

Skipton Information Group Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2006

(Registered Number 4968328)

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Skipton Information Group Limited

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2006.

Principle Activities

Skipton Information Group Limited is a holding company. The principal activities of its subsidiary companies are as follows:

EuroDirect: the development and marketing of information databases and the development of marketing information systems.

GMAP: geographical modelling and planning.

Callcredit: the provision of credit reference and marketing services for business and consumer markets.

All of the subsidiary companies will continue with their activities as listed above for the foreseeable future. The Company and its subsidiaries are incorporated in the UK. All the companies in this group are private companies limited by shares.

Skipton Information Group Business Review

On 14th July 2006, the company reregistered as a limited company. The company was previously Skipton Information Group plc.

Skipton Information Group has seen good growth in 2006, with sales increasing year on year by 29%. In terms of its profitability, gross margins improved from 58% in 2005 to 67% in 2006. A summary review of each of the trading companies is given below.

Callcredit

Callcredit has had an extremely successful year. Revenue expectations for 2006 have been exceeded, and sales have increased year on year by 114%. It is now acknowledged in the credit market that Callcredit has reached data parity with its competitors, offering quality and depth in its range of services. During the year, The Affordability Check product has been successfully released to key lenders as part of the Overindebtedness initiative. The initiative has been very well received in the market in the context of the growing problem of consumer debt.

EuroDirect

EuroDirect has performed well during the year despite difficult market conditions. Year on year revenues have increased by 3% and profit before tax by 16%. Good progress has been made in winning larger scale database clients, building a foundation to enable the Company to expand further into the management of substantial marketing databases.

GMAP

Both revenue and profits remained stable in GMAP year on year, and GMAP continues to consolidate its position in the forecourt and retail markets, and to make good progress with new clients in the automotive sector, including multi-national manufacturers. Major contracts with a global forecourt client have been extended for a further 2 year period, reflecting the value and quality of service which GMAP provides.

Key Performance Indicators

Significant key performance indicators are shown as required in the individual company accounts of group companies. The Group's gross margins are as set out above. Revenue per head of staff has increased from £60,000 in 2005 to £67,000 in 2006. Debtor days show an improvement of 9 days when compared to 2005.

As Skipton Information Group moves towards profitability, more meaningful operating margin ratios will be available for comparative purposes. Internal cost ratios are monitored monthly by the Directors.

The Group also monitors its progress and development by further non-financial indicators, including sales effectiveness, marketing response, operational efficiency, production, delivery, availability of online services and customer services. The Directors are satisfied with the both the financial and operational performance of the business in 2006.

Principal Risks and Uncertainties

The principal risks to the Company are as follows:

- Failure to achieve Corporate objectives arising from the loss of key customers.
- Delayed or sub optimal service leading to a loss of confidence in the market.
- Loss or corruption of data resulting from inadequate security or ineffective recruitment procedures.
- Rapid changes being experienced in the Direct Marketing Industry, away from the traditional media to the new electronic media.

The Directors are satisfied that the above risks are being adequately managed in the Group.

Skipton Information Group Limited

DIRECTORS' REPORT

DIVIDENDS

There has been no payment of dividends during the year and the directors do not propose to pay a final dividend (2005: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year and their interests in the Company's issued share capital were during the year and at the year end:

	31st December 2006 Ordinary 10p Shares	31st December 2005 Ordinary B 10p Shares
J G Goodfellow	-	-
M J Green	245,000	245,000
E A Richards	25,000	25,000
R J Twigg	-	-

Messrs J G Goodfellow and R J Twigg are also directors of the ultimate parent undertaking Skipton Building Society and the immediate parent undertaking, Skipton Group Holdings Limited. The interests in the shares of the group companies are not required to be recorded in the register maintained by this Company.

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions (2005: £nil) during the period. Donations by the Group to UK charities amounted to £8,219 (2005: £3,693).

EMPLOYEES

It is the policy of the Group to disclose to staff at all levels information on matters of concern to them as employees.

CREDITOR PAYMENT POLICY

The Group's policy concerning the payment of suppliers for the next financial year is to agree terms of payment in advance and to make the payment in accordance with agreed terms and any other legal obligations.

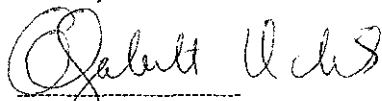
As at 31 December 2006 creditor days were 33 days (2005: 39 days).

AUDITORS

A resolution to re-appoint KPMG Audit Plc as auditors will be proposed at the next Annual General Meeting.

By order of the board

E A Richards
Secretary



6 February 2007

Skipton Information Group Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with IFRSs as adopted by the EU.

