Simply Biz Services Limited

Strategic report, Directors' report and Financial Statements

Registered number 04590781

31 December 2021

Contents

Company information

Directors	KE Davy DRC Kershaw (resigned 15 June 2022) ML Timmins NM Stevens GJ Kershaw (resigned 15 June 2022) DA Golder (resigned 18 May 2021) R Ardron DP Russell JL Laing
Registered office	Fintel House St. Andrews Road Huddersfield HD1 6NA
Registered number	04590781 (England and Wales)
Auditor	Ernst & Young LLP 1 Bridgewater Place Leeds England LS11 5QR

Strategic report

The Directors present their Strategic report of the Company for the year ended 31 December 2021.

Results	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	22,530,910	21,771,171
Operating profit	2,960,888	4,726,262

Progress

Despite the ongoing disruption of the COVID-19 pandemic, 2021 has been another strong year for the Group, building on the robust performance of 2020. We continued to develop our model of generating recurring revenues from Intermediary Services, and Distribution Channels to the UK retail financial services market.

Revenue growth was driven by primarily driven by a 9% growth in software licence sales and growth in membership fees due to level customer numbers and a 2% price increase. Operating profit has decreased by 37%, driven by a proportionate increase in software licence costs to revenue, investment in new talent and enhancements to product delivery avenues.

Our core intermediary services customer base grew to over 3,100 firms (2020: 2,950). Whilst the Company has a share of the Consumer Credit market, it remains nascent and will be incubated until demand for services increases.

We provided distribution channels to over 190 (2020: 100 financial institutions during the year.

Market Overview

The Company firmly believes that demand for professional financial advice will continue to grow, due to the widely acknowledged increase in regulatory pressures, IFA growth, and increased propensity to outsource. The transfer of personal wealth from generation to generation means that professional advice, tax and estate planning will become increasingly important.

Retirement and later life planning has never been more important following the arrival of the pension freedoms in 2015. The continued increase in demand for equity release products and their gradual move into more mainstream lending, has further reinforced the need for financial advice.

A continuation of the culture of trust between consumers and independent financial advisers has seen client numbers increase reflecting demand for savings support, investment, insurance and tax needs.

The shock of Covid 19 has increased awareness across the market with many IFAs seeing a renewed focus on financial planning in consumers as a result of the uncertainty caused by the pandemic. During the year the Bank of England cut interest rates below 0.1%, forcing consumers to rethink their investment strategies and seek advice on their portfolio composition.

SimplyBiz strongly believes in the value of high-quality financial advice and positive outcomes for consumers and it will continue to act as a market enabler, in a highly fragmented space, to improve its delivery throughout the UK.

The Future

The business continues to benefit from a loyal customer base, attractive margins, and a highly-trained and committed team of staff.

We plan to continue to grow customer numbers and average revenue per customer, through a strategy of targeting higher value customers.

Strategic report *(continued)*

Key Performance Indicators

The Board reviews Key Performance Indicators (KPIs) for the Group. Further details on the KPIs for the Group are provided in the financial statements of Fintel plc. At a company level the Board reviews revenue, operating profit and profit as set out in the profit and loss account.

ML Timmins
Director

Fintel House
St. Andrews Road
Huddersfield
HD1 6NA

29 September 2022

Directors' report

The Directors present their report and financial statements of the Company for the year ended 31 December 2021.

Principal activities

The principal activities of the Company during the year was the provision of business services and distribution solutions to the retail financial services sector.

Dividends

The Directors do not recommend payment of a dividend (2020: £7,000,000).

Directors

The Directors who held office during the year and up to the date of signing this report were as follows.

KE Davy
DRC Kershaw (resigned 15 June 2022)
ML Timmins
NM Stevens
GJ Kershaw (resigned 15 June 2022)
DA Golder (resigned 18 May 2021)
R Ardron
JL Laing
DP Russell

Future Developments

The Directors do not anticipate any material change in the activities of the Company for the foreseeable future.

Principal risks and uncertainties

The Directors review and where possible mitigate known business risks. The principal risks of the Fintel plc group of companies ('the group') are detailed in the financial statements of Fintel plc. The Directors do not believe that there are any significant risks and uncertainties associated with this company.

Actions taken to ensure that the business is well positioned to fully support the requirements of its customers and colleagues during the Covid 19 pandemic have been successful. The business has continued to provide all services to its customers during the lockdown period and employees were able to work from remote locations immediately.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors manage the Company alongside the other companies within the group, with group banking facilities in place of £45m until March 2024. The Group directors have prepared cash flow forecasts for the Group for the period to 31 December 2023 which indicate that, taking account of severe but plausible downside scenarios, the Group, including this Company, will have sufficient funds through the Group's combined banking facilities to meet its liabilities as they fall due for that period.

