vitessemedia

Providing essential insights for entrepreneurs and investors

Annual Report & Accounts 2010

Directors
Sara Williams, Executive Chairman
Leslie Koht Copeland, Chief Executive Officer
Niki Baker, Chief Operating Officer
Andrew Brode, Non-Executive Director
Keith Willey, Non-Executive Director

Secretary and Registered Office
Mawlaw Secretaries, 201 Bishopsgate, London EC2M 3AF

Company Number
2607995

Registrars
Share Registrars Ltd, Craven House, West Street, Farnham, Surrey GU9 7EN

Bankers
Lloyds TSB Plc, 7 South Side, London SW4 7AD

Solicitors
Mayer Brown Rowe & Maw, 11 Pilgrim Street, London EC4V 6RW

Auditors
Baker Tilly UK Audit LLP, 2 Bloomsbury Street, London WC1B 3ST

Aim Broker and Nominated Adviser
Seymour Pierce, 20 Old Bailey, London EC4M 7EN

SARA WILLIAMS, Executive Chairman

Sara founded Vitesse Media Plc in 1997 and is its executive chairman. Her role includes developing the company's growth and acquisition strategy. Sara is a well-known business author. Over two million copies of her book, *The FT Guide to Business Start Up* (formerly the *Lloyds TSB Small Business Guide*) have been published. Her former roles include accountant and investment analyst.

LESLIE KOHT COPELAND, Chief Executive Officer

Leslie has worked in the media sector for over 12 years in an array of roles, including journalist, analyst, editor and executive director. He joined Vitesse in 1997 as a journalist on *Growth Company Investor*, ascending to the role of editorial director of Vitesse Media Plc by 2000, with responsibility for the delivery of the company's products across all platforms – online, events and print. Since mid 2006, Vitesse Media Plc has grown significantly, and Leslie has played a significant part in the integration of *What Investment* (purchased by the company in December 2006) and *Information Age* (purchased in December 2007). He was appointed to the role of chief executive officer in July 2009.

NIKI BAKER, Chief Operating Officer

Niki joined Vitesse Media in 2006 as head of the group's expanding events division and is chief operating officer (appointed July 2009). Prior to joining Vitesse Media, she worked her way up to group show director for DMG World Media on events such as the Daily Mail Ski and Snowboard Show and the Daily Mail Ideal Home Show, visited by half a million people.

KEITH WILLEY, Non-Executive Director

Keith Willey has interests in a number of private businesses and combines that with a post at London Business School. He is adjunct associate professor of strategic and international management and entrepreneurship, with expertise in the areas of entrepreneurship, venture capital, managing growth, technology ventures and organisation development. Keith's previous career experience includes a degree in chemical engineering and various management roles with BAT Plc. He was a director of a consulting practice associated with major corporate restructuring initiatives during the 1990s and was founding CEO of the Centre for Scientific Enterprise. Following this, he was for five years COO and acting FD at Sussex Place Ventures.

ANDREW BRODE, Non-Executive Director

Andrew, a chartered accountant, was chief executive of Wolters Kluwer (UK) Plc, one of the UK's largest business-to-business information groups, between 1978 and 1990. In 1990, he led the management buy-out of the Eclipse Group, which was sold to Reed Elsevier in 2000. In 1995, he led the management buy-in of RWS Group Plc, the UK's largest technical translations group. He is also a non-executive director of a number of private equity-financed media companies.

JONATHAN SUMNER, **Managing Director (Business) & Online Publisher**
Jonathan is the company's online publisher. He has responsibility for delivering the revenue figures for all online activities and is the driving force behind new developments for existing websites and ideas for new websites. Jonathan has been with Vitesse Media since 2003.

DARREN GRIFFIN, **Deputy Managing Director (Investment)**
Darren is group sales manager for the company's investment products. This includes the award-winning *Growth Company Investor* and *What Investment* magazines. Prior to joining Vitesse, Darren worked for the Daily Mail Group and Charterhouse Communications.

MARC BARBER, **Deputy Managing Director (Business) & Editor, *Business XL***
Marc is managing editor of all business print and web titles at Vitesse Media, and is also editor of *Business XL*. Before joining the company in October 2006, he spent three years as editor of *The Accountant* and *International Accounting Bulletin*. During that time he also commissioned a number of reports in the financial services sector and co-wrote a report on what the collapse of Arthur Andersen meant for the global accountancy profession.

JOE MCGRATH, **Editor, *What Investment***
Joe joined Vitesse Media in November 2009 from the Financial Times Group. His writing credits include the *Financial Times*, *The Independent*, *The Scotsman* and *The Times*. He has also written for a variety of professional publications including *Investors Chronicle*, *Money Management*, *Financial Adviser* and *New Media Age*. Following in the footsteps of Piers Morgan and Richard Madeley, he is a graduate of the National Council for the Training of Journalists (NCTJ) programme and completed his undergraduate degree at Southampton Solent University.

MICHAEL BEECH, **Commercial Director, *Information Age***
Michael joined *Information Age* in June 2007 as commercial manager to lead the sales and commercial aspects of the *Information Age* portfolio. His responsibilities are to lead the sales team to generate revenues online, offline and through the *Information Age* events programme. Michael started his career in media sales in 1995, and over the years has worked and sold in b2b, consumer and international markets.

BEN BROUGHAM, **Head of Event Sales**
Ben is head of event sales across the Vitesse Media portfolio of events. He has over 13 years' experience in the global publishing and events industries. Before joining Vitesse Media in February 2007 he worked as business development manager at Caspian Publishing and as group publisher at Euromoney Institutional Investor.

JAMES CRUX, Editor, *Growth Company Investor*
James is editor of *Growth Company Investor* and GrowthCompany.co.uk. He covers a wide range of small-cap companies on both AIM and the Full List.

PETE SWABEY, Editor, *Information Age*
Pete is editor of *Information Age* and www.Information-Age.com. He has held the role since July 2009, having worked on the title for more than five years. In that time he has written about and researched almost every aspect of business IT, from virtualisation and software-as-a-service to ITIL and outsourcing, as well as interviewing many of the industry's leading lights. Pete has a degree in psychology from University College London.

ROBERT TYERMAN, News Editor, *Growth Company Investor*
Robert specialises in mining and insurance stocks. He is the former assistant City editor of *The Sunday Telegraph* and has been researching small-cap companies for 30 years.

CATHY HUMPHREY, Financial Controller
Cathy is a qualified chartered management accountant. Her previous experience includes ten years as the finance director of a leading specialist recruitment agency and two years as the finance director of a contract caterer. She worked for three years as the financial controller of Information Age Media Ltd, before taking over the post as group financial controller in March 2008.

JENNA PARKER, Events Manager
Jenna's introduction to the media world was working for a marketing company when travelling in Australia. She joined Vitesse Media in July 2006 as an events and marketing assistant and she now manages the events department, covering the operations for all Vitesse Media events.

NEILL PURVIS, Head of Design and Production
Neill originally trained at commercial typesetting group Progress Graphics, gaining the City and Guilds in pre-printing processes. After this, he worked for publishing group Gee Publishing and Lloyd's Register of Shipping. Neill has now been with Vitesse Media for more than ten years.

HIGHLIGHTS FOR THE YEAR ENDING 31 JANUARY 2010

- Significant improvement in profitability, delivering a profit for 2009/10 of £36,706 and EBITDA of £192,742 (2008/09 loss of £(493,930) and EBITDA of £(306,570))
- Online revenues held up well
- Gross profit margin of 63.3% (2008/09 64.8%)
- Overheads reduced by nearly 40%
- Market-leading positions and brand values maintained during a difficult trading period
- Management team worked hard to retain good staff loyalty and morale.

KEY PERFORMANCE INDICATORS

The Group reviews revenue, gross profit percentage and pre-tax profit when analysing the business. Non-financial key performance indicators reviewed are staff turnover and major client retention.

	2010	2009
Revenue	£3,635,148	£4,993,490
Gross profit percentage	63.3%	64.8%
Profit/(loss) before tax	£36,706	£(493,930)

PERFORMANCE DURING THE FINANCIAL YEAR 2009/10

This was undoubtedly the most difficult trading period that the Company has endured. During the year, despite having trimmed costs in the previous financial year, 2008/09, the management team unfortunately had to make further cost savings and reduced the headcount further.

Such actions are always extremely difficult for all concerned, especially in a close-knit business such as Vitesse Media. I would like to take the opportunity to extend my appreciation to all members of staff who bore these difficult times with calmness and understanding.

During the year I also took the opportunity to split the role of chairman and chief executive. In July, Leslie Copeland was appointed chief executive and Niki Baker appointed chief operating officer and, along with the rest of the management team, the credit for the turnaround in results in the second half of the year is all theirs.

Results have tended to show a skewed performance towards the second half, and this was certainly true during the financial year under review, when a loss of £(91K) at the interim stage was turned into a profit of £36K for the full year.

UPDATE FOR THE FIRST QUARTER

The improvement in profitability has continued and there is a significant turnaround for the first quarter of the financial year 2010/11. This is against a backdrop of further reductions in revenue compared with the same period last year. Some of the fall in revenue is attributed to continuing difficulties in some print areas. However, the management team has also undertaken an intense focus on existing operations and an examination of the profitability of individual sources of revenue, which has meant the discontinuation of certain activities, leading to one-off reductions in revenue.