The group and parent company financial statements are required by law to present fairly the financial position and performance of the group and the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Skipton Information Group Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKIPTON INFORMATION GROUP LIMITED

We have audited the group and company financial statements of Skipton Information Group Limited for the year ended 31 December 2006 which comprise the Income Statement, the consolidated and company Balance Sheet, the consolidated and company Cash Flow Statement, the consolidated and company Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's and company's affairs as at 31 December 2006 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
Registered Auditor

KPMG Audit Plc

6 February 2007

Skipton Information Group Limited

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	Year ended 31 December 2006	Year ended 31 December 2005
		£'000s	£'000s
Revenue	1	18,853	14,610
Cost of sales		(6,282)	(6,158)
Gross profit		12,571	8,452
Other operating income	5	5	14
Administrative expenses		(13,937)	(11,835)
Loss from operations	2	(1,361)	(3,369)
Financial income	3	2	39
Finance costs	4	(726)	(571)
Loss before tax		(2,085)	(3,901)
Taxation	8	448	1,117
Loss for the period		(1,637)	(2,784)

In both the current and preceding period the Group had no discontinued operations.

The Income Statement is prepared on an unmodified historical cost basis.

The notes on pages 10 to 25 form part of these financial statements.

Skipton Information Group Limited

Consolidated Statement of Changes in Shareholders' Equity

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total Equity
Balance at 1 January 2005	29,100	900	-	(2,591)	27,409
Loss for the year	-	-	-	(2,784)	(2,784)
Impact of adoption of IAS32/39	(29,000)	-	-	-	(29,000)
Balance at 31 December 2005	100	900	-	(5,375)	(4,375)
Loss for the year	-	-	-	(1,637)	(1,637)
Increase in share capital	567	-	-	-	567
Share capital reconstruction (note 17)	-	-	28,433	-	28,433
Balance at 31 December 2006	667	900	28,433	(7,012)	22,988

Statement of Changes in Shareholders' Equity - Company

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total Equity
Balance at 1 January 2005	29,100	900	-	(310)	29,690
Profit for the period	-	-	-	314	314
Impact of adoption of IAS32/39	(29,000)	-	-	-	(29,000)
Balance at 31 December 2005	100	900	-	4	1,004
Profit for the year	-	-	-	(4)	(4)
Increase in share capital	567	-	-	-	567
Share capital reconstruction (note 17)	-	-	28,433	-	28,433
Balance at 31 December 2006	667	900	28,433	-	30,000

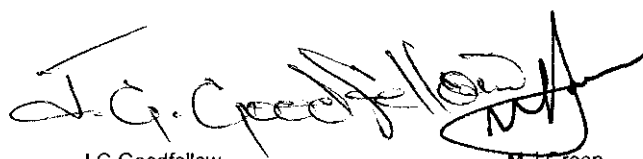
Skipton Information Group Limited

Balance Sheets

AS AT 31 DECEMBER 2006

	Notes	31 December 2006		31 December 2005	
		Group	Company	Group	Company
		£'000s	£'000s	£'000s	£'000s
Current assets					
Trade and other receivables	9	6,976	16,655	5,199	12,716
Income tax receivable		218	23	729	80
Cash and cash equivalents	10	348	1	612	-
		7,542	16,679	6,540	12,796
Non-current assets					
Intangible assets	11	31,808	-	31,479	-
Property, plant and equipment	12	1,667	-	1,446	-
Investments	13	-	35,000	-	35,000
Deferred tax assets	14	566	-	417	-
Total assets		41,583	51,679	39,882	47,796
Current liabilities					
Trade and other payables	15	4,578	13	2,830	70
Income tax payable		-	-	-	-
Amounts owed to group undertakings	15	14,017	21,666	12,427	17,722
Loans and borrowings	16	-	-	29,000	29,000
		18,595	21,679	44,257	46,792
Equity					
Share capital	17,18	667	667	100	100
Share premium account	18	900	900	900	900
Capital redemption reserve	18	28,433	28,433	-	-
Retained earnings		(7,012)	-	(5,375)	4
		22,988	30,000	(4,375)	1,004
Total equity and liabilities		41,583	51,679	39,882	47,796

These accounts were approved by the board of Directors on 6 February 2007 and signed on its behalf by :



J G Goodfellow
Director

M J Green
Director

The notes on pages 10 to 25 form part of these accounts.

Skipton Information Group Limited

Consolidated Cash Flow Statement

FOR THE YEAR ENDING 31 DECEMBER 2006

	Note	Year ended 31 December 2006	Year ended 31 December 2005
		£'000s	£'000s
Cash Flows from Operating Activities			
Loss before taxation		(2,085)	(3,901)
Adjustments for:			
Depreciation and amortisation charges	11,12	2,690	2,645
Profit on sale of tangible fixed assets		(8)	(6)
Financial income	3	(2)	(39)
Interest expense	4	726	571
Increase in trade and other receivables	9	(1,777)	(185)
Increase in trade and other payables	15	3,338	1,318
Cash generated from operating activities		2,882	403
Interest paid	4	(726)	(571)
Income taxes received		808	1,504
Net cash from operating activities		2,964	1,336
Cash Flows from Investing Activities			
Interest received	3	2	39
Proceeds on disposal of property, plant and equipment		32	10
Purchases of property, plant and equipment	12	(947)	(304)
Purchases of intangible assets	11	(2,315)	(2,657)
Net cash from investing activities		(3,228)	(2,912)
Net decrease in cash and cash equivalents		(264)	(1,576)
Cash and Cash equivalents at 1 January		612	2,188
Cash and cash equivalents at 31 December		348	612

