

Just-Eat Group Holdings Limited
Annual report and financial statements
for the year ended 31 December 2010

Registered number 06947854



Report and Financial Statements 2010

Officers and Professional Advisers

Directors

B Holmes
K Nyengaard
F Coorevits
L Bowden

Secretary

M Wroe

Registered office

90 Fetter Lane
London
EC4A 1EQ

Bankers

Lloyds TSB
296-302 High Holborn
Holborn
London
WC1V 7JH

Solicitors

Bird & Bird LLP
15 Fetter Lane
London
EC4A 1JP

Auditors

Deloitte LLP
Reading, United Kingdom

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010. The directors adopted International Financial Reporting Standards (IFRS) in the year. The transition date to IFRS is 1 January 2009. This is applied to the consolidated financial statements only. The Company financial statements continue to be prepared under UK GAAP as permitted by IFRS 1 and the Companies Act 2006.

Principal activities

The Company's principal activity is to be the ultimate holding company for the Just-Eat Group ("the Group"). The Group focuses on the provision of online takeaway ordering for restaurants and consumers around the world.

Principal risks and uncertainties

The business operates in a fast moving and technical environment. To protect against technology becoming obsolete and to preserve and build market share, management has embarked on a recruitment drive to attract talented staff in key business areas such as online marketing, technology, product and business development. The Company is in a strong position to preserve and build market share through a diverse and pro-active marketing effort and through access to significant equity finance.

The Group has significant operations outside the UK and as such is exposed to movements in exchange rates. To protect against a high level of exchange rate risk the Group treasury policy is to source favourable exchange rate deals in advance of significant committed foreign currency purchases (for example, acquisitions of overseas operations). The Group does not currently enter into forward exchange contracts to hedge foreign exchange exposure.

Business review

This has been another exciting year for the Just-Eat Group. The Group's turnover has increased by 96% from £9.6m to £18.8m led by a 91% growth in order numbers from 4.4 million to over 8.4 million. Just-Eat websites processed over £140 million worth of orders in 2010 (2009 £77 million). The Group's profit and loss account is set out on page 10. During 2010, the number of delivery restaurants in the Just-Eat network increased from 7,400 to over 12,600, an increase of more than 70%. We consider revenue, restaurant and order numbers to be the Group's main KPIs.

The two Established Geographies (UK and Denmark) are operationally profitable and the Group's strategy in 2009/2010 and into 2011 is to continue to invest all profits generated back into the wider business. This model will ensure the aggressive organic growth of the Group is continued and, combined with the new equity funding, allows the Group to secure future acquisitions in new and existing markets.

This strategy has resulted in the order numbers outside of the UK and Denmark increasing by over 120% year on year (excluding any adjustments for share ownership). During 2010, the Group opened new operations in Spain, acquired 100% of EatStudent Limited (based in the UK) and increased its shareholding in the Canadian business, Just Eat Canada Inc., from 50% at 1 January 2010 to 71.9% at 31 December 2010. The overall cost of these additional investments in Just Eat Canada Inc. was £547,877 funded by cash consideration. The Group also increased its holding in its fixed asset investment in OnlinePizza Norden AB which operates in Scandinavia and Eastern Europe from 7.62% to 8.59%.

Following continued equity investment, in April 2010, Just Eat Canada Inc. changed from being a joint venture of the Group to becoming a subsidiary. From the date control passed, this company contributed turnover of £164,217 to the Group. Prior to 1 April 2010, the Canadian business was accounted for as a joint venture under the proportional consolidation method.

In conclusion, the directors are delighted with the continued growth and geographical expansion of the Group. High levels of organic and acquisitive investment will be maintained and/or increased during 2011.

Just-Eat Group Holdings Limited

Directors' Report (continued)

Capital structure

The Group completed a funding round in March 2011 of £29.8 million. £15 million of which was new equity issued by the company. This funding, from Index Ventures, Greylock Partners and Redpoint Ventures, has been used to continue the Group's expansion. In 2011 operations in Italy, India, Switzerland, Brazil and Canada (West coast) were acquired. Further information on the acquisitions finalised during 2011 is included in note 40. At the date of this report, the Group controlled operations in 10 countries, had significant influence over the operations in two countries and either a direct or indirect investment in businesses that operated in a further four countries. In the recently acquired entities mentioned above, the Group will be implementing the business model that has been replicated so successfully in its core European businesses.

Details of the authorised and issued share capital, together with details of the movement in the company's issued share capital during the year are shown in note 25. The company has two classes of ordinary share which carry no right to fixed income. The company also has one class of preference share. Additional details relating to the capital structure of the business are included in note 25.

Details of employee share schemes are set out in note 36. No person has any special rights of control over the company's share capital and all issued shares are fully paid.

In 2010 the company issued a 12% convertible loan. See note 21.

Going concern

At 31 December 2010, the Group had net current liabilities of £2,286,673 and generated cash inflows from operating activities of £1,091,057.

In July 2009, the Company raised new equity funding from, amongst others, Index Ventures. In March 2011, a second funding round of £29.8 million was completed with significant new equity being injected from Greylock Partners and Redpoint Ventures with continued substantial support from Index Ventures. This additional funding, combined with debt facilities available to the wider Just-Eat Group, means that the directors have a reasonable expectation given the economic uncertainties that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Dividends

The directors do not recommend a final dividend (2009: £nil).

Just-Eat Group Holdings Limited

Directors' Report (continued)

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Group does not currently use derivative financial instruments to manage these risks and instead monitors risks on a case by case basis to ensure effective action is taken to mitigate risk where necessary.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. To protect against a high level of exchange rate risk, the Group treasury policy is to source favourable exchange rate deals in advance of significant foreign currency purchases (for example, acquisitions of overseas operations). The Group does not currently enter into forward exchange contracts to hedge foreign exchange exposure.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables and shown gross in the notes to the accounts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies.

The Group has no significant concentration of credit risk, with its minimal exposure spread over a large number of entities.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in note 39.

Directors

The directors, who served throughout the year to date of signing except as noted, were as follows:

B Holmes

K Nyengaard

F Coorevits

L Bowden (appointed 16 March 2011)

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Just-Eat Group Holdings Limited

Directors' Report (continued)

Directors' interests

The directors who held office at 31 December 2010 and at the date of this report had the following interests in the Ordinary A and B shares of the company (this has been calculated on a fully diluted basis)

Name of director	31 December 2010	As at date of signing
B Holmes	-	-
K Nyengaard	-	2.31%
F Coorevits	-	-
L Bowden	n/a	0.04%

Supplier payment policy

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 31 December 2010 were equivalent to 32 days' (2009: 39 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

During the year the group made no charitable or political donations (2009: nil, 2008: nil)

Employees

The Group's employment policies are designed to ensure that the Group is able to attract the highest calibre of employees from all sectors of the communities in which it operates. This helps ensure that the Group competes at the highest level with comparable companies. The Group values diversity in the work place and is committed to providing equality of opportunity to all employees and potential employees. It actively encourages continuous training and skill development in all its businesses.

In the Group, the focus on advanced technologies requires a high level of technical expertise and management works closely with vendors to ensure that employees are trained appropriately. Management is committed to building an environment where each employee can fulfil their potential.

The Group's personnel practices ensure that every employee, wherever they work, whatever their role, is treated equally, fairly and respectfully at all times. Adherence to health and safety standards ensures that our people are properly protected and cared for, wherever they operate. The Group maintains consistent and transparent diversity policies across all our markets. We firmly believe that career opportunity, recognition and reward should be determined by a person's capabilities and achievement, not their age, sex, race, religion or nationality.

The policy of the Group for the employment of disabled persons is to provide equal opportunities with other employees to train for and attain any position in the Group, having regard to the maintenance of a safe working environment and the constraints of their disabilities.

To support the Group's commitment to open communication with employees, the Group discusses with employees, through briefings and an internal portal matters likely to affect employees' interests. Information on matters of concern to employees is given through notices, meetings and reports, including information to help employees achieve a common awareness of the factors affecting the performance of the Group.

Just-Eat Group Holdings Limited

Directors' Report (continued)

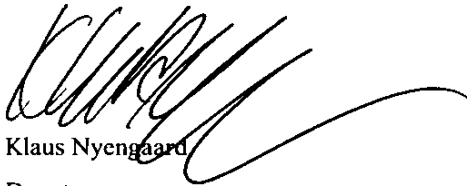
Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting



Klaus Nyengaard

Director

30 September 2011

Just-Eat Group Holdings Limited

Directors' responsibilities

The directors are responsible for preparing the Annual 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 group financial statements under IFRSs (IFRSs) as adopted by the European Union and the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006.

