VITESSE MEDIA

Annual Report & Accounts

2013

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Company Directors and Advisers

Directors
Sara Williams, Executive Chairman
Niki Baker, Chief Executive Officer
David Smith, Executive Deputy Chairman
Andrew Brode, Non-Executive Director
Keith Willey, Non-Executive Director
Jonathan Sumner, Executive Director

Secretary and Registered Office
TMF Corporate Administration Services Ltd, 5th Floor, 6 St. Andrew Street, London EC4A 3AE

Company Number
02607995

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

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

Solicitors
Orrick, Herrington & Sutcliffe LLP, 107 Cheapside, London EC2V 6DN

Auditors
Baker Tilly UK Audit LLP, 25 Farringdon Street, London EC4A 4AB

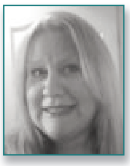
AIM Broker and Nominated Adviser
Westhouse Securities Ltd, One Angel Court, London EC2R 7HJ

Contents

Directors and management team

Sara Williams – Executive Chairman
Sara founded Vitesse Media Plc in 1997. Her role includes developing the growth strategy, both organic and by acquisition. 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. She holds an investment advice certificate and an MSc in accounting and finance from the London School of Economics.

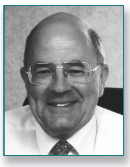
David Smith – Executive Deputy Chairman
David was appointed as executive deputy chairman in July 2012. He has held senior positions in Thompson organisations and at Wolters Kluwer, and was CEO of Taylor & Francis and executive chairman of Informa and Granada Learning.



Niki Baker – Chief Executive Officer
Niki joined Vitesse Media in 2006 as head of the group's expanding events division before becoming chief operating officer in July 2009 and chief executive officer in October 2012. She manages a team of over 40 staff, having full budget responsibility for all the group's activities. Prior to joining Vitesse Media, she worked her way up to group show director at 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.

Jonathan Sumner – Director for Digital and Social Media
Jonathan is the company's online publisher. He has responsibility for delivering the revenue for all online activities and is the driving force behind new developments for existing websites and ideas for new sites. Jonathan has been with Vitesse Media since 2003 and was appointed a director in May 2012.

Keith Willey – Non-Executive Director
Keith 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 organisational 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 the founding CEO of The Centre for Scientific Enterprise. Following this, he was COO and acting FD at Sussex Place Ventures for five years.



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 and now an AIM-listed company. He is also a non-executive director of a number of private equity-financed media companies.

Carolina Vidrascu – Finance Manager
Carolina is a qualified chartered management accountant with a strong background in all areas of the accounting system. She has benefited from progressively responsible duties gained over the course of a career based on strong analytical and organisational skills.

Ben Brougham – Head of Events
Ben is head of the events team across Vitesse Media. He has more than 16 years' experience in the global publishing and events industries. Before joining Vitesse in February 2008 he worked as business development manager at Caspian Publishing and as group publisher at Euromoney Institutional Investor.

Nick Britton – Head of Investment
As head of the Investment Group at Vitesse Media, Nick is responsible for the financial and operational performance of the division, which includes the well-established brands *What Investment* and *Growth Company Investor*. He joined Vitesse in 2007 and has worked in a variety of roles including journalist, editor, head of research and editorial director.

Ben Jaglom – Editor, Growth Company Investor
Ben Jaglom joined *Growth Company Investor* as an analyst in 2010, having previously worked at publications including *The Jewish Chronicle*. He was appointed to the role of editor of *Growth Company Investor* in 2012, also serving as the head of investment research at Vitesse Media. A graduate of Cambridge University, he also holds the Investment Management Certificate.

Pete Swabey – Editor, Information Age
Pete is editor of *Information Age* magazine 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.

Samantha Coles – Head of Investment Marketing
Samantha joined Vitesse in early 2010 and is responsible for planning and delivering all of Vitesse Media's investment marketing activity. She has over eight years' experience in publishing and more than five years' experience in subscription and event marketing, which has given her the expertise in how to brand and market products successfully.

Rachelle Cornel – Events Manager
Rachelle joined Vitesse Media in 2012 and manages the events portfolio for both Vitesse Media events and all client events. She has more than five years' experience in the events industry, working on a variety of events including gala dinners, luncheons, awards ceremonies, balls, sporting events, VIP and celebrity events, and small- and large-scale conferences.

John Bromley – SME Sales Manager
John is head of sales for the SME portfolio. Working across four websites, he is tasked with delivering and improving upon the revenues year-on-year. John previously worked as a senior account manager for our Technology division and is now in his fifth year with Vitesse.

Gordon Sockett – Investment Group Sales Manager
Gordon is responsible for all of the commercial aspects of the Investment division's products, selling both print and digital solutions to financial clients. Prior to joining Vitesse, he worked for Crimson Business and United Business Media.

Chairman's report

HIGHLIGHTS

- Substantial investment and reorganisation programme completed
- Underlying performance improved in second half
- Subscriber numbers recommenced growth in the second half
- Loss for the year of £282,000 before depreciation, interest, write-off on intangibles and share option expense (£502,000 including these items)
- Overall, like-for-like revenue steady in the first four months of 2013/14, compared with 2012/13
- Significant like-for-like bottom-line improvement in Q1 2013

PERFORMANCE DURING THE FINANCIAL YEAR 2012/13

Trading in the year was difficult, taking place in a challenging environment. The fall in overall revenues from £2.9 million to £2.0 million reflects both this and the strategic discontinuation of certain products. In a year of significant restructuring and repositioning of the group, the management team were pleased to oversee the changes that they made while containing losses to £282,000 before depreciation, interest, write-off on intangibles and share options expense (£502,000 including these elements). The trading loss in the second half was considerably reduced against the same period the previous year, and there were some clear turning points for key products. GrowthBusiness delivered a 13% like-for-like revenue increase over the same period the previous year; our venture capital event, Investor AllStars, was at a ten-year high; subscriber numbers for *What Investment* and *Growth Company Investor* bottomed and began to increase; and traffic on the relaunched WhatInvestment.co.uk website (relaunched December 2012) showed an increase of 40% in January 2013 compared with January 2012.

Significant progress during the year was made towards our stated three-year strategy, the key aspect of which is to move all publications from print to digital. This has now been completed for *Growth Company Investor*, for which the number of paying digital subscribers is now close to the figure for the discontinued print title. Good progress has been made with converting *Information Age*, where only a small print run remains. Progress for *What Investment* is slower, but the number of digital subscribers is growing. However, it is anticipated that there will remain a print version for a number of years.

The second key aspect of the strategy was to build the traffic coming to our websites from social media and mobile phones and tablets. To achieve this, the main sites have now been relaunched, and the traffic from these sources has significantly increased.

In general, the traffic to all sites from all sources has also surged upwards, thus supporting the deliverance of our advertising campaigns, and we are seeing the results of this especially in our SME area.

The third plank of strategy was to build revenue from event management and research, where some success has been achieved. We secured a two-year contract to run the Garden Media Guild Awards, and recently won a five-year contract to manage the Spirit of Fire Awards. Overall, the events business generated a good performance. In research, we have gained a new customer and carried out a research project for Ordnance Survey. Sales of individual research pieces have increased – for example, sales of *Directors' Pay on AIM* are up 45% – and the quality of research has enabled a stronger pricing policy.

On subscription income, there have been good gains in subscriptions to existing products, from a low point reached last autumn. The number of subscribers to *What Investment* has risen 3.6% from its low point, while *Growth Company Investor* subscriptions have increased by 8.2%. A further encouraging sign is that the renewal rates on both these titles have improved – the benefit of these increases is yet to be fully reflected in our revenue figures.

Plans are well advanced to launch a subscription product for SmallBusiness, and we are currently building part of the website for subscribers.