Skipton Information Group Limited

Company Cash Flow Statement

FOR THE YEAR ENDING 31 DECEMBER 2006

		Year ended 31 December 2006 £'000s	Year ended 31 December 2005 £'000s
	Note		
Cash Flows from Operating Activities			
Profit/ (loss) before taxation		(376)	234
Adjustments for:			
Financial income		(729)	(1,055)
Interest expense		1,056	815
Increase in trade and other receivables	9	(3,939)	(5,742)
Increase in trade and other payables	15	3,887	4,008
Cash generated from operating activities		(101)	(1,740)
Income taxes (paid)/received		129	(47)
Interest paid		(1,056)	(815)
Net cash outflow from operating activities		(1,028)	(2,602)
Cash Flows from Investing Activities			
Interest received		729	1,055
Dividend received		300	-
Net cash inflow/ (outflow) from investing activities		1,029	1,055
Net increase / (decrease) in cash and cash equivalents		1	(1,547)
Cash and cash equivalents at 1 January		-	1,547
Cash and cash equivalents at 31 December	10	1	-

Skipton Information Group Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's accounts:

(a) Basis of accounting

The financial statements are presented in accordance with International Financial Reporting Standards and its interpretations as endorsed by the EU and effective from 31 December 2006. The Directors have not adopted IFRS 7: *Financial Instruments: Disclosures* and IAS 1 (amended): *Presentation of Financial Statements* (capital disclosures) which although endorsed by the EU, are currently not mandatory.

The Group Accounts consolidate the accounts of Skipton Information Group Limited and all its subsidiary undertakings.

The acquisition method of accounting has been adopted, under which the results of subsidiary undertakings acquired or disposed of during the year are included in the Income Statement from the date of acquisition or up to the date of disposal. All Group undertakings prepare accounts to 31 December annually.

In the Company's accounts, investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value. In accordance with Section 230(4) of the Companies Act 1985, the Company is exempt from the requirement to present its own profit and loss account. The Company's profit for the year is disclosed in note 18 to the accounts.

The financial statements are drawn up under the historic cost convention and in accordance with applicable accounting standards.

(b) Going Concern

The financial statements have been prepared on a going concern basis assuming the continued support of the Group's ultimate parent undertaking. The Directors have reviewed the results of the Group's operations in the period 1 January to the date of approval of the financial statements and have made forecasts of its performance in the subsequent 12 months. They have also received assurances of continued financial support from the ultimate parent undertaking. In view of this the Directors consider that the Group will continue to be able to meet its liabilities as they fall due and that the financial statements can therefore be prepared on a going concern basis.

(c) Revenue Recognition

With the exception of GMAP the Group policy is to recognise revenue, exclusive of VAT, when the sale has been invoiced. A substantial element of the Group's income is generated from the sale of licenses. This income is non-recourse and is therefore recognised in full when the sale is invoiced.

In GMAP revenue is recognised when all of the following has occurred:

- (a) the revenue can be reliably measured;
- (b) it is probable that the economic benefits will flow to the company;
- (c) at the balance sheet date the stage of completion can be measured reliably;
- (d) transaction costs and costs to completion can be measured reliably.

GMAP has adopted a different policy in order to better reflect the nature of its sales transactions.

Interest income is recognised on an accruals basis.

(d) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated to write off the cost of tangible fixed assets less estimated residual value over their estimated useful lives as set out below on a straight line basis unless stated otherwise.

Leasehold Improvements	-10% straight line
Office Equipment	-20-50% straight line
Motor Vehicles	-25% reducing balance

Fixed asset purchases are depreciated on a monthly basis from the date the asset is available for utilisation. Profits and losses on the sale of these assets are included within the depreciation charge except where these are material when they are separately disclosed.

Skipton Information Group Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

(e) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Any negative goodwill arising on an acquisition is recognised directly in profit or loss. Expenditure on internally generated goodwill is recognised in the Income Statement as an expense as incurred. In accordance with IAS 36 'Impairment of Assets', goodwill is not amortised but is tested annually for impairment. The results of the impairment review undertaken for the year ended 31 December 2006 confirm that no impairment has occurred.

(f) Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment in value. In accordance with IAS 36 'Impairment of Assets' the investments are reviewed annually to identify any indicators of impairment. Where any indication of impairment is identified, then impairment testing is carried out in accordance with the guidance in this standard. For the year ended 31 December 2006 no indications of impairment were found.

(g) Intangible assets

Intangible assets include deferred development costs, internally created databases and purchased data assets that in the opinion of the Directors meet the definition of an intangible asset as defined in IAS 38 'Intangible Assets'. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows:

Databases and purchased data assets - straight line depreciation over 1-6 years

Deferred Development costs - straight line depreciation over 10 years

Internally created databases comprise the data purchase and capture costs of internally developed databases, for use by customers to determine the credit-worthiness of individuals. The costs are capitalised as development costs in accordance with IAS38.