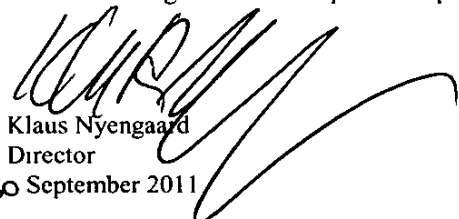
International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Klaus Nyengaard
Director

30 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUST-EAT GROUP HOLDINGS LIMITED

We have audited the financial statements of Just-Eat Group Holdings Limited for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated and Parent Company Statement of Changes in Equity and the related notes 1 to 51. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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 explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements 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 JUST-EAT GROUP HOLDINGS 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



John Clennett FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
30 September 2011

Just-Eat Group Holdings Limited
Consolidated Income Statement
For the year ended 31 December 2010

		Year ended 2010 £	Year ended 2009 £
	Note		
Continuing operations			
Revenue	4	18,825,690	9,616,068
Cost of sales		(2,257,302)	(1,164,274)
Gross profit		16,568,388	8,451,794
Other administrative expenses		(17,396,367)	(9,517,278)
Long term employee incentive provision	7	(722,592)	-
Total administrative expenses		(18,118,959)	(9,517,278)
Operating loss		(1,550,571)	(1,065,484)
Other gains/(losses)	6	42,077	(226,124)
Investment revenue	10	9,824	7,346
Finance costs	11	(82,176)	(145,807)
Loss before tax		(1,580,846)	(1,430,069)
Tax	12	(52,403)	(642,310)
Loss for the year	5	(1,633,249)	(2,072,379)
Attributable to			
Owners of the Company		(1,352,466)	(2,004,308)
Non-Controlling Interests		(280,783)	(68,071)
		(1,633,249)	(2,072,379)

Just-Eat Group Holdings Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	Year ended 2010 £	Year ended 2009 £
Loss for the year	(1,633,249)	(2,072,379)
Exchange differences on translation of foreign operations	28 119,057	(606,801)
Fair value adjustment on Available For Sale financial assets	28 45,749	-
Exchange differences on Available For Sale financial assets	28 27,198	-
Tax relating to components of other comprehensive income	28 (19,696)	-
Other comprehensive income for the period	172,308	(606,801)
Total comprehensive income for the period	(1,460,941)	(2,679,180)
Attributable to		
Owners of the Company	(1,373,722)	(2,611,109)
Non-Controlling Interests	(87,219)	(68,071)
	(1,460,941)	(2,679,180)

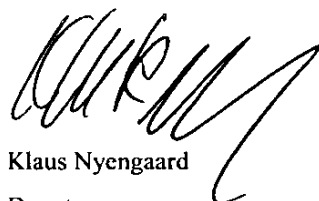
Just-Eat Group Holdings Limited
Consolidated Balance Sheet
As at 31 December 2010

		2010	2009	2008
	Note	£	£	£
Non-current assets				
Goodwill	13	1,828,129	1,920,518	2,094,094
Other intangible assets	14	422,046	125,704	70,258
Property, plant and equipment	15	1,986,111	1,199,866	626,488
Investments	18	418,952	288,839	-
		<u>4,655,238</u>	<u>3,534,927</u>	<u>2,790,840</u>
Current assets				
Inventories	19	48,815	47,881	33,360
Trade and other receivables	20	2,253,664	1,484,639	835,008
Cash and bank balances		5,032,170	4,218,775	2,263,854
Current tax asset		217,298	-	-
		<u>7,551,947</u>	<u>5,751,295</u>	<u>3,132,222</u>
Total assets		<u>12,207,185</u>	<u>9,286,222</u>	<u>5,923,062</u>
Current liabilities				
Trade and other payables	23	6,123,725	4,261,932	2,108,046
Current tax liabilities		-	521,993	485,033
Borrowings	21	2,122,922	658,774	3,951,598
Provisions	24	1,036,592	-	-
Deferred revenue	38	555,381	409,278	214,801
		<u>9,838,620</u>	<u>5,851,977</u>	<u>6,759,478</u>
Net current liabilities		<u>(2,286,673)</u>	<u>(100,682)</u>	<u>(3,627,256)</u>
Non-current liabilities				
Borrowings	21	76,860	45,977	-
Deferred tax liabilities	22	102,182	4,784	4,545
Deferred revenue	38	598,981	287,494	114,876
Liability for share based payments	24,36	-	314,000	184,000
		<u>778,023</u>	<u>652,255</u>	<u>303,421</u>
Total liabilities		<u>10,616,643</u>	<u>6,504,232</u>	<u>7,062,899</u>
Net assets / (liabilities)		<u>1,590,542</u>	<u>2,781,990</u>	<u>(1,139,837)</u>

Just-Eat Group Holdings Limited
Consolidated Balance Sheet (continued)
As at 31 December 2010

	Note	2010 £	2009 £	2008 £
Equity				
Share capital	25	1,369	1,327	1,000
Share premium account	26	4,679,500	4,679,500	-
Merger reserve	27	1,921,180	1,921,180	-
Other reserves	28	106,544	(65,764)	541,037
Share based payment reserve		75,887	-	-
Retained earnings	29	(5,038,648)	(3,686,182)	(1,681,874)
Equity attributable to owners of the Company		<u>1,745,832</u>	<u>2,850,061</u>	<u>(1,139,837)</u>
Non-Controlling Interest	30	(155,290)	(68,071)	-
Total equity/(deficit)		<u><u>1,590,542</u></u>	<u><u>2,781,990</u></u>	<u><u>(1,139,837)</u></u>

The financial statements of Just-Eat Group Holdings Limited (Registration number 06947854) were approved by the board of directors and authorised for issue on 30 September 2011. They were signed on its behalf by



Klaus Nyengaard

Director

30 September 2011

Just-Eat Group Holdings Limited
Consolidated Statement of Changes in Equity
31 December 2010

	Share Capital	Share Premium Account	Merger Reserve	Foreign Exchange Reserve	Available for Sale Reserve	Share based payment reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	£	£	£	£	£	£	£	£	£	£
Balance at 1 January 2009	1,000	-	-	541,037	-	-	(1,681,874)	(1,139,837)	-	(1,139,837)
Loss for the period	-	-	-	-	-	-	(2,004,308)	(2,004,308)	(68,071)	(2,072,379)
Other comprehensive income	-	-	-	(606,801)	-	-	-	(606,801)	-	(606,801)
Issue of capital	590	10,266,323	-	-	-	-	-	10,266,913	-	10,266,913
Shares cancelled	(263)	(5,586,823)	-	-	-	-	-	(5,587,086)	-	(5,587,086)
Creation of merger reserve	-	-	1,921,180	-	-	-	-	1,921,180	-	1,921,180
Balance at 31 December 2009	1,327	4,679,500	1,921,180	(65,764)	-	-	(3,686,182)	2,850,061	(68,071)	2,781,990
Loss for the period	-	-	-	-	-	-	(1,352,466)	(1,352,466)	(280,783)	(1,633,249)
Other comprehensive income	-	-	-	119,057	72,947	-	-	192,004	1,396	193,400
Deferred tax liability on components of other comprehensive income	-	-	-	-	(19,696)	-	-	(19,696)	-	(19,696)
Issue of capital	42	-	-	-	-	-	-	42	-	42
Share based payments	-	-	-	-	-	75,887	-	75,887	-	75,887
Movement in retained earnings due to acquisitions	-	-	-	-	-	-	-	-	192,168	192,168
Balance at 31 December 2010	1,369	4,679,500	1,921,180	53,293	53,251	75,887	(5,038,648)	1,745,832	(155,290)	1,590,542

Just-Eat Group Holdings Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2010

	Note	Year ended 2010 £	Year ended 2009 £
Net cash from operating activities	34	<u>1,091,057</u>	<u>(28,820)</u>
Investing activities			
Interest received	10	9,824	7,346
Disposal of subsidiary	32	-	(247,578)
Increase investment in OnlinePizza Norden AB	18	(57,166)	-
Net cash inflow on acquisition of subsidiaries	33	28,947	-
Purchases of property, plant and equipment	15	(1,613,000)	(1,076,543)
Purchases of IP, patents and customer lists	14	-	(74,536)
Net cash used in investing activities		<u>(1,631,395)</u>	<u>(1,391,311)</u>
Financing activities			
Increase in borrowings	21	1,094,560	-
Repayments of borrowings	21	-	(1,197,592)
Net proceeds arising on issue and cancellation of shares	26,27	42	4,679,827
Increase in bank overdrafts	21	510,728	-
Net cash from financing activities		<u>1,605,330</u>	<u>3,482,235</u>
Net increase in cash and cash equivalents		<u>1,064,992</u>	<u>2,062,104</u>
Cash and cash equivalents at beginning of year		<u>4,218,775</u>	<u>2,263,854</u>
Effect of foreign exchange rate changes		(251,597)	(107,183)
Cash and cash equivalents at end of year		<u><u>5,032,170</u></u>	<u><u>4,218,775</u></u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements
For the year ended 31 December 2010

1 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The directors adopted International Financial Reporting Standards (IFRS) in the year. The transition date to IFRS is 1 January 2009 applied to the consolidated financial statements only. The Company financial statements continue to be prepared under UK GAAP as permitted by IFRS 1 and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Company also has interests in Joint Ventures which are accounted for under the proportional consolidation method.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1 Significant accounting policies (continued)

Going concern

At 31 December 2010, the Group had net current liabilities of £2,286,673 and generated cash inflows from operating activities of £1,091,057. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on page 2. This also describes the financial position of the Group, its cash flows, liquidity position and borrowing facilities, the Group's objectives, policies and processes for managing its exposure to credit risk and liquidity risk.

In July 2009, the Company raised new equity funding from, amongst others, Index Ventures. In March 2011, a second funding round, which raised £29.8 million, was completed with significant new equity being injected from Greylock Partners and Redpoint Ventures with continued substantial support from Index Ventures. This additional funding, combined with debt facilities available to the wider Just-Eat Group and the convertible loan held with a related party, means that the directors have a reasonable expectation given the economic uncertainties that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively,
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*, and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1 Significant accounting policies (continued)

Business combinations (continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year

Joint Ventures

The Group has investments in jointly controlled entities and applies the proportional consolidation method of accounting to its interest in those entities. Interests in the joint venture are presented using the line-by-line format for proportional consolidation. Aggregate amounts of current and long-term assets and liabilities, income and expenses are disclosed below. Where applicable, the aggregate amount of capital commitments and contingent liabilities are also disclosed.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described above.

Revenue recognition

Revenue is derived from commission and JCT box installation and setup fees charged to restaurants. JCT boxes are order confirmation terminals situated at restaurant sites for the purposes of communicating between end user customers and restaurants via the central Just-Eat ordering infrastructure.

