

# **Crate Enterprises Limited (formerly lovemoney.com limited)**

## **Report and Financial Statements**

Year ended 31 March 2011

Company no 6824947

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# Crate Enterprises Limited

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Registered No 6824947

## **Directors**

S Devine

A Morris

## **Secretary**

A Morris

## **Auditors**

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

## **Registered Office**

2<sup>nd</sup> Floor Golden House

30 Great Pulteney Street

London W1F 9LT

## **Bankers**

Barclays Bank plc

27 Soho Square

London W1D 3QR

## **Solicitors**

Everyman Legal Limited

1G, Network Point

Range Road

Windrush Park

Witney OX29 0YN

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2011

### Results and dividends

The loss for the year after taxation amounted to £1,536,685 (2010 loss £924,589). The directors cannot recommend the payment of a dividend and the loss for the year has been transferred to reserves.

### Principal activity and review of the business

The company's principal activity is as an internet-based business specialising in personal finance content, tools, service provision, product comparison and knowledge management, both to consumers and to businesses.

The directors consider the results for the year to be satisfactory in the context of an increasingly challenging commercial environment for the online personal finance space. The principal risks and uncertainties facing the company are increasing competition and a certain level of dependence on financial service partners for product provision in the online product comparison market. The company's key performance indicators are considered to be the number of online sessions, site visits and product clicks from visitors, growth in customer registration numbers, and customers' engagement with the knowledge management platform. With regard to the company's key performance indicators, performance in the financial year and position at the end of the financial year are considered to be satisfactory, with significant progress made on developing the technology and functionality underlying the knowledge management platform.

### Future developments

The company changed its name from lovemoney.com limited to Crate Enterprises Limited on 1 July 2011, as part of a group reorganisation. As a result of this reorganisation, the company became the parent of an enlarged group.

The directors believe that, based on forecasts and current trading conditions for the year to 31 March 2012, the company has sufficient cash resources to fund the group's businesses without requiring additional funds and without breaching cash covenants.

The Balance Sheet and related note 13 refer to longer term obligations to The Motley Fool Limited. The due date for repayment of these obligations is 1 October 2012, or later by agreement with The Motley Fool Limited. The Directors believe that the company's and group's growth will enable it to meet those obligations, and have received assurances from The Motley Fool Limited that they are likely to agree a later repayment date than 1 October 2012, if appropriate at that time.

### Charitable donations

The company made charitable donations amounting to £727 during the year (2010 £400).

### Directors

The directors who served during the year are as follows:

S Devine (appointed 20 February 2009)

A Morris (appointed 3 September 2009)

## Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The 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 judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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.

In so far as each of the directors is aware

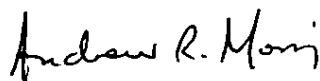
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

### Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 487 of the Companies Act 2006.

By order of the Board



A Morris  
Secretary

# Independent auditor's report

to the members of Crate Enterprises Limited

We have audited the financial statements of Crate Enterprises Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## Opinion on 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 March 2011 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year ended 31 March 2011 for which the financial statements are prepared is consistent with the financial statements.

## 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.



Paul Flatley  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants,  
London

12 July 2011

## Profit and loss account

for the year ended 31 March 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	2	4,568,995	4,766,715
Cost of sales		(409,651)	(442,160)
<b>Gross profit</b>	3	4,159,344	4,324,555
Administrative expenses		(5,417,926)	(5,137,384)
<b>Operating loss</b>	3	(1,258,582)	(812,829)
Interest receivable		3,148	3,306
Interest payable	6	(281,251)	(115,066)
<b>Loss on ordinary activities before taxation</b>		(1,536,685)	(924,589)
Taxation	7	-	-
<b>Loss for the financial year</b>	15	(1,536,685)	(924,589)

All results are derived from continuing operations

There were no recognised gains or losses other than the loss for the year

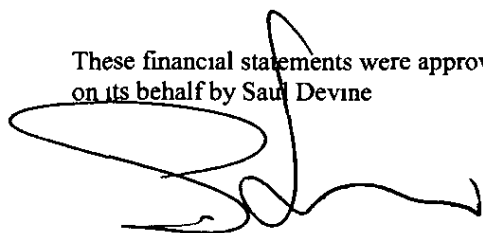
The accompanying accounting policies and notes form an integral part of these financial statements