Purchased data assets comprise data sets purchased externally for resale on a licensed basis and incorporation into the group's products which fulfil the IAS38 definition of intangible assets.

Deferred development expenditure comprises the product development costs of commercially exploitable systems to the extent that they are recoverable.

For the intangible fixed assets, an annual review is undertaken to establish whether there are any indications of impairment. Should this be the case an impairment review is performed in accordance with IAS 36 by comparing the carrying value to the net present value of future cash flows. The results of the impairment review performed at the 31 December 2006 year end confirmed that no impairment write down is required.

(h) Operating leases

Costs of operating leases are charged to the Income Statement on a straight line basis over the lease term.

(i) Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes, in accordance with IAS 12, Income Taxes.

(j) Pensions

The majority of company employees are members of the Skipton Building Society Group stakeholder pension scheme, and in addition a defined contribution scheme is in operation for certain EuroDirect and GMAP employees. Under both arrangements the assets are held in an independently administered scheme. Contributions are charged to the Income Statement and are included in staff costs.

(k) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Skipton Information Group Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

(l) Financial instruments and derivatives

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

(m) Cash and cash equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

The cash flow statement has been prepared using the indirect method.

(n) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classed as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are non-discretionary. Dividends thereon are recognised in the income statement as interest expense.

(o) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Skipton Information Group Limited

NOTES TO THE FINANCIAL STATEMENTS

2. Loss from operations

Group

Year ended
31 December 2006 Year ended
31 December 2005

£'000s £'000s

Loss from operations has been arrived at after charging (crediting):

Depreciation of property, plant and equipment	704	709
Amortisation of intangibles	1,986	1,936
Staff costs (see note 6)	10,687	8,915
Rentals payable under operating leases	524	672
(Profit)/Loss on disposal of property, plant and equipment	(8)	(6)

Auditors' remuneration and expenses:

Group

Audit of these financial statements	35	30
All other services	1	-

Company

Audit of these financial statements	3	3
All other services	1	-

Group

3. Financial income

Year ended
31 December 2006 Year ended
31 December 2005

£'000s £'000s

Interest receivable from group undertakings	-	39
Other interest	2	-

2 39

Group

4. Finance Costs

Year ended
31 December 2006 Year ended
31 December 2005

£'000s £'000s

Interest payable to group undertakings	726	571
	726	571

Group

5. Other operating income

Year ended
31 December 2006 Year ended
31 December 2005

£'000s £'000s

Rents receivable under operating leases	5	14
	5	14

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

6. Staff numbers and costs

The average monthly number of persons employed by the Group (including executive directors but excluding non-executive directors) during the period was as follows:

	Group	
	Year ended 31 December 2006	Year ended 31 December 2005
Sales	70	33
Operations	150	149
Administration	62	63
	282	245

The aggregate payroll costs of these persons was as follows:	£'000s	£'000s
Wages and salaries	10,193	9,151
Social security costs	991	912
Other pension costs	318	301
	11,502	10,364

During the year £815,000 which has been included in the staff costs set out above was capitalised within additions to deferred development assets as shown in note 11 (2005: £1,449,000).

Pension costs include £18,000 (2005: £18,000) contributions to the ultimate parent company defined benefit pension scheme. The assets and liabilities of the scheme are disclosed in the accounts of the ultimate parent undertaking (note 21). The Group is unable to identify its share of the defined benefit pension scheme assets and liabilities and on this basis all contributions to the scheme are accounted for on a defined contribution basis.

The Company had no employees and therefore no staff costs during the current or preceding periods.

	Company	
	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s
7. Directors' remuneration and transactions		
<i>Remuneration</i>		
The remuneration of the directors was as follows:		
Emoluments	309	280
Pension costs	9	8
	318	288

Highest paid Director

The above amounts for remuneration include the following in respect of the highest paid director:

Emoluments	207	182
Payments to defined contribution schemes	6	5
	213	187

Pensions

Retirement benefits are accruing to the following number of directors:

Defined contribution schemes	2	2
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Skipton Information Group Limited

NOTES TO THE ACCOUNTS

8. Taxation

A reconciliation of current tax on loss on ordinary activities at the standard UK corporation tax rate to the actual tax income is as follows:

	Group	
	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s
a) Analysis of tax income in the year at 30%		
Current tax		
Current tax at 30%	(539)	(1,074)
Adjustment for prior years	240	(244)
Total Current Tax	(299)	(1,318)
Deferred tax		
Origination and reversal of temporary differences	(148)	(43)
Adjustment in respect of prior years	(1)	244
Total Deferred Tax	(149)	201
Income tax credit	(448)	(1,117)

b) Factors affecting current tax income in the year

The credit for the period can be reconciled to the loss per the income statement as follows:

Loss on ordinary activities before tax	(2,085)	(3,901)
Tax on loss on ordinary activities at UK standard rate of 30% (2005: 30%)	(626)	(1,170)
Effects of:		
- expenses not deductible for tax purposes	97	53
- adjustment to deferred tax in respect of prior periods	(100)	244
- adjustment to tax income in respect of prior periods	(37)	(244)
- Other	218	-
Income tax credit	(448)	(1,117)