Positive aspects include the improvement experienced towards the end of the quarter in our online activities, which had slightly dipped in the second half of last year, and a sustained increase in our subscription numbers, a change that had begun last autumn. Further investment in subscription building will be carried out during the rest of the year.

A summary by the management team is that the trading background for the business is healthier than it has been for many, many months.

During the first quarter, we were able to carry out a successful fundraising amongst existing and new shareholders. This has provided the business with the funds to redeem the borrowings incurred last year and to repurchase SmallBusiness.co.uk, to provide adequate working capital for the group and to fund improvements in our database operations, which should lead to significant efficiency and revenue gains.

THE YEAR AHEAD

The second quarter of the year is traditionally the weakest for the group and this is exacerbated by our decision to move an event from June to September, a decision that has been taken by the management team to improve the group's profit in the long term. However, the team anticipate that the turnaround in profitability for the business will continue, barring the economy lurching into a second leg of recession. There has been a sustained improvement in the level of forward bookings and we are now looking with more certainty at the figures for the rest of the year.

The Directors regard the business as being in the best shape for many years, both in terms of profitability and funding, and look forward with confidence to the results for the full year.

ESM Williams
Chairman

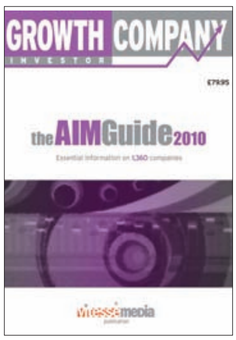
Growth Company Investor/GrowthCompany.co.uk

Revenues for *Growth Company Investor* amounted to 18% of the revenues for the combined group for the financial year ending 31 January 2010. Trading during the year was difficult as the level of IPOs remained low and many professional advisers experienced cuts in marketing budgets. The fall in subscriber numbers for *Growth Company Investor* stabilised in the middle of the year, and in the current financial year we are undertaking a sustained subscription-building programme as we now consider that the environment provides a better support for those who are interested in investing in listed companies below the FTSE 100.

In January 2010 we launched a comprehensive Review of AIM research report at the London Stock Exchange with the support of the LSE and anticipate that there will be further take-up of our research activities in the second half of the current financial year.

The Growth Company Investor Show was a great success in June, despite there being a one-day London Underground strike held on the day. A substantial number of professional investors and journalists attended the event, and the conference stream was extremely well attended and appreciated. Exhibitors were delighted with the response from the attendees. The team have taken the decision to move the show to September in 2010 and beyond as this will move it away from the summer social events such as Ascot and Henley, which tend to drain away some of the professional audience.

Finally, the Quoted Company Awards were held in January at the Royal Courts of Justice, a truly beautiful venue which was of great interest to the attendees. The event was sold out and the vast majority of sponsors have already signed or confirmed that they will re-sign for the 2011 event.



Pete Swabey, editor of *Information Age*

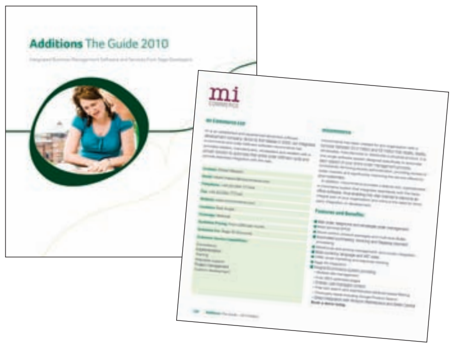
Information Age/Information-Age.com

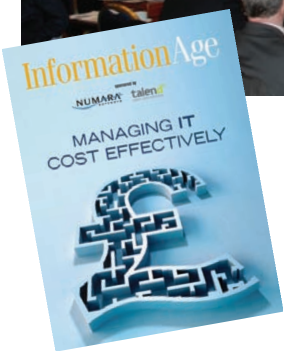
Revenues for *Information Age* contributed around 26% of the revenues for the combined group for the financial year ending 31 January 2010.

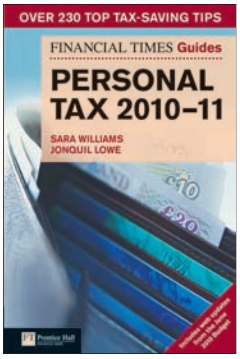
Information Age continues to be the market-leading title in its sector, and indeed the other two competitors appear to have suffered considerably during the year, resulting in both of them dropping their BPA audits, which establish the audience for the magazine in the eyes of the media agencies. Revenues for the print title have held up comparatively well, although the one-off supplements have been less common than hitherto. In recent months the team has begun the strategy of moving some of the audience over to our digital version, thus improving the profitability of the title.

The online site, www.Information-Age.com, continues to build its audience, with the number of visitors showing an organic increase of around 40%. During the current year we expect to deliver more revenue from our online activities. Display activities are showing the biggest improvement.

Events during 2009 proved to be difficult as attendees preferred to be working in the office rather than gaining new insights or networking with others at conferences, lunches or seminars. Already in 2010 we have run one smaller event and found that the appetite for attending events is much greater than 12 months ago.







SmallBusiness.co.uk

Advertising revenues for SmallBusiness.co.uk contributed over 12% of the group's revenues for the financial year ending on 31 January 2010. Revenues held up well in the first half of the year but dipped slightly in the second half as the recession bit. A positive aspect of the current financial year is that the dip appears to have reversed.

The site continues to improve its Google ranking – its page ranking rose from 5 to 6 in January 2010. This is a measure of the number of other sites choosing to link to it and shows the increased credibility of the site in the online world. Additionally, the organic traffic to the site rose by 52% during the year, thus leading to greater profitability.

smallbusiness.co.uk
helping your business think big

M&A Magazine/MandADeals.co.uk

We took the decision during the year that we should halt publication of the magazine as a stand-alone title until the M&A cycle turns up. *M&A* is now a part of *Business XL* magazine and is proving to be a popular and relevant section. It is our intention to reintroduce the magazine at an appropriate point in the future.

We held the third M&A Awards event in May 2009, during the depths of the gloom, and it proved to be a very welcome break for all concerned. We are appreciative of all those who attended the event. The fourth M&A Awards was held in May 2010, and attendees were noticeably more cheerful, reporting at long last that exits and deals were beginning to crystallise.

M&A Awards 2010

Business XL/GrowthBusiness.co.uk

Revenues for *Business XL* and GrowthBusiness.co.uk contributed over 21% of the revenues of the combined group. Online revenues held up very well during the year and the organic traffic to GrowthBusiness increased by nearly 70%, thus improving the profitability of the site considerably. In terms of print advertising, it was hard work during the year to pull in satisfactory revenues, especially as the amount coming from media agencies fell substantially. However, we built a greater stream direct from customers to try and counteract this, succeeding only partially in our aim.

Business XL improved its position vis-à-vis the competition during the period, and one of our competitors dropped its ABC audit figure, which is a measure of the target audience that media agencies tend to rely on. This bodes well for the future of *Business XL*.

The events under this brand, Investor AllStars and the Rosenblatt New Energy Awards, were as enjoyable as ever and confirmed the view that these two events are very firmly established in the calendar as 'must-attend' events.

What Investment/WhatInvestment.co.uk

A big blow during the year for everyone at Vitesse Media was the sudden death of the editor, Keiron Root, who had been involved with this title for more than 20 years, garnering many accolades and awards for his editorial achievements. We are all extremely sad and therefore took some time in finding the right replacement, before tempting Joe McGrath to join us from the FT group.

Joe has been tasked with building the subscription base for the magazine and the audience for the website by attempting to step into Keiron's shoes – a slightly daunting task for anyone.

The *What Investment* brand contributed 13.5% of the revenues for the combined group in the financial year ending 31 January 2010. Subscriber numbers for the magazine started to climb again from the autumn and the traffic to WhatInvestment.co.uk showed an organic increase of 67%, which is a great achievement for the team.

Display advertising in the magazine has been at a much lower level than we expected and, although it has bottomed, it does not yet show any sustained improvement. On the other hand, online advertising has advanced well and the site will be undergoing some extensions and improvements during the current financial year as part of the process of rebuilding the revenues on this brand.

The Directors submit their report and the audited financial statements of Vitesse Media Plc for the year ended 31 January 2010.

PRINCIPAL ACTIVITIES

The Company is a business-to-business publisher listed on AIM. The principal activities of the Company and the Group are online, print publishing, research and events, specialising in growing businesses. The Company provides a network for CEOs and other directors, and their investors, advisers and suppliers.

The Group conducts this business through the parent and its subsidiaries: Growth Company Investor Ltd and Information Age Media Ltd. On 20 October 2009 one of the Company's subsidiaries, M&A Deals Ltd, was put into liquidation having transferred its trade and assets to Vitesse Media Plc.

BUSINESS REVIEW

A review of the development of the business during the year is given in the Chairman's Report on pages 7 and 8.

FUTURE DEVELOPMENTS

A review of the future developments of the business is given in the Chairman's Report on pages 7 and 8.

EVENTS AFTER THE REPORTING PERIOD

On 6 April 2010, the Group completed a fundraising, bringing in £475,000 gross (£462,000 net) from the issue of 5,000,000 1p ordinary shares at a premium of 8.5p each, to enable the Group to exercise the option to repurchase the SmallBusiness website for £170,000, which had been approved by shareholders at a general meeting in May 2009, to provide working capital and to provide funds to enable the business to consolidate its commercial databases into one platform.