While the final element of our strategy is to continue to look for bolt-on acquisitions, the main priority last year was to focus on transforming the business internally into a digital, subscription, research and events company. However, as the business strengthens and grows, we expect this element of the strategy to become a higher management priority.

While not part of our strategy as stated, a significant step was taken in the autumn with a complete reorganisation of the business into four teams: SME/Business, Technology, Investment and Events. Each team includes sales, marketing and editorial staff and is headed up by a senior manager with a brief to grow the underlying business and improve the contributions. This reorganisation, coupled with the appointment of a new CEO, has immeasurably improved the focus of the business, and while elements of the business were beginning to improve in the second half-year, real progress dates from this restructuring.

In summary, 2012/13 was a year of change for Vitesse Media Plc – new products were developed and investment was made into existing products and the refocused business. This investment is already bearing fruit.

TRADING IN THE FIRST FOUR MONTHS ENDING 31 MAY 2013

There are encouraging signs in the first-quarter trading figures, in that there is a significant reduction in the trading loss. Compared with the corresponding quarter in the previous financial year, the loss is reduced by more than 40%.

Revenues for the first four months on a like-for-like basis are on a par with last year, and the business as a whole showed strong growth in May. In particular, for February to May, revenues in the SME area were up 34%. Elsewhere, Events has launched a new June conference, Tech Invest, and over the period revenues on existing products have held up compared with last year's figures. Subscriber numbers in Investment have continued to increase, although the Technology division has had a more difficult start.

Three websites were relaunched towards the end of the last financial year and these have all performed well during the first four months of the year – traffic on SmallBusiness.co.uk has increased considerably (visits up 45%), as it has also done on WhatInvestment.co.uk (visits up 68%). While there has not been such a dramatic improvement on Information-Age.com, visits are up 8% and we are very pleased that social referrals are up 40% and mobile traffic is up 102%.

OUTLOOK

The management team is increasingly confident now that the business has completed its transformation and restructuring. All the elements are now in place to resume growth and to improve profitability, and with a recovering economy that prospect has strengthened.

ESM Williams
Chairman

Business review

The reorganisation of the business into four operating units, each with its own sales, editorial, production and marketing personnel, has provided renewed clarity and focus to the group's activities, as well as helping to reduce overheads by 13% for the whole financial year compared with the previous one.

A review of each division's activities during the 2012/13 financial year is presented below.

SME/BUSINESS DIVISION

The SME/Business division comprises our products for entrepreneurs and small businesses, chiefly SmallBusiness.co.uk and GrowthBusiness.co.uk. The division's sales are based mainly on advertising, research and sponsorship of special digital projects, and accounted for 24% of group revenues in 2012/13. Its gross margin increased during the year to 78%, compared with 74% for the previous year.

'The SME/Business division's gross margin increased during the year to 78%'

The financial year started well for the division, but revenues fell after a comprehensive shake-up in April of Google's algorithm for directing traffic to different websites. This had a particularly heavy impact on traffic for SmallBusiness.co.uk, and this in turn limited the potential for advertising revenue from the site. The impact was much less on GrowthBusiness.co.uk, which was relaunched in February 2012 and succeeded in building its traffic over the year.

After a difficult summer, sales began to pick up again in the second half of the year, with sponsored projects undertaken for clients including Visa and FedEx. This recovery continued into the first quarter of the current financial year. Traffic on SmallBusiness.co.uk has improved after a relaunch of the website in February 2013, and its advertising revenue is up 37% in the first four months of this financial year compared with the same period of 2012. GrowthBusiness.co.uk has seen a 16% increase in like-for-like revenues over the same period.

SmallBusiness.co.uk and GrowthBusiness.co.uk now have a combined social media following of 28,000, delivering excellent user engagement on the sites, as well as gains in advertising revenue and new revenue opportunities with various new clients. Social referrals to SmallBusiness.co.uk have increased 117% from February to May 2013 compared with the same period of 2012, and more than 15,000 people have now downloaded our apps.

Plans are well advanced to launch a subscription product for small business owners, and we are currently building a subscriber-only area on SmallBusiness.co.uk.

INVESTMENT DIVISION

The Investment division is made up of our monthly titles for high-net-worth investors, *What Investment* and *Growth Company Investor*, and their associated websites WhatInvestment.co.uk and GrowthCompany.co.uk. Revenues are from subscriptions, advertising and sponsorship (both for print and online), research and royalties, and these accounted for 22.5% of

'WhatInvestment.co.uk has enjoyed a 68% uplift in traffic from February to May 2013'

total group sales in the 2012/13 financial year. Gross margin for the division remained steady at 68%.

All of the division's activities came under pressure during the first half of the 2012/13 financial year. The uncertainty of many clients about the impact of the Retail Distribution Review (RDR) meant that marketing spending was delayed or cancelled. Meanwhile, the continued turmoil in the stock market in the first half of 2012 put pressure on subscriptions for *What Investment* and *Growth Company Investor*.

However, the second half of the year saw an improvement. The reorganisation of the company provided greater resources and renewed focus to subscription marketing, with the result that the readership of both *Growth Company Investor* and *What Investment* has started growing again, and subscriber numbers are now up 8.2% and 3.6% respectively from their lowest points recorded last autumn, with renewal rates improved to 82% and 96% in the first quarter of 2013 compared with 80% and 94% in the previous quarter.

During the financial year, prices were also raised across all investment products after a multi-year freeze. For example, *What Investment* digital subscriptions were raised by 25%, the 'offer' price for *What Investment* print subscriptions was raised 9%, *Growth Company Investor* subscriptions now cost 13% more and the price of research reports was increased 19%.

Another important development has been the relaunch of WhatInvestment.co.uk in December 2012. The new website is designed to increase subscriptions and has made a strong start, with a 68% uplift in traffic from February to May 2013 compared with the same period last year. This has been driven partially by social media referrals, which are up 402%, and access via mobile devices, up 205%.

Revenues from sales of our research reports, including *Directors' Pay on AIM*, are up 184% in the first quarter of 2013 compared with the same three months of 2012 as a result of increased prices and unit sales.

TECHNOLOGY DIVISION

Our Technology division comprises the *Information Age* website, app and print magazine, along with associated research reports, sponsored projects and events. It generated 25% of group revenues in 2012/13 with a gross margin of 79%, the same as last year.

'Important clients such as IBM and Dell sustained their levels of spending during the year'

It was a challenging year for the Technology division on all fronts. An annual project for Sage that had made up nearly a tenth of the division's revenue in 2011/12 was discontinued. Online and print advertising revenues, as well as those from events, also suffered declines.

Although the desire of advertisers to reach *Information Age*'s specialist readership of IT decision-makers remained strong, the division was not able to meet all of this demand using its existing marketing data. Work is now ongoing to expand and enhance that data. On a positive note, important clients such as Microsoft, IBM and Dell sustained their levels of spending during the year under review and special projects such as how-to guides, cover wraps and advertorials offset some of the fall in core revenues.

Since the year-end, the *Information Age* website has been relaunched and overall visits have increased 8% when comparing the first four months of 2013/14 to the corresponding period in the previous financial year. Additionally, social referrals increased by 40% and the number of people accessing *Information Age* through various mobile devices grew by 102%.

With the imminent arrival of a new divisional head, *Information Age* is well positioned to build on its high reputation in the market for high-quality, independent analysis.

EVENTS DIVISION

Vitesse Media's Events division has a twofold function. It works closely with the SME/Business and Investment divisions, organising and monetising events associated with the company's flagship brands such as GrowthBusiness.co.uk and *Growth Company Investor*. It also operates a growing events management business, running events for a variety of clients.

'Investor AllStars celebrated its tenth anniversary by achieving an all-time revenue high'

The division contributed 28% of group revenues in 2012/13 and achieved a gross margin of 40%, down from 45% the previous year. Revenues originate from the sale of delegate places, event sponsorship and management contracts.