9. Trade and other receivables

	Group		Company	
	Year ended 31 December 2006	Year ended 31 December 2005	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s	£'000s	£'000s
Trade debtors	5,078	4,360	-	-
Amounts owed by Group Undertakings	22	97	16,581	12,716
Prepayments and accrued income	1,876	742	74	-
	6,976	5,199	16,655	12,716

10. Cash and cash equivalents

	Group		Company	
	Year ended 31 December 2006	Year ended 31 December 2005	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s	£'000s	£'000s
Bank balances	348	612	1	-
Cash and cash equivalents	348	612	1	-

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

11. Intangible assets

	Group			
	Goodwill £'000s	Databases & Purchased Data Assets £'000s	Deferred Development Expenditure £'000s	Total £'000s
Cost				
At 1 January 2006	22,497	3,501	7,679	33,677
Additions	-	885	1,430	2,315
At 31 December 2006	22,497	4,386	9,109	35,992
Amortisation and impairment losses				
At 1 January 2006	-	733	1,465	2,198
Amortisation for the year	-	1,035	951	1,986
At 31 December 2006	-	1,768	2,416	4,184
Carrying amounts				
At 1 January 2006	22,497	2,768	6,214	31,479
At 31 December 2006	22,497	2,618	6,693	31,808

	Group			
	Goodwill £'000s	Databases & Purchased Data Assets £'000s	Deferred Development Expenditure £'000s	Total £'000s
Cost				
At 1 January 2005	22,497	4,271	5,868	32,636
Additions	-	846	1,811	2,657
Disposals	-	(1,616)	-	(1,616)
At 31 December 2005	22,497	3,501	7,679	33,677
Amortisation and impairment losses				
At 1 January 2005	-	1,187	691	1,878
Amortisation for the year	-	1,162	774	1,936
Eliminated on Disposals	-	(1,616)	-	(1,616)
At 31 December 2005	-	733	1,465	2,198
Carrying amounts				
At 1 January 2005	22,497	3,084	5,177	30,758
At 31 December 2005	22,497	2,768	6,214	31,479

The Company holds no intangible fixed assets.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

Group

12. Property, plant and equipment

	Leasehold Improvements £'000s	Office Equipment £'000s	Motor Vehicles £'000s	Total £'000s
Cost				
At 1 January 2006	563	1,173	237	1,973
Additions	25	922	-	947
Disposals	-	(9)	(90)	(99)
At 31 December 2006	588	2,086	147	2,821
Accumulated Depreciation and impairment				
At 1 January 2006	102	329	96	527
Depreciation charge for the year	73	587	44	704
Eliminated on Disposals	(1)	(3)	(73)	(77)
At 31 December 2006	174	913	67	1,154
Carrying amounts				
At 31 December 2006	414	1,173	80	1,667
At 1 January 2006	461	844	141	1,446

Group

	Leasehold Improvements £'000s	Office Equipment £'000s	Motor Vehicles £'000s	Total £'000s
Cost				
At 1 January 2005	563	1,445	244	2,252
Additions	-	281	23	304
Disposals	-	(553)	(30)	(583)
At 31 December 2005	563	1,173	237	1,973
Accumulated Depreciation and impairment				
At 1 January 2005	32	321	44	397
Depreciation charge for the year	70	561	78	709
Eliminated on Disposals	-	(553)	(26)	(579)
At 31 December 2005	102	329	96	527
Carrying amounts				
At 31 December 2005	461	844	141	1,446
At 1 January 2005	531	1,124	200	1,855

The Company holds no tangible fixed assets.

None of the assets included above are held under finance leases.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

13. Investments

Shares in Subsidiary Undertakings	Company	
	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s
Cost and Net Book Value		
At start of period	35,000	35,000
Additions in the period	-	-
At end of period	35,000	35,000

At 31st December 2006 and the previous year end, the Company held interests in the following principal subsidiary undertakings:

Name of subsidiary	Principal Business Activity	Type of Shares Held	Proportion of Shares Held	Immediate Parent
Callcredit Limited	Credit Referencing	Ordinary Shares	100% [50% directly owned and 50% indirectly owned through EuroDirect	Skipton Information Group Limited
EuroDirect Database Marketing Limited	Database Marketing	Ordinary Shares	100%	Skipton Information Group Limited
GMAP Limited	Geographical modelling and planning	Ordinary Shares	100%	EuroDirect Database Marketing Limited

All the above companies are incorporated and registered in England and operate in the United Kingdom.

14. Deferred tax

The movement on the deferred tax account is as shown below:	Group Deferred tax asset	
	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s
At start of period	(417)	(618)
Income statement charge/(credit)	(149)	201
At end of period	(566)	(417)

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

14. Deferred tax (continued)

Deferred tax assets	Accelerated capital allowances £'000s	Tax Losses £'000s	Other £'000s	Total £'000s
At 1 January 2005	721	(1,339)	-	(618)
Charged/(credited) to profit and loss account	150	55	(4)	201
At 31 December 2005	871	(1,284)	(4)	(417)
Charged/(credited) to profit and loss account	(48)	(100)	(1)	(149)
At 31 December 2006	823	(1,384)	(5)	(566)

Net deferred tax liability/(asset)

At 31 December 2006	823	(1,384)	-	(5)	(566)
At 31 December 2005	871	(1,284)		(4)	(417)

The Company had no deferred tax assets or liabilities in either the current or previous period.