Order revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Installation and setup fee revenue is deferred to the balance sheet and recognised on a straight line basis over the useful economic life of the boxes, which is estimated as three years.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1. Significant accounting policies (continued)

Leasing

The group as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1. Significant accounting policies (continued)

Operating profit

Operating profit is stated after charging restructuring costs but before long-term employee incentive provisions, foreign exchange gains/losses, investment income and finance costs

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1 Significant accounting policies (continued)

Intangible assets

The Group has three classes of intangible asset Patents, Intellectual Property and Customer Lists

Patents, Intellectual Property and Customer Lists

Patents and Intellectual Property are included at cost and depreciated in equal annual instalments over their useful economic life, which is typically 3-5 years depending on the period over which benefits are expected to be realised from the asset Provision is made for any impairment

A Customer list intangible asset is recorded as part of the acquisition accounting for business combinations or when an associate is acquired or joint venture established They are initially recorded at fair value and depreciated over the useful economic life of the asset, which is estimated at 10 years This period of time the period over which the restaurant estate acquired is reasonably expected to confer economic benefits to the Group Fair value of Customer lists is established with reference to value in use calculations Cash flows and discount rates used in the value in use calculation are risk adjusted to the extent deemed necessary by management to accurately reflect local risks and uncertainties associated with the asset

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Fixtures and fittings	33% per annum
Equipment	33% per annum
Motor vehicles	33% per annum

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised immediately in profit or loss

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised immediately in profit or loss

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials. Cost is calculated using the first in first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group currently only holds 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Available for sale financial assets

The Group has investments in unlisted shares that are not traded in an active market but are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 39. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Group currently does not hold any financial liabilities 'at FVTPL'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

1. Significant accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

The Group typically enters into derivative financial instrument arrangements as part of its acquisition of subsidiary undertakings and interests obtained in associates or jointly controlled entities

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

2. New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- Amendments to IFRS 7, 'Financial Instruments Disclosure', effective for annual periods beginning on or after 1 July 2011. This standard has not yet been endorsed for use in the EU
- IFRS 9 'Financial Instruments – Classification and Measurement'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IFRS 13 'Fair Value Measurement'
- Amendment to IFRS 1, 'Limited Exemption from Comparative IFRS 7 disclosures for first time adopters'
- Amendment to IAS 24, 'Related Party Disclosures'
- Amendment to IFRIC 14, 'Prepayment on a Minimum Funding Requirement'
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'
- Improvements to IFRSs – 2010

The Directors anticipate (except IFRS 10 – 13, see below) that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for IFRS 9 'Financial Instruments', which will introduce a number of changes in the presentation of financial instruments

IFRS 10 – 13 were issued by the IASB on 12 May 2011 and are effective for annual periods beginning on or after 1 January 2013

These pronouncements have not yet been endorsed for use in the EU. The Group has not completed its assessment of the impact of these pronouncements on the consolidated results, financial position or cash flows of the Group

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date used in preparing these accounts are

Financial instruments

Derivative financial instruments are carried at fair value in accordance with IAS 39. In determining the fair value of derivatives, there is a degree of judgement involved. For written put and call options valuations are performed based on management's best estimate of fair value with reference to discounted cash flow models and the Company's experience of arms' length transactions with third parties.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangibles are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

Share based payments

Judgements are applied in relation to estimations of the number of options that will vest and of the fair value of the options granted to employees. Estimates of fair value are made using widely recognised share option value models and are referred to third party experts where necessary, in order to obtain an accurate valuation.

Acquired intangible assets

An intangible resource acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably. Acquired intangible assets, comprising trademarks and customer relationships, are amortised through the consolidated income statement on a straight-line basis over their estimated economic lives of between three and 10 years. Significant judgement is required in determining the fair value and economic lives of acquired intangible assets.

Revenue recognition in relation to JCT boxes

Revenue is derived from commission and JCT box installation and setup fees charged to restaurants. JCT boxes are order confirmation terminals situated at restaurant sites for the purposes of communicating between end user customers and restaurants via the central Just-Eat ordering infrastructure.

Order revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Installation and setup fee revenue is deferred to the balance sheet and recognised on a straight line basis over the useful economic life of the boxes, which is estimated as three years.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

4. Revenue

	Year ended 2010 £	Year ended 2009 £
An analysis of the group's revenue is as follows		
Revenues generated from activities	18,825,690	9,616,068
Investment income (see note 10)	18,825,690 9,824	9,616,068 7,346
	<u>18,835,514</u>	<u>9,623,414</u>

Business and geographical segments

Class of business The Group has one class of business, the facilitation of online ordering of food and soft drinks for delivery restaurants and associated activities A geographical analysis of the company's revenue by destination is as follows

	Year ended 2010 £	Year ended 2009 £
United Kingdom	9,434,052	2,828,363
Rest of Europe	9,194,627	6,777,298
Rest of World	197,011	10,407
	<u>18,825,690</u>	<u>9,616,068</u>

5. Loss for the year

Loss for the year has been arrived at after charging/(crediting)

	Year ended 2010 £	Year ended 2009 £
Depreciation of property, plant and equipment	757,254	459,970
Amortisation of intangibles	99,401	19,090
Operating lease payments	533,282	287,044
Foreign exchange gain	(7,429)	(586,015)
Staff costs (see note 9)	<u>8,059,820</u>	<u>4,221,434</u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

6. Other gains/(losses)

	Year ended 2010 £	Year ended 2009 £
Loss on disposal of foreign subsidiary (see note 32)	-	(177,310)
Profit on deemed disposal of foreign subsidiary (see note 33)	129,399	-
Loss on sale of fixed assets	(87,322)	(48,814)
	<u>42,077</u>	<u>(226,124)</u>

7. Long term employee incentive provision

In 2008, a subsidiary of the Group issued a cash settled share-based payment to certain employees. A liability equal to the portion of goods and services received is recognised at the current fair value of each balance sheet date. Fair value is determined based on an appropriate pricing model. In 2010, these cash settled share based payments were cancelled and replaced with a bonus scheme dependent on the subsidiary's performance. The charge in 2010 for this cash settled liability, called the Long term employee incentive provision was £722,592. The charge recorded in 2009 was £184,000, but this was recognised as a cash-settled share based payment charge – see notes 24 and 36. The total liability recorded at 31 December 2010 is £1,036,592.

8 Auditors' remuneration

The analysis of auditors' remuneration is as follows

	Year ended 2010 £	Year ended 2009 £
Fees payable to the company's auditors for the audit of the group	60,064	60,000
Fees payable to the company's auditors and their associates for other services to the group	95,000	20,000
	<u>155,064</u>	<u>80,000</u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

9. Staff costs

	2010 Number	2009 Number
Average full time equivalent persons employed during the year	201	109
	<u>201</u>	<u>109</u>
	Year ended 2010	Year ended 2009
	£	£
Their aggregate remuneration comprised		
Wages and salaries	7,257,673	3,698,259
Social security costs	676,954	293,464
Pension costs	49,306	99,711
Share-based payments charge (see note 36)	75,887	130,000
	<u>8,059,820</u>	<u>4,221,434</u>
Included within the above are the following amounts relating to Directors		
Wages and salaries	232,377	155,829
Social security costs	-	-
Other pension costs	36,105	35,519
	<u>268,482</u>	<u>191,348</u>

The above is in respect of one director (2009 one, 2008 one)

10. Investment revenue

	Year ended 2010	Year ended 2009
	£	£
Interest revenue		
Bank deposits	9,824	7,346
Total interest revenue	<u>9,824</u>	<u>7,346</u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

11. Finance costs

	Year ended 2010 £	Year ended 2009 £
Interest on bank overdrafts and loans	54,194	133,696
Interest on convertible loan notes	17,701	-
Interest on loans to associates	10,281	12,111
	<u>82,176</u>	<u>145,807</u>
Total interest expense	<u>82,176</u>	<u>145,807</u>

12. Tax

	Year ended 2010 £	Year ended 2009 £
Corporation tax		
Current year	56,764	642,071
	<u>56,764</u>	<u>642,071</u>
Deferred tax (see note 22)		
Temporary timing differences	(4,345)	239
Rate change	(16)	-
	<u>(4,361)</u>	<u>239</u>
	<u>52,403</u>	<u>642,310</u>

Corporation tax is calculated at 28% (2009 28%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

12. Tax (continued)

The charge for the year can be reconciled to the profit per the income statement as follows

	Year ended 2010 £	Year ended 2009 £
Loss before tax on continuing operations	1,580,846	1,430,069
Tax at the UK corporation tax rate of 28% (2009 28%)	(442,637)	(400,420)
Expense/(income) not deductible for tax purposes	31,105	(87,004)
(Profit)/loss on sale of investment	(84,912)	50,197
Adjustment to previous periods	2,668	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,671)	(194,770)
Change in unrecognised deferred tax asset	551,866	1,274,307
Deferred tax rate change	(16)	-
Tax expense and effective tax rate for the year	52,403	642,310

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses and short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £ 2,757,477 (2009 £2,453,215, 2008 £1,464,166). The asset would be recovered if sufficient suitable taxable profits were made in the future.