BUSINESS RISKS

The Group's success depends to an extent upon the recruitment, development and retention of key personnel. The Group has regular meetings with the staff to apprise them of key developments.

The Group faces competition from other publishing companies that places pressure on revenue, client retention and staff recruitment and retention. The Group is also susceptible to reduced revenues from client spend. To mitigate this, the Group does not have any reliance on specific major clients, having focused on developing a diverse client base.

FINANCIAL RISKS

Financial risks are considered and disclosed in note 2 on pages 33 to 36.

RESULTS AND DIVIDENDS

The results for the year are set out on page 19.
The Directors do not recommend the payment of a dividend.

RESEARCH AND DEVELOPMENT

The Group has a policy to actively develop new technologies and capabilities to maintain and enhance the Group's brands and grow its digital business.

GOING CONCERN

The Directors have prepared detailed projections to June 2011 and have carried out sensitivity analysis on the assumptions underlying the projections. The Directors monitor the projections against actual performance throughout the year. The Directors have also considered the financing facilities available to the Group, which they expect to continue, and, given the recent fundraising concluded in April 2010, are satisfied that these are adequate for the period underlying the projections. The Directors are satisfied that the financial statements should be prepared on a going concern basis.

DIRECTORS

The following Directors have held office since 1 February 2009:

ESM Williams	
LJ Copeland	
N Baker	
AS Brode	(Non-executive)
K Willey	(Non-executive – appointed 10 May 2010)
PRT Williams	(resigned 10 May 2010)
K Kingwill	(resigned 28 April 2009)

DIRECTORS' SHAREHOLDINGS

Directors' shareholdings in ordinary shares of 10p each	As at 31 January 2010	As at 31 January 2009
ESM & PRT Williams	8,361,541	8,361,541
A Brode	759,938	759,938
LJ Copeland	11,542	11,542

SIGNIFICANT SHAREHOLDERS

On 10 May 2010 the Company was aware of the following interests in the ordinary share capital of the Company of greater than 3%.

	Number	%
ESM & PRT Williams	9,994,411	32.66
Artemis Investment Management	4,538,206	14.83
C Ingram	2,886,306	9.43
A Morton	2,559,781	8.36
Unicorn Asset Management	1,600,236	5.23
SP Private Clients	1,052,632	3.44
Brewin Dolphin Securities	1,036,953	3.39

EMPLOYEES

The Group recognises the importance of its employees and encourages internal communications with all staff. The Group has regular updates to advise employees regarding the Group's objectives and performance. The Group operates an open-door policy to encourage all staff to discuss with management any concerns they may have relating to the business.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political or charitable donations during the year (2009: £Nil).

CORPORATE GOVERNANCE

Although the Combined Code on Corporate Governance applies only to companies with a full listing on the London Stock Exchange, it is considered appropriate by the Directors that the group complies with its principles where possible given its size and stage of development. The Group has appointed Remuneration and Audit committees to oversee these areas of activity. The non-executive Directors comprise these two committees.

The Audit Committee also undertakes a formal assessment of the auditor's independence each year, which includes:

- a review of non-audit services provided to the Group and related fees
- discussion with the auditor of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including regular rotation of the audit partner
- obtaining written confirmation from the auditor that, in its professional judgement, it is independent.

POLICY ON PAYMENT OF CREDITORS

It is the Group's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. Group trade payable days based on trade payables at 31 January 2010 were 82 days (2009: 64 days); Company trade payable days were 86 days (2009: 74 days).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains liability insurance covering the Directors and Officers of the Company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Signed on behalf of the board on 8 June 2010,

ESM Williams
Chairman

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 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.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently
b. make judgements and accounting estimates that are reasonable and prudent
c. state whether they have been prepared in accordance with IFRSs adopted by the EU
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Vitesse Media Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the Group and Parent Company financial statements ('the financial statements') which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 more fully explained in the Directors' Responsibilities Statement set out on page 17, 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 THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 January 2010 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RICHARD WHITE (Senior Statutory Auditor). For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor, Chartered Accountants, 2 Bloomsbury Street, London WC1B 3ST. **8 June 2010**

	Notes	2010 £	2009 £
Revenue	3	3,635,148	4,993,490
Cost of sales	4	(1,216,603)	(1,760,366)
Gross profit	3	2,418,545	3,233,124
Administrative expenses	4	(2,349,452)	(3,676,056)
Operating profit / (loss)	4	69,093	(442,932)
Finance costs	7	(33,870)	(60,694)
Finance income	7	1,483	9,696
Profit /(loss) before tax		36,706	(493,930)
Tax expense	8	–	–
Profit/(loss) for the year attributable to owners of the parent		36,706	(493,930)
Total comprehensive income for the year attributable to owners of the parent		36,706	(493,930)
Earnings per share:			
Basic	9	0.14p	(1.99p)
Diluted	9	0.14p	(1.99p)

The notes on pages 26 to 57 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss and total comprehensive income for the parent company for the year was £398,218 (2009: loss of £834,289).

All activities of the Group are classed as continuing.

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share capital £	Share premium £	Share-based payment reserve £	Other reserves £	Retained earnings £	Total £
As at 1 February 2008	2,450,558	2,369,491	37,466	103,904	(3,194,301)	1,767,118
Loss for the year	–	–	–	–	(493,930)	(493,930)
Total comprehensive income for the year	–	–	–	–	(493,930)	(493,930)
Transactions with owners in their capacity as owners						
Issue of share capital	109,821	65,893	–	–	–	175,714
Issue costs	–	(7,767)	–	–	–	(7,767)
Total transactions with owners in their capacity as owners	109,821	58,126	–	–		167,947
Recognition of share-based payments	–	–	35,995	–	–	35,995
As at 31 January 2009	2,560,379	2,427,617	73,461	103,904	(3,688,231)	1,477,130
Profit for the year	–	–	–	–	36,706	36,706
Total comprehensive income for the year	–	–	–	–	36,706	36,706
Transactions with owners in their capacity as owners						
Total transactions with owners in their capacity as owners	–	–	–	–	–	–
Recognition of share-based payments	–	–	12,552	–	–	12,552
As at 31 January 2010	2,560,379	2,427,617	86,013	103,904	(3,651,525)	1,526,388

STATEMENT OF CHANGES IN EQUITY (continuation)

COMPANY

	Share capital £	Share premium £	Share-based payment reserve £	Other reserves £	Retained earnings £	Total £
As at 1 February 2008	2,450,558	2,369,491	37,466	103,904	(2,705,891)	2,255,528
Loss for the year	–	–	–	–	(834,289)	(834,289)
Total comprehensive income for the year	–	–	–	–	(834,289)	(834,289)
Transactions with owners in their capacity as owners						
Issue of share capital	109,821	65,893	–	–	–	175,714
Issue costs	–	(7,767)	–	–	–	(7,767)
Total transactions with owners in their capacity as owners	109,821	58,126	–	–	–	167,947
Recognition of share-based payments	–	–	35,995	–	–	35,995
As at 31 January 2009	2,560,379	2,427,617	73,461	103,904	(3,540,180)	1,625,181
M&A brought forward reserve	–	–	–	–	425,539	425,539
Loss for the year	–	–	–	–	(398,218)	(398,218)
Total comprehensive income for the year	–	–	–	–	27,321	27,321
Transactions with owners in their capacity as owners						
Total transactions with owners in their capacity as owners	–	–	–	–	–	–
Recognition of share-based payments	–	–	12,552	–	–	12,552
As at 31 January 2010	2,560,379	2,427,617	86,013	103,904	(3,512,859)	1,665,054

as at 31 January 2010

	Notes	2010 £	2009 £
NON-CURRENT ASSETS			
Goodwill	10	1,025,806	1,025,806
Other intangible assets	10	1,467,806	1,513,075
Property, plant and equipment	11	87,685	161,065
Trade and other receivables	13	21,139	21,139
		2,602,436	2,721,085
CURRENT ASSETS			
Inventories	14	18,992	17,201
Trade and other receivables	13	679,927	831,040
		698,919	848,241
TOTAL ASSETS		3,301,355	3,569,326
EQUITY			
Share capital	16	2,560,379	2,560,379
Share premium account	16	2,427,617	2,427,617
Share option reserve	17	86,013	73,461
Other reserves		103,904	103,904
Retained earnings		(3,651,525)	(3,688,231)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		1,526,388	1,477,130
NON-CURRENT LIABILITIES			
Obligations under finance leases	19	3,948	14,235
Provisions	21	–	61,289
		3,948	75,524
CURRENT LIABILITIES			
Trade and other payables	20	1,237,028	1,609,925
Borrowings	18	523,814	378,120
Obligations under finance leases	19	10,177	28,627
		1,771,019	2,016,672
TOTAL LIABILITIES		1,771,019	2,016,672
TOTAL EQUITY AND LIABILITIES		3,301,355	3,569,326

The financial statements on pages 19 to 57 were approved by the board of Directors and authorised for issue on 8 June 2010.