15. Trade and other payables

	Group		Company	
	Year ended 31 December 2006	Year ended 31 December 2005	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s	£'000s	£'000s
Trade creditors	867	874	-	-
Amounts owed to group undertakings	14,017	12,427	21,666	17,722
VAT	938	436	8	66
Accruals and deferred income	2,773	1,520	5	4
	18,595	15,257	21,679	17,792

16. Loans and borrowings

	Group and Company	
	31 December 2006	31 December 2005
	£'000s	£'000s
Redeemable ordinary and preference shares		
4,000,000 A redeemable, convertible ordinary shares	-	4,000
10,000,000 A nil coupon, redeemable preference shares	-	10,000
15,000,000 B non-cumulative, redeemable preference shares	-	15,000
	-	29,000

The A ordinary shares and A preference shares, in issue until 28th June 2006, were non-interest bearing. The B preference shares, also in issue to this date, were non-cumulative and no interest was paid on them. These classes of shares were classified as current liabilities due to the contractual arrangements in respect of redemption features of the shares. The rights attached to each of these classes of share are disclosed in note 17. All these shares were owned by Skipton Group Holdings Limited and were subject to a share capital reconstruction process as detailed in note 17.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

17. Share Capital

	Group and Company	
	31 December 2006	31 December 2005
	£'000s	£'000s
Authorised		
300,000,000 ordinary 10p shares	30,000	-
1,000,000 ordinary B convertible shares of 10p each	-	100
Ordinary shares of 10p each	30,000	100
Issued and fully paid		
6,666,240 ordinary 10p shares	667	-
1,000,000 ordinary B convertible shares of 10p each	-	100
	667	100

On 28th June 2006 the share capital of the company was restructured as follows:

1. 666,490 of the existing A preference shares were converted and redesignated as 666,490 new A Ordinary shares of £1 each.
2. 999,750 of the existing B preference shares were converted and redesignated as 999,750 new A Ordinary shares of £1 each.
3. Each of the existing A ordinary shares of £1 and those created from the A preference shares and the B preference shares (above) were subdivided into 1 A ordinary share of 10p each and 1 non voting deferred share of 90p each.
4. Each of the resulting A ordinary shares of 10p each and the existing B ordinary shares of 10p each was redesignated as an ordinary share of 10p each to form a single class of share.
5. Each of the A preference shares of £1 each and the B preference shares of £1 each not converted and redesignated as outlined above was redesignated as a non-voting deferred shares of £1 each.
6. Each of the 90p deferred shares and the £1 deferred shares was redeemed for an aggregate consideration of £1 and was then converted into an ordinary share of 10 pence each in the authorised but unissued share capital of the company.

The rights attached to the new class of 10p ordinary shares are set out below:

Dividends

Any profits which the company determines to distribute shall be applied pari passu according to the number of ordinary shares actually held by each shareholder.

Capital

On a return of capital on liquidation or capital reduction or otherwise, the surplus assets of the company remaining after payment of all its liabilities shall be applied to each shareholder, first, any dividends in respect of his ordinary shares which have been declared but are unpaid and, secondly, an amount equal to the issue price of each share held by him.

Voting

Each shareholder is entitled to received notice of and to attend and speak at any general meeting of the company. The shareholders who are present in person or by proxy or who are represented by a duly authorised representative shall, on a show of hands, have one vote each, and, on a poll, have one vote for each share of which he is the holder.

Redemption of Ordinary Shares

Subject to the provisions of the Companies Act:

- (a) A shareholder may by giving notice in writing to the company require the company to redeem some or all of his ordinary shares immediately prior to and conditionally upon the occurrence of a Listing.
- (b) The company shall pay on each share redeemed (exclusive of the related associated tax credit) an amount equal to the issue price thereof.
- (c) The company shall pay to each registered holder of ordinary shares which are to be redeemed on that date the amount payable in respect of such redemption. Upon receipt of that amount, the holder shall deliver to the company for cancellation the certificate(s) for those ordinary shares or an indemnity in form reasonably satisfactory to the company in respect of any missing share certificate.
- (d) If the company is permitted by the Companies Act to redeem only some of the ordinary shares which would otherwise be redeemed at the time, the company shall only redeem the number of such ordinary shares that it can so redeem at that time. The company shall redeem as soon thereafter as it may do so all the remaining ordinary shares which would otherwise have been redeemed and pending such redemption shall not pay any dividend.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

17. Share Capital (continued)

The rights attached to the ordinary and preference shares in issue during the whole of the financial year ending 31 December 2005 and up until the share restructure on 28th June 2006 are set out below.

