

Report & Financial Statements

For the year ended 31 December 2009

Digital Spy Limited

Registered Number: 4270534

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DIGITAL SPY LIMITED

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DIGITAL SPY LIMITED
COMPANY INFORMATION

1

DIRECTORS

J de Boisdeffre
K Hand
A Jay

COMPANY SECRETARY.

A Humphries

REGISTERED OFFICE

64 North Row
LONDON
W1K 7LL

REGISTERED NUMBER

4270534 England

AUDITORS

Mazars LLP
Tower Bridge House
St Katharine's Way
LONDON E1W 1DD

DIRECTORS' REPORT

Registered number 4270534

The Directors present their report and the audited financial statements for the year ended 31 December 2009
The comparative period is for the nine month period ended 31 December 2008

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of Digital Spy Limited is digital publishing

In 2009, Digital Spy Limited increased its revenues to £1,365k but delivered a loss after tax of £185k (for the period ended 31 December 2008, the Company reported a profit of £22k)

During the year, Digital Spy has pursued its expansion. It increased its average number of unique visitors by 21%, from 4.7 million unique visitors in 2008 to 5.7 million unique visitors in 2009.

The Company is focusing its attention on developing its digital operations. One of the key challenges which is shared by other digital media owners is the ability to effectively monetise its audience.

DIRECTORS

The directors of the Company who served during the period were as follows:

Alan Jay
Kevin Hand
Jean De Boisdeffre

AUDITORS

Mazars LLP have signified their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

We have each taken all the necessary steps to make us aware as directors, of any relevant audit information and to establish that the auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the Company's auditors are not aware.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Mazars LLP were appointed as auditors to the Company during the year. A resolution to reappoint them will be proposed at the Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

We have each taken all the necessary steps to make us aware as directors, of any relevant audit information and to establish that the auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the Company's auditors are not aware.

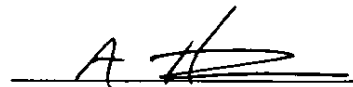
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- ensure that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- make judgements and estimates that are reasonable and prudent,
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the Board 14 April 2010


A. Humphries
Company secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF DIGITAL SPY LIMITED

We have audited the financial statements of Digital Spy Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON THE OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF DIGITAL SPY 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)

David Herbinet (Senior statutory auditor)

Tower Bridge House,
St Katharine's Way,
London E1W 1DD

Date *15 April 2010*

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Notes	12 months ended 31 December 2009 £	9 months ended 31 December 2008 £
TURNOVER	2	1,365,157	697,225
Cost of sales		(354,641)	(64,755)
GROSS PROFIT		1,010,516	632,470
Other operating expenses		(1,261,290)	(588,929)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(250,774)	43,541
Interest receivable and similar income		-	1,152
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(250,774)	44,693
Tax on (Loss) / Profit on ordinary activities	6	66,267	(22,286)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(184,507)	22,407

All profits and losses arise solely from continuing operations in the current and preceding period. All recognised gains and losses are included in the profit and loss account and as such, no separate statement of recognised gains and losses has been presented.

BALANCE SHEET as at 31 December 2009

	Notes	31 December 2009 £	31 December 2008 £
FIXED ASSETS			
Tangible fixed assets	7	74,065	82,650
		<u>74,065</u>	<u>82,650</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	8	296,215	440,606
Cash at bank and in hand		86,503	288,270
		<u>382,718</u>	<u>728,876</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(449,280)	(619,516)
		<u>(449,280)</u>	<u>(619,516)</u>
NET CURRENT (LIABILITIES) / ASSETS		(66,562)	109,360
		<u>(66,562)</u>	<u>109,360</u>
TOTAL ASSETS		<u>7,503</u>	<u>192,010</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	7,503	192,010
		<u>7,503</u>	<u>192,010</u>
TOTAL SHAREHOLDER'S FUNDS	12	<u>7,503</u>	<u>192,010</u>

Approved by the Board on 14.4.2010 and signed on its behalf by


 K Hand
 Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009**1. ACCOUNTING POLICIES****(a) Accounting convention**

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and on a going concern basis

(b) Turnover

Turnover represents the invoiced value of goods sold and services supplied stated net of value added tax

Digital advertising revenue is recognised during the month in which the advertising campaign runs on the website

(c) Exemptions applied

As the Company is wholly owned by Lagardère S C A which publishes consolidated financial statements in which it is included, it is not required to prepare a cash flow statement or to disclose details of transactions with entities that are 100% owned by the group

(d) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost less estimated residual value of all fixed assets on a straight line basis over their expected useful lives

Plant and equipment	- from 10% to 33% per annum
Fixtures and fittings	- from 7.5% to 20% per annum

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

1. ACCOUNTING POLICIES (continued)

(f) Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at 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, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(g) Pension costs

The Company operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the profit and loss account in the period to which they relate

2. TURNOVER

All of the Company's turnover and operating profits are derived from the principal activity of digital publishing, wholly undertaken in the United Kingdom

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

3. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	12 months ended 31 December 2009	9 months ended 31 December 2008
	£	£
(Loss) / profit on ordinary activities before taxation is stated after charging		
Staff costs (note 4)	773,591	327,658
Depreciation of owned tangible assets (note 7)	36,934	25,137
Auditors' remuneration – audit fees	12,195	5,000
	<u>773,591</u>	<u>327,658</u>