Events owned or part-owned by Vitesse Media include the M&A Awards, Investor AllStars and the New Energy & Cleantech Awards (associated with GrowthBusiness.co.uk) and the Quoted Company Awards (associated with *Growth Company Investor*). Of these, Investor AllStars celebrated its tenth anniversary by selling out completely and achieving an all-time revenue high. However, sponsorship for the Quoted Company Awards came under pressure due to mergers among many of the City brokers and advisers that make up its client base.

Our third-party events management business is seeing strong growth, with revenues up 29% for the 2012/13 financial year. During the year, Vitesse won a two-year contract to manage the Garden Media Guild Awards, and more recently secured a five-year event management agreement with The Fire Fighters Charity to manage the Spirit of Fire Awards.

Since the year-end, we have launched a new event called Tech Invest that will help technology companies looking for funding to make contact with venture capitalists and business angels. The event is co-branded GrowthBusiness.co.uk and *Information Age* and is generating revenues through delegate places and sponsorship.

Directors' report

The Directors submit their report and the audited financial statements of Vitesse Media Plc for the year ended 31st January 2013.

PRINCIPAL ACTIVITIES

The company specialises in offering digital and social media campaigns, event management and research projects through its list of blue-chip and advisory customers, utilising its business and investment assets, such as websites, apps, events and other publications. The company is listed on AIM.

The Group conducts this business through the parent and its wholly owned subsidiaries: Growth Company Investor Ltd and Information Age Media Ltd.

BUSINESS REVIEW

A review of the development of the business during the year is given in the Chairman's Report on pages 6 and 7.

FUTURE DEVELOPMENTS

A review of the future developments of the business is given in the Chairman's Report on pages 6 and 7.

BUSINESS RISKS AND UNCERTANTIES

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 keep them apprised 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 RISK MANAGEMENT

Financial risks are considered and disclosed in note 2 on page 31 onwards.

RESULTS AND DIVIDENDS

The results for the year are set out on page 17.
The Directors are precluded from recommending 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.

KEY PERFORMANCE INDICATORS

The Group reviews revenue, gross profit percentage and pre-tax profit when analysing the business. Non-financial key performance indicators include web traffic and usage statistics, competitive reviews, staff turnover and major client retention.

	2013	*2012*
Revenue	£2,064,667	£2,942,526
Gross profit percentage	71.23%	71.5%
Loss before tax*	(£344,558)	(£144,466)

*Before share-based payments, restructuring costs and impairment of intangible assets.

GOING CONCERN

The Directors regularly review detailed forecasts of sales, costs and cash flows, often on a daily basis, and regularly projecting forwards 12 months ahead or more. The assumptions underlying the budget are challenged, varied and tested to establish the likelihood of a range of possible outcomes including reasonable cash flow sensitivities. The expected figures are carefully monitored against actual outcomes each month and variances are highlighted and discussed at board level. The business is seasonal, with greater cash-generation ability during the second half of the year. However, by regularly reviewing cash flows and exercising good working capital management, the Directors have maintained cash levels within the financing facilities of the Group, despite the economic recession. Greater cash generation is expected during the second half-year and demand for financing facilities is expected to be reduced. The Directors are therefore satisfied that the financial statements should be prepared on a going concern basis.

DIRECTORS

The following Directors have held office since 1 February 2012:

ESM Williams		NJ Baker	
DJ Smith	(appointed 5 July 2012)	AS Brode	(Non-executive)
LK Copeland	(resigned 30 September 2012)	K Willey	(Non-executive)
CL Humphrey	(resigned 21 March 2012)	J Sumner	(appointed 1 May 2012)

DIRECTORS' INTERESTS IN ORDINARY SHARES

Interests of Directors who held office as at 31 January 2013 in the ordinary shares of the company were as follows:

	As at 31 January 2013 Ordinary shares of 1p each Number	*As at 31 January 2012* Ordinary shares of 1p each Number*
ESM & PRT Williams	9,994,452	9,994,452
DJ Smith (appointed 5 July 2012)	7,368,421	-
A Brode	866,149	916,149

*or date of appointment if later.

Details of Directors' interest in share option are disclosed in note 6 of the financial statements.

SIGNIFICANT SHAREHOLDERS

On 7 June 2013 the Company was aware of the following interests in the ordinary share capital of the Company of greater than 3%.

	Number	%
ESM & PRT Williams	9,994,452	26.32
DJ Smith	7,368,421	19.4
Artemis Investment Management	4,538,206	11.95
C Ingram	2,886,306	7.6
A Morton	2,559,781	6.74
Unicorn Asset Management	1,600,236	4.21

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 (2012: £Nil).

CORPORATE GOVERNANCE

Although the UK 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 appropriate 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; and
- obtaining written confirmation from the auditor that, in its professional judgement, it is independent.

POLICY ON PAYMENT OF SUPPLIERS

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 2013 were 90 days (2012: 84 days). Company trade payable days were 138 days (2012: 102 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.

On behalf of the board on 7 June 2013,

N Baker

N Baker
Director

Directors' responsibilities in the preparation of financial statements

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.

Independent auditor's report to the members of Vitesse Media Plc

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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 14, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 January 2013 and of the Group's loss 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; and
- 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 modified, we have considered the adequacy of the disclosure made on page 26 of the financial statements concerning the Parent Company's and Group's ability to continue as a going concern. The Group incurred a loss of £502,058 during the year ended 31 January 2013 and, at that date, the Group's current liabilities exceeded its current assets by £631,033. These conditions, along with the other matters explained on page 26 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Parent Company's and the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Parent Company or 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 COATES (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

7 June 2013

Consolidated statement of comprehensive income

for the year ended 31 January 2013

	Notes	2013 £	2012 £
Revenue	3	2,064,667	2,942,526
Cost of sales	4	(593,904)	(837,991)
Gross profit		1,470,763	2,104,535
Administrative expenses	4	(1,808,067)	(2,248,486)
Share-based payments	5	(26,582)	(30,110)
Impairment of goodwill and other intangible assets	10	(130,917)	(296,474)
Restructuring costs	4	-	(38,054)
Operating loss	4	(494,803)	(508,589)
Finance costs	7	(7,296)	(515)
Finance income	7	41	-
Loss before tax		(502,058)	(509,104)
Tax expense	8	-	-
Loss for the year attributable to owners of the parent		(502,058)	(509,104)
Total comprehensive income for the year attributable to owners of the parent		(502,058)	(509,104)
Loss per share			
Basic and diluted	9	(1.44p)	(1.66p)

The notes on pages 24 to 56 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 £758,459, including impairment of other intangible assets of £130,917 (2012: loss of £818,538 including goodwill write-down of £296,474).

All activities of the Group are classed as continuing.