They were signed on its behalf on 8 June 2010 by:

ESM Williams
Director

	Notes	2010 £	2009 £
NON-CURRENT ASSETS			
Goodwill	10	570,303	108,476
Other intangible assets	10	894,109	925,236
Property, plant and equipment	11	84,583	130,503
Investment in subsidiaries	12	877,554	969,830
Trade and other receivables	13	21,139	21,139
		2,447,688	2,155,184
CURRENT ASSETS			
Inventories	14	15,259	13,578
Trade and other receivables	13	280,014	355,073
Cash and cash equivalents	15	–	6,298
		295,273	374,949
TOTAL ASSETS		2,742,961	2,530,133
EQUITY			
Share capital	16	2,560,379	2,560,379
Share premium account	16	2,427,617	2,427,617
Share option reserve	17	86,013	73,461
Other reserves		103,904	103,904
Retained earnings		(3,512,859)	(3,540,180)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		1,665,054	1,625,181
NON-CURRENT LIABILITIES			
Trade and other payables	20	154,611	–
Obligations under finance leases	19	3,948	1,875
		158,559	1,875
CURRENT LIABILITIES			
Trade and other payables	20	582,675	698,066
Borrowings	18	326,496	184,846
Obligations under finance leases	19	10,177	20,165
		919,348	903,077
TOTAL LIABILITIES		1,077,907	904,952
TOTAL EQUITY AND LIABILITIES		2,742,961	2,530,133

The financial statements on pages 19 to 57 were approved by the board of Directors and authorised for issue on 8 June 2010.

They were signed on its behalf on 8 June 2010 by:

ESM Williams
Director

for the year ended 31 January 2010

	Notes	2010 £	2009 £
CASH FLOWS FROM OPERATING ACTIVITIES	22	(79,570)	(35,391)
Interest received		1,483	9,696
Interest paid		(33,870)	(60,694)
NET CASH USED IN OPERATING ACTIVITIES		(111,957)	(86,389)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		–	(7,458)
Purchases of intangible assets		(5,000)	(38,200)
NET CASH USED IN INVESTING ACTIVITIES		(5,000)	(45,658)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		–	175,714
Share issue costs		–	(7,767)
Repayments of borrowings		–	(267,198)
Repayment of obligations under finance leases		(28,737)	(48,846)
Proceeds from short-term borrowings		170,000	-
Drawdown on invoice discounting facility		5,312	316,624
NET CASH GENERATED FROM FINANCING ACTIVITIES		146,575	168,527
NET INCREASE IN CASH AND CASH EQUIVALENTS	23	29,618	36,480
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	(61,496)	(97,976)
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	(31,878)	(61,496)

	Notes	2010 £	2009 £
CASH FLOWS FROM OPERATING ACTIVITIES	22	(419,568)	(524,310)
Interest received		923	177
Interest paid		(25,663)	(37,453)
NET CASH USED IN OPERATING ACTIVITIES		(444,308)	(561,586)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(17,989)	(3,858)
Purchases of intangible assets		–	(24,450)
Repayment of loan from subsidiaries		167,652	684,813
Loans from subsidiaries		154,612	–
Loans to subsidiaries		–	(72,720)
NET CASH GENERATED FROM INVESTING ACTIVITIES		304,275	583,785
FINANCING ACTIVITIES			
Proceeds from issue of share capital		–	175,714
Share issue costs		–	(7,767)
Repayments of borrowings		–	(236,428)
Repayment/(drawdown) on invoice discounting facility		(38,586)	184,846
Repayment of obligations under finance leases		(7,915)	(44,045)
Proceeds from short-term borrowings		170,000	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		123,499	72,320
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	23	(16,534)	94,519
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	6,298	(88,221)
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	(10,236)	6,298

Vitesse Media Plc is a public limited company incorporated in the United Kingdom, whose shares are publicly traded on the AIM market. The Company is domiciled in the United Kingdom and its registered address is 201 Bishopsgate, London EC2M 3AF, United Kingdom.

The consolidated financial statements represent the year to 31 January 2010 and comprise the financial statements of the Company and its subsidiaries ('Group'). The comparative period represents the year to 31 January 2009. The Group's principal activities are online, print publishing and events, specialising in growing businesses.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

BASIS OF ACCOUNTING

The financial statements of Vitesse Media Plc have been prepared in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are noted below.

JUDGEMENTS AND ESTIMATES

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Goodwill and publishing rights impairment

The Group is required to assess whether goodwill and publishing rights have suffered any impairment loss, based on the recoverable amount of its cash-generating units (CGUs). The recoverable amounts of the CGUs have been determined based on value-in-use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in note 10. Actual outcomes could vary from these estimates.

Share-based payment

The Group issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The calculation of fair value at the date of grant requires the use of management's best estimate of volatility, risk-free rate and expected time to exercise the options

Impairment of assets

Financial and non-financial assets including website development costs are subject to impairment reviews based on whether events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the present value of expected future cash flows, which include management assumptions and estimates of future performance.

If there is an indication that impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which this asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

Standards, amendment and interpretations effective for the year

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 8 Operating Segments – effective 1 January 2009
The standard supersedes IAS 14 'Segment Reporting' and is effective for the year ended 31 January 2010. IFRS 8 provides segmental information for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed by Vitesse Media Plc's Board of Directors. IAS 14 required segmental information to be reported for business segments and geographical segments based on assets and operations that provided products or services subject to different risks and returns. The adoption of IFRS 8 has not had any impact on the performance or position of the Group and has not affected the segmental reporting disclosures as sub-divisions of the Online, Print Publishing and Events divisions are regularly reviewed by the board.

Under the transitional provisions of IFRS 8, the Group has re-presented its comparative disclosures for operating segments. In previous years, in accordance with IAS 14 'Segment Reporting', segmental analysis was provided on a product and geographical basis.

IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009
The revised standard requires items of income and expenses (that is, 'non-owner changes in equity') to be presented separately from owner changes in equity in a single or separate statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity. All non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change only impacts presentation aspects, there is no impact on the financial position or performance of earnings per share.

Standards adopted early by the Group
Amendment to IFRS 8 from April 2009 annual improvement projects.

Interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning after 1 February 2010 or later periods, but they have not been early adopted by the Group:
• IFRIC 17 Distribution of non-cash assets to owners – Effective 1 July 2009
• IFRIC 18 Transfer of assets from customers – Effective 1 July 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

- IFRS 2 Share-based payment (amendment) – Effective 1 January 2010
- IFRS 3 Business combinations (revised) – Effective 1 July 2009
- IAS 27 Consolidated and separate financial statements (revised) – Effective 1 July 2009
- IAS 28 Investments in associates (amendment) – Effective 1 July 2009
- IAS 31 Investments in joint ventures (amendment) – Effective 1 July 2009
- IAS 32 Financial instruments: presentation (amendment) – Effective 1 July 2009
- IAS 39 Financial instruments: recognition and measurement (amendment) – Effective 1 July 2009.

It is not anticipated that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the Group or Company financial statements in the period of initial application.

GOING CONCERN
The Directors have prepared detailed projections to June 2011 and have carried out sensitivity analysis on the assumptions underlying the projections. The Directors monitor the projections against actual performance throughout the year. The Directors have also considered the financing facilities available to the Group, which they expect to continue and, given the recent fundraising concluded in April 2010, are satisfied that these are adequate for the period underlying the projections. The Directors are satisfied that the financial statements should be prepared on a going concern basis.

CONSOLIDATION
The Group's financial statements include the results and financial position of the Company and all of its subsidiaries.

The results of the subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Subsidiaries
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in the consolidated statement of comprehensive income from the date of acquisition.

REVENUE
Revenue represents the fair value, net of value added tax, of consideration received or receivable, for goods sold and services provided to customers. There are three primary revenue streams:
- Advertising (both traditional and online), where income is recognised when the relevant publication is printed or campaign runs
- Subscriptions, which are recognised evenly on a time basis over the subscription period
- Event revenues, which are recognised in the period the events are held.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

In each case, customers may be invoiced in advance of income recognition, in which case the proportion of invoiced income relating to subsequent periods is included in deferred income.

SHARE-BASED PAYMENT

The Group has applied the requirements of IFRS 2 Share-Based Payment. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 February 2006.

The Group issues equity-settled share-based payments to full-time employees. Equity-settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a Black-Scholes model for all share options in issue. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition.

GOODWILL IMPAIRMENT

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment charge is recognised in administrative expenses within the statement of comprehensive income in the year in which it occurs. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is allocated to cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

PUBLISHING RIGHTS

In accordance with IAS 38, publishing rights acquired are capitalised as intangible assets.

Each acquisition is assessed individually in order to determine the estimated useful life of the publishing rights. Where the rights are regarded as having a limited useful life, they are amortised through profit or loss. Where the rights are considered to have an indefinite useful life, they are not amortised. In such cases, annual impairment reviews are carried out, in accordance with IAS 36, by discounting estimated future cash flows from the individual publishing rights concerned, at an appropriate discount rate. The value of the publishing rights is then adjusted to its recoverable amount if required.

No amortisation has been provided on publishing rights as, given the nature of the publications, their areas of specialisation, strong brand recognition and track record, the publishing rights are currently considered to have an indefinite useful life. Publishing rights are assessed annually for impairment.

Publishing rights are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the publishing rights arose.

WEBSITE DEVELOPMENT COSTS

Website development costs are accounted for in accordance with IAS 38. Development costs are capitalised as intangible assets only to the extent that they lead to the creation of an asset delivering benefits at least as great as the amount capitalised. All research, maintenance and

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

other development costs are written off as incurred.