	Year ended 2010 £	Year ended 2009 £	Year ended 2008 £
Deferred tax asset not recognised			
Accelerated capital allowances	88,207	71,973	(13,246)
Short term timing differences	232,719	60,414	116,283
Unrelieved tax losses	2,302,109	2,202,746	1,318,479
Unrelieved tax losses in joint venture entities	134,442	118,082	42,650
	2,757,477	2,453,215	1,464,166

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

13 Goodwill

	£
Cost	
At 1 January 2009	1,706,336
At 1 January 2010	1,706,336
Recognised on acquisition of subsidiaries (see note 33)	32,383
	<u>1,738,719</u>
At 31 December 2010	1,738,719
Accumulated impairment losses	
At 1 January 2009, 1 January 2010 and 31 December 2010	-
Effects of foreign exchange translation	
At 1 January 2009	387,758
At 1 January 2010	(173,576)
At 31 December 2010	(124,772)
Carrying amount	
At 31 December 2010	<u>1,828,129</u>
At 31 December 2009	<u>1,920,518</u>
At 31 December 2008	<u>2,094,094</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the Cash Generating Units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2010 £
Just-Eat Canada Inc	12,079
EatStudent Limited	20,304
	<u>32,383</u>

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been revised in the year in light of the current economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on management's past experience. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will grow in all jurisdictions over the forthcoming years.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following two years based on an estimated growth rates. This rate does not exceed the average long-term growth rate for the relevant markets.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

13. Goodwill (continued)

The rate used to discount the forecast cash flows is 12.71% (2009: 12.51%)

At the beginning and end of the financial period, the fair value of goodwill was substantially in excess of its book value

14. Other intangible assets

	Intellectual Property £	Customer lists £	Patents £	Total £
Cost				
At 1 January 2009	87,823	-	-	87,823
Additions	-	-	74,536	74,536
At 1 January 2010	87,823	-	74,536	162,359
Deemed disposal of proportionally consolidated joint-venture	-	-	(74,536)	(74,536)
Re-acquisition of assets in subsidiary	-	303,936	149,072	453,008
Exchange movements	-	-	13,178	13,178
At 31 December 2010	87,823	303,936	162,250	554,009
Amortisation				
At 1 January 2009	17,565	-	-	17,565
Charge for the year	8,782	-	10,308	19,090
At 1 January 2010	26,347	-	10,308	36,655
Deemed disposal of proportionally consolidated joint-venture	-	-	(10,308)	(10,308)
Charge for the year on re-acquired assets in subsidiary	-	-	70,306	70,306
Exchange movements	-	-	6,215	6,215
Charge for the year	8,782	20,313	-	29,095
At 31 December 2010	35,129	20,313	76,521	131,963
Carrying amount				
At 31 December 2010	52,694	283,623	85,729	422,046
At 31 December 2009	61,476	-	64,228	125,704
At 31 December 2008	70,258	-	-	70,258

The amortisation period for intellectual property and customer lists is ten years

Patents are amortised over their estimated useful lives, which is on average three years

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

15. Property, plant and equipment

	Fixtures and fittings £	Equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 2009	95,925	990,626	64,524	1,151,075
Additions	116,900	959,644	-	1,076,544
Exchange differences	(295)	73	-	(222)
Disposals	(183)	(45,807)	(10,995)	(56,985)
At 31 December 2009	212,347	1,904,536	53,529	2,170,412
Additions	233,384	1,369,502	10,114	1,613,000
Acquisition of subsidiary	1,573	27,932	-	29,505
Exchange differences	(5,267)	(24,669)	-	(29,936)
Disposals	(799)	(174,773)	-	(175,572)
At 31 December 2010	441,238	3,102,528	63,643	3,607,409
Accumulated depreciation				
At 1 January 2009	47,282	444,782	32,523	524,587
Charge for the year	42,429	397,074	20,467	459,970
Exchange differences	(170)	(5,670)	-	(5,840)
Disposals	(178)	(358)	(7,635)	(8,171)
At 31 December 2009	89,363	835,828	45,355	970,546
Charge for the year	82,469	663,492	11,293	757,254
Exchange differences	(3,715)	(14,537)	-	(18,252)
Disposals	(111)	(88,139)	-	(88,250)
At 31 December 2010	168,006	1,396,644	56,648	1,621,298
Carrying amount				
At 31 December 2010	273,232	1,705,884	6,995	1,986,111
At 31 December 2009	122,984	1,068,708	8,174	1,199,866
At 31 December 2008	48,643	545,844	32,001	626,488

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

16. Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest is given below

Representing:	Incorporated in	Proportion of voting rights held 2010	Proportion of voting rights held 2009	Proportion of voting rights held 2008	Nature of business
<i>Subsidiary undertakings</i>					
Just-Eat Group Limited	Gibraltar	100%	100%	100%	Online takeaway portal
Just Eat Holding Limited	UK	100% *	100% *	100% *	Online takeaway portal
Just Eat co uk Ltd	UK	100% *	100% *	100% *	Online takeaway portal
Biteguide GmbH	Germany	100% *	100% *	100% *	Online takeaway portal
Just-Eat Ireland	Ireland	100% *	100% *	100% *	Online takeaway portal
Just Eat Host A/S	Denmark	100% *	100% *	100% *	Online takeaway portal
Just Eat dk ApS	Denmark	100% *	100% *	100% *	Online takeaway portal
Just Eat no As	Norway	100% *	100% *	n/a	Online takeaway portal
Just-Eat ca Management Limited	Canada	100% *	100% *	n/a	Online takeaway portal
Just Eat Canada Inc	Canada	71.9% *	50% *	n/a	Online takeaway portal
Just-Eat Belgie BVBA	Belgium	75% *	75% *	n/a	Online takeaway portal
Just-Eat Spain SLU	Spain	100% *	n/a	n/a	Online takeaway portal
EatStudent Limited	UK	100% *	n/a	n/a	Online takeaway portal
Just-Eat Sweden AB	Sweden	-	-	100% *	Online takeaway portal
<i>Joint venture</i>					
Just-Eat Benelux BV	Netherlands	50% *	50% *	50% *	Online takeaway portal
<i>Fixed asset investments</i>					
OnlinePizza Norden AB	Sweden	8.59% *	7.62% *	n/a	Online takeaway portal

* Indirect holding by Just-Eat Group Holdings Limited

The Group holds 50% of the shares in Just-Eat Benelux BV. When this shareholding was established, a put and call option was entered into whereby the other shareholder has the option to sell its 50% interest in Just-Eat Benelux BV to the Group and the Group also has the option to buy the other 50% shareholding. This option becomes exercisable at any point after 31 December 2011 once a minimum EBITDA target has been reached, for a price based on a predetermined multiple of reported EBITDA. At 31 December 2010 the fair value of this option was £nil (2009 £nil, 2008 £nil).

The Group holds 71.9% of the shares in Just Eat Canada Inc. When this shareholding was established, a put option was entered into whereby Just-Eat has the option to buy the non-controlling interest in Just Eat Canada Inc. This option becomes exercisable at various points after 31 December 2014 for a price based on a fair value valuation.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

17. Joint Ventures

The following are amounts included in the Consolidated Balance Sheet and Income Statement in respect of the group interests in joint ventures under proportional consolidation

	2010 £	2009 £	2008 £
Aggregated amounts relating to joint ventures			
Non-current assets	22,861	108,246	25,992
Current assets	157,025	120,019	137,063
Total assets	179,886	228,265	163,055
Non-current liabilities	-	-	-
Current liabilities	439,278	389,380	242,569
Total liabilities	439,278	389,380	242,569
Group's share of net liabilities of joint ventures	259,392	161,115	79,514
Revenue	663,236	410,621	162,303
Expenses	(814,715)	(680,024)	(259,000)
Group's share of loss of joint ventures	(151,479)	(269,403)	(96,697)

The Group holds a 50% economic interest (2009 50% 2008 50%) in Just-Eat Benelux BV. It does not control the subsidiary as it does not have the casting vote at the Board level.

In 2009 a Group company (Just-Eat Canada Management Limited) held a 50% shareholding in Just-Eat Canada Inc. During 2010 three separate equity injections were made. This resulted in the ownership increasing from 50% at 31 December 2009 to 66.7% at 1 April 2010 (at which point control was obtained) and to 71.9% in December 2010.

The above have been treated as Joint Ventures and their results and balance sheets have been proportionately consolidated. For Just-Eat Benelux BV, proportionate consolidation has been used for 2008, 2009 and 2010. For Just-Eat Canada Inc, proportionate consolidation has been used up to the date that control was obtained at 1 April 2010, after which the company has been treated as a subsidiary.

18. Investments

	2010 £	2009 £	2008 £
Available-for-sale investments carried at fair value			
Shares	418,952	288,839	-
Total Investments	418,952	288,839	-

The shares included above represent investments in unlisted equity securities that present the Group with a presence in European geographies in which it does not currently operate. The Group holds a strategic non-controlling interest of 8.59% per cent (2009 7.62%, 2008 nil) in OnlinePizza Norden AB. The increased shareholding in 2010 was the result of an additional investment of £57,166. These shares are not held for trading and accordingly are classified as Available for Sale. The valuation was based on a value in use calculation. A further investment was made in April 2011 when the shareholding increased to 18.6%. See note 40 for more details.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

19. Inventories

	2010 £	2009 £	2008 £
Finished goods	48,815	47,881	33,360

20. Trade and other receivables

	2010 £	2009 £	2008 £
Amount receivable for the sale of goods	1,043,259	1,086,188	646,288
Allowance for doubtful debts	(192,259)	(121,115)	(87,592)
	851,000	965,073	558,696
Other debtors	76,470	59,337	53,946
Prepayments	951,194	223,452	43,468
Amounts due from related parties (see note 41)	169,362	28,628	19,515
Amounts due from Joint Ventures	205,638	208,149	159,383
	2,253,664	1,484,639	835,008

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost

The average credit period taken on sales of goods is 16 days (2009 37 days)

The Group has reviewed all balances and has made an allowance for debts which are considered unlikely to be collectable based on past default experience, and an analysis of the counterparty's current financial position. Allowances against doubtful debts are recognised against trade receivables.