Consolidated statement of changes in equity

for the year ended 31 January 2013

Attributable to owners of the Parent Company

	Share capital £	*Share premium* £	*Share-based payment reserve* £	*Other reserves* £	*Retained earnings* £	*Total* £
As at 1 February 2011	2,610,379	2,831,523	143,044	103,904	(3,557,485)	2,131,365
Loss for the year	-	-	-	-	(509,104)	(509,104)
Total comprehensive income for the year	-	-	-	-	(509,104)	(509,104)
Recognition of share-based payments	-	-	30,110	-	-	30,110
Share options lapsed	-	-	(3,046)	-	3,046	-
As at 31 January 2012	2,610,379	2,831,523	170,108	103,904	(4,063,543)	1,652,371
Loss for the year	-	-	-	-	(502,058)	(502,058)
Total comprehensive income for the year	-	-	-	-	(502,058)	(502,058)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of share capital	73,684	276,316	-	-	-	350,000
Issue costs	-	(12,590)	-	-	-	(12,590)
Total transactions with owners in their capacity as owners	73,684	263,726	-	-	-	337,410
Recognition of share-based payments	-	-	26,582	-	-	26,582
Share options lapsed	-	-	(64,570)	-	64,570	-
As at 31 January 2013	2,684,063	3,095,249	132,120	103,904	(4,501,031)	1,514,305

Company statement of changes in equity

for the year ended 31 January 2013

	Share capital £	*Share premium* £	*Share-based payment reserve* £	*Other reserves* £	*Retained earnings* £	*Total* £
As at 1 February 2011	2,610,379	2,831,523	143,044	103,904	(3,792,386)	1,896,464
Loss for the year	-	-	-	-	(818,538)	(818,538)
Total comprehensive income for the year	-	-	-	-	(818,538)	(818,538)
Recognition of share-based payments	-	-	30,110	-	-	30,110
Share options lapsed	-	-	(3,046)	-	3,046	-
As at 31 January 2012	2,610,379	2,831,523	170,108	103,904	(4,607,878)	1,108,036
Loss for the year	-	-	-	-	(758,459)	(758,459)
Total comprehensive income for the year	-	-	-	-	(758,459)	(758,459)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of share capital	73,684	276,316	-	-	-	350,000
Issue costs	-	(12,590)	-	-	-	(12,590)
Total transactions with owners in their capacity as owners	73,684	263,726	-	-	-	337,410
Recognition of share-based payments	-	-	26,582	-	-	26,582
Share options lapsed	-	-	(64,570)	-	64,570	-
As at 31 January 2013	2,684,063	3,095,249	132,120	103,904	(5,301,767)	713,569

Consolidated statement of financial position

Company Registration No. 02607995 *at 31 January 2013*

	Notes	2013 £	2012 £
NON-CURRENT ASSETS			
Goodwill	10	729,332	729,332
Other intangible assets	10	1,391,333	1,509,614
Property, plant and equipment	11	3,535	9,006
Trade and other receivables	13	21,139	21,139
		2,145,339	2,269,091
CURRENT ASSETS			
Inventories	14	19,504	21,223
Trade and other receivables	13	332,908	620,323
Cash and cash equivalents	15	-	-
		352,412	641,546
TOTAL ASSETS		2,497,751	2,910,637
EQUITY			
Share capital	16	2,684,063	2,610,379
Share premium account	16	3,095,249	2,831,523
Share option reserve	17	132,120	170,108
Other reserves		103,904	103,904
Retained earnings		(4,501,031)	(4,063,543)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		1,514,305	1,652,371
CURRENT LIABILITIES			
Trade and other payables	19	789,151	940,412
Borrowings	18	194,295	317,854
TOTAL LIABILITIES		983,446	1,258,266
TOTAL EQUITY AND LIABILITIES		2,497,751	2,910,637

The financial statements on pages 17 to 56 were approved by the Board of Directors and authorised for issue on 7 June 2013.

They were signed on its behalf by:

N Baker

N Baker, Director

Company statement of financial position

Company Registration No. 02607995 — *at 31 January 2013*

	Notes	2013 £	2012 £
NON-CURRENT ASSETS			
Goodwill	10	273,829	273,829
Other intangible assets	10	827,085	947,769
Property, plant and equipment	11	2,502	7,835
Investment in subsidiaries	12	877,554	877,554
Trade and other receivables	13	21,139	21,139
		2,002,109	2,128,126
CURRENT ASSETS			
Inventories	14	13,776	16,558
Trade and other receivables	13	176,954	265,694
Cash and cash equivalents	15	-	-
		190,730	282,252
TOTAL ASSETS		2,192,839	2,410,378
EQUITY			
Share capital	16	2,684,063	2,610,379
Share premium account	16	3,095,249	2,831,523
Share option reserve	17	132,120	170,108
Other reserves		103,904	103,904
Retained earnings		(5,301,767)	(4,607,878)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		713,569	1,108,036
NON-CURRENT LIABILITIES			
Trade and other payables	19	841,721	638,519
		841,721	638,519
CURRENT LIABILITIES			
Trade and other payables	19	506,770	482,505
Borrowings	18	130,779	181,318
		637,549	663,823
TOTAL LIABILITIES		1,479,270	1,302,342
TOTAL EQUITY AND LIABILITIES		2,192,839	2,410,378

The financial statements on pages 17 to 56 were approved by the Board of Directors and authorised for issue on 7 June 2013.

They were signed on its behalf by:

N Baker

N Baker, Director

Consolidated statement of cash flows

for the year ended 31 January 2013

	Notes	2013 £	2012 £
CASH FLOWS FROM OPERATING ACTIVITIES	20	(144,541)	42,795
Interest received		41	-
Interest paid		(7,296)	(515)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(151,796)	42,280
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(959)	(3,048)
Purchases of intangible assets		(61,096)	(99,814)
NET CASH USED IN INVESTING ACTIVITIES		(62,055)	(102,862)
FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		350,000	-
Share issue costs		(12,590)	-
Repayment of obligations under finance leases		-	(3,948)
Repayment of invoice discounting facility		(119,623)	(31,997)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		217,787	(35,945)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21	3,936	(96,527)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	(29,463)	67,064
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	(25,527)	(29,463)

Company statement of cash flows

for the year ended 31 January 2013

	Notes	2013 £	2012 £
CASH FLOWS FROM OPERATING ACTIVITIES	20	(434,831)	(316,487)
Interest received		41	-
Interest paid		(4,518)	2,504
NET CASH USED IN OPERATING ACTIVITIES		(439,308)	(313,983)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(959)	(3,048)
Purchases of intangible assets		(49,806)	(83,399)
NET CASH USED IN INVESTING ACTIVITIES		(50,765)	(86,447)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		350,000	-
Share issue costs		(12,590)	-
Repayment of invoice discounting facility		(45,914)	(77,231)
Repayment of obligations under finance leases		-	(3,948)
Loans from subsidiaries		203,202	430,551
NET CASH GENERATED FROM FINANCING ACTIVITIES		494,698	349,372
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21	4,625	(51,058)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	(38,067)	12,991
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	(33,442)	(38,067)

Notes to the financial statements

for the year ended 31 January 2013

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 principal place of business is Octavia House, 50 Banner Street, London EC1Y 8ST.

The consolidated financial statements represent the year to 31 January 2013 and comprise the financial statements of the Company and its subsidiaries ('Group'). The comparative period represents the year to 31 January 2012. 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.

Going concern

The Directors' process for monitoring forecasts and cash flows on an ongoing basis is set out on page 26.

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.

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. Details can be found in note 10.

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.

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.

ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

No standards or interpretations adopted in the year had any material impact on the financial statements.

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 2013 or later periods, but they have not been early adopted by the Group:

- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011): 1 January 2013
- IFRS 9 Financial Instruments (2009): 1 January 2015
- IFRS 9 Financial Instruments (2010): 1 January 2015
- IFRS 10 Consolidated Financial Statements: 1 January 2013
- IFRS 11 Joint Arrangements: 1 January 2013
- IFRS 12 Disclosure of Interests in Other Entities: 1 January 2013
- IFRS 13 Fair Value Measurement: 1 January 2013
- IAS 19 Employee Benefits (2011): 1 January 2013
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1): 1 July 2012
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7): 1 January 2013
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32): 1 January 2014
- Government Loans (Amendments to IFRS 1): 1 January 2013
- Annual Improvements 2009-2011 Cycle: 1 January 2013
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance: 1 January 2013
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27): 1 January 2014
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: 1 January 2013

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Report on pages 6 and 7 and the Business Review on pages 8 to 10. As explained further in the Business Review, the business has been restructured into four operating units, each with its own sales, editorial, production and marketing personnel, and this has provided renewed clarity and focus to the Group's activities to grow revenues.