A' Ordinary Shares

The 'A' redeemable and convertible ordinary shares (as set out in note 16) were issued at par on 14th June 2004. The A ordinary shareholders may require the company to redeem some or all of the A ordinary shares immediately prior to and conditional upon the occurrence of a Listing. The Company shall pay an amount equal to the issue price of the share. Where the Company is permitted by the Companies Act only to redeem some of the A ordinary shares, the remainder shall be redeemed as soon thereafter as the Company is permitted to do so. Immediately prior to, and conditional upon a Listing, each A Ordinary share not subject to redemption as above shall be subdivided and converted into and redesignated as an ordinary share and a deferred share. The ordinary shares arising on conversion shall rank pari passu in all respects with the issued Ordinary Shares.

B' Ordinary Shares

The 'B' convertible ordinary shares were issued at a 90p premium on 6th April 2004. Immediately prior to, and conditional upon a Listing each B Ordinary share shall be converted into and designated as the same number of ordinary shares. The ordinary shares arising on conversion shall rank pari passu in all respects with the issued Ordinary Shares.

The holders of Ordinary shares (A and B) are entitled to dividends as determined by the directors from any remaining distributable profits after the payment of the B preference shares dividend. Dividends will be paid to the holders of the ordinary shares according to the number of shares actually held by each shareholder as if all the shares constituted one class of shares. Each holder of an Ordinary share is entitled, on a poll, to one vote per each Ordinary share held and on a show of hands to have one vote each.

On winding up the surplus assets of the Company, remaining after the payment of liabilities and amounts owed to the holders of A and B Preference shares, but otherwise in priority to the holders of any other shares, are payable as follows to the Ordinary shareholders:

(a) first any dividends which have been declared but are unpaid and secondly an amount equal to the issue price of each

Ordinary share; and

(b) thereafter all amounts owing to the holders, if any, of deferred shares.

The remaining balance is then distributed between the members holding Ordinary shares in proportion to the number of shares held by them.

'A' Preference Shares

The nil coupon, redeemable 'A' Preference shares (as set out in note 16) were issued at par on 14th June 2004. The 'A' Preference shareholders are not entitled to any payment of dividend or other distribution and confer no other rights to participate in the profits of the Company.

On winding up the 'A' Preference shareholders have priority over holders of all other classes of shares to receive an amount equal to the issue price of the shares held from the Company's surplus assets once its liabilities have been settled. There is no other right to participate on a return of capital by the Company.

The shares are redeemable at the Company's option at par in the following circumstances:

(i) On 90 days at any time after 31 December 2005

(ii) Immediately prior to an Exit Event or appointment of a receiver or equivalent

(iii) On 30 April 2014 - The shares shall be redeemed on this date.

The shareholders will be entitled to vote on any resolution in respect of their shares if the meeting includes a resolution for the liquidation of the Company or which varies the rights attaching to the 'A' Preference shares. Each shareholder will be entitled to, on a show of hands, one vote each and, on a poll, have in aggregate such number of votes as, when aggregated with all ordinary shares held by such members, equal 75% of the total number of votes exercisable on the resolution by all the members.

'B' Preference Shares

The non-cumulative redeemable B Preference shares (as set out in note 16) were issued at par on 14th June 2004. These shares attract, in priority to dividends from any other class of share, a non-cumulative dividend. The dividend rate equates to the aggregate of base rate and 1% per annum of the issue price of the relevant B Preference share. There are no other rights to participate in the profits of the Company. The dividend will accrue from the date of issue and shall be paid in arrears each year on 30 June and 31 December and on an Exit Event. No dividend will be paid or liability arise in any year when the Company has insufficient distributable reserves to meet the dividend payment in full.

On winding up, the surplus assets of the Company after settlement of all liabilities and payments of amounts due to the 'A' preference shareholders will be used to pay the B preference shareholders as follows:

(i) all unpaid arrears and accruals in respect of dividends and other amounts;

(ii) an amount equal to the issue price.

There are no other rights to participate in the profits of the Company in a return of capital situation.

Shares can be redeemed at the Company's option in the following circumstances. The amount payable on redemption will equal the sum of the issue price plus any arrears owing on the B Preference share dividends.

(i) On 90 days notice at any time after 31 December 2005

(ii) Immediately prior to an Exit Event or appointment of a receiver or equivalent

(iii) On 30 April 2014 - The shares shall be redeemed on this date.

The shareholders will be entitled to vote on any resolution in respect of their shares if the meeting includes a resolution for the liquidation of the Company or which varies the rights attaching to the 'B' Preference shares. Each shareholder will be entitled to, on a show of hands, one vote each and, on a poll, have in aggregate such number of votes as, when aggregated with all ordinary shares held by such members, equal 75% of the total number of votes exercisable on the resolution by all the members.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

18. Reconciliation of movement in capital and reserves

	Group				Total Equity £'000s
	Share Capital £'000s	Share Premium £'000s	Retained Earnings £'000s	Capital Redemption Reserve £'000s	
Balance at 1 January 2006	100	900	(5,375)	-	(4,375)
Loss for the period	-	-	(1,637)	-	(1,637)
Increase in share capital	567	-	-	-	567
Share capital reconstruction (note 17)	-	-	-	28,433	28,433
Balance at 31 December 2006	667	900	(7,012)	28,433	22,988
Balance at 1 January 2005	29,100	900	(2,591)	-	27,409
Reclassification under IAS32/39	(29,000)	-	-	-	(29,000)
Loss for the period	-	-	(2,784)	-	(2,784)
Balance at 31 December 2005	100	900	(5,375)	-	(4,375)