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is over 30 days outstanding) are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Movement in the allowance for doubtful debts

	2010 £	2009 £
Balance at the beginning of the period	(121,115)	(87,592)
Additional provision for doubtful debt	(71,144)	(33,523)
Balance at the end of the period	(192,259)	(121,115)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

21. Borrowings

	2010 £	2009 £	2008 £
Unsecured borrowing at amortised cost			
Bank loans	-	-	518,370
Loans from shareholders	-	-	2,049,255
Bank overdrafts	1,105,221	658,774	1,383,973
Convertible loan	1,017,701	-	-
	<u>2,122,922</u>	<u>658,774</u>	<u>3,951,598</u>
Secured borrowing at amortised cost			
Bank loans	76,860	45,977	-
	<u>76,860</u>	<u>45,977</u>	<u>-</u>
Total borrowings			
Amount due for settlement within 12 months	<u>2,122,922</u>	<u>658,774</u>	<u>3,951,598</u>
Amount due for settlement after 12 months	<u>76,860</u>	<u>45,977</u>	<u>-</u>
Total	<u>2,199,782</u>	<u>704,751</u>	<u>3,951,598</u>

Analysis of borrowings by currency:

	Canadian Dollar £	British Pound £	Danish Kroner £	Total £
31 December 2010				
Bank overdrafts	-	-	1,105,221	1,105,221
Bank loans	76,860	-	-	76,860
Convertible loans	-	1,017,701	-	1,017,701
	<u>76,860</u>	<u>1,017,701</u>	<u>1,105,221</u>	<u>2,199,782</u>
31 December 2009				
Bank overdrafts	-	-	658,774	658,774
Bank loans	45,977	-	-	45,977
	<u>45,977</u>	<u>-</u>	<u>658,774</u>	<u>704,751</u>
31 December 2008				
Bank loans	-	-	518,370	518,370
Bank overdrafts	-	-	1,383,973	1,383,973
Loans from shareholders	-	2,049,255	-	2,049,255
	<u>-</u>	<u>2,049,255</u>	<u>1,902,343</u>	<u>3,951,598</u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

21. Borrowings (continued)

The other principal features of the group's borrowings are as follows

- (i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 6.88% per cent (2009: 6.88% per cent) per annum.
- (ii) The Group has one bank loan, with a fair value of Canadian Dollar (C\$) 157,635. This was obtained by Just Eat Canada Inc. in 2009. The loan was taken out on 20 July 2009 and matures on 20 July 2014. It was granted by Royal Bank of Canada and is interest bearing at prime plus 3%. The loan is secured by a general security arrangement covering all assets and guarantees and postponement of claims in the amount of C\$ 43,223 signed by each of the corporate shareholders of Just Eat Canada Inc. Repayments commenced in 2009.
- (iii) In 2008, the Group had a shareholder loan of £2,049,255. This was cancelled during 2009 as part of the company restructure on 8 July 2009.
- (iv) The convertible loan notes were issued in two tranches on 22 October 2010 and 1 December 2010. The notes are convertible into Ordinary A shares of the Company at any time between the date of issue of the notes and their settlement date, or upon a qualifying financing event. On issue, the loan notes were convertible at 1 share per £1 loan note.

If the notes have not been converted, they will be redeemed on 13 October 2011 at par. Interest of 12% will be paid annually up until that settlement date.

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of the Company, as follows:

	2010 £
Proceeds of issue of convertible loan notes	1,000,000
Equity component	-
	<hr/>
Liability component at date of issue	1,000,000
Interest charged	17,701
Interest paid	-
	<hr/>
Liability component at 31 December 2010	<u>1,017,701</u>

The interest expensed for the year is calculated by applying an effective interest rate of 12% to the liability component for the period since the loan notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at 31 December 2010 represents the effective interest rate less interest paid to that date.

The weighted average interest rates paid during the year were as follows:

	2010 %	2009 %	2008 %
Bank overdrafts	6.88	6.88	6.25
Unsecured bank loans	5.60	5.25	-
Shareholder loans	-	-	8.66
Convertible loan notes	12.00	-	-

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

22. Deferred tax

As stated in note 12, at the balance sheet date, a deferred tax asset has not been recognised in respect of timing differences relating to tax losses and short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £2,757,477 (2009 £2,453,215, 2008 £1,464,166). The asset would be recovered if sufficient suitable taxable profits are made in the future.

	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
	Short term timing differences	Acquired intangibles	Fair value movement on investment	Total
	£	£		£
At 31 December 2008	(4,545)	-	-	(4,545)
(Debit)/Credit to the profit and loss account	(239)	-	-	(239)
At 31 December 2009	(4,784)	-	-	(4,784)
(Debit)/Credit to the profit and loss account	171	4,190	-	4,361
Amounts arising on acquisition on subsidiary undertakings	-	(101,759)	-	(101,759)
At 31 December 2010	(4,613)	(97,569)	-	(102,182)

	2010 £	2009 £	2008 £
Analysed as			
Non-current deferred tax liability	(102,182)	(4,784)	(4,545)
Balance at the end of the year	(102,182)	(4,784)	(4,545)

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

23. Other financial liabilities

Trade and other payables

	2010	2009	2008
	£	£	£
Trade creditors	4,355,407	2,802,206	301,340
Other creditors and accruals	934,955	1,064,067	1,484,117
Other taxes and social security	703,868	272,215	228,689
Amounts due to related parties	129,495	123,444	93,900
	<u>6,123,725</u>	<u>4,261,932</u>	<u>2,108,046</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 32 days (2009: 39 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

24. Provisions

	2010	2009	2008
	£	£	£
Employee cash-settled share based payment provision	-	314,000	184,000
Re-classified from cash settled share based payments to employee bonus scheme	314,000	-	-
Additional provision in the year (see note 7)	722,592	-	-
	<u>1,036,592</u>	<u>314,000</u>	<u>184,000</u>
Current	1,036,592	-	-
Non-current	-	314,000	184,000
	<u>1,036,592</u>	<u>314,000</u>	<u>184,000</u>

In 2008 a subsidiary of the Group issued a cash settled share-based payment to certain employees. A liability equal to the portion of goods and services received is recognised at the current fair value of each balance sheet date. Fair value is determined based on an appropriate pricing model. In 2010, these cash settled share based payments were cancelled and replaced with a bonus scheme dependent on the subsidiary's performance. This scheme was settled in 2011 for an amount equal to the provision made in 2010.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

25. Share capital

	2010 £	2009 £	2008 £
Authorised			
Just Eat Group Limited			
Ordinary A shares 100,000 ordinary shares of £0 01 each	-	-	1,000
Just-Eat Group Holdings Limited			
Ordinary A shares 13,000,000 ordinary shares of £0 01 each	130,000	130,000	-
Ordinary B shares 1,946,800 ordinary shares of £0 0001 each	195	195	-
Preference A shares 7,000,000 shares of £0 01 each	70,000	70,000	-
Issued and fully paid			
Just Eat Group Limited			
1,000 Ordinary A shares at £1 each	-	-	1,000
Just-Eat Group Holdings Limited			
109,244 Ordinary A shares at £0 01 issued on 8 July 2009	-	1,092	-
26,244 Ordinary A shares at £0 01 cancelled on 10 July 2009	-	(262)	-
348,500 Ordinary B shares at £0 0001 issued on 9 November 2010	35	-	-
65,400 Ordinary B shares at £0 0001 issued on 10 December 2010	7	-	-
49,732 Preference A shares at £0 01 issued on 8 July 2009	-	497	-
	42	1,327	1,000
Total Share Capital	1,369	1,327	1,000

Ordinary A shares (par value of £0 01 each) entitle the holder to one vote per share held

Ordinary B shares (par value of £0 0001 each) do not entitle the holders to receive notice, attend, speak or vote at any general meetings

Preference A shares (par value of £0 01 each) are preferred convertible shares. The holder is entitled to one vote for each share held

Dividends must be distributed among Preference Series A holders, Ordinary shares and, to the extent that the aggregate amount of Qualifying Payments exceeds the Ordinary B Shares participating amount, Ordinary B shares (pro rata to their respective holdings of shares accruing on the basis of a 365 day year)

Upon liquidation, the distribution shall be first to Preference Series A holders, surplus assets remaining are split pro rata between Series A Ordinary shareholders and Series B Ordinary shareholders

26 Share premium account

	Share premium £
Balance at 1 January 2009	-
Premium arising on issue of equity shares (issued 8 July 2009)	10,266,323
Cancellation of shares (cancelled 10 July 2009)	(5,586,823)
Balance at 31 December 2009 and 2010	4,679,500

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

27. Merger reserve

	Merger reserve £
Balance at 1 January 2009	-
Recognised on issue of shares (issued 8 July 2009)	1,921,180
	<u>1,921,180</u>
Balance at 31 December 2009 and 31 December 2010	<u>1,921,180</u>

In July 2009 a group reconstruction was undertaken. Under this reconstruction ordinary shares were issued and cancelled and preference A shares were issued. This was treated as a common control transaction under IFRS as the ultimate shareholders and their relative rights were the same before and afterwards. This reserve represents the difference between the nominal value of the shares issued and the nominal value of the shares on the group reorganisation in July 2009.

28. Other reserves

	Available for sale reserve £	Translation reserve £	Total £
Balance at 1 January 2009	-	541,037	541,037
Exchange differences on translating the net assets of foreign operations	-	(606,801)	(606,801)
	<u>-</u>	<u>(65,764)</u>	<u>(65,764)</u>
Balance at 1 January 2010	-	(65,764)	(65,764)
Exchange differences on translating the net assets of foreign operations	-	119,057	119,057
Fair value adjustment of Available for Sale investment	72,947	-	72,947
Deferred tax liability on Available for Sale investment	(19,696)	-	(19,696)
	<u>53,251</u>	<u>53,293</u>	<u>106,544</u>
Balance at 31 December 2010	<u>53,251</u>	<u>53,293</u>	<u>106,544</u>

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's reporting currency, being Sterling, are recognised directly in the translation reserve.