The Directors regularly review detailed forecasts of sales, costs and cash flows, often on a daily basis, and regularly projecting forwards 12 months ahead or more. The assumptions underlying the budget are challenged, varied and tested to establish the likelihood of a range of possible outcomes including reasonable cash flow sensitivities. The expected figures are carefully monitored against actual outcomes each month and variances are highlighted and discussed at board level.

The Directors have formally reviewed cash flow forecasts for the period to 30 June 2014 for the purpose of approving these financial statements. The Group is primarily financed through invoice discounting facilities and further details of these are explained in note 18. The cash flow forecasts demonstrate that the Group will be able to operate within the borrowing facilities, and the Directors are confident that the invoice discounting facilities will continue to be made available to the Group beyond 30 June 2014. The Directors are, therefore, satisfied that the financial statements should be prepared on the going concern basis.

CONSOLIDATION

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

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 acquisition 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 (revised) 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.

1 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

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 during which the events are held.

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 PAYMENTS

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 Intangible Assets, 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 Impairment of Assets, 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.

1 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

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 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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 risks 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.

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 the 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 to 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 that 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 invoice discounting.

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 at 31 January 2013	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
GROUP				
Bank and invoice discounting loans	194,295	-	-	194,295
Trade and other payables	511,114	-	-	511,114
Total liabilities	705,409	-	-	705,409
COMPANY				
Bank and invoice discounting loans	130,779	-	-	130,779
Trade and other payables	392,959	-	841,721	1,234,680
Total liabilities	523,738	-	841,721	1,365,459

2 FINANCIAL RISK MANAGEMENT *(continued)*

Maturity analysis at 31 January 2012	*Less than 6 months* £	*Between 6 months and 1 year* £	*Between 1 year and 5 years* £	*Total* £
GROUP				
Bank and invoice discounting loans	317,854	-	-	317,854
Trade and other payables	672,785	-	-	672,785
Total liabilities	990,639	-	-	990,639
COMPANY				
Bank and invoice discounting loans	181,318	-	-	181,318
Trade and other payables	380,525	-	638,519	1,019,044
Total liabilities	561,843	-	638,519	1,200,362

Trade and other payables consist of trade payables, other payables and accruals as shown in note 19.

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 2013	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
GROUP					
Trade and other receivables	-	21,139	295,044	316,183	-
Total loans and receivables	-	21,139	295,044	316,183	-
Bank and invoice discounting loans	-	194,295	-	-	194,295
Trade and other payables	-	-	511,114	-	511,114
Total liabilities at amortised cost	-	194,295	511,114	-	705,409

	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
COMPANY					
Trade and other receivables	-	21,139	146,333	167,472	-
Total loans and receivables	-	21,139	146,333	167,472	-
Bank and invoice discounting loans	-	130,779	-	-	130,779
Trade and other payables	-	-	1,234,680	-	1,234,680
Total liabilities at amortised cost	-	130,779	1,234,680	-	1,365,459

2 FINANCIAL RISK MANAGEMENT (continued)

31 January 2012	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
GROUP					
Trade and other receivables	-	21,139	517,346	538,485	-
Total loans and receivables	-	21,139	517,346	538,485	-
Bank and invoice discounting loans	-	317,854	-	-	317,854
Trade and other payables	-	-	672,785	-	672,785
Total liabilities at amortised cost	-	317,854	672,785	-	990,639

	Fixed rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
COMPANY					
Trade and other receivables	-	21,139	215,508	236,647	-
Total loans and receivables	-	21,139	215,508	236,647	-
Bank and invoice discounting loans	-	181,318	-	-	181,318
Trade and other payables	-	-	1,019,044	-	1,019,044
Total liabilities at amortised cost	-	181,318	1,019,044	-	1,200,362

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 the customer's financial position, its reputation in the industry and past trading experience. As a result, the Group's exposure to bad debts is not significant. Cash and cash equivalents are held with banks with a minimum rating of 'A'.

2 *FINANCIAL RISK MANAGEMENT (continued)*

Financial assets	*Group*		*Company*	
	2013	*2012*	*2013*	*2012*
	£	*£*	*£*	*£*
Trade and other receivables	325,296	564,576	175,752	251,937
Estimated irrecoverable amounts	9,113	26,091	8,280	15,290

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

	Group		*Company*	
	2013	*2012*	*2013*	*2012*
	£	*£*	*£*	*£*
As at 1 February	26,091	17,467	15,290	14,417
Provision for receivables impairment	10,767	15,508	11,367	7,482
Receivables written off during year as uncollectible	(27,745)	(6,884)	(18,377)	(6,609)
As at 31 January	9,113	26,091	8,280	15,290

The maximum exposure is the carrying amount as disclosed in note 13 and note 15. The average credit period taken on the sale of goods is 41 days (2012: 52 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 2013 and 31 January 2012 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*	
	2013	*2012*	*2013*	*2012*
	£	*£*	*£*	*£*
Up to 3 months overdue	99,022	216,183	61,031	112,432
3 to 6 months overdue	8,627	25,219	6,331	19,312
	107,649	241,402	67,362	131,744

2 *FINANCIAL RISK MANAGEMENT (continued)*

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.

FOREIGN CURRENCY RISK

The Group's policy is not to use forward contracts and therefore none were outstanding at the year-end (2012: £Nil). The Group has no foreign currency exposures at 31 January 2013 or 31 January 2012 so no numerical disclosures have been provided.

3 *SEGMENTAL INFORMATION*

Segment information is presented below.

		2013		2012
	Revenue	*Profit*	*Revenue*	*Profit*
	£	£	£	£
Continuing operations				
Events	582,623	233,582	679,482	305,581
SME	497,508	387,748	865,286	641,478
Investment	464,392	316,167	607,664	409,539
Technology	520,144	413,443	790,094	624,521
Segment revenue / profit	2,064,667	1,350,940	2,942,526	1,981,119
Central overheads and salaries		(1,659,935)		(2,082,215)
Depreciation and amortisation		(54,890)		(72,965)
Impairment of intangible assets		(130,917)		(296,474)
Restructuring costs		-		(38,054)
Finance income		41		-
Finance costs		(7,296)		(515)
Loss for the year		(502,058)		(509,104)

The comparatives have been restated to reflect the changes in segmental reporting as previously disclosed.

Revenue represents sales to external customers. There were no inter-segment sales in the period (2012: Nil).

None of the Group's customers accounts for more than 10% of revenue.

4 OPERATING LOSS

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

	2013	2012
	£	£
Depreciation of property, plant and equipment		
- owned assets	6,137	14,119
- leased assets	293	20,195
Amortisation of software & website development costs	48,460	38,651
Operating lease rentals in respect of land and buildings	71,040	71,040
Impairment of intangible assets	130,917	296,474
Restructuring costs	-	38,054
Share-based payment	26,582	30,110
Exchange differences	341	(500)

(b) AUDITOR'S REMUNERATION

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

	2013	2012
	£	£
Audit services		
- Fees payable to Company auditor for the audit of Parent Company and consolidated accounts	23,300	23,300
Other services		
Fees payable to the Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries pursuant to legislation	15,450	15,450
– Corporation Tax Services	3,900	3,900

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

	2013	2012
	£	£
Staff costs (see note 5)	964,870	1,376,146
Depreciation, amortisation and impairments (see notes 10 & 11)	185,807	369,439
Change in inventory	(1,718)	(4,993)
Magazine costs	208,408	372,209
Events costs	370,840	396,625
Premises costs	164,683	151,665
Marketing expenses	123,353	78,966
Professional fees	101,755	112,401
Other expenses	441,472	598,657
Total cost of sales and administrative expenses	2,559,470	3,451,115

5 *STAFF COSTS*

	2013 £	2012 £
Staff costs (including Directors)		
- wages and salaries	849,727	1,230,000
- social security costs	88,561	116,036
- share-based payment	26,582	30,110
	964,870	1,376,146

These costs are disclosed within administrative expenses in the income statement.