Website development costs are amortised over three to five years and are charged to administrative expenses.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the CGU to which the asset belongs.

Any impairment charge is recognised in profit or loss in the year in which it occurs for assets carried at cost if recoverable amount is less than the carrying value. Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

INVESTMENTS

Investments are stated at cost less any provision for impairment in value.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures, fittings and equipment – over two to five years
Short leasehold improvements – over the lease term

CURRENT AND DEFERRED TAXATION

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised except where the Group is able to control the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

DEFERRED INCOME

Deferred income is recognised in the financial statements in accordance with the Group's accounting policy for revenue recognition. It will be credited to revenue within one year.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Inventories relate solely to raw materials.

LEASED ASSETS AND OBLIGATIONS

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

Finance leases

Assets funded through finance leases are capitalised as property, plant and equipment and depreciated over their estimated useful lives or the lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term determined at the inception of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs on finance leases are charged directly to profit or loss.

Operating leases

Assets leased under operating leases are not recorded in the statement of financial position. Rental payments are charged directly to profit or loss on a straight-line basis over the lease term.

PROVISIONS AND INVOICE DISCOUNTING

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discontinued at the pre-tax discount rate that reflects the frisks specific to the liability.

Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The Group can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables remains with the Group.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms). There is no material variance between carrying and fair values.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

TRADE PAYABLES

Trade payables are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. There is no material variance between book and fair values.

BORROWINGS

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs, and finance charges are recognised in profit or loss over the term of the instrument. Note 18 provides details of the applicable interest rates. There is no material variance between book and fair values.

EQUITY INSTRUMENTS

Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. FINANCIAL RISK MANAGEMENT

As well as short-term trade receivables, accrued income, trade payables and accruals, as detailed in notes, that arise directly from operations, the Group's financial instruments comprise cash, bank overdraft, bank borrowings and lease payables. The fair values of these instruments are not materially different from their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks. The Group's activities expose the Group to a number of risks including interest rate risk, credit risk and liquidity risk. The Group manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

LIQUIDITY RISK

The Group closely monitors its bank overdraft, invoice discounting and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loan and finance leases.

MATURITY ANALYSIS

The table below analyses the Group's and the Company's financial liabilities based on the contractual gross undiscounted cash flows for amounts outstanding at the reporting date up to maturity date:

MATURITY ANALYSIS	Less than 6 months £	Between 6 months and 1 year £	Between 1 and 5 years £	Total £
GROUP				
Overdrafts	31,878	–	–	31,878
Bank and invoice discounting loans	321,936	–	–	321,936
Interest-bearing loan	170,000	–	–	170,000
Finance leases	5,920	4,257	3,948	14,125
Trade and other payables	679,777	–	–	679,777
Total liabilities	1,209,511	4,257	3,948	1,217,716
COMPANY				
Overdrafts	10,236	–	–	10,236
Bank and invoice discounting loans	146,260	–	–	146,260
Interest-bearing loan	170,000	–	–	170,000
Hire purchase and finance leases	5,920	4,257	3,948	14,125
Trade and other payables	410,627		154,611	565,238
Total liabilities	743,043	4,257	158,559	905,859

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

2. FINANCIAL RISK MANAGEMENT (continued)

INTEREST RATE RISK
The Group's interest rate exposure arises mainly from its interest-bearing borrowings. Contractual agreements entered into at floating rates expose the Group to cash flow risk, while fixed-rate borrowings expose the Group to fair value risk.

The Group regularly reviews its funding arrangements to ensure that they are competitive with the marketplace.

The table below shows the Group's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

31 January 2010

GROUP	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
Trade & other receivables	–	21,139	561,649	582,788	–
Total loans & receivables	–	21,139	561,649	582,788	–
Overdrafts	–	31,878	–	–	31,878
Bank and invoice discounting loans	–	321,936	–	–	321,936
Interest-bearing loan	170,000	–	–	–	170,000
HP & finance leases	14,125	–	–	–	14,125
Trade and other payables	–	–	679,777	–	679,777
Total liabilities at amortised cost	184,125	353,814	679,777	–	1,217,716

COMPANY	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
Trade & other receivables	–	21,139	238,602	259,741	–
Total loans & receivables	–	21,139	238,602	259,741	–
Overdrafts	–	10,236	–	–	10,236
Bank and invoice discounting loans	–	146,260	–	–	146,260
Interest-bearing loan	170,000	–	–	–	170,000
HP & finance leases	14,125	–	–	–	14,125
Trade and other payables	–	–	565,238	–	565,238
Total liabilities at amortised cost	184,125	156,496	565,238	–	905,859

2. FINANCIAL RISK MANAGEMENT (continued)

31 January 2009

GROUP	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
Trade & other receivables	–	21,139	669,704	690,843	–
Total loans & receivables	–	21,139	669,704	690,843	–
Overdrafts	–	61,496	–	–	61,496
Bank and invoice discounting loans	–	316,624	–	–	316,624
HP & finance leases	42,862		–	–	42,862
Trade and other payables	–	–	872,712	–	872,712
Total liabilities at amortised cost	42,862	378,120	872,712	–	1,293,694

COMPANY	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
Subsidiary undertaking loans	–	–	55,988	55,988	–
Trade & other receivables	–	21,139	318,005	339,144	–
Total loans & receivables	–	21,139	373,993	395,132	–
Overdrafts	–	–	–	–	–
Bank and invoice discounting loans	–	184,846	–	–	184,846
HP & finance leases	22,040	–	–	–	22,040
Trade and other payables	–	–	482,145	–	482,145
Total liabilities at amortised cost	22,040	184,846	482,145	–	689,031

CREDIT RISK EXPOSURE

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. Credit risk is managed on a group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account customers' financial position, reputation in the industry and past trading experience. As a result, the Group's exposure to bad debts is not significant.

FINANCIAL ASSETS	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade and other receivables	604,690	736,621	277,518	355,572
Estimated irrecoverable amounts	21,902	45,778	17,777	16,428

2. FINANCIAL RISK MANAGEMENT (continued)

Movements on the Group and Company's provision for impairment of trade receivables:

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
As at 1 February	45,778	22,568	16,428	8,958
Provision for receivables impairment	43,327	46,954	26,552	15,520
Receivables written off during year as uncollectible	(35,793)	(7,134)	(25,203)	(4,550)
Unused amounts reversed	(31,410)	(16,610)	–	(3,500)
As at 31 January	21,902	45,778	17,777	16,428

The maximum exposure is the carrying amount as disclosed in notes 13 and 18. The average credit period taken on the sale of goods is 48 days (2009: 34 days). The allowance for estimated irrecoverable amounts has been made based upon the knowledge of the financial circumstances of individual trade customers at the reporting date. The Group holds no collateral against these receivables at the reporting date.

The following table provides an analysis of trade and other receivables that were past due at 31 January 2010 and 31 January 2009 but against which no provision has been made. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Up to 3 months overdue	301,345	220,981	119,225	118,681
3 to 6 months overdue	45,550	49,135	–	8,807
	346,895	270,116	119,225	127,488

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is not to use forward contracts and therefore none were outstanding at the year-end (2009: £Nil). The Group had no foreign currency exposures at 31 January 2010 or 31 January 2009 so no numerical disclosures have been provided.

3. SEGMENTAL INFORMATION

The operating segments are based on the management reports reviewed by the Board of Directors on a monthly basis.

The reportable segments derive their revenue primarily as follows:

- Online – Provision of online and digital services for our client and reader base
- Print Publishing – Provision of regular publications through our leading brands
- Events – Utilising our publishing rights to run events including awards, conferences and seminars, plus a limited number of events on behalf of third parties.

All revenue is derived from provision of services and predominately from customers based in England, the Company's country of domicile, and all assets are based in England.

The Chief Operating Decision-Maker evaluates the performance and resource requirements of these segments in unison to ensure maximum efficiencies within the business, and indeed resources are shared.

The Directors consider the most useful information to users of the accounts is to provide details down to the Gross Profit level only. From then on, any further detail would necessitate arbitrary cost allocation that they do not use in managing the business and is not considered meaningful in terms of how resources are actually utilised.

The Chief Operating Decision-Maker does not receive information on assets and liabilities in a segmental format, and due to the arbitrary nature of the allocation, this information has not been calculated as it is inappropriate to the running of the business.

Segment information is presented below

	2010		2009	
	Revenue £	Profit £	Revenue £	Profit £
Continuing operations				
Online	1,225,713	1,074,700	1,352,042	1,300,257
Print publishing	1,494,302	816,320	2,315,432	1,287,131
Events	915,133	410,359	1,326,016	645,736
Segment revenue/profit	3,635,148	2,301,379	4,993,490	3,233,124
Central overheads and Directors' salaries		(2,232,286)		(3,676,056)
Finance income		1,483		9,696
Finance costs		(33,870)		(60,694)
Profit for period		36,706		(493,930)

Revenue represents sales to external customers. There were no inter-segment sales in the period (2009: Nil).

The Group generates total revenues from its largest customer of £126,745 (2009: £125,052). These revenues are derived from the print and online segments.

