

**COMPANY REGISTRATION NUMBER 04339257**

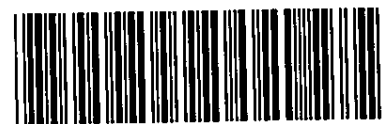
**SIMPLICITY MARKETING LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2012**

**tcs** taylorcocks

**Century House  
Wargrave Road  
Henley-on-Thames  
Oxfordshire  
RG9 2LT**

**THURSDAY**

**COMPANIES HOUSE**



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**22/08/2013**

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**SIMPLICITY MARKETING LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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**SIMPLICITY MARKETING LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**The director** P Cunningham

**Company secretary** S. Cunningham

**Registered office** Prospect Place  
119 North Hill  
London  
N6 4DP

**Auditor** taylorcocks  
Chartered Accountants  
& Statutory Auditor  
Century House  
Wargrave Road  
Henley-on-Thames  
Oxfordshire  
RG9 2LT

## **SIMPLICITY MARKETING LIMITED**

### **THE DIRECTOR'S REPORT**

#### **YEAR ENDED 31 DECEMBER 2012**

The director presents his report and the consolidated financial statements of the group for the year ended 31 December 2012.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of internet ad-serving/advertising

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £4,961,410. The director has not recommended a dividend.

#### **DIRECTOR**

The director who served the company during the year was as follows:

P. Cunningham

#### **DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare consolidated financial statements for each financial year. Under that law the director has elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those consolidated financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the consolidated financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**SIMPLICITY MARKETING LIMITED**

**THE DIRECTOR'S REPORT *(continued)***

**YEAR ENDED 31 DECEMBER 2012**

**AUDITOR**

Taylorcocks were appointed as auditors on 10th February 2012 and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:  
Prospect Place  
119 North Hill  
London  
N6 4DP

Signed by order of the director

P. CUNNINGHAM  
DIRECTOR

Approved by the director on .....

12/7/13

## **SIMPLICITY MARKETING LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIMPLICITY MARKETING LIMITED**

**YEAR ENDED 31 DECEMBER 2012**

We have audited the group and parent company consolidated financial statements ("the consolidated financial statements") of Simplicity Marketing Limited for the year ended 31 December 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR**

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is responsible for the preparation of the consolidated 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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON CONSOLIDATED FINANCIAL STATEMENTS**

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

**SIMPLICITY MARKETING LIMITED**

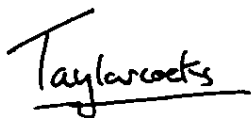
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
SIMPLICITY MARKETING LIMITED (continued)**

**YEAR ENDED 31 DECEMBER 2012**

**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 consolidated financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



JAMES BLAKE (Senior Statutory Auditor)

For and on behalf of

 **taylorcocks**

Statutory Auditor

Office: *Portsmouth*

Date: *12/7/2013*

**SIMPLICITY MARKETING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>15,781,025</b>	<b>11,686,991</b>
Cost of sales		<u>1,233,927</u>	<u>966,547</u>
<b>GROSS PROFIT</b>		<b>14,547,098</b>	<b>10,720,444</b>
Administrative expenses		<u>7,697,519</u>	<u>5,307,430</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>6,849,579</b>	<b>5,413,014</b>
Interest receivable		<u>8,826</u>	<u>7,504</u>
Interest payable and similar charges	<b>6</b>	<u>(9,720)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>6,848,685</b>	<b>5,420,518</b>
Tax on profit on ordinary activities	<b>7</b>	<u>1,552,190</u>	<u>1,042,759</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>5,296,495</b>	<b>4,377,759</b>
Minority interests		<u>335,085</u>	<u>202,518</u>
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	<b>8</b>	<b>4,961,410</b>	<b>4,175,241</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>4,961,410</b>	<b>4,175,241</b>

All of the activities of the group are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account.

The notes on pages 11 to 21 form part of these consolidated financial statements.



