

lovemoney.com limited

Report and Financial Statements

Period ended 31 March 2010

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COMPANIES HOUSE

Company no 6824947

lovemoney com limited

Registered No 6824947

Directors

S Devine

A Morris

Secretary

A Morris

Auditors

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

Registered Office

2nd 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 period ended 31 March 2010

The company's accounting reference date was changed on 20 February 2009 to 31 March

Results and dividends

The loss for the period after taxation amounted to £924,589. The directors cannot recommend the payment of a dividend and the loss for the period has been transferred to reserves.

Principal activity and review of the business

The company was incorporated on 19 February 2009. It commenced operations on 1 April 2009 and its assets and liabilities were sold by The Motley Fool Limited on 3 September 2009 to employees remaining with the company on that date.

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 period to be satisfactory in the context of an increasingly challenging 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 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 period and position at the end of the financial period are considered to be satisfactory.

Future developments

The company expects to continue to develop the lovemoney.com brand into a widely known and trusted online name and knowledge management platform in the UK, both on its own website and through its business partners.

The directors believe that, based on forecasts and current trading conditions for the year to 31 March 2011, together with decisive actions to control costs during this period, the company has sufficient cash resources to fund the business 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 September 2012, or later by agreement with The Motley Fool Limited. The Directors believe that the company'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 September 2012, if appropriate at that time.

Charitable donations

The company made charitable donations amounting to £400 during the period.

Directors

The directors who served during the period are as follows:

P Burke (appointed 19 February 2009, resigned 20 February 2009)

Huntsmoor Nominees Limited (appointed 19 February 2009, resigned 20 February 2009)

L Greenberg (appointed 20 February 2009, resigned 3 September 2009)

O Douglass (appointed 20 February 2009, resigned 3 September 2009)

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.

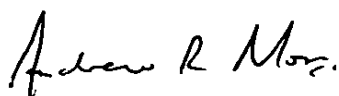
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP were appointed auditors on 8 February 2010.

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 lovemoney.com limited

We have audited the financial statements of lovemoney.com limited for the period ended 31 March 2010 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 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/UKNP.

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 2010 and of its loss for the period 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 period ended 31 March 2010 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.

Grant Thornton UK LLP

Paul Flatley

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants, London

8 September 2010

Profit and loss account

for the period ended 31 March 2010

	Notes	2010 £
Turnover	2	4,766,715
Cost of sales		(442,160)
Gross profit	3	4,324,555
Administrative expenses		(5,137,384)
Operating loss	3	(812,829)
Interest receivable		3,306
Interest payable	6	(115,066)
Loss on ordinary activities before taxation		(924,589)
Taxation	7	-
Loss for the financial period	15	(924,589)

All results are derived from continuing operations

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

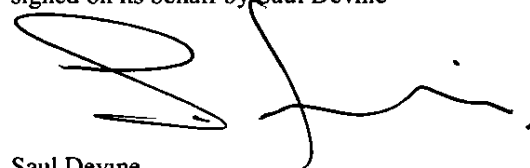
The accompanying accounting policies and notes form an integral part of these financial statements

Balance sheet

at 31 March 2010

	Notes	2010 £
Fixed assets		
Intangible assets	8	93,958
Tangible assets	9	100,166
Investments	10	443,420
		<u>637,544</u>
Current assets		
Debtors	11	1,193,036
Cash at bank and in hand		806,414
		<u>1,999,450</u>
Creditors: amounts falling due within one year	12	(745,892)
		<u>1,253,558</u>
Net current assets		
		<u>1,891,102</u>
Total assets less current liabilities		
Creditors amounts falling due after more than one year	13	(2,815,066)
		<u>(923,964)</u>
Net liabilities		
		<u><u> </u></u>
Capital and reserves		
Called up share capital	14	625
Profit and loss account	15	(924,589)
		<u><u> </u></u>
Equity shareholders' deficit	16	(923,964)
		<u><u> </u></u>

These financial statements were approved and authorised by the Board on 8 September 2010 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 period ended 31 March 2010

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

Reconciliation of net cash flow to movement in net debt

	2010
Note	£
Increase in cash	806,414
Net funds on incorporation	-
Net movement in long term loans	(2,815,066)
Net debt as at 31 March 2010	19(b) (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 2010

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. 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 subsidiary

The investment relates to the company's wholly owned subsidiary lovemoney com financial services limited (previously Fool Financial Services 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 2010