4. OPERATING PROFIT

(a) Operating profit for the year has been arrived at after charging/(crediting) the following items within administrative expenses:

	2010 £	2009 £
Depreciation of property, plant and equipment		
– owned assets	36,049	49,403
– leased assets	37,331	31,507
Amortisation of website development costs	50,269	55,452
Operating lease rentals in respect of land and buildings	38,485	100,832
Onerous lease provision (see note below)	(61,289)	61,289
Share-based payment	12,552	35,995

At 31 January 2009 a provision was made for an onerous lease in a subsidiary company. In October 2009 the subsidiary company was put into liquidation and as a result the provision has been written back.

(b) AUDITOR'S REMUNERATION

During the year, the following services were obtained from the Group's auditor at cost as detailed below:

	2010 £	2009 £
Audit services		
– Fees payable to Company auditor for the audit of parent Company and consolidated accounts	25,000	25,000
Other services		
– Fees payable to the Company's auditor and its associates for other services:		
The audit of Company's subsidiaries pursuant to legislation	20,000	24,725

The disclosure of auditor's remuneration stated above relates to the Company's auditor, Baker Tilly UK Audit LLP and its associates.

(c) ANALYSIS OF OPERATING EXPENSES BY NATURE

	2010 £	2009 £
Staff costs (see note 5)	1,479,885	1,920,728
Depreciation, amortisation and impairments (see notes 10 & 11)	123,649	136,362
Change in inventory	1,791	205
Magazine costs	592,397	915,765
Events costs	391,688	504,002
Premises costs	30,124	204,989
Marketing expenses	101,090	151,301
Professional fees	161,759	232,538
Other expenses	673,612	1,370,532
Total cost of sales and administrative expenses	3,566,055	5,436,422

5. STAFF COSTS

		2010 £	2009 £
Staff costs			
	– wages and salaries	1,332,115	1,723,760
	– social security costs	135,218	160,973
	– share-based payment	12,552	35,995
		1,479,885	1,920,728

These costs are disclosed within administrative expenses in the income statement

	Number	Number
Average monthly number of persons (including Directors and part-time employees) employed by the Group:		
Senior management	7	8
Finance and administration	3	3
Editorial / Design / Events	23	34
Marketing and sales	16	25
	49	70

6. DIRECTORS' REMUNERATION

	2010 £	2009 £
Aggregate emoluments	183,392	417,875
Compensation for loss of office	30,000	–
	213,392	417,875

	2010 £	2009 £
Emoluments for qualifying services:		
ESM Williams	27,083	93,844
C Broadbent (resigned 29 August 2008)	–	54,670
LJ Copeland	70,000	72,859
AS Brode	3,007	14,527
C Ingram (resigned 24 November 2008)	–	11,750
K Kingwill (resigned 28 April 2009)	45,325	91,000
PRT Williams	2,977	13,851
N Baker	65,000	65,374
Directors' remuneration	213,392	417,875

6. DIRECTORS' REMUNERATION (continued)

No pension payments are made on behalf of any of the Directors.

Included within the payment to K Kingwill is £30,000 in relation to compensation for loss of office.

Fees for professional services totalling £nil (2009: £8,608) were paid to Tudor Myles Ventures Ltd, a company controlled by Mr PRT Williams, a Director of Vitesse Media Plc. The amount owed to Tudor Myles Ventures Ltd at 31 January 2010 was £nil (2009: £805).

Fees for professional services totalling £nil (2009: £11,250) were payable to IM Management Ltd, a company in which Mr C Ingram, while he was a Director of Vitesse Media Plc, had a controlling interest. The amount owed to IM Management Ltd at 31 January 2010 was £nil (2009: £3,750).

SHARE OPTION SCHEME
DIRECTORS' INTERESTS IN SHARE OPTIONS

The interests of the Directors in share options of the Company are set out in the table below:

	31 Jan 2009 (No.)	Granted (No.)	Lapsed (No.)	31 Jan 2010 (No.)	Exercise price (p)	Exercisable period
L J Copeland	119,394			119,394	12.56	23/01/2005 to 24/01/2011
	100,000			100,000	14.5	14/08/2006 to 13/08/2013
	30,000			30,000	32.0	30/04/2007 to 29/04/2014
	50,000			50,000	30.5	16/05/2009 to 15/05/2015
	50,000			50,000	24.5	02/06/2010 to 01/06/2016
	100,000			100,000	22.5	01/03/2010 to 28/02/2017
	50,000			50,000	30.5	01/03/2011 to 28/02/2018
		150,000		150,000	14.0	22/06/2012 to 21/06/2019
	499,394	150,000		649,394		
N Baker	100,000			100,000	22.5	01/03/2010 to 28/02/2017
	50,000			50,000	30.5	01/03/2011 to 28/02/2018
		150,000		150,000	14.0	22/06/2012 to 21/06/2019
	150,000	150,000		300,000		
A S Brode	20,833			20,833	30.0	01/02/2001 to 31/01/2011
K Kingwill	150,000		(150,000)	–	30.5	01/03/2011 to 28/02/2018

7. NET FINANCE COSTS

	2010 £	2009 £
Bank interest receivable	1,483	9,696
Less:		
Interest payable on bank loan and overdrafts	11,617	41,856
Finance lease interest	6,485	10,092
Other interest payable	5,851	8,746
Interest on other borrowings	9,917	–
	33,870	60,694
Net finance costs	(32,387)	(50,998)

8. TAXATION

	2010 £	2009 £
(a) *Current taxation:*		
UK corporation tax	–	–

Corporation tax is calculated at 28% (2009 – 28%) of the estimated assessable profit for the year.

(b) The tax charge for the year can be reconciled to the profit/(loss) before tax per the consolidated statement of comprehensive income as follows:

	2010 £	2009 £
Factors affecting tax charge for the period:		
Profit/(loss) before taxation	36,706	(432,641)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	10,278	(121,139)
Effects of:		
Other timing differences	(18,805)	3,935
Employee share plans	3,515	10,078
Other expenses not deductible for tax purposes	1,460	5,688
Depreciation in excess of capital allowances/ (accelerated capital allowances)	22,193	(5,181)
Tax losses in year (utilised)/carried forward	(18,580)	107,100
Provisions adjustments	(61)	(504)
Charges on income unutilised	–	23
Tax charge for the year	–	–

At the reporting date, the Group has unused tax losses of £4,318,306 (2009: £4,804,599) available for offset against future profits. No deferred tax asset has been recognised in respect of this amount due to the unpredictability of future profit streams.

At the reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax assets and liabilities have not been recognised was a net asset of £36,133 (2009: £6,900). No deferred tax liability (2009: Nil) has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year (Note 16).

	2010 £	2009 £
Profit/(loss) attributable to owners of the parent	36,706	(493,930)
Weighted average number of ordinary shares in issue	25,603,787	24,698,140
Basic earnings per share (pence per share)	0.14p	(1.99p)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. In the prior year the Company made a loss and the potential share options were therefore anti-dilutive.

	2010 £	2009 £
Profit/(loss) attributable to owners of the parent	36,706	(493,930)
Weighted average number of ordinary shares in issue	25,603,787	24,698,140
Dilutive effect:		
Share options	26,846	–
Diluted ordinary shares	25,630,633	24,698,140
Diluted earnings per share (pence per share)	0.14p	(1.99p)

10. INTANGIBLE ASSETS

GROUP	Website development costs £	Publishing Rights £	Sub-total £	Goodwill £	Total £
COST					
1 February 2008	283,425	1,815,813	2,099,238	1,027,999	3,127,237
Additions	38,200	–	38,200	–	38,200
Disposals	(62,230)	–	(62,230)	–	(62,230)
31 January 2009	259,395	1,815,813	2,075,208	1,027,999	3,103,207
Additions	5,000	–	5,000	–	5,000
31 January 2010	264,395	1,815,813	2,080,208	1,027,999	3,108,207
AMORTISATION AND IMPAIRMENT					
1 February 2008	133,098	435,813	568,911	2,193	571,104
Amortisation charge for the year	55,452	–	55,452	–	55,452
Disposals	(62,230)	–	(62,230)	–	(62,230)
31 January 2009	126,320	435,813	562,133	2,193	564,326
Amortisation charge for the year	50,269	–	50,269	–	50,269
Disposals	–	–	–	–	–
31 January 2010	176,589	435,813	612,402	2,193	614,595
NET BOOK VALUE					
31 January 2010	87,806	1,380,000	1,467,806	1,025,806	2,493,612
31 January 2009	133,075	1,380,000	1,513,075	1,025,806	2,538,881
1 February 2008	150,327	1,380,000	1,530,327	1,025,806	2,556,133

10. INTANGIBLE ASSETS (continued)

COMPANY	Website development costs £	Publishing Rights £	Sub-total £	Goodwill £	Total £
COST					
1 February 2008	161,365	1,271,808	1,433,173	108,476	1,541,679
Additions	24,450	–	24,450	–	24,450
31 January 2009	185,815	1,271,808	1,457,623	108,476	1,566,099
Transferred from investments	–	–	–	461,827	461,827
31 January 2010	185,815	1,271,808	1,457,623	570,303	2,027,926
AMORTISATION AND IMPAIRMENT					
1 February 2008	64,855	433,408	498,263	–	498,263
Amortisation charge for the year	34,124	–	34,124	–	34,124
31 January 2009	98,979	433,408	532,387	–	532,387
Amortisation charge for the year	31,127	–	31,127	–	31,127
31 January 2010	130,106	433,408	563,514	–	563,514
NET BOOK VALUE					
31 January 2010	55,709	838,400	894,109	570,303	1,464,412
31 January 2009	86,836	838,400	925,236	108,476	1,033,712
1 February 2008	96,510	838,400	934,910	108,476	1,043,386

10. INTANGIBLE ASSETS (continued)

GOODWILL

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Investor AllStars	108,476	108,476	108,476	108,476
Growth Company Investor Ltd	41,663	41,663	–	–
M&A Deals Ltd	–	461,827	–	–
Information Age Media Ltd	413,840	413,840	–	–
M&A Deals	461,827	–	461,827	–
	1,025,806	1,025,806	570,303	108,476

PUBLISHING RIGHTS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
What Investment	625,807	625,807	625,808	625,808
Small Business Guide	212,592	212,592	212,592	212,592
Growth Company Investor	11,506	11,506	–	–
The Wrong Price	5,000	5,000	–	–
Information Age	525,095	525,095	–	–
	1,380,000	1,380,000	838,400	838,400

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

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on a combination of industry growth forecasts and specific business plans for each CGU. Changes in direct costs are based on past practices and expectations of future changes.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for a period of 18 months and extrapolates cash flows for the relevant period based on the estimated growth for each CGU for a further 42 months.