**SIMPLICITY MARKETING LIMITED**  
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>		
attributable to the shareholders of the parent company	<b>4,961,410</b>	<b>4,175,241</b>
<b>Exchange differences on retranslation of net assets of subsidiary undertakings</b>	<b>(151,342)</b>	<b>26,367</b>
<b>Total gains and losses recognised since the last annual report</b>	<b><u>4,810,068</u></b>	<b><u>4,201,608</u></b>

The notes on pages 11 to 21 form part of these consolidated financial statements.

**SIMPLICITY MARKETING LIMITED**

**GROUP BALANCE SHEET**

**31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>245,979</u>	<u>152,108</u>
<b>CURRENT ASSETS</b>			
Debtors	11	6,986,147	4,555,640
Cash at bank and in hand		<u>4,347,912</u>	<u>2,525,337</u>
		<u>11,334,059</u>	<u>7,080,977</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>1,387,237</u>	<u>2,443,119</u>
<b>NET CURRENT ASSETS</b>		<u>9,946,822</u>	<u>4,637,858</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,192,801</u>	<u>4,789,966</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	13	<u>407,719</u>	<u>13,937</u>
		<u>9,785,082</u>	<u>4,776,029</u>
<b>MINORITY INTERESTS</b>		<u>402,614</u>	<u>205,021</u>
		<u>9,382,468</u>	<u>4,571,008</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	100	100
Foreign currency translation reserve	18	(125,994)	23,956
Profit and loss account	18	9,508,362	4,546,952
<b>SHAREHOLDERS' FUNDS</b>	19	<u>9,382,468</u>	<u>4,571,008</u>

These consolidated financial statements were approved and signed by the director and authorised for issue on 12/7/13

P. CUNNINGHAM

The notes on pages 11 to 21 form part of these consolidated financial statements.

**SIMPLICITY MARKETING LIMITED**

**BALANCE SHEET**

**31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	9	107,067	57,360
Investments	10	27,950	27,950
		<u>135,017</u>	<u>85,310</u>
<b>CURRENT ASSETS</b>			
Debtors	11	4,091,773	3,924,685
Cash at bank and in hand		3,674,314	1,085,465
		<u>7,766,087</u>	<u>5,010,150</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>699,056</u>	<u>1,733,455</u>
<b>NET CURRENT ASSETS</b>		<b>7,067,031</b>	<b>3,276,695</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,202,048</b>	<b>3,362,005</b>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	13	407,719	13,937
		<u>6,794,329</u>	<u>3,348,068</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	100	100
Profit and loss account	18	6,794,229	3,347,968
<b>SHAREHOLDERS' FUNDS</b>		<b>6,794,329</b>	<b>3,348,068</b>

These consolidated financial statements were approved and signed by the director and authorised for issue on 12/7/13

P. CUNNINGHAM

Company Registration Number 04339257

**SIMPLICITY MARKETING LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>20</b>	<b>4,004,219</b>	<b>2,516,055</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>20</b>	<b>(138,323)</b>	<b>506</b>
<b>TAXATION</b>	<b>20</b>	<b>(1,681,041)</b>	<b>(1,002,037)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>20</b>	<b>(212,330)</b>	<b>(138,635)</b>
<b>INCREASE IN CASH</b>	<b>20</b>	<b><u>1,972,525</u></b>	<b><u>1,375,889</u></b>

The notes on pages 11 to 21 form part of these consolidated financial statements.

## **SIMPLICITY MARKETING LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **YEAR ENDED 31 DECEMBER 2012**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The consolidated financial statements have been prepared under the historical cost convention.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 408 of the Companies Act 2006

##### **Turnover**

Turnover represents the amounts receivable for advertising services provided in the normal course of business, net of VAT and other sales related taxes. Turnover is either recognised on the delivery of website advertising impressions or over the period to which the advertising campaign relates.

##### **Research and development**

Research and development expenditure is written off in the year in which it is incurred

##### **Fixed assets**

All fixed assets are initially recorded at cost.

##### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% reducing balance
Equipment	- 50% straight line

##### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

**SIMPLICITY MARKETING LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

**1. ACCOUNTING POLICIES** *(continued)*

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates, where there is an expectation that past earnings will be distributed by the subsidiary or associate.