Available for sale reserve

This arises on the revaluation to fair value of the Group's investment in OnlinePizza Norden AB. See note 18.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

29. Retained earnings

	£
Balance at 1 January 2009	(1,681,874)
Loss attributable to the Group	(2,004,308)
	<u> </u>
Balance at 1 January 2010	(3,686,182)
Loss attributable to the Group	(1,352,466)
	<u> </u>
Balance at 31 December 2010	<u><u>(5,038,648)</u></u>

30. Non-controlling interest

	£
Balance at 1 January 2009	-
Share of loss for the year	(68,071)
	<u> </u>
Balance at 1 January 2010	(68,071)
Share of loss for the year	(280,783)
Adjustment to Non-Controlling Interest on change of control Just Eat Canada Inc (see note 33)	192,168
Other comprehensive income attributable to NCI	1,396
	<u> </u>
Balance at 31 December 2010	<u><u>(155,290)</u></u>

31. Share based payment reserve

	£
Balance at 1 January 2010	-
Credit to equity for equity-settled share-based payments	75,887
	<u> </u>
Balance at 31 December 2010	<u><u>75,887</u></u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

32. Disposal of subsidiary

On 18 August 2009 the company sold its 100% interest in the ordinary share capital of Just Eat Sweden AB. The consideration was for a 7.62% interest in OnlinePizza Norden AB. OnlinePizza Norden AB operates in similar business in Scandinavia and Eastern Europe.

The loss of Just Eat Sweden AB up to the date of disposal was £201,728 and for its last full financial year was £182,057.

	£
Net assets disposed of	27,177
Intercompany loan written-off	176,200
Transaction costs	15,194
	<hr/>
Total value of business disposed	218,571
	<hr/>
Consideration received	
Fair Value of investment in OnlinePizza Norden AB	288,839
Further consideration paid for the OnlinePizza Norden AB investment	(247,578)
	<hr/>
Total fair value of consideration received	41,261
	<hr/>
Loss on sale	177,310
	<hr/>
Satisfied by	
Cash and cash equivalents	(247,578)
Fair value of shares acquired in OnlinePizza Norden AB	288,839
	<hr/>
	41,261
	<hr/>

33. Acquisition of subsidiary

Just-Eat Canada Inc

During 2010, a Group Company (Just Eat Canada Management Limited) made three separate equity injections into Just Eat Canada Inc. This resulted in the ownership increasing from 50% of ordinary share capital at 31 December 2009 to 66.7% at 1 April 2010 and 71.9% at 31 December 2010. The overall cost of this additional investment was £547,877. This was entirely funded by cash consideration.

This increased investment generated goodwill of £12,079. The consolidated results of Just Eat Canada Inc have been included from the date on which control passed to the Just Eat Holding Limited, considered to be 1 April 2010. Between 1 January 2010 and 31 March 2010, when the company was a joint venture, the results were proportionately consolidated.

The first equity injection cost £54,054. This did not result in a change of shareholding. This increase was applied to the proportionately consolidated investment.

The second injection resulted in the Group taking control of the Canadian business as the Group's shareholding increased to 66.7%. This cash cost of this investment was £155,723. However, under accounting standards the Group disposed of the proportionately consolidated business and acquired a subsidiary. The profit on the deemed disposal was £129,399.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group at 1 April 2010, the date control passed and the associate became a subsidiary. The additional investment was undertaken in order to increase the Group's presence in this overseas markets.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

33. Acquisition of subsidiary (continued)

Just-Eat Canada Inc (continued)

	Book value £	Fair value £
Net assets acquired:		
Property, plant and equipment	45,735	45,735
Patents	129,126	129,126
Inventories	-	-
Trade and other receivables	22,100	22,100
Cash and cash equivalents	198,287	198,287
Trade and other payables	(189,154)	(189,154)
Current tax liabilities	-	-
Bank loans	(77,944)	(77,944)
Deferred tax liabilities	-	-
Intangible assets – customer list	-	258,798
	<u>128,150</u>	<u>386,948</u>
Goodwill		12,079
Total consideration		<u>399,027</u>
Satisfied by		
Cash		155,723
Fair value of previously held interest and non-controlling interest		243,304
		<u>399,027</u>
Net cash (inflow)/outflow arising on acquisition		
Cash consideration		155,723
Cash and cash equivalents acquired		(198,287)
		<u>(42,564)</u>

The goodwill arising on the acquisition of Just-Eat Canada Inc is attributable to the anticipated profitability of the sale of the Company's products and the anticipated future operating synergies. From the date control passed, this company contributed turnover of £164,217 and operating loss of £486,419 to the Group. Prior to 1 April 2010, the Canadian business was accounted for as a joint venture under the proportional consolidation method.

Had the business been acquired at 1 January 2010 the contribution to the group would have been turnover of £197,010 and an operating loss of £648,558.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

33. Acquisition of subsidiary (continued)

EatStudent Limited

On 26 October 2010, the Group acquired 100% of the issued share capital of EatStudent Limited for cash consideration of £20,000. EatStudent Limited is involved in the provision of online takeaway services, primarily for the UK university student population. This transaction has been accounted for by the purchase method of accounting. This acquisition was undertaken to increase the Group's presence in the UK market.

	Book value £	Fair value £
Net assets acquired:		
Property, plant and equipment	7,123	7,123
Trade and other receivables	747	747
Cash and cash equivalents	6,383	6,383
Trade and other payables	(59,695)	(59,695)
Intangible asset – customer list	-	45,138
	<u>(45,442)</u>	<u>(304)</u>
Goodwill		20,304
Total consideration		<u>20,000</u>
Satisfied by		
Cash		<u>20,000</u>
Net cash (inflow)/outflow arising on acquisition		
Cash consideration		20,000
Cash and cash equivalents acquired		<u>(6,383)</u>
		<u>13,617</u>

The goodwill arising on the acquisition of EatStudent Limited is attributable to the anticipated profitability of the sale of the Company's products in the student market and the anticipated future operating synergies from the combination.

EatStudent Limited contributed £3,986 to revenue and an operating loss of £23,465 in the period between the date of acquisition and the balance sheet date, 31 December 2010.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

34. Notes to the cash flow statement

	2010 £	2009 £
Loss for the year	(1,633,249)	(2,072,380)
Adjustments for		
Depreciation of property, plant and equipment	757,254	459,970
Amortisation of intangible assets	99,401	19,090
Share-based payment expense	75,887	130,000
Foreign exchange gain	(7,429)	(732,983)
Movement in doubtful debt provision	71,144	33,523
Income tax expense	52,403	642,310
Employee bonus provision	722,592	-
Loss on disposal of property, plant and equipment	87,322	48,813
(Gain)/loss on disposal of subsidiary	(129,399)	177,310
	<u>95,926</u>	<u>(1,294,347)</u>
Operating cash flows before movements in working capital		
Increase in inventories	(1,271)	(17,021)
Decrease/(increase) in receivables	(772,131)	(726,242)
Increase/(decrease) in payables and deferred income	2,548,018	2,725,400
	<u>1,870,542</u>	<u>687,790</u>
Cash generated by operations		
Income taxes paid	(697,309)	(570,803)
Interest paid	(82,176)	(145,807)
	<u>1,091,057</u>	<u>(28,820)</u>
Net cash from operating activities		

Cash and cash equivalents

	2010 £	2009 £	2008 £
Cash and bank balances	<u>5,032,170</u>	<u>4,218,775</u>	<u>2,263,854</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

35. Operating lease arrangements

The group as lessee

	2010 £	2009 £
Minimum lease payments under operating leases recognised as an expense in the year	533,282	287,044

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2010 £ Property	2010 £ Plant and equipment	2009 Property	2009 £ Plant and equipment
Within one year	480,064	230,302	136,539	97,899
In the second to fifth years inclusive	130,071	246,542	65,388	102,376
	<u>610,135</u>	<u>476,844</u>	<u>201,927</u>	<u>200,275</u>

36. Share based payments

Equity-settled share option scheme

The Company has a share option scheme for certain employees of the Group. Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. The vesting period varies, but is, on average, three years. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding during the year are as follows:

	Number of share options	2010 Weighted average exercise price (in £)	Number of share options	2009 Weighted average exercise price (in £)
Outstanding at 1 January 2010	-		-	
Granted during the period	1,092,650	0.23	-	
Forfeited during the period	(2,000)	1.25	-	
Exercised during the period	(413,900)	0.00	-	
Expired during the period	-		-	
Outstanding at the end of the period	<u>676,750</u>	0.37	<u>-</u>	
Exercisable at the end of the period	<u>71,131</u>	0.81	<u>-</u>	

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

37. Share based payments (continued)

Equity-settled share option scheme (continued)

The weighted average share price at the date of exercise for share options exercised during the period was £0 0001. The options outstanding at 31 December 2010 had a weighted average exercise price of £0 23 and a weighted average remaining contractual life of 30 months. In 2010, options were granted on 5 March and 18 November. The aggregate of the estimated fair values of the options granted on those dates was £149,716. In 2009, no options were granted. The inputs into the Black-Scholes model are as follows:

	2010	2009
Weighted average share price	21p	-
Weighted average exercise price	23p	-
Expected volatility (based on FTSE 350 3 year)	20%	-
Expected life	30 months	-
Risk-free rate	2.51%	-
Expected dividend yields	0%	-

The Group recognised total expenses of £75,887 related to equity-settled share-based payment transactions in 2010 (2009: nil, 2008: nil).

Cash-settled share option scheme

As stated in note 24, in 2008 a subsidiary of the Group issued a cash settled share-based payment to certain employees. A liability equal to the portion of goods and services received is recognised at the current fair value of each balance sheet date. The charge incurred in the year was £nil (2009: £184,000, 2008: £130,000). Fair value is determined based on an appropriate pricing model. In 2010, these cash settled share based payments were cancelled and replaced with a long term employee incentive provision dependent on the subsidiary's performance. This scheme is due to be paid out in 2011.

38. Deferred revenue

	2010 £	2009 £	2008 £
Arising from the sale of the JCT box	1,154,362	696,772	329,677
Current	555,381	409,278	214,801
Non-current	598,981	287,494	114,876
	1,154,362	696,772	329,677

Revenue is derived from commission and JCT box installation and setup fees charged to restaurants. JCT boxes are order confirmation terminals situated at restaurant sites for the purposes of communicating between end user customers and restaurants via the central Just-Eat ordering infrastructure.