4. EMPLOYEE INFORMATION

	12 months ended 31 December 2009	Restated* 9 months ended 31 December 2008
	£	£
Wages and salaries	691,154	304,926
Social security costs	75,528	22,273
Other pension costs	6,909	459
	<u>773,591</u>	<u>327,658</u>

The average number of permanent persons employed by the Company during the period was

	No.	No.
Editorial	21	18
Advertising	6	1
Developers	2	2
Marketing	1	-
Management	1	1
	<u>31</u>	<u>22</u>

*Staff numbers for 2008 have been restated to reflect the correct allocation of staff between departments

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

5. DIRECTORS' REMUNERATION

	12 months ended 31 December 2009 £	9 months ended 31 December 2008 £
Emoluments	12,088	33,750
Contributions to money purchase pension schemes	-	-
Total emoluments	12,088	33,750

During the period, no director accrued benefits under money purchase pension schemes

6. TAXATION

	12 months ended 31 December 2009 £	9 months ended 31 December 2008 £
(a) Total tax charge / (credit)		
Current tax		
UK corporation tax on losses / profits for the period	(74,117)	22,201
Adjustments in respect of previous periods	-	8,208
Sub-total	(74,117)	30,409
Deferred tax		
Origination and reversal of timing differences	7,850	(8,123)
Total deferred tax	7,850	(8,123)
Tax (credit) / charge on (loss) / profit on ordinary activities	(66,267)	22,286

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

6. TAXATION (continued)

	12 months ended 31 December 2009 £	9 months ended 31 December 2008 £
(b) Tax reconciliation		
(Loss) / profit on ordinary activities before tax	(250,774)	44,693
	<hr/>	<hr/>
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	(70,217)	12,514
<i>Effects of</i>		
Expenses not deductible for tax purposes	3,950	457
Capital allowances in excess of depreciation	3,176	3,630
Other timing differences	(11,026)	5,600
Prior year under provision	-	8,208
	<hr/>	<hr/>
Current tax (credit) / charge for the period	(74,117)	30,409
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Plant and equipment £	Total £
COST			
At 1 January 2009	26,584	122,576	149,160
Additions	1,585	26,764	28,349
	<hr/>	<hr/>	<hr/>
At 31 December 2009	28,169	149,340	177,509
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 January 2009	5,636	60,874	66,510
Charge for the period	5,607	31,327	36,934
	<hr/>	<hr/>	<hr/>
At 31 December 2009	11,243	92,201	103,444
	<hr/>	<hr/>	<hr/>
NET BOOK AMOUNT			
At 31 December 2009	16,926	57,139	74,065
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At 1 January 2009	20,948	61,702	82,650
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2009	31 December 2008
	£	£
Trade debtors	201,937	412,680
Prepayments and accrued income	7,750	19,803
Deferred tax	273	8,123
UK corporation tax receivable	83,601	-
Social security and other taxes	2,654	-
	<u>296,215</u>	<u>440,606</u>

9. DEFERRED TAX RECOGNISED

	31 December 2009	31 December 2008
	£	£
Included in debtors	273	8,123
Included in provisions for liabilities and charges	-	-
Total recognised deferred tax asset	<u>273</u>	<u>8,123</u>
(Accelerated capital allowances) / accelerated depreciation	273	(2,903)
Other timing differences	-	11,026
Total recognised deferred tax asset	<u>273</u>	<u>8,123</u>
Deferred tax asset at the start of the year	8,123	-
Deferred tax (charge) / credit in profit and loss account	(7,850)	8,123
Deferred tax asset at the end of the year	<u>273</u>	<u>8,123</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2009 £	31 December 2008 £
Trade creditors	2,365	1,314
Amounts owed to group undertakings	298,601	442,432
UK corporation tax payable	-	46,869
Social security and other taxes	-	38,428
Accruals and deferred income	148,314	90,473
	<u>449,280</u>	<u>619,516</u>

11. CALLED UP SHARE CAPITAL

	31 December 2009 £	31 December 2008 £
Authorised 10,000 ordinary shares of 1p each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 6 ordinary shares of 1p each	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

12. SHAREHOLDER'S FUNDS

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2009	-	192,010	192,010
Retained loss for the period	-	(184,507)	(184,507)
	<u>-</u>	<u>(184,507)</u>	<u>(184,507)</u>
At 31 December 2009	-	7,503	7,503
	<u>-</u>	<u>7,503</u>	<u>7,503</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	31 December 2009	31 December 2008
	£	£
(Loss) / profit for the financial year	(184,507)	22,407
	<u>(184,507)</u>	<u>22,407</u>
Opening Shareholder's funds	192,010	169,603
	<u>192,010</u>	<u>169,603</u>
Closing Shareholder's funds	7,503	192,010
	<u>7,503</u>	<u>192,010</u>

14. PARENT UNDERTAKINGS AND ULTIMATE CONTROLLING PARTY

The immediate parent company is Hachette Filipacchi (UK) Limited, a company incorporated in the United Kingdom. The ultimate parent company is Lagardère S C A, a company incorporated in France.

The only group in which the results of the Company are consolidated is that headed by Lagardère S C A, whose principal place of business is at 4 Rue de Presbourg, 75008 Paris, France, where consolidated accounts are available to the public.