	Company				Total Equity £'000s
	Share Capital £'000s	Share Premium £'000s	Retained Earnings £'000s	Capital Redemption Reserve £'000s	
Balance at 1 January 2006	100	900	4	-	1,004
(Loss)/Profit for the period	-	-	(4)	-	(4)
Increase in share capital	567	-	-	-	567
Share capital reconstruction (note 17)	-	-	-	28,433	28,433
Balance at 31 December 2006	667	900	-	28,433	30,000
Balance at 1 January 2005	29,100	900	(310)	-	29,690
Reclassification under IAS32/39	(29,000)	-	-	-	(29,000)
(Loss)/Profit for the period	-	-	314	-	314
Balance at 31 December 2005	100	900	4	-	1,004

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

19. Related Party Transactions

The Group has a related party relationship with its ultimate parent company (note 21), other subsidiaries of the ultimate parent and its directors and executive officers.

During the year to 31 December 2006, the following related party transactions were entered into by the Group with related parties:

Transaction	Amount		Outstanding balance	
	2006	2005	2006	2005
	£'000s	£'000s	£'000s	£'000s
a) Sales of goods and services				
Sale of goods	223	260	22	97
Sale of services	4	14	-	-
Interest receivable	-	38	-	-
	<u>227</u>	<u>312</u>	<u>22</u>	<u>97</u>
Owed to SIG at year end			22	97
b) Purchase of goods and services				
Purchase of services	(68)	(143)	-	(1,363)
Interest payable	(726)	(571)	-	(2)
	<u>(794)</u>	<u>(714)</u>	<u>-</u>	<u>(1,365)</u>
c) Funding				
Skipton Group Holdings Limited			(10,000)	(10,000)
Skipton Building Society			(4,017)	(1,062)
			<u>(14,017)</u>	<u>(11,062)</u>
Owing by SIG at year end			(14,017)	(12,427)

The Group has a funding arrangement with the ultimate parent company. When surplus funds are available, they are deposited with the parent company's treasury; where a deficit occurs funding is provided by the parent. The year end balances are illustrated above.

All transactions were entered into at arms length on normal commercial terms.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

19. Related Party Transactions (continued)

Skipton Information Group Limited, the Company, has a related party relationship with its ultimate parent company (note 21), other subsidiaries of the ultimate parent and its directors and executive officers.

During the year to 31 December 2006, the following related party transactions were entered into by the Company with related parties:

Transaction	Amount		Outstanding balance	
	2006	2005	2006	2005
	£'000s	£'000s	£'000s	£'000s
a) Sales of goods and services				
Sale of services	684	537	88	914
Interest receivable	729	555	-	9
Deposits made			16,493	11,817
	1,413	1,092	16,581	12,740
Total owed to SIG at year end			16,581	12,740
b) Purchases of goods and services:				
Purchase of services	(21)	(59)	-	(850)
Interest payable	(1,056)	(815)	(33)	(26)
	(1,077)	(874)	(33)	(876)
c) Funding				
Skipton Group Holdings Limited			(10,000)	(10,000)
EuroDirect Database Marketing Limited			(7,183)	(5,606)
Skipton Building Society			(4,001)	(1,062)
GMAP Limited			(449)	(202)
			(21,633)	(16,870)
Total owing by SIG at year end			(21,666)	(17,746)

Skipton Information Group Limited has a funding arrangement with the ultimate parent company. When surplus funds are available, they are deposited with the parent company's treasury; where a deficit occurs funding is provided by the parent. The year end balances are illustrated above.

All transactions were entered into at arms length on normal commercial terms.

Skipton Information Group Limited

NOTES TO THE ACCOUNTS

20. Capital Commitments

The Group has total commitments due under operating leases. At the balance sheet date these were as follows:

	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s
Land and Buildings		
<i>On leases expiring</i>		
<i>Within one year</i>	-	-
<i>Within two to five years</i>	-	-
<i>Later than 5 years</i>	3,152	3,650
	3,152	3,650

	Year ended 31 December 2006	Year ended 31 December 2005
	£'000s	£'000s
Other		
<i>On leases expiring</i>		
<i>Within one year</i>	8	77
<i>Within two to five years</i>	88	94
<i>Later than 5 years</i>	-	-
	96	171

The Company had no capital commitments at either the current or previous period end.

The Company and Group are party to Skipton Building Society group banking arrangements involving the pooling of funds with other group companies.

21. Ultimate Parent Undertaking

The company is a 89.27% owned subsidiary of Skipton Group Holdings Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. A copy of the group annual report and accounts into which the results of this company are consolidated is available from:-

The Secretary
Skipton Building Society
The Bailey
Skipton
North Yorkshire
BD23 1DN