**Balance sheet**

at 31 March 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Intangible assets	8	55,079	93,958
Tangible assets	9	33,291	100,166
Investments	10	444,086	443,420
		<u>532,456</u>	<u>637,544</u>
<b>Current assets</b>			
Debtors	11	1,130,921	1,193,036
Cash at bank and in hand		824,764	806,414
		<u>1,955,685</u>	<u>1,999,450</u>
<b>Creditors:</b> amounts falling due within one year	12	(750,473)	(745,892)
<b>Net current assets</b>		<u>1,205,212</u>	<u>1,253,558</u>
<b>Total assets less current liabilities</b>		<u>1,737,668</u>	<u>1,891,102</u>
<b>Creditors</b> amounts falling due after more than one year	13	(4,198,317)	(2,815,066)
<b>Net liabilities</b>		<u>(2,460,649)</u>	<u>(923,964)</u>
<b>Capital and reserves</b>			
Called up share capital	14	625	625
Profit and loss account	15	(2,461,274)	(924,589)
<b>Equity shareholders' deficit</b>	16	<u>(2,460,649)</u>	<u>(923,964)</u>

These financial statements were approved and authorised by the Board on 11 July 2011 and were signed on its behalf by Saul Devine



Saul Devine

Director

Registered number 6824947

The accompanying accounting policies and notes form an integral part of these financial statements

# Cash Flow Statement

for the year ended 31 March 2011

	<i>Note</i>	<i>2011</i> £	<i>2010</i> £
<b>Net cash (outflow) from operating activities</b>	19(a)	(1,086,132)	(1,157,090)
<b>Returns on investments and servicing of finance</b>			
Interest paid		-	-
Interest received		3,148	3,306
<b>Net cash inflow from returns on investments and servicing of finance</b>		3,148	3,306
<b>Capital expenditure and financial investment</b>			
Purchase of intangible fixed assets		-	(116,638)
Purchase of tangible fixed assets		-	(348,330)
		-	(464,968)
<b>Acquisitions</b>			
Investment in subsidiary undertaking		(666)	(443,420)
Cash on acquisition of business		-	52,895
		(666)	(390,525)
<b>Financing</b>			
Issue of share capital		-	625
Increase in long term loans and accrued licence fees		1,102,000	2,815,066
<b>Increase in cash</b>		18,350	806,414

## Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	<i>2011</i> £	<i>2010</i> £
Net debt as at 1 April		(2,008,652)	-
Increase in cash		18,350	806,414
Net movement in long term loans and licence fees		(1,383,251)	(2,815,066)
<b>Net debt as at 31 March</b>	19(b)	(3,373,553)	(2,008,652)

The accompanying accounting policies and notes form an integral part of these financial statements



## Notes to the financial statements

at 31 March 2011

### 1. Accounting policies

#### *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Comparative figures represent the period from the incorporation date (19 February 2009) to 31 March 2010. The principal accounting policies of the company are set out below.

The company's accounts have been prepared on a going concern basis, on which further comment is made in the Directors' Report. The company's long-term debt obligations are summarised in Note 13 to these accounts, and reference is made to these in the Directors' Report.

The entity's accounts present information about it as an individual undertaking and not about its group. The company is exempt from producing consolidated financial statements in accordance with FRS 2 "Accounting for Subsidiary Undertakings" paragraph 21(a).

#### *Fixed assets*

All fixed assets are initially recorded at acquired value or cost. Such costs include costs directly attributable to making the asset capable of operating as intended.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Computer equipment	–	33% per annum
Furniture and fittings	–	20% per annum
Office equipment	–	20% per annum
Leasehold improvements	–	Over the length of the term of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Intangible assets*

##### *Goodwill and amortisation*

Purchased goodwill arising from the acquisition of the personal finance business and assets of The Motley Fool Limited is calculated as the difference between the fair value of the purchase consideration and the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is capitalised and classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful life of 3 years. Goodwill is reviewed for impairment when necessary if circumstances indicate that its carrying value may not be recoverable.

#### *Investment in subsidiaries*

The investment relates to the company's wholly owned subsidiaries, lovemoney.com financial services limited and loveeating.com limited, and is stated at cost, less any amounts for impairment.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, 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 an undiscounted 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.