The rate used to discount the forecast cash flows for each of the CGUs was 11% (2009: 11%) and growth rates are assumed to be an average of industry-expected growth rates, which range from 0% to 20%.

During the year, the trade and associated goodwill was transferred from M&A Deals Ltd and integrated into Vitesse Media Plc. This decision was taken due to the downturn in the economy and the mergers and acquisitions market, and it is anticipated that an upturn in the economy will result in a revival of the brand. Based on cash flow forecasts, no impairment is deemed necessary.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Short leasehold improvements £	Fixtures, fittings & equipment £	Total £
COST			
1 February 2008	89,398	325,829	415,227
Additions	–	33,081	33,081
Disposals	(66,746)	(113,240)	(179,986)
31 January 2009 and 31 January 2010	22,652	245,670	268,322
DEPRECIATION			
1 February 2008	72,330	134,003	206,333
Charge for the year	4,530	76,380	80,910
Disposals	(66,746)	(113,240)	(179,986)
31 January 2009	10,114	97,143	107,257
Charge for the year	4,530	68,850	73,380
31 January 2010	14,644	165,993	180,637
NET BOOK VALUE			
31 January 2010	8,008	79,677	87,685
31 January 2009	12,538	148,527	161,065
1 February 2008	17,068	191,826	208,894

The net book value of fixtures, fittings and equipment includes £53,696 (2009: £91,027) of assets held under finance lease agreements.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Short leasehold improvements £	Fixtures, fittings & equipment £	Total £
COST			
1 February 2008	89,398	191,426	280,824
Additions	–	3,858	3,858
Disposals	(66,746)	(5,961)	(72,707)
31 January 2009	22,652	189,323	211,975
Transfer from subsidiary	–	17,989	17,989
31 January 2010	22,652	207,312	229,964
DEPRECIATION			
1 February 2008	72,330	19,213	91,543
Charge for the year	4,530	58,106	62,636
Disposals	(66,746)	(5,961)	(72,707)
31 January 2009	10,114	71,358	81,472
Charge for the year	4,530	59,379	63,909
31 January 2010	14,644	130,737	145,381
NET BOOK VALUE			
31 January 2010	8,008	76,575	84,583
31 January 2009	12,538	117,965	130,503
1 February 2008	17,068	172,213	189,281

The net book value of fixtures, fittings and equipment includes £53,696 (2009: £68,471) of assets held under finance lease agreements.

12. INVESTMENTS

COMPANY	Subsidiary undertakings Shares £	Subsidiary undertakings Loan £	Total £
COST			
1 February 2008	913,842	1,212,740	2,126,582
Repayment of loan in year	–	(684,813)	(684,813)
Loan advancement	–	72,720	72,720
31 January 2009	913,842	600,647	1,514,489
Loan advancement	–	63,238	63,238
Repayment of loan in year	–	(167,653)	(167,653)
Loan written-off	–	(496,232)	(496,232)
Transferred to goodwill	(36,288)	–	(36,288)
31 January 2010	877,554	–	877,554
AMOUNTS WRITTEN OFF:			
1 February 2008	–	(596,781)	(596,781)
Provision released	–	596,781	596,781
Loan provisions	–	(544,659)	(544,659)
31 January 2009	–	(544,659)	(544,659)
Provision released	–	111,665	111,665
Utilisation of provision in respect of loan written off	–	432,994	432,994
31 January 2010	–	–	–
NET BOOK VALUE			
31 January 2010	877,554	–	877,554
31 January 2009	913,842	55,988	969,830
1 February 2008	913,842	615,959	1,529,801

The Company holds 100% of the issued share and voting rights capital of the following subsidiary undertakings which have been included in the consolidated accounts. All subsidiaries are incorporated in England and Wales:

COMPANY	PRINCIPAL ACTIVITY
M&A Deals Ltd (in liquidation)	Monthly publication for investors and advisers
Growth Company Investor Ltd	Online & print publishing for investors and entrepreneurs
Information Age Media Ltd	Monthly publication for IT professionals

On 20 October 2009, M&A Deals Ltd was put into liquidation, having transferred its trade and assets at book value to Vitesse Media Plc. The results of M&A Deals Ltd were included in consolidated accounts up to the liquidation date.

13. TRADE AND OTHER RECEIVABLES

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Current:				
Trade receivables	576,995	706,093	256,379	329,925
Provision for doubtful debts	(21,902)	(45,778)	(17,777)	(16,428)
	555,093	660,315	238,602	313,497
Other receivables	6,556	9,389	–	4,508
Prepayments and accrued income	118,278	161,336	41,412	37,068
	679,927	831,040	280,014	355,073
Non-current:				
Deposits	21,139	21,139	21,139	21,139

The Group's financial assets are fairly short term in nature. In the opinion of the directors the book values equate to their fair value.

14. INVENTORIES

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Raw materials	18,992	17,201	15,259	13,578

The amount of inventories recognised as an expense and charged to cost of sales was £114,342 (2009: £132,741). In the opinion of the directors the book values equate to their fair value.

15. CASH AND CASH EQUIVALENTS

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Cash and cash equivalents	–	–	–	6,298
Bank overdrafts (Note 18)	(31,878)	(61,496)	(10,236)	–
	(31,878)	(61,496)	(10,236)	6,298

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

16. CALLED-UP SHARE CAPITAL

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Authorised:				
30,000,000 Ordinary shares of 10p each	3,000,000	3,000,000	3,000,000	3,000,000

	Number of shares	Share capital £	Share premium £	Total £
Issued and fully paid:				
As at 1 February 2008	24,505,577	2,450,558	2,369,491	4,820,049
Shares issued	1,098,210	109,821	65,893	175,714
Issue costs	–	–	(7,767)	(7,767)
As at 31 January 2009 and 31 January 2010	25,603,787	2,560,379	2,427,617	4,987,996

Shares issued during the previous year were for a cash injection for brand development and additional working capital.

The Company has granted options to subscribe for ordinary shares of 10p each, as follows:

Grant date	Subscription price per share	Period within which options are exercisable	Number of shares for which rights are exercisable 2010	2009
31.05.2000	50.00p	30.05.2003 - 30.05.2010	16,000	26,000
11.07.2000	12.56p	23.01.2002 - 24.01.2011	119,394	119,394
31.01.2001	30.00p	01.02.2001 - 31.01.2011	20,833	20,833
23.01.2001	12.56p	03.10.2001 - 22.01.2011	64,394	64,394
25.01.2001	12.56p	03.10.2001 - 24.01.2011	119,394	119,394
31.01.2001	40.50p	03.10.2001 - 30.01.2011	6,000	6,000
31.01.2001	40.50p	31.01.2005 - 31.01.2011	29,628	41,973
26.09.2001	26.50p	03.10.2001 - 25.09.2011	1,500	1,500
03.10.2001	30.00p	03.10.2001 - 02.10.2009	83,333	83,333
08.11.2002	14.00p	08.11.2002 - 07.11.2012	5,000	5,000
08.11.2002	14.00p	08.11.2005 - 07.11.2012	30,000	30,000
31.07.2003	14.50p	31.07.2006 - 30.07.2013	15,000	15,000
14.08.2003	14.50p	14.08.2006 - 13.08.2013	100,000	100,000
18.08.2003	14.50p	18.08.2006 - 17.08.2013	10,000	10,000
31.07.2003	14.50p	31.07.2003 - 30.07 2013	5,000	5,000
30.04.2004	32.00p	30.04.2007 - 29.04.2014	35,000	35,000
05.10.2004	24.50p	05.10.2007 - 04.10.2014	–	–
16.05.2005	30.50p	16.05.2009 - 15.05.2015	50,000	50,000
17.10.2005	22.50p	17.10.2009 - 17.10.2015	20,000	25,000
02.06.2006	24.50p	02.06.2010 - 01.06.2016	65,000	70,000
28.02.2007	22.50p	01.03.2010 - 28.02.2017	340,000	345,000
28.02.2008	30.50p	01.03.2011 - 28.02.2018	160,000	315,000
22.06.2009	14.00p	22.06.2012 – 21.06.2019	550,000	–
			1,845,476	1,487,821

17. EQUITY-SETTLED SHARE OPTION SCHEMES

For details of share option schemes in place during the year, see note 16.