Share-based payment expense is a non-cash item to adjust for the issue of share options. The Board issues share options to Directors and senior management as it is in their opinion the most effective way to align them with the interests of shareholders.

	2013 Number	2012 Number
Average monthly number of persons (including Directors and part-time employees) employed by the group		
Senior management	6	8
Finance and administration	3	4
Editorial / design / events	16	24
Marketing and sales	10	12
	35	48

6 DIRECTORS' REMUNERATION

	2013 £	2012 £
Aggregate emoluments	266,393	270,000
	266,393	270,000

	2013 £	2012 £
Emoluments for qualifying services		
ESM Williams	52,500	70,000
LJ Copeland (resigned 30 September 2012)	53,333	80,000
AS Brode	15,000	15,000
N Baker	75,000	75,000
K Willey	5,000	5,000
C Humphrey (resigned 21 March 2012)	5,416	25,000
J Sumner (appointed 1 May 2012)	56,250	-
DJ Smith (appointed 5 July 2012)	3,894	-
Directors' remuneration	266,393	270,000

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

No share options were exercised in the period (2012: £Nil)

Fees for professional services totalling £9,200 (2012: £11,400) were payable to Venspeed Ltd, a company in which Mr K Willey, a Director of Vitesse Media Plc, has a controlling interest. The amount owed to Venspeed Ltd at 31 January 2013 was £13,200 (2012: £7,200).

6 DIRECTORS' REMUNERATION (continued)

DIRECTORS' INTERESTS IN SHARE OPTIONS

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

	31 January 2012 Number	Granted Number	Lapsed Number	31 January 2013 Number	Exercise price Pence	Exercisable period
LJ Copeland	449,394	-	337,334	112,060	9.0	05/08/2010 to 04/08/2020
(resigned	50,000	-	-	50,000	9.0	28/02/2011 to 04/08/2020
30 September	150,000	-	142,857	7,143	9.0	22/06/2012 to 04/08/2020
2012)	300,000	-	300,000	-	8.0	15/02/2014 to 14/02/2021
	949,394	-	780,191	169,203		
N Baker	100,000	-	-	100,000	9.0	05/08/2010 to 04/08/2020
	50,000	-	-	50,000	9.0	28/02/2011 to 04/08/2020
	150,000	-	-	150,000	9.0	22/06/2012 to 04/08/2020
	200,000	-	-	200,000	8.0	15/02/2014 to 14/02/2021
	-	250,000	-	250,000	4.0	27/07/2015 to 26/07/2022
	500,000	250,000	-	750,000		
AS Brode	100,000	-	-	100,000	8.0	15/02/2014 to 14/02/2021
K Willey	100,000	-	-	100,000	8.0	15/02/2014 to 14/02/2021
C Humphrey	50,000	-	50,000	-	14.0	22/06/2012 to 22/06/2019
(resigned 21	100,000	-	100,000	-	8.0	15/02/2014 to 14/02/2021
March 2012)						
	150,000	-	150,000	-		
J Sumner	5,000	-	-	5,000	9.0	05/08/2010 to 04/08/2020
(appointed	5,000	-	-	5,000	9.0	05/08/2010 to 04/08/2020
1 May 2012)	5,000	-	-	5,000	9.0	05/08/2010 to 04/08/2020
	25,000	-	-	25,000	9.0	28/02/2011 to 04/08/2020
	100,000	-	-	100,000	9.0	22/06/2012 to 04/08/2020
	100,000	-	-	100,000	8.0	15/02/2014 to 14/02/2021
	-	150,000	-	150,000	4.0	26/07/2015 to 25/07/2022
	240,000	150,000	-	390,000		

7 NET FINANCE COSTS

	2013 £	2012 £
Bank interest receivable	41	-
Less:		
Interest payable on bank loan and overdrafts	6,376	7,128
Finance lease interest	-	1,024
Other interest payable	772	(7,619)
Interest on other borrowings	148	(18)
	7,296	515
Net finance costs	(7,255)	(515)

8 TAXATION

	2013 £	2012 £
(a) Current taxation		
UK corporation tax	-	-

Corporation tax is calculated at 24.3% (2012: 26.3%) of the estimated assessable profit for the year.

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

	2013 £	2012 £
Factors affecting tax charge for the year:		
Loss before taxation	(502,058)	(509,104)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 24.3% (2012: 26.3%)	(122,151)	(134,014)
Effects of:		
Share-based payments not deductible	6,467	8,160
Other expenses not deductible for tax purposes	990	1,963
Depreciation in excess of capital allowances	25,262	(29,224)
Other temporary differences	-	(797)
Tax losses carried forward	89,432	153,912
Tax charge for the year	-	-

At the reporting date, the Group has unused tax losses of £5,117,757 (2012: £4,734,294) available for offset against future profits. A net deferred tax asset of £1,177,084 (2012, £1,144,479) in respect of losses not required to be offset against other timing differences has not been recognised in respect of this amount due to the unpredictability of future profit streams.

8 *TAXATION (continued)*

The standard rate of tax in the UK reduced to 24% on 1 April 2012. The rate was further reduced to 23% from April 2013. The unrecognised deferred tax asset has been calculated at a rate of 23%, being the rate that was substantively enacted as at 31 January 2013.

9 *LOSS PER SHARE*

(a) *Basic*
Basic loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year (note 16).

	2013 £	*2012* £
Loss attributable to owners of the parent	(502,058)	(509,104)
Weighted average number of ordinary shares in issue	34,903,715	30,603,787
Basic earnings per share (pence per share)	(1.44p)	(1.66p)

(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 Group has one category of dilutive potential ordinary shares: share options. The Group made a loss in the year and the potential share options were therefore anti-dilutive.

	2013 £	*2012* £
Profit attributable to owners of the parent	(502,058)	(509,104)
Weighted average number of ordinary shares in issue	34,903,715	30,603,787
Dilutive effect:		
Share options	-	-
Diluted ordinary shares	34,903,715	30,603,787
Diluted earnings per share (pence per share)	(1.44p)	(1.66p)

10 INTANGIBLE ASSETS

GROUP	Website development costs £	Software £	Publishing rights £	Sub-total £	Goodwill £	Total £
COST						
1 February 2011	285,435	-	1,815,813	2,101,248	1,027,999	3,129,247
Additions	19,740	80,074	-	99,814	-	99,814
31 January 2012	305,175	80,074	1,815,813	2,201,062	1,027,999	3,229,061
Additions	47,352	13,744	-	61,096	-	61,096
31 January 2013	352,527	93,818	1,815,813	2,262,158	1,027,999	3,290,157
AMORTISATION AND IMPAIRMENT						
1 February 2011	216,984	-	435,813	652,797	2,193	654,990
Amortisation charge for the year	29,452	9,199	-	38,651	-	38,651
Goodwill impairment	-	-	-	-	296,474	296,474
31 January 2012	246,436	9,199	435,813	691,448	298,667	990,115
Amortisation charge for the year	24,221	24,239	-	48,460	-	48,460
Impairment in the year	-	-	130,917	130,917	-	130,917
31 January 2013	270,657	33,438	566,730	870,825	298,667	1,169,492
NET BOOK VALUE						
31 January 2013	81,870	60,380	1,249,083	1,391,333	729,332	2,120,665
31 January 2012	58,739	70,875	1,380,000	1,509,614	729,332	2,238,946
1 February 2011	68,451	-	1,380,000	1,448,451	1,025,806	2,474,257