## Notes to the financial statements

at 31 March 2011

### Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

#### Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### Pension scheme

The company runs a defined contribution pension scheme, which all employees are entitled to join. The company normally directly contributes to the pension scheme, and any contributions made by the company are charged in the profit and loss account as they become payable

### 2. Turnover

Advertising revenues are initially recognised based on the expected delivery of online advertising activity to be served on the company's website, any shortfall against expected delivery is quantified and deferred until it is actually served. Product, partnership and syndication revenues are recognised in accordance with the underlying contracts and periods of delivery of contracted products and services

Turnover consists entirely of sales made in the United Kingdom, stated net of value added tax

### 3. Operating loss

This is stated after charging

	2011 £	2010 £
Auditor's remuneration for audit services	12,500	12,000
Other fees to auditor – taxation services	2,500	4,000
Depreciation of tangible fixed assets	66,875	80,203
Amortisation of intangible assets	38,879	22,680
Operating lease charges		
Land and buildings	263,640	193,929
Licence fees	1,102,000	700,000
	<u>1,486,547</u>	<u>1,282,412</u>

### 4. Staff costs

	2011 £	2010 £
Salaries (including directors' remuneration)	1,336,849	1,133,142
Social security costs	149,698	149,270
	<u>1,486,547</u>	<u>1,282,412</u>

## Notes to the financial statements

at 31 March 2011

The average monthly number of employees was as follows

	2011	2010
	£	£
Administration	4	4
Operations	7	16
Design and technology	13	13
	<u>24</u>	<u>33</u>

### 5. Directors' emoluments

	2011	2010
	£	£
Emoluments	275,443	38,190
	<u>-</u>	<u>-</u>
Company contributions paid to defined contribution pension schemes	-	-

	2011	2010
	No	No
Members of defined contribution pension scheme	1	1

### 6. Interest payable and similar charges

	2011	2010
	£	£
Amounts payable to minority shareholder	281,251	115,066

### 7. Taxation

	2011	2010
	£	£
Corporation tax	-	-
Tax charge in respect of the current period	-	-
Prior year adjustments	-	-
Deferred tax	-	-

# Notes to the financial statements

at 31 March 2011

The current taxation charge for the year is different from the standard rate of corporation tax in the UK (28%) The differences are explained below

## 7. Taxation (continued)

	2011 £	2010 £
Loss on ordinary activities before tax	(1,536,685)	(924,589)
Theoretical tax at UK Corporation tax rate of 28% (2010 28%)	(430,272)	(258,885)
<i>Effects of</i>		
- Expenses in excess of taxable income	406,351	210,073
- Other expenditure which is not tax deductible	12,561	40,057
- Depreciation in excess of capital allowances	11,360	8,755
Actual current tax charge / (credit)	-	-

### Factors that may affect future tax charges

The company has excess tax losses of £2,201,541 that are available to offset future taxable profits. A deferred tax asset of £595,291 has not been recognised in respect of these losses and will be recoverable only to the extent that the company has sufficient future taxable profits.

### Provision for liabilities and charges / deferred taxation

	2011 £	2010 £
The movement in the provision is as follows		
Provision at start of year	-	-
Trading losses carried forward	-	-
Provision at end of year	-	-

Deferred tax has been provided at 26% because of uncertainty as to the average rate of tax that will apply when the underlying timing differences will reverse.

## Notes to the financial statements

at 31 March 2011

### 8. Intangible assets

	<i>Purchased goodwill</i> £
Cost	
At 1 April 2010	116,638
Additions	-
At 31 March 2011	116,638
Amortisation	
At 1 April 2010	22,680
Provided during the year	38,879
At 31 March 2011	61,559
Net book amount at 31 March 2011	55,079
Net book amount at 1 April 2010	93,958

### 9. Tangible fixed assets

	<i>Short term leasehold improvements</i> £	<i>Computer equipment</i> £	<i>Furniture and fittings</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost					
At 1 April 2010	112,463	147,947	60,730	27,190	348,330
Additions	-	-	-	-	-
At 31 March 2011	112,463	147,947	60,730	27,190	348,330
Depreciation					
At 1 April 2010	77,986	109,310	42,071	18,797	248,164
Provided during the year	24,619	23,242	13,383	5,631	66,875
At 31 March 2011	102,605	132,552	55,454	24,428	315,039
Net book value					
At 31 March 2011	9,858	15,395	5,276	2,762	33,291
At 1 April 2010	34,477	38,637	18,659	8,393	100,166

## Notes to the financial statements

at 31 March 2011

### 10. Investments

	2011 £	2010 £
At cost		
At 31 March 2011	444,086	443,420

At 31 March 2011 the company held more than 20% of allotted share capital of the following group undertakings

Name	Country of incorporation	Class of share capital held	Proportion held	Principal activity	Capital and reserves £	Loss for the financial year £
lovemoney.com financial services limited	England and Wales	Ordinary	100%	Mortgage Intermediary	£184,915	(£182,491)
loveeating.com limited	England and Wales	Ordinary	66%	Food website	(£5,052)	(£6,052)

### 11. Debtors

	2011 £	2010 £
Trade debtors	715,895	761,318
Amount due from subsidiary undertakings	18,617	37,985
Prepayments and accrued income	249,301	247,880
Other debtors	147,108	145,853
	1,130,921	1,193,036

Other debtors include an amount of £129,074 relating to a rent deposit paid, secured under a rent deposit deed. The lease expires on 24 July 2011.