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

	2010 £
Auditors' remuneration for audit services	12,000
Other fees to auditors – taxation services	4,000
Depreciation of tangible fixed assets	80,203
Amortisation of intangible assets	22,680
Operating lease charges	
Land and buildings	193,929
Licence fees	700,000
	<u>1,112,812</u>

4. Staff costs

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

Notes to the financial statements

at 31 March 2010

The average monthly number of employees was as follows

	2010
Administration	4
Operations	16
Design and technology	13
	<u>33</u>

5. Directors' emoluments

	2010 £
Emoluments	38,190
	<u>–</u>
Company contributions paid to defined contribution pension schemes	–
	<u>–</u>
	2010 No
Members of defined contribution pension scheme	1

6. Interest payable and similar charges

	2010 £
Amounts payable to minority shareholder	115,066

7. Taxation

	2010 £
Corporation tax	–
Tax charge in respect of the current period	–
Prior year adjustments	–
Deferred tax	–
	<u>–</u>

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

Notes to the financial statements

at 31 March 2010

7. Taxation (continued)

	2010 £
Loss on ordinary activities before tax	(924,589)
Theoretical tax at UK Corporation tax rate of 28% (2009 28%)	(258,885)
<i>Effects of</i>	
- Expenses in excess of taxable income	210,073
- Other expenditure which is not tax deductible	40,057
- Depreciation in excess of capital allowances	8,755
Actual current tax charge / (credit)	-

Factors that may affect future tax charges

The company has excess tax losses of £750,260 that are available to offset future taxable profits. A deferred tax asset of £210,073 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

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

Notes to the financial statements

at 31 March 2010

8. Intangible assets

	<i>Purchased goodwill</i> £
Cost	
At 19 February 2009	-
Additions	116,638
At 31 March 2010	116,638
Amortisation	
At 19 February 2009	-
Provided during the period	22,680
At 31 March 2010	22,680
Net book amount at 31 March 2010	93,958
Net book amount at 19 February 2009	-

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 19 February 2009	-	-	-	-	-
Additions	112,463	147,947	60,730	27,190	348,330
At 31 March 2010	112,463	147,947	60,730	27,190	348,330
Depreciation					
At 19 February 2009	55,019	70,074	29,507	13,361	167,961
Provided during the period	22,967	39,236	12,564	5,436	80,203
At 31 March 2010	77,986	109,310	42,071	18,797	248,164
Net book value					
At 31 March 2010	34,477	38,637	18,659	8,393	100,166
At 19 February 2009	-	-	-	-	-

Notes to the financial statements

at 31 March 2010

10. Investments

	2010 £
At cost	
At 31 March 2010	443,420

At 31 March 2010 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	£366,686	(£183,815)

11. Debtors

	2010 £
Trade debtors	761,318
Amount due from subsidiary undertaking	37,985
Prepayments and accrued income	247,880
Other debtors	145,853
	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

	2010 £
Trade creditors	440,832
Other taxes and social security costs	72,107
Accruals and deferred income	232,953
	745,892

Notes to the financial statements

at 31 March 2010

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

	2010
	£
Long-term loan due to minority shareholder	2,000,000
Interest due on long-term loan to minority shareholder	115,066
Licence fees due to minority shareholder	700,000
	<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 September 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

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

	2010	2010
	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 2010

15. Movements on reserves

	<i>Profit and loss account</i> £
Loss for the period	(924,589)
At 31 March 2010	<u>(924,589)</u>

16. Shareholders' funds

	<i>2010</i> £
Loss for the period	(924,589)
Shares issued in the period	625
At 31 March 2010	<u>(923,964)</u>

17. Financial commitments

At 31 March 2010 the company had annual commitments under non-cancellable rental agreements as set out below

	<i>Land and buildings</i> <i>2010</i> £
Operating leases which expire within one year	-
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 2011	1,102,000
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 2010

Notes to the financial statements

at 31 March 2010

19. Notes to the statement of cash flows

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

	2010 £
Operating loss	(812,829)
Depreciation	80,203
Amortisation	22,680
(Increase) in debtors	(1,193,036)
Increase in creditors	745,892
Net cash (outflow) from operating activities	<u>(1,157,090)</u>

(b) Analysis of changes in net debt

	<i>At 19 February 2009 £</i>	<i>Cash flow £</i>	<i>At 31 March 2010 £</i>
Cash at bank and in hand	-	806,414	806,414
Long term loan and accrued interest	-	(2,115,066)	(2,115,066)
Licence fees	-	(700,000)	(700,000)
	<u>-</u>	<u>(2,008,652)</u>	<u>(2,008,652)</u>

20. Related party transactions

The company has taken advantage of the exemption in FRS8 "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