Deferred tax is measured on the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a discounted basis, using a discount rate of 5%, to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the underlying timing differences will reverse.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2012	2011
	£	£
United Kingdom	5,561,123	5,119,056
Overseas	10,219,902	6,567,935
	<u>15,781,025</u>	<u>11,686,991</u>

**SIMPLICITY MARKETING LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	<b>114,766</b>	<b>49,982</b>
Auditor's remuneration		
- as auditor	<b>20,000</b>	<b>12,000</b>
Net loss on foreign currency translation	<b><u>78,076</u></b>	<b><u>2,813</u></b>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the group during the financial year amounted to:

	<b>2012</b>	<b>2011</b>
	<b>No</b>	<b>No</b>
Number of staff	<b><u>51</u></b>	<b><u>40</u></b>

The aggregate payroll costs of the above were:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>5,954,925</b>	<b>3,959,958</b>
Social security costs	<b>206,651</b>	<b>186,386</b>
Other pension costs	<b>108,888</b>	<b>174,645</b>
	<b><u>6,270,464</u></b>	<b><u>4,320,989</u></b>

**5. DIRECTOR'S REMUNERATION**

The director's aggregate remuneration in respect of qualifying services were

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Remuneration receivable	<b>146,551</b>	<b>136,551</b>
Value of company pension contributions to money purchase schemes	<b>30,000</b>	<b>90,000</b>
	<b><u>176,551</u></b>	<b><u>226,551</u></b>

The number of directors who accrued benefits under company pension schemes was as follows

	<b>2012</b>	<b>2011</b>
	<b>No</b>	<b>No</b>
Money purchase schemes	<b><u>1</u></b>	<b><u>1</u></b>

**SIMPLICITY MARKETING LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other similar charges payable	<b><u>9,720</u></b>	<b><u>—</u></b>

**7. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
<b>UK Taxation</b>		
In respect of the year:		
UK Corporation tax based on the results for the year at 24.50% (2011 - 26.50%)	<b>938,852</b>	<b>900,107</b>
Research and Development enhanced relief in accordance with Part 13 CTA 2009 R&D Expenditure	<b><u>(262,112)</u></b>	<b><u>(345,375)</u></b>
	<b>676,740</b>	<b>554,732</b>
<b>Foreign tax</b>		
Current tax on income for the year	<b><u>481,668</u></b>	<b><u>474,090</u></b>
<b>Total current tax</b>	<b>1,158,408</b>	<b>1,028,822</b>
<b>Deferred tax.</b>		
Origination and reversal of timing differences (note 13)		
Capital allowances	<b>(2,418)</b>	<b>13,937</b>
Future tax payable on unremitted overseas earnings	<b><u>396,200</u></b>	<b><u>—</u></b>
<b>Total deferred tax (note 13)</b>	<b>393,782</b>	<b>13,937</b>
<b>Tax on profit on ordinary activities</b>	<b><u>1,552,190</u></b>	<b><u>1,042,759</u></b>



**SIMPLICITY MARKETING LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

**7. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%).

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>6,848,685</u>	<u>5,420,518</u>
Profit on ordinary activities by rate of tax	1,677,928	1,436,437
Expenses not deductible for tax purposes	14,678	13,065
Excess of depreciation over capital allowances	863	(8,800)
Research and development qualifying expenditure	(262,112)	(345,375)
Different tax rates on overseas earnings	<u>(272,949)</u>	<u>(66,505)</u>
Total current tax (note 7(a))	<u>1,158,408</u>	<u>1,028,822</u>

**8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The profit dealt with in the consolidated financial statements of the parent company was £3,446,261 (2011 - £2,908,606).