Order revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Installation and setup fee revenue is deferred to the balance sheet and recognised on a straight line basis over the useful economic life of the boxes, which is estimated as three years.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

39. Financial Instruments

Financial instruments comprise both financial assets and financial liabilities. The carrying value of these financial assets and liabilities approximate their fair value.

Financial assets in the Group comprise Available for Sale financial assets, trade and other receivables and cash and cash equivalents which are classified as other financial assets.

Financial liabilities in the Group comprise convertible loan notes and borrowings which are categorised as debt at amortised cost. Financial liabilities also comprise trade and other payables and provisions which are classified as other financial liabilities.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, as disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 25 to 31.

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

Financial risk management objectives

The main financial risks faced by the Group are credit risk, liquidity risk and market risks, which include interest rate risk and currency risk. The Board regularly reviews these risks and approves written policies covering the management of these risks. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

39. Financial Instruments (continued)

Categories of financial instruments

	2010 £	2009 £	2008 £
Financial assets			
Other financial assets			
Cash and bank balances	5,032,170	4,218,775	2,263,854
Trade and other receivables	2,253,664	1,484,639	835,008
Available-for-sale financial assets	418,952	288,839	-
Total	7,704,786	5,992,253	3,098,862
Financial liabilities			
At amortised cost			
Borrowings	1,182,081	704,751	3,951,598
Convertible loan	1,017,701	-	-
	2,199,782	704,751	3,951,598
Other financial liabilities			
Trade and other payables	6,123,725	4,261,932	2,108,046
Provisions	1,036,592	-	-
Liability for share based payments	-	314,000	184,000
	7,160,317	4,575,932	2,292,046
Total	9,360,099	5,280,683	6,243,644

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

39. Financial Instruments (continued)

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Liabilities			Assets		
	2010	2009	2008	2010	2009	2008
	£	£	£	£	£	£
Euro	2,607,140	2,126,371	544,919	482,437	564,234	139,413
Canadian Dollar	893,357	193,159	-	88,512	19,422	-
Danish Kroner	7,626,445	3,523,737	3,252,953	8,513,970	11,147,036	9,008,178
Swedish Kroner	-	-	289,205	-	-	64,827
Norwegian Kroner	80,254	212,911	-	113,266	10,812	-

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and Danish Kroner

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group. A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Euro impact			Danish Kroner impact		
	2010	2009	2008	2010	2009	2008
	£	£	£	£	£	£
Profit / (loss)	52,828	90,542	22,056	(12,891)	(162,557)	(118,256)

The Group's sensitivity to foreign currency is the result of increased activity in the foreign owned subsidiaries which has led to a significant increase in foreign currency denominated trade payables and trade receivables.

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

39 Financial Instruments (continued)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 10% increase or decrease of the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10% higher/lower and all other variables were held constant, the Group's

- Loss for the year ended 31 December 2010 would decrease/increase by £499 (2009 decrease/increase by £106). This is attributable to the Group's exposure to interest rates on its variable rate borrowings in its Canadian subsidiary, and
- There would have been no effect on amounts recognised directly in equity.

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

39. Financial Instruments (continued)

	Weighted average effective interest rate %	Less than 1 year £	1-2 years £	2-5 years £	5+ years £	Total £
31 December 2010						
Non-interest bearing		7,160,317	-	-	-	7,160,317
Variable interest rate instruments	6.00	27,244	25,829	31,622		84,695
Fixed interest rate instruments	12.00	1,120,000	-	-	-	1,120,000
Fixed interest rate instruments	6.88	1,181,205	-	-	-	1,181,205
		<u>9,488,766</u>	<u>25,829</u>	<u>31,622</u>	<u>-</u>	<u>9,546,217</u>
31 December 2009						
Non-interest bearing		4,261,932	314,000	-	-	4,575,932
Variable interest rate instruments	5.25	12,839	12,278	26,172	-	51,289
Fixed interest rate instruments	6.88	666,323	-	-	-	666,323
		<u>4,941,094</u>	<u>326,278</u>	<u>26,172</u>	<u>-</u>	<u>5,293,544</u>
31 December 2008						
Non-interest bearing		2,108,046	184,000	-	-	2,292,046
Fixed interest rate instruments	7.50	4,002,973	-	-	-	4,002,973
		<u>6,111,019</u>	<u>184,000</u>	<u>-</u>	<u>-</u>	<u>6,295,019</u>

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

39. Financial Instruments (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	Less than 1 year	1-2 years	2-5 years	5+ years	Total
	%	£	£	£	£	£
2010						
Non-interest bearing		2,672,616	-	-	-	2,672,616
Fixed interest rate instruments	0.40	5,233,457	-	-	-	5,233,457
		<u>7,906,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,906,073</u>
2009						
Non-interest bearing		1,773,479	-	-	-	1,773,479
Fixed interest rate instruments	0.40	4,387,526	-	-	-	4,387,526
		<u>6,161,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,161,005</u>
2008						
Non-interest bearing		835,008	-	-	-	835,008
Fixed interest rate instruments	0.40	2,354,408	-	-	-	2,354,408
		<u>3,189,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,189,416</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

The Group has access to financing facilities as described below, of which £0.7 million were unused at the balance sheet date (2009: £0.8 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

39. Financial Instruments (continued)

Financing facilities

	2010 £	2009 £
Unsecured bank overdraft facility, reviewed annually and payable at call		
- amount used	1,105,221	658,774
- amount unused	713,779	767,570
	<u>1,819,000</u>	<u>1,426,344</u>

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2010			
	Level 1 £	Level 2 £	Level 3 £	Total £
<i>Available-for-sale financial assets</i>				
Unquoted equities	-	-	418,952	418,952
Total	<u>-</u>	<u>-</u>	<u>418,952</u>	<u>418,952</u>

There were no transfers between Level 1 and 2 during the year. As OnlinePizza Norden AB is not listed, a number of assumptions were used to calculate the fair value of the shares held.

39. Financial Instruments (continued)

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

Reconciliation of Level 3 fair value measurements of financial assets:

	Available for Sale Unquoted equities 2010 £	Total 2010 £
Balance at 1 January 2010	288,839	288,839
Total gains or losses		
- in profit or loss	-	-
- in other comprehensive income	72,947	72,947
Additional purchases	57,166	57,166
Balance at 31 December 2010	<u>418,952</u>	<u>418,952</u>

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases.

All gain and losses included in other comprehensive income relate to unquoted equities held at the balance sheet date and are reported as changes of 'Available for sale reserve' (see note 28).

Significant assumptions used in determining fair value of financial assets and liabilities

Convertible notes

The fair value of the liability component of convertible notes is determined assuming redemption on 1 September 2012 and using a 12% interest rate based on a quoted swap rate of 12% for a 12 month loan and holding the credit risk margin constant.

Unlisted shares

The financial statements include holdings in unlisted shares which are measured at fair value (note 18). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, an earnings growth factor of 3.8% and a cash flow risk adjustment factor of 2% are used. Cash flows were discounted at 12.74%. If the discount rate used in the model was increased by 10% to 14.01% while all the other variables were held constant, the carrying amount of the shares would decrease by £43,870.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

40. Events after the balance sheet date

On 13 January 2011, a Group company (Just Eat Holding Limited) completed its transaction with Hungryzone in India. This has resulted in Just-Eat Holding a 44.2% share of the Indian business (subsequently rebranded to Just-Eat in). The transaction was completed for £161,077 settled in cash. The transaction is structured so that the Group has the ability to keep investing in Just-Eat in over the forthcoming years and has an option to buy all of the remaining shares in January 2015 for a fee based on revenue.

On 26 January 2011, the Group increased its shareholding in Just-Eat Benelux BV from 50% to 55.8%. This was funded by cash consideration of £161,779.

On 16 March 2011, Just-Eat announced it had completed a second funding round of £29.8 million with significant new equity being injected from Greylock Partners and Redpoint Ventures with continued substantial support from Index Ventures.

On 5 April 2011, Just-Eat announced its partnership with Swiss based Eat.ch. Just Eat Holding Limited acquired 33% of this business and will invest to further the development of Eat.ch. The initial investment was £201,300 (settled in cash) rising to £805,200 by 2013, if the expected performance is achieved.

On 13 April 2011, a Group company (Just Eat Canada Inc) completed its acquisition of 100% of YummyWeb Inc. Yummy Web is based in Vancouver, Canada and this acquisition enables the Canadian business to operate coast to coast. The acquisition cost £262,000 and was settled in cash.

In May 2011 a new Group company, Just-Eat Italy Srl, was established. This company purchased the trade and assets of an Italian based business, ClickEat.it, an Italian start-up company in the online food ordering sector. The deal cost £611,820 and was settled in cash. Just-Eat will continue to invest in the business over the next four in the further development of the ClickEat.it business, to further boost the online food ordering space in the already vibrant Italian e-commerce scene.

On 18 August 2011, a Group company (Just Eat Brasil Servicos Online Ltda) completed its acquisition of the trade and assets of RestauranteWeb a Brazilian based company. The acquisition expands Just Eat Brazil's market share and capacity in Brazil. The acquisition cost £949,221 and was settled in cash.