### 12. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	415,113	440,832
Other taxes and social security costs	153,914	72,107
Accruals and deferred income	181,446	232,953
	750,473	745,892

## Notes to the financial statements

at 31 March 2011

### 13. Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Long-term loan due to minority shareholder	3,200,000	2,000,000
Interest due on long-term loan to minority shareholder	396,317	115,066
Licence fees due to minority shareholder	602,000	700,000
	<u>4,198,317</u>	<u>2,815,066</u>

The loan due to minority shareholder relates to a loan from The Motley Fool Limited to finance the transfer of certain assets to the company, and incurs interest at a fixed rate of 10% per annum, compounding if unpaid by 1 September each year. Under the terms of the agreement the loan is repayable by 1 October 2012, or later by agreement with The Motley Fool Limited, subject to compliance with certain financial covenants. The company can prepay at any time during the term of the agreement any amount of loan principal outstanding, together with accrued interest, without penalty. The loan is secured by a debenture creating a fixed and floating charge over the group's assets.

The licence fees due to minority shareholder relate to fees due to The Motley Fool Limited for an email marketing agreement and a website tenancy agreement. The company has the option to pay annual amounts due by 1 September each year or convert into a loan note, bearing compound interest of 10% per annum.

### 14. Authorised and issued share capital

	2011	2010
	£	£
<i>Authorised</i>		
Series A Ordinary shares of £0.0001 each	125	125
Ordinary shares of £0.0001 each	9,987	9,987
	<u>10,112</u>	<u>10,112</u>

	2011	2011
	No	£
<i>Authorised, called up, and fully paid</i>		
Series A Ordinary shares of £0.0001 each	1,250,000	125
Ordinary shares of £0.0001 each	5,000,000	500
	<u>6,250,000</u>	<u>625</u>

The Series A Ordinary shares and Ordinary shares rank *pari passu*, except that the holders of Series A Ordinary shares are entitled to convert them into Ordinary shares on the occurrence of conditions specified in the company's Articles of Association, and automatically in the event of an Initial Public Offering by the company.

# Notes to the financial statements

at 31 March 2011

## 15. Movements on reserves

	<i>Profit and loss account</i>
	£
At 1 April 2010	(924,589)
Loss for the year	(1,536,685)
At 31 March 2011	(2,461,274)

## 16. Shareholders' funds

	2011	2010
	£	£
At 1 April	(923,964)	-
Loss for the year	(1,536,685)	(924,589)
Shares issued in the year	-	625
At 31 March	(2,460,649)	(923,964)

## 17. Financial commitments

At 31 March 2011 the company had annual commitments under non-cancellable rental agreements as set out below

	<i>Land and buildings</i>	
	2011	2010
	£	£
Operating leases which expire		
within one year	82,388	-
in two to five years	-	263,640

In addition, under the terms of the licence agreements (disclosed in note 13) the company has the following commitments

	£
Year ending 31 March 2012	934,000
Year ending 31 March 2013	360,000

## 18. Contingent liabilities

The company had no contingent liabilities at 31 March 2011



## Notes to the financial statements

at 31 March 2011

### 19. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2011 £	2010 £
Operating loss	(1,258,582)	(812,829)
Depreciation	66,875	80,203
Amortisation	38,879	22,680
Decrease/(Increase) in debtors	62,115	(1,193,036)
Increase in creditors	4,581	745,892
Net cash (outflow) from operating activities	(1,086,132)	(1,157,090)

(b) Analysis of changes in net debt

	At 1 April 2010 £	Cash flow £	At 31 March 2011 £
Cash at bank and in hand	806,414	18,350	824,764
Long term loan and accrued interest	(2,115,066)	(1,481,251)	(3,596,317)
Licence fees	(700,000)	98,000	(602,000)
	(2,008,652)	(1,364,901)	(3,373,553)

### 20. Related party transactions

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" and has not disclosed transactions with other wholly owned group undertakings

### 21. Parent undertaking and controlling party

The immediate and ultimate controlling undertaking is lovemoney.com Employee Trustee Ltd, incorporated in the UK, which changed its name to Crate Enterprises Employee Trustee Limited on 1 July 2011