**9. TANGIBLE FIXED ASSETS**

Group	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>			
At 1 January 2012	34,755	213,160	247,915
Additions	15,116	197,214	212,330
Disposals	-	(41,288)	(41,288)
Exchange adjustment	<u>(614)</u>	<u>(4,560)</u>	<u>(5,174)</u>
<b>At 31 December 2012</b>	<u>49,257</u>	<u>364,526</u>	<u>413,783</u>
<b>DEPRECIATION</b>			
At 1 January 2012	11,873	83,934	95,807
Charge for the year	8,100	106,666	114,766
On disposals	-	(41,288)	(41,288)
Exchange adjustment	<u>(129)</u>	<u>(1,352)</u>	<u>(1,481)</u>
<b>At 31 December 2012</b>	<u>19,844</u>	<u>147,960</u>	<u>167,804</u>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2012</b>	<u>29,413</u>	<u>216,566</u>	<u>245,979</u>
<b>At 31 December 2011</b>	<u>22,882</u>	<u>129,226</u>	<u>152,108</u>

**SIMPLICITY MARKETING LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

**9. TANGIBLE FIXED ASSETS** *(continued)*

<b>Company</b>	<b>Fixtures &amp; Fittings £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>COST</b>			
At 1 January 2012	20,574	88,521	109,095
Additions	2,754	107,177	109,931
Disposals	–	(41,287)	(41,287)
<b>At 31 December 2012</b>	<b>23,328</b>	<b>154,411</b>	<b>177,739</b>
<b>DEPRECIATION</b>			
At 1 January 2012	8,892	42,843	51,735
Charge for the year	3,273	56,952	60,225
On disposals	–	(41,288)	(41,288)
<b>At 31 December 2012</b>	<b>12,165</b>	<b>58,507</b>	<b>70,672</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2012</b>	<b>11,163</b>	<b>95,904</b>	<b>107,067</b>
At 31 December 2011	11,682	45,678	57,360

**10. INVESTMENTS**

<b>Company</b>	<b>Group companies £</b>
<b>COST</b>	
At 1 January 2012 and 31 December 2012	27,950
<b>NET BOOK VALUE</b>	
<b>At 31 December 2012 and 31 December 2011</b>	<b>27,950</b>

The company owns 85% (2011 - 85%) of the issued share capital of Flashtalking GmbH, a company incorporated in Germany.

The company owns 88% (2011 - 88%) of the issued share capital of Flashtalking Inc, a company incorporated in USA.

The principal activity of both of the above companies is that of internet advertising

**SIMPLICITY MARKETING LIMITED**

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**11. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	6,228,244	3,866,464	1,417,498	1,269,466
Amounts owed by group undertakings	—	—	1,992,425	2,040,712
Other debtors	69,905	41,113	1,972	—
Prepayments and accrued income	687,998	648,063	679,878	614,507
	<u>6,986,147</u>	<u>4,555,640</u>	<u>4,091,773</u>	<u>3,924,685</u>

**12. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	97,803	182,601	80,143	164,955
Director's loan account	873	1,040,873	873	1,040,873
Other creditors including taxation and social security				
Corporation tax	175,246	697,879	153,886	314,375
PAYE and social security	78,775	5,549	74,147	—
VAT	267,557	188,419	215,591	123,748
Other creditors	43,372	42,811	—	—
Accruals and deferred income	723,611	284,987	174,416	89,504
	<u>1,387,237</u>	<u>2,443,119</u>	<u>699,056</u>	<u>1,733,455</u>

**13. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provision brought forward	13,937	—	13,937	—
Increase in provision	393,782	13,937	393,782	13,937
Provision carried forward	<u>407,719</u>	<u>13,937</u>	<u>407,719</u>	<u>13,937</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

<b>Group</b>	<b>2012</b>		<b>2011</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	11,519	—	13,937	—
Future tax payable on unremitted overseas earnings	396,200	—	—	—
	<u>407,719</u>	<u>—</u>	<u>13,937</u>	<u>—</u>

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**13. DEFERRED TAXATION** *(continued)*

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	11,519	-	13,937	-
Future tax payable on unremitted overseas earnings	396,200	-	-	-
	<u>407,719</u>	<u>-</u>	<u>13,937</u>	<u>-</u>

**14. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	22,830	1,043	18,480	-
Within 2 to 5 years	261,137	13,634	211,242	8,939
	<u>283,967</u>	<u>14,677</u>	<u>229,722</u>	<u>8,939</u>

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	117,747	-	114,657	-

**15. SHARE BASED PAYMENTS**

The company has granted share options to employees under an Enterprise Management Incentive Scheme. The number of ordinary shares granted under the scheme amounted to 252,550 with an exercise price of 35pence. At the balance sheet date, none of these options had been exercised. The scheme operates on a basis that the share options should be exercised within 10 years of the inception date.