In the period to 22 June 2011, the Group increased its strategic holding in OnlinePizza Norden AB to 18.6%. Total consideration paid to obtain this stake was £1,619,518, which was settled in cash in stages in the period to 22 June 2011.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

41. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Loans to related parties

The following amounts were outstanding at the balance sheet date

	Amounts owed to related parties			Amounts owed by related parties		
	2010	2009	2008	2010	2009	2008
	£	£	£	£	£	£
Key management personnel	-	-	-	162,274	-	-
Happy Investments BV	129,465	123,444	19,515	7,088	28,628	82,630
	<u>129,465</u>	<u>123,444</u>	<u>19,515</u>	<u>169,362</u>	<u>28,628</u>	<u>82,630</u>

Happy Investments BV is a related party through its 50% shareholding in Just Eat Benelux BV and 25% shareholding in Just-Eat Belgie BVBA

In July 2010 Just-Eat Group Limited loaned Mr M Rozendaal 189,000 euros (£162,274) Mr M Rozendaal is not a director, but is considered to be key management personnel in Just-Eat Benelux BV The loan was made on the proviso that the loan proceeds are to be used to acquire shares in Happy Investments BV (the other shareholder involved in Just Eat Benelux BV) on the understanding that at a future date these shares will be transferred to Just-Eat Group to increase its holding On 26 January 2011, the Just-Eat Group purchased 2,100 shares from Happy Investments BV and this loan was cleared The amount of the liability including interest to the company at the beginning of the year was £nil, the maximum during the year was £162,474 and at 31 December 2010 was £162,474

All other amounts owed by related parties, and amount owed to related parties originate in the books and records of Just-Eat Benelux BV where the company has a number of balances receivable and owed with the company's other shareholder, Happy Investments BV and its directors

The Convertible loan notes (see note 21) are held by two related parties, Index Ventures and STM Fidecs Trust Company Limited These are considered to be at arm's length

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

42. Explanation of transition to IFRS

This is the first financial period that the company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were 31 December 2009 and the date of transition to IFRS was therefore 1 January 2009.

Reconciliation of equity at 1 January 2009 (date of transition to IFRS)

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Non-current assets			
Intangible assets	1,587,002	577,350	2,164,352
Property, plant & equipment	611,146	15,342	626,488
Investments	24,121	(24,121)	-
Current assets			
Inventories	33,604	(244)	33,360
Trade and other receivables	947,460	(112,452)	835,008
Cash and cash equivalents	2,288,054	(24,200)	2,263,854
Total assets	5,491,387	431,675	5,923,062
Current liabilities			
Trade and other payables	(6,570,830)	(188,648)	(6,759,478)
Non-current liabilities			
Accruals and deferred income	(134,650)	19,774	(114,876)
Provisions	(188,545)	-	(188,545)
Total liabilities	(6,894,025)	(168,874)	(7,062,899)
Net assets	(1,402,638)	262,801	(1,139,837)
Equity			
Share capital	1,000	-	1,000
Foreign exchange reserve	220,091	320,946	541,037
Retained earnings	(1,623,729)	(58,145)	(1,681,874)
Total equity	(1,402,638)	262,801	(1,139,837)

The effects of transition to IFRS presented in the reconciliation above arise principally from the presentation of joint-ventures using the proportional consolidation method under IFRS as opposed to the equity accounted method required under UK GAAP.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

42. Explanation of transition to IFRS (continued)

Reconciliation of equity at 31 December 2009 (date of last UK GAAP Financial Statements)

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Non-current assets			
Intangible assets	1,388,627	657,595	2,046,222
Property, plant & equipment	1,151,030	48,836	1,199,866
Investments	127,456	161,383	288,839
Current assets			
Inventories	47,059	822	47,881
Trade and other receivables	1,465,148	19,491	1,484,639
Cash and cash equivalents	3,387,903	830,872	4,218,775
Total assets	<u>7,567,223</u>	<u>1,718,999</u>	<u>9,286,222</u>
Current liabilities			
Trade and other payables	(4,863,223)	(988,754)	(5,851,977)
Non-current liabilities			
Accruals and deferred income	-	(333,471)	(333,471)
Provisions	(318,784)	-	(318,784)
Total liabilities	<u>(5,182,007)</u>	<u>(1,322,225)</u>	<u>(6,504,232)</u>
Net assets	<u>2,385,216</u>	<u>396,774</u>	<u>2,781,990</u>
Equity			
Share capital	1,327	-	1,327
Share premium	4,679,500	-	4,679,500
Foreign exchange reserve	233,654	(299,418)	(65,764)
Merger reserve	1,260,056	661,124	1,921,180
Retained earnings	(3,713,208)	27,026	(3,686,182)
Non-Controlling Interest	(76,113)	8,042	(68,071)
Total equity	<u>2,385,216</u>	<u>396,774</u>	<u>2,781,990</u>

The effects of transition to IFRS presented in the reconciliation above arise due to a combination of factors. The foremost of these are, the presentation of joint-ventures using the proportional consolidation method under IFRS as opposed to the equity accounted method required under UK GAAP, and the effects of the application of IFRS 3 (2008) to business combinations undertaken in 2009 as disclosed in the notes to the financial statements.

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

42. Explanation of transition to IFRS (continued)

Reconciliation of income for the year ended 31 December 2009 (date of last UK GAAP Financial Statements)

	UK GAAP £	Effect of transition to IFRS £	IFRS £	
Continuing operations				
Gross profit	8,098,804	352,990	8,451,794	
Operating expenses (net)	(9,693,004)	175,726	(9,517,278)	
Operating loss	(1,594,200)	528,716	(1,065,484)	
Share of associate's operating loss	(268,154)	268,154	-	*
Loss on sale of subsidiary	(177,310)	-	(177,310)	
Finance charges net	(105,285)	(33,176)	(138,461)	
Exchange gains	697,780	(697,780)	-	**
Loss on sale of fixed assets	-	(48,814)	(48,814)	***
Loss before tax	(1,447,169)	17,100	(1,430,069)	
Tax	(642,310)	-	(642,310)	
Loss on ordinary activities after taxation	(2,089,479)	17,100	(2,072,379)	
Equity non-controlling interests	76,113	(8,042)	68,071	
Loss for the financial year	(2,013,366)	9,058	(2,004,308)	

* results of joint-ventures are proportionally consolidated under IFRS

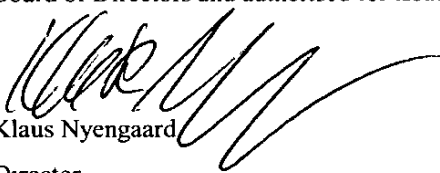
**now included within operating loss

***now included within other gains/losses

Just-Eat Group Holdings Limited
Company balance sheet – under UK GAAP
As at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	44	1,092	1,092
		<u>1,092</u>	<u>1,092</u>
Current assets			
Amounts due from subsidiary companies	45	5,660,724	4,679,774
Total assets		<u>5,661,816</u>	<u>4,680,866</u>
Creditors: amounts falling due within one year			
Accruals and deferred income		(8,500)	(20,000)
Borrowings	46	(1,017,701)	-
Provisions	47	(1,036,592)	-
Total liabilities		<u>(2,062,793)</u>	<u>(20,000)</u>
Net assets		<u>3,599,023</u>	<u>4,660,866</u>
Capital and reserves			
Called-up share capital	48	1,369	1,327
Share premium account	49	4,679,500	4,679,500
Retained earnings	50	(1,157,733)	(19,961)
Share based payment reserve	51	75,887	-
Shareholders' funds		<u>3,599,023</u>	<u>4,660,866</u>

The financial statements of Just-Eat Group Holdings Limited (Registration number 06947854) were approved by the Board of Directors and authorised for issue on 30 September 2011. They were signed on its behalf by


Klaus Nyengaard

Director

30 September 2011

Just-Eat Group Holdings Limited
Reconciliation of movements on shareholders' funds
At 31 December 2010

	Share Capital £	Share Premium Account £	Retained Earnings £	Total Equity £
Balance at 1 January 2009	1,000	-	-	1,000
Current year result	-	-	(19,961)	(19,961)
Total comprehensive loss for the period			(19,961)	(19,961)
Shares issued	590	10,266,323	-	10,266,913
Shares cancelled	(263)	(5,586,823)	-	(5,587,086)
Balance at 31 December 2009	1,327	4,679,500	(19,961)	4,660,866
Current year result	-	-	(1,137,772)	(1,137,772)
Shares issued	42	-	-	42
Credit to equity for equity-settled share based payments	-	-	75,887	75,887
Balance at 31 December 2010	1,369	4,679,500	(1,081,846)	3,599,023

43. Significant accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

In the Company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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 is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on the re-translations of results from average to closing rates are included within reserves. All other exchange differences are included in the profit and loss account.

43. Significant accounting policies (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Convertible loan notes

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recording the financial liability component is recorded at its fair value.

At the date of issue, in the case of a convertible bond denominated in a local currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

Issue costs are apportioned between the liability and equity components of the convertible instrument based on their relative carrying amounts on the date of issue. The portion relating to the equity component is charged directly against equity.

The finance costs of the financial liability are recognised over the term of the debt at a constant rate on the carrying amount.

Derivative Financial Instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

Cash flow statement

The cash flow statement shows the Group cash flows for the year for operating activities, financing activities and investing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

44. Investments

Refer to note 16 in the consolidated financial statements for details of subsidiary holdings.

45. Financial assets

Amounts due from subsidiary companies

At the balance sheet date amounts receivable from fellow group companies are £5,660,724 (2009 £4,679,774). The carrying amount of these assets approximates their fair value. There are no past due or impaired receivable balances (2009 nil).

Just-Eat Group Holdings Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2010

50. Retained earnings

	£
Balance at 1 January 2009	-
Net loss for the year	(19,961)
	<u> </u>
Balance at 1 January 2010	(19,961)
Net loss for the year	(1,137,772)
	<u> </u>
Balance at 31 December 2010	<u><u>(1,157,733)</u></u>

51. Share based payment reserve

	£
Balance at 1 January 2010	-
Credit to equity for equity-settled share-based payments	75,887
	<u> </u>
Balance at 31 December 2010	<u><u>75,887</u></u>

Assumptions used in determining fair value of financial assets and liabilities

Convertible loan notes

The assumptions used in determining the fair value of the liability component of the convertible loan notes are stated in note 21