10 INTANGIBLE ASSETS (continued)

COMPANY	Website development costs £	Software £	Publishing rights £	Sub-total £	Goodwill £	Total £
COST						
1 February 2011	206,855	-	1,271,808	1,478,663	570,303	2,048,966
Additions	17,125	66,274	-	83,399	-	83,399
31 January 2012	223,980	66,274	1,271,808	1,562,062	570,303	2,132,365
Additions	36,062	13,744	-	49,806	-	49,806
31 January 2013	260,042	80,018	1,271,808	1,611,868	570,303	2,182,171
AMORTISATION AND IMPAIRMENT						
1 February 2011	151,272	-	433,408	584,680	-	584,680
Amortisation charge for the year	23,846	5,767	-	29,613	-	29,613
Goodwill impairment	-	-	-	-	296,474	296,474
31 January 2012	175,118	5,767	433,408	614,293	296,474	910,767
Amortisation charge for the year	19,942	19,631	-	39,573	-	39,573
Impairment in the year	-	-	130,917	130,917	-	130,917
31 January 2013	195,060	25,398	564,325	784,783	296,474	1,081,257
NET BOOK VALUE						
31 January 2013	64,982	54,620	707,483	827,085	273,829	1,100,914
31 January 2012	48,862	60,507	838,400	947,769	273,829	1,221,598
1 February 2011	55,583	-	838,400	893,983	570,303	1,464,286

10 *INTANGIBLE ASSETS (continued)*

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Goodwill				
Investor AllStars	108,476	108,476	108,476	108,476
Growth Company Investor Ltd	41,663	41,663	-	-
Information Age Media Ltd	413,840	413,840	-	-
M&A Deals	165,353	165,353	165,353	165,353
	729,332	729,332	273,829	273,829

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Publishing rights				
What Investment	494,890	625,807	494,891	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	-	-
	1,249,083	1,380,000	707,483	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% (2012: 11%) and growth rates are assumed to be an average of industry expected growth rates, which range from 0% to 40%.

The cash flow forecast for *What Investment* indicated that a provision against the publishing rights value was required and therefore an impairment of £130,917 has been made against the carrying value.

The maximum remaining amortisation period on website development costs is up to five years.

10 INTANGIBLE ASSETS (continued)

Sensitivity to changes in assumptions

Forecast future cash flows are inherently uncertain and could change materially over time. The CGUs most impacted by changes in assumptions are *Information Age* and *What Investment*.

The estimated recoverable amount for *Information Age* is £936,397, compared to its carrying value of intangibles of £938,935. No adjustment has been made to reduce the carrying value to £936,397 as the difference is considered to be immaterial. The key assumptions in the cash flow forecasts relate to revenue. The forecasts assume that online revenue is expected to grow in Year Two by 20%. If the growth rate of online revenue in Year Two was 15%, the recoverable amount would drop to £892,729.

The estimated recoverable amount for *What Investment* is £494,890, which equals its current carrying value of £494,890. The key assumptions in the cash flow forecasts relate to revenue. The forecasts assume that online revenue growth will be 30% in Year Two and 40% in Year Three. If the forecast growth rate of online revenues was 25% for both of these years, then the recoverable amount would reduce to £461,585.

11 PROPERTY, PLANT AND EQUIPMENT

GROUP	Short leasehold improvements £	Fixtures, fittings and equipment £	Total £
COST			
1 February 2011	22,652	237,989	260,641
Additions	-	3,048	3,048
31 January 2012	22,652	241,037	263,689
Additions	-	959	959
Disposals	-	(11,377)	(11,377)
31 January 2013	22,652	230,619	253,271
DEPRECIATION			
1 February 2011	19,175	201,194	220,369
Charge for the year	3,477	30,837	34,314
31 January 2012	22,652	232,031	254,683
Charge for the year	-	6,430	6,430
Disposals	-	(11,377)	(11,377)
31 January 2013	22,652	227,084	249,736
NET BOOK VALUE			
31 January 2013	-	3,535	3,535
31 January 2012	-	9,006	9,006
1 February 2011	3,477	36,795	40,272

11 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Short leasehold improvements £	Fixtures, fittings and equipment £	Total £
COST			
1 February 2011	22,652	199,631	222,283
Additions	-	3,048	3,048
31 January 2012	22,652	202,679	225,331
Additions	-	959	959
Disposals	-	(11,377)	(11,377)
31 January 2013	22,652	192,261	214,913
DEPRECIATION			
1 February 2011	19,175	164,386	183,561
Charge for the year	3,477	30,458	33,935
31 January 2012	22,652	194,844	217,496
Charge for the year	-	6,292	6,292
Disposals	-	(11,377)	(11,377)
31 January 2013	22,652	189,759	212,411
NET BOOK VALUE			
31 January 2013	-	2,502	2,502
31 January 2012	-	7,835	7,835
1 February 2011	3,477	35,245	38,722

12 INVESTMENTS

COMPANY	Subsidiary undertakings £
COST	
1 February 2011, 31 January 2012 and 31 January 2013	877,554
AMOUNTS WRITTEN OFF:	
1 February 2011, 31 January 2012 and 31 January 2013	-
NET BOOK VALUE	
31 January 2013	877,554
31 January 2012	877,554
1 February 2011	877,554

The Company holds 100% of the issued ordinary 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
Growth Company Investor Ltd	Online, print publishing and events for investors and entrepreneurs
Information Age Media Ltd	Monthly publication and events for IT professionals

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Current:				
Trade receivables	290,533	531,715	154,613	230,798
Impairment of trade receivables	(9,113)	(26,091)	(8,279)	(15,290)
	281,420	505,624	146,333	215,508
Other receivables	13,624	11,722	-	-
Prepayments and accrued income	37,864	102,977	30,621	50,186
	332,908	620,323	176,954	265,694
Non-current:				
Deposits	21,139	21,139	21,139	21,139
	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 carrying values equate to their fair value.

14 *INVENTORIES*

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Raw materials	19,504	21,223	13,776	16,558

The amount of inventories recognised as an expense and charged to cost of sales was £32,072 (2012: £61,589).

15 *CASH AND CASH EQUIVALENTS*

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Cash and cash equivalents	-	-	-	-
Bank overdrafts (note 18)	(25,527)	(29,463)	(33,442)	(38,067)
	(25,527)	(29,463)	(33,442)	(38,067)

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less, as well as bank overdrafts.

16 CALLED-UP SHARE CAPITAL

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Authorised:				
119,565,917 Ordinary shares of 1p each	1,195,659	1,195,659	1,195,659	1,195,659
25,603,787 Deferred shares of 9p each	2,304,341	2,304,341	2,304,341	2,304,341

	2013 Number	2013 £	2012 Number	2012 £
Issued and fully paid ordinary shares of 1p each				
As at 1 February 2012	30,603,787	306,038	30,603,787	306,038
Shares issued during the year	7,368,421	73,684	-	-
As at 31 January 2013	37,972,208	379,722	30,603,787	306,038
Deferred shares of 9p each				
At 31 January 2012 and 2013	25,603,787	2,304,341	25,603,787	2,304,341

	Share capital £	Share premium £	Total £
Issued and fully paid:			
As at 31 January 2011 and 2012	2,610,379	2,831,523	5,441,902
Shares issued during the year	73,684	276,316	350,000
Share issue costs	-	(12,590)	(12,590)
As at 31 January 2013	2,684,063	3,095,249	5,779,312

Rights of shares

Dividends and income – Deferred shares are not entitled to any income or dividend. Ordinary shares are entitled to receive dividends as approved by the Board of Directors.

Voting rights – Deferred shares are not entitled to any vote. Ordinary shares are entitled to one vote per share at General Meetings. Deferred shares cannot be transferred.