**SIMPLICITY MARKETING LIMITED**

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**16. RELATED PARTY TRANSACTIONS**

During the current and previous year, the company was under the control of Mr P. Cunningham by virtue of his majority shareholding

During the year the company purchased consultancy services £147,084 (2011 - £141,535) from Indigoworks.co.uk Limited a company under common influence. At the year end the company owed Indigoworks.co.uk Limited £Nil (2011 - £15,218).

The director maintains a loan account with the company. At the year end the company owed the director £873 (2011 - £1,040,873).

**17. SHARE CAPITAL**

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
10,000,000 Ordinary A shares of £0.00001 each	<u>10,000,000</u>	<u>100</u>	<u>10,000,000</u>	<u>100</u>

**18. RESERVES**

Group	Foreign currency translation reserve £	Profit and loss account £
Balance brought forward	23,956	4,546,952
Profit for the year	-	4,961,410
Exchange differences on retranslation of net assets of subsidiary undertakings	(149,950)	-
Balance carried forward	<u>(125,994)</u>	<u>9,508,362</u>
 Company		
		Profit and loss account £
Balance brought forward		3,347,968
Profit for the year		3,446,261
Balance carried forward		<u>6,794,229</u>

**SIMPLICITY MARKETING LIMITED**

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**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>4,961,410</b>	<b>4,175,241</b>
Exchange differences on retranslation of net assets of subsidiary undertakings	<b>(149,950)</b>	<b>26,367</b>
Net addition to shareholders' funds	<b>4,811,460</b>	<b>4,201,608</b>
Opening shareholders' funds	<b>4,571,008</b>	<b>369,400</b>
Closing shareholders' funds	<b><u>9,382,468</u></b>	<b><u>4,571,008</u></b>

**20. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>6,849,579</b>	<b>5,413,014</b>
Depreciation	<b>114,766</b>	<b>49,982</b>
Increase in debtors	<b>(2,430,507)</b>	<b>(2,757,311)</b>
Decrease in creditors	<b>(529,619)</b>	<b>(189,630)</b>
Net cash inflow from operating activities	<b><u>4,004,219</u></b>	<b><u>2,516,055</u></b>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Interest received	<b>8,826</b>	<b>7,504</b>
Interest paid	<b>(9,720)</b>	<b>—</b>
Dividends paid to minority interest	<b>(137,429)</b>	<b>(6,998)</b>
Net cash (outflow)/inflow from returns on investments and servicing of finance	<b><u>(138,323)</u></b>	<b><u>506</u></b>

**TAXATION**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Taxation	<b><u>(1,681,041)</u></b>	<b><u>(1,002,037)</u></b>

**CAPITAL EXPENDITURE**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Payments to acquire tangible fixed assets	<b><u>(212,330)</u></b>	<b><u>(138,635)</u></b>
Net cash outflow from capital expenditure	<b><u>(212,330)</u></b>	<b><u>(138,635)</u></b>

**SIMPLICITY MARKETING LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

**20. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Increase in cash in the period	<b>1,972,525</b>	<b>1,375,889</b>
Translation differences	<b>(149,950)</b>	<b>26,367</b>
Movement in net funds in the period	<b>1,822,575</b>	<b>1,402,256</b>
Net funds at 1 January 2012	<b>2,525,337</b>	<b>1,123,081</b>
Net funds at 31 December 2012	<b>4,347,912</b>	<b>2,525,337</b>

**ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At</b>		<b>Exchange</b>		<b>At</b>
	<b>1 Jan 2012</b>	<b>Cash flows</b>	<b>movement</b>	<b>31 Dec 2012</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Net cash.					
Cash in hand and at bank	<b>2,525,337</b>	<b>1,972,525</b>	<b>(149,950)</b>	<b>4,347,912</b>	
Net funds	<b>2,525,337</b>	<b>1,972,525</b>	<b>(149,950)</b>	<b>4,347,912</b>	