Details of the number of share options and the weighted average exercise price (WAEP) during the year are as follows:

	2010		2009	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	1,487,821	25.4p	1,389,821	23.6p
Granted during the year	550,000	14.0p	365,000	30.5p
Forfeited during the year	(192,345)	31.6p	(267,000)	25.5p
Outstanding at the end of the year	1,845,476	19.8p	1,487,821	25.4p
Exercisable at the end of the year	730,476	20.1p	824,821	24.6p

The market price of the Company's shares on 31 January 2010 was 11p (2009: 16p).

The range of exercise price during the year was between 8p and 17p (2009: 16p and 37p).

The fair values were calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	2010	2009
Weighted average share price (pence)	14	25
Expected volatility (%)	41.4	131
Expected life (years)	10	10
Risk-free rate (%)	4.62	4.62
Dividend yield (%)	0	0
Vesting condition (%)	37	37

Expected volatility was determined by calculating the historic volatility of the Group's share price over the period since flotation.

The weighted average remaining contractual life is six years (2009: six years).

The charge for the year for options granted was £12,552 (2009: £35,995), which is included in administrative expenses. Fair value of the options granted during the year was £29,106 (2009: £35,713).

Options granted have a vesting period of three years. The exercise of options will normally be conditional on the holder being in the Group's employment at the end of the vesting period.

18. BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank overdrafts	31,878	61,496	10,236	–
Bank and invoice discounting loans	321,936	316,624	146,260	184,846
Other borrowings	170,000	–	170,000	–
	523,814	378,120	326,496	184,846
Disclosed within current liabilities	523,814	378,120	326,496	184,846
Disclosed as non-current liabilities	–	–	–	–

All borrowings are due on demand or within one year. Following the fundraising in April 2010 other borrowings of £170,000 were repaid.

Bank overdrafts and loans disclosed within current liabilities are arranged at floating rates, exposing the group to cash flow interest rate risk.

The weighted average interest rates paid were as follows:

	2010	2009
	%	%
Bank overdrafts	3.05	6.84
Bank and invoice discounting loans	2.22	6.20
Other borrowings	10.00	–

The Directors estimate the fair value of the Group's borrowings as follows:

	2010	2009
	£	£
Bank and invoice discounting loans	318,397	314,223
Other borrowings	127,724	–
	446,121	314,223

Sensitivity analysis on the level of interest rates has not been undertaken as the Directors believe that any increase/decrease in interest rates during the current and previous year would have had no material impact on the level of interest payable. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

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

(i) Bank overdrafts are repayable on demand. Overdrafts have been secured by a debenture over the group's assets. The average effective interest rate on bank overdrafts approximates to 3.05% (2009: 6.84%) per annum and is determined based on 2.5% plus Lloyds TSB Plc bank base rate.
(ii) Net obligations under finance lease contracts are secured on the assets concerned. The net book value of secured assets is disclosed in note 11
(iii) Bank loans are repayable on one to three months' notice. This represents invoice discounting advances against trade receivables and are secured by a debenture over trade receivables. The net book value is disclosed in Note 13. The average effective rate approximates to 2.22% per annum and is determined based on 1.4% to 2% above bank base rates.

18. BORROWINGS (continued)

(iv) Other borrowings of £170,000 relate to a transaction undertaken whereby the Group sold a website to a related party (see note 26). The terms of the agreement are such that the Group continues to use the asset in exchange for a monthly fee. The Group has the ability to repurchase the asset within three years, and based on the substance of the transaction, this has been treated as a loan. The term of the borrowing is over three years at an interest rate of 10% per annum.

For details of the bank loans in the prior year, please refer to details (i) and (ii) above

At 31 January 2010, the Group has available £nil (2009: £Nil) of undrawn committed borrowing facilities, in respect of which all conditions precedent have been met.

19. NET OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments:			
	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts payable under finance leases:				
Within one year	13,112	35,322	13,112	24,650
In the second to fifth years inclusive	4,972	18,097	4,972	2,440
	18,084	53,419	18,084	27,090
Less: future finance charges	(3,959)	(10,557)	(3,959)	(5,050)
Present value of lease obligations	14,125	42,862	14,125	22,040
Less: Amount due to settlement within 12 months (shown under current liabilities)	10,177	28,627	10,177	20,165
Amount due to settlement after 12 months	3,948	14,235	3,948	1,875

It is the Group's policy to lease certain items of fixtures, fittings and equipment under finance leases. The average lease term is three years. For the year ended 31 January 2010, the average effective borrowing rate was 23.8%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20. TRADE AND OTHER PAYABLES

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Current:				
Trade payables	442,630	524,382	280,754	300,525
Taxation and social security	216,117	279,443	81,774	123,705
Other payables	26,978	37,417	3,924	22,295
Accruals	210,169	310,913	125,949	159,325
Deferred income	341,134	457,770	90,274	92,216
	1,237,028	1,609,925	582,675	698,066
Non-current:				
Amounts owed to subsidiary undertakings	–	–	154,611	–

The Group's financial liabilities are fairly short term in nature. In the opinion of the Directors the book values equate to their fair value.

21. PROVISIONS

GROUP

	Onerous lease provision £	Total £
At 31 January 2008	–	–
Onerous lease	61,289	61,289
31 January 2009	61,289	61,289
Onerous lease provision released	(61,289)	(61,289)
31 January 2010	–	–

The Company did not have any provisions at 31 January 2010, 31 January 2009 or 31 January 2008.

22. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Profit/(loss) before tax	36,706	(493,930)	(398,218)	(834,289)
Adjustments for:				
Finance income	(1,483)	(9,696)	(923)	(177)
Finance costs	33,870	60,694	25,663	37,453
Amortisation	50,269	55,452	31,127	34,124
Depreciation of property, plant and equipment	73,380	80,910	63,909	62,636
Provisions on loans released	–	–	(111,666)	(52,122)
Onerous lease provision	(61,289)	61,289	–	–
Share option costs	12,552	35,995	12,552	35,995
Operating cash flows before movements in working capital	144,005	(209,286)	(377,556)	(716,380)
Increase in inventories	(1,791)	(205)	(1,681)	(13,578)
Decrease in receivables	151,113	416,499	75,059	227,330
Decrease in payables	(372,897)	(242,399)	(115,390)	(21,682)
Cash flows used in operating activities	(79,570)	(35,391)	(419,568)	(524,310)

Additions to fixtures and equipment during the year amounting to £nil (2009: £25,623) were financed by new finance leases.

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS AND ANALYSIS OF NET FUNDS

GROUP	At 1 Feb 2009 £	Cash flow £	At 1 Feb 2010 £
Cash in hand and at bank	–	–	–
Overdrafts	(61,496)	29,618	(31,878)
	(61,496)	29,618	(31,878)
COMPANY			
Cash in hand and at bank	6,298	(6,298)	–
Overdrafts	–	(10,236)	(10,236)
	6,298	(16,534)	(10,236)

24. OPERATING LEASE COMMITMENTS

Total of future minimum operating lease payments under non-cancellable operating leases:

	Group		Company	
	2010	2009	2010	2009
Land and buildings:				
Less than one year	81,968	102,875	81,968	84,555
Between one and two years	77,978	179,109	77,978	142,469
Between two and five years	185,207	21,281	185,207	–
	345,153	303,265	345,153	227,024

25. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £Nil (2009: £Nil)

26. RELATED PARTY TRANSACTIONS

GROUP

ULTIMATE CONTROLLING PARTY
There is no ultimate controlling party.

KEY MANAGEMENT COMPENSATION
The key management staff are considered to be the Directors, and their remuneration is:

	2010 £	2009 £
Directors' remuneration	213,392	417,875
Share-based payments	6,520	9,922
Social security costs	20,538	46,061
Total	240,450	473,858

RELATED TRANSACTIONS
During the period ending 31 January 2010, the only related party transactions were concerning intercompany loans.

COMPANY

TRANSACTIONS WITH SUBSIDIARIES
The only transactions with subsidiary companies during the year ending 31 January 2010 and 31 January 2009 related to intercompany loan payments and receipts.

Long-term loans (due to)/from subsidiary companies:

	2010 £	2009 £
Growth Company Investor Ltd	(65,934)	55,988
M&A Deals Ltd	–	–
Information Age Media Ltd	(88,677)	–
Total	(154,611)	55,988

In the prior year, the company had provided against loans of £432,994 and £111,666 in respect of M&A Deals Ltd and Information Age Media Ltd respectfully.

During the year, the company entered into an agreement with Tudor Myles Ventures Ltd, a company owned by Sara and Peter Williams, both of whom are directors of Vitesse Media Plc. The nature of the transaction was to provide funding to Vitesse Media Plc. The companies entered into an agreement whereby for a sum of £170,000 Tudor Myles Ventures Ltd acquired the website www.SmallBusiness.co.uk. The agreement included the ability for Vitesse Media Plc to reacquire the asset within a period of three years for a sum of £170,000 and also a licence agreement to enable Vitesse Media Plc to continue to use the website and associated client databases. This transaction has been treated as a subordinated loan as Vitesse Media continues to utilise the assets within its business on a daily basis and it is almost certain that they will action the repurchase agreement. On 6 April 2010 the Group exercised the option to reacquire the asset.

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