Distribution – Upon the liquidation of the company, once all liabilities have been met, ordinary shareholders will receive the value paid up per share plus £100. Deferred shareholders will receive the amounts paid up on each share. Any remaining funds will be shared amongst ordinary shareholders.

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

16 CALLED-UP SHARE CAPITAL (continued)

The Company has granted options to subscribe for ordinary shares of 1p each, as follows:

Grant date	Subscription price per share	Period within which options are exercisable	Number of shares for which rights are exercisable 2013	2012
08.11.2002	14.00p	08.11.2002 – 07.11.2012	-	5,000
08.11.2002	14.00p	08.11.2005 – 07.11.2012	-	25,000
31.07.2003	14.50p	31.07.2003 – 30.07.2013	5,000	5,000
31.07.2003	14.50p	31.07.2006 – 30.07.2013	5,000	10,000
18.08.2003	14.50p	18.08.2006 – 17.08.2013	-	10,000
30.04.2004	32.00p	30.04.2007 – 29.04.2014	1,000	4,000
17.10.2005	22.50p	17.10.2010 – 17.10.2015	-	10,000
02.06.2006	24.50p	02.06.2011 – 01.06.2016	-	5,000
28.02.2007	22.50p	28.02.2007 – 28.02.2017	120,000	120,000
28.02.2007	22.50p	28.02.2010 – 28.02.2017	-	10,000
28.02.2008	30.50p	28.02.2011 – 28.02.2018	-	5,000
22.06.2009	14.00p	22.06.2012 – 21.06.2019	-	50,000
05.08.2010	9.00p	05.08.2010 – 04.08.2020	227,060	564,394
05.08.2010	9.00p	28.02.2011 – 04.08.2020	125,000	125,000
05.08.2010	9.00p	22.06.2012 – 04.08.2020	257,143	400,000
15.02.2011	8.00p	15.02.2014 – 14.02.2021	500,000	900,000
27.07.2012	4.00p	26.07.2015 – 25.07.2022	400,000	-
			1,640,203	2,248,394

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:

	2013 Number	2013 WAEP (pence)	2012 Number	2012 WAEP (pence)
Outstanding at the beginning of the year	2,248,394	9.8p	1,403,394	12.0p
Granted during the year	400,000	4.0p	900,000	8.0p
Lapsed during the year	(5,000)	14.0p	-	-
Forfeited during the year	(1,003,191)	9.6p	(55,000)	15.5p
Outstanding at the end of the year	1,640,203	8.5p	2,248,394	9.8p
Exercisable at the end of the year	740,203	11.3p	898,394	11.7p

The market price of the Company's shares on 31 January 2013 was 2.125p (2012: 4.25p).

The range of exercise price of outstanding options during the year was between 4p and 32p (2012: 8p and 32p).

17 *EQUITY-SETTLED SHARE OPTION SCHEMES (continued)*

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

	2013	*2012*
Weighted average share price (pence)	3.75	8.0
Exercise price (pence)	4.0	8.0
Expected volatility (%)	30.0	28.8
Expected life (years)	4	6
Risk-free rate (%)	1.54	5.00
Dividend yield (%)	-	-
Vesting condition (%)	-	-

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five-year period.

The weighted average remaining contractual life is 7.8 years (2012: 6 years).

The charge for the year for options granted during the year was £9,850 (2012: £19,913), which is included in administrative expenses. Fair value of the options granted during the year was £3,512 (2012: £27,856).

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*	
	2013	*2012*	*2013*	*2012*
	£	£	£	£
Bank overdraft	25,527	29,463	33,442	38,067
Invoice discounting facilities	168,768	288,391	97,337	143,251
	194,295	317,854	130,779	181,318

All borrowings are repayable on demand or within one year.

The bank overdraft and invoice discounting facilities are at floating rates, exposing the group to cash flow interest rate risk.

18 BORROWINGS (continued)

The weighted average interest rates paid were as follows:

	2013	2012
	%	%
Bank overdrafts	4.00	4.00
Invoice discounting facilities	2.67	2.61

Sensitivity analysis on the level of interest rates has not been undertaken as the Directors believe that any increase or 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 approximates 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 are secured by a debenture over the Group's assets. The average effective interest rate on bank overdrafts approximates to 4% (2012: 4%) per annum and is determined based on 3.5% plus Lloyds TSB Plc bank base rate.

(ii) Invoice discounting facility advances are secured by a debenture over trade receivables. The net book value is disclosed in note 13. The average effective interest rate approximates to 2.67% per annum and is determined based on 1.4% to 3.5% above bank base rates.

At 31 January 2013, the Group has available £nil (2012: £Nil) of undrawn committed borrowing facilities, in respect of which all conditions precedent have been met.

19 *TRADE AND OTHER PAYABLES*

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Current:				
Trade payables	318,817	373,105	273,641	250,555
Taxation and social security	83,818	80,477	50,017	29,142
Other payables	25,050	9,276	2,697	-
Accruals	167,247	290,404	116,621	129,970
Deferred income	194,219	187,150	63,794	72,838
	789,151	940,412	506,770	482,505
Non-current:				
Amounts owed to subsidiary undertakings	-	-	841,721	638,519

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

20 *NOTES TO THE CASH FLOW STATEMENT*

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Loss before tax	(502,058)	(509,104)	(758,459)	(818,538)
Adjustments for:				
Finance income	(41)	-	(41)	-
Finance costs	7,296	515	4,518	(2,504)
Amortisation	48,460	38,651	39,573	29,613
Depreciation of property, plant and equipment	6,430	34,314	6,292	33,935
Provisions on loans released	-	-	-	-
Goodwill impairment	130,917	296,474	130,917	296,474
Share-based payment charge	26,582	30,110	26,582	30,110
Operating cash flows before movements in working capital	(282,413)	(109,040)	(550,618)	(430,910)
Decrease in inventories	1,719	4,993	2,782	2,079
Decrease in receivables	287,414	183,607	88,739	96,807
(Decrease)/increase in payables	(151,261)	(36,765)	24,266	15,537
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(144,541)	42,795	(434,831)	(316,487)

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS AND ANALYSIS OF NET FUNDS

GROUP	At 1 Feb 2012 £	Cash flow £	At 31 Jan 2013 £
Overdrafts	(29,463)	3,936	(25,527)
	(29,463)	3,936	(25,527)

COMPANY	At 1 Feb 2012 £	Cash flow £	At 31 Jan 2013 £
Overdrafts	(38,067)	4,625	(33,442)
	(38,067)	4,625	(33,442)

22 OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Land and buildings				
Less than one year	81,968	81,968	81,968	81,968
Between one and two years	42,456	77,978	42,456	77,978
Between two and five years	-	40,389	-	40,389
	124,424	200,335	124,424	200,335

The lease is in respect of the property used by the Group in its business.

23 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:

	2013 £	2012 £
Directors' remuneration	266,392	270,000
Share-based payments	7,168	10,206
Social security costs	30,790	31,627
Total	304,350	311,833

RELATED TRANSACTIONS
During the period ending 31 January 2013, the related party transactions were concerning inter-company loans and other transactions with Directors which are disclosed in note 6. In addition, Peter Williams, spouse of Sara Williams (Chairman), was a consultant in the year and received £6,000 (2012: £24,000) remuneration for these services.

COMPANY

TRANSACTIONS WITH SUBSIDIARIES
The only transactions with subsidiary companies during the year ending 31 January 2013 and 31 January 2012 related to inter-company loan payments and receipts.

Loans due to subsidiary companies

	2013 £	2012 £
Growth Company Investor Ltd	(336,908)	(269,471)
Information Age Media Ltd	(504,813)	(369,048)
Total	(841,721)	(638,519)

VITESSE MEDIA

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2013

Vitesse Media Plc
Octavia House
50 Banner Street
London EC1Y 8ST
020 7250 7010

www.vitessemedia.co.uk