notes (continued)

23 Related party transactions

On 1 June 2010, Securities Finance Systems Limited and D Smith jointly, as trustees of the Data Explorers Employee Benefit Trust, acquired 160,000 shares (worth £87,100) from C Holmes

In the prior year on 5 February 2009 J C E Pittam transferred 97,246 loan notes to C Holmes and 97,246 to D Smith On 14 May 2009 J C E Pittam transferred 291,738 loan notes to Ventry Nominees Limited

In the prior year, on appointment as director, L Olesky received 120,000 shares (for a consideration at par value being £12,000) from Ventry Nominees Limited This transfer involved 120,000 Ordinary A shares being converted to 120,000 Ordinary D shares Also in the year on 14 May 2009, J C E Pittam transferred 82,560 shares to Ventry Nominees Limited, converting 82,560 Ordinary D shares to Ordinary A

The movement in the loan note balances during the year are as follows

Holder of Relevant Loan Notes At end of year	Capital & Interest	Interest accrued	Capital & Interest Redeemed	Capital & Interest
	At beginning of year £	During year £	During year £	At end of year £
Ventry Nominees Limited	28,005,490	2,169,221	(3,594,480)	26,580,231
Dr B K Cuthbert	1,999,884	152,084	(256,668)	1,895,300
A Cuthbert	2,720,262	212,543	(349,158)	2,583,647
M C Faulkner	12,118,679	936,135	(1,555,419)	11,499,395
D Smith	115,069	8,889	(14,770)	109,188
Other Loan Note Holders	3,450,910	266,424	(442,913)	3,274,421
	<u>48,410,294</u>	<u>3,745,296</u>	<u>(6,213,408)</u>	<u>45,942,182</u>

The Company is ultimately controlled by funds managed by Bowmark Capital LLP

Notes (continued)

24 Employee Share Schemes

Share based payments – Group

Option Plan	Date of Grant	Number of Options Granted at Year End	Strike Price	Expected Life of Option (at time of grant)	Share price at grant	Method of Settlement Accounting
			£	Years	£	
Initial grant (net of leavers)	22-Oct-08	1,256,446	8.75	3.00	3.37	Equity
2 nd Grant	05-Nov-08	152,722	8.75	2.96	3.37	Equity
3 rd Grant	01-Feb-09	90,000	4.00	2.72	3.37	Equity
4 th Grant	01-Jun-09	10,000	8.75	2.39	3.37	Equity
5 th Grant	08-Jun-09	10,000	8.75	2.37	3.37	Equity
Leavers in year to 30 June 2010		(98,500)	8.75	-	3.37	Equity
Total Number of Options Granted		1,420,668				

The number and weighted average exercise prices of share options in are as follows

	Weighted average Exercise Price	2010 Number of Options	Weighted average Exercise Price	2009 Number of Options
	£		£	
Outstanding at the beginning of the year	8.47	1,519,168	-	-
Granted during the year	-	-	8.47	1,550,168
Forfeited during the year	8.75	(98,500)	8.75	(31,000)
Outstanding at the end of the year	8.45	1,420,668	8.47	1,519,168
Exercisable at the end of the year	-	-	-	-

Notes (continued)

24 Employee Share Schemes (continued)

The weighted average share price at the date of exercise of share options exercised during the period was £8.45 (2009 £8.47)

The options outstanding at the year end have an exercise price in the range of £4.00 to £8.75 and a weighted average contractual life of 2 years

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted

And (for grants or modifications of equity instruments occurring in either the current or comparative year)

Fair value at measurement date

	Year ended 30 June 2010	Year ended 30 June 2009
Weighted average share price	N/A	£3.37
Exercise price		£8.47
Expected volatility (expressed as % used in the modelling under the Black Scholes Model)		38%
Option life		3 years
Expected dividends		-
Risk free interest rate (based on national government bonds)		3.73%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information

The total expenses recognised for the year are as follows. All schemes are equity settled

Fair value at measurement date

	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
Equity settled share based payments	93,392	60,016

25 Principal subsidiaries

Company name	Country	Percentage Share - holding	Description
DataExplorers Limited	England and Wales	100	Provision of securities financing data
Securities Finance Systems Limited	England and Wales	100	Corporate Trustee
Data Explorers Consulting Limited	England and Wales	100	Provision of consultancy services
Performance Explorer Limited	England and Wales	100	Dormant
Index Explorer Limited	England and Wales	100	Dormant
Risk Explorer Limited	England and Wales	100	Dormant
Report Explorer Limited	England and Wales	100	Dormant
Data Explorers Incorporated	USA	100	Provision of securities financing data