Fintel plc has indicated that it does not intend to seek repayment of the amounts due at the balance sheet date and will make funds available if required for the company to meet its liabilities, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due until at least 31 December 2023 and therefore have prepared the financial statements on a going concern basis.

Directors' report *(continued)*

Disclosure of information to auditor

The Directors who held office at the date of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors is unaware and that each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is ware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of a Directors' and officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by Fintel plc and applicable to the Directors of the Company was in force throughout the last financial year and is currently in force.

Auditor

In 2021 Fintel plc, the ultimate parent company, commenced a tender process for the appointment of new auditors both the Group and Company.

Following the conclusion of the formal tender process, the Board approved and proposed appointment of Ernst & Young LLP as the Company's Auditor for the financial year commencing 1 January 2021.

The appointment was approved by shareholders at the Annual General Meeting of the ultimate parent company held on 17th May 2022.

By order of the board

ML Timmins
Director

Fintel House
St. Andrews Road
Huddersfield
HD1 6NA

29 September 2022

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 and the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's report to the members of Simply Biz Services Limited

Opinion

We have audited the financial statements of Simply Biz Services Limited for the year ended 31 December 2021 which contain the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's report to the members of Simply Biz Services Limited *(continued)*

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report to the members of Simply Biz Services Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frameworks being FRS 101 "Reduced Disclosure Framework", the Companies Act 2006, and the relevant tax compliance regulations in the United Kingdom.
- We understood how Simply Biz Services Limited is complying with those frameworks by initially making inquiries of relevant members of management, as well as those charged with governance. We have further understood the entity's compliance with those frameworks through review of minutes of the Board and key committees. Finally, through our detailed audit procedures we have considered whether any other evidence has been identified that indicates non-compliance with the relevant laws and regulations has occurred.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the entity's performance against internal key performance indicators used when calculating management's variable remuneration; identifying key judgments and estimates that can materially impact the financial statements; and understanding the controls and processes in place for the prevention and detection of fraudulent financial reporting.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included testing manual journals recorded by the company, understanding any unusual and one-off transactions, and where relevant corroborating the basis of accounting judgements and estimates with employees outside of the finance functions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's report to the members of Simply Biz Services Limited *(continued)*

Use of our report

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.

Ernst & Young LLP

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Leeds
29 September 2022

Profit and loss account and other comprehensive income

for the year ended 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Turnover		**22,530,910**	21,771,171
Operating costs		**(19,570,022)**	(17,044,909)
Operating profit	2	**2,960,888**	4,726,262
Income from shares in group undertakings		-	3,000,000
Provision for amounts owed by group undertakings	2	**(84,325)**	-
Profit on ordinary activities before taxation		**2,876,563**	7,726,262
Tax on profit on ordinary activities	4	**306,081**	(785,790)
Profit for the financial year		**3,182,644**	6,940,472

There are no items to be included in Other Comprehensive Income in the current or preceding year.

The notes on pages 14 to 26 form part of these financial statements.

Balance sheet
at 31 December 2021

	Note	31 December 2021 £	31 December 2021 £	31 December 2020 £	31 December 2020 £
Fixed assets					
Investments	5		801,002		801,002
Intangible Assets	6		140,094		-
Lease assets	7/8		93,621		119,748
			1,034,717		920,750
Current assets					
Debtors	9	11,884,337		15,797,206	
Cash and cash equivalents		1,734,726		2,043,095	
		13,619,063		17,840,301	
Creditors: amounts falling due within one year	10	(7,767,726)		(15,027,444)	
Net current assets			5,851,337		2,812,857
Total assets less current liabilities			6,886,054		3,733,607
Non-current lease liabilities	8		(71,279)		(101,476)
Net assets			6,814,775		3,632,131
Capital and reserves					
Called up share capital	12		50,000		50,000
Profit and loss account			6,764,775		3,582,131
Shareholders' funds			6,814,775		3,632,131

These financial statements were approved by the Board of Directors on 29 September 2022 and were signed on its behalf by:

ML Timmins
Director

Company registered number: 04590781

The notes on pages 14 to 26 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2020	50,000	3,641,659	3,691,659
Total comprehensive income for the period			
Profit for the period	-	6,940,472	6,940,472
Total comprehensive income for the period	-	6,940,472	6,940,472
Transactions with owners, recorded directly in equity			
Dividends	-	(7,000,000)	(7,000,000)
Total contributions by and distributions to owners	-	(7,000,000)	(7,000,000)
Balance at 31 December 2020	**50,000**	**3,582,131**	**3,632,131**
Balance at 1 January 2021	50,000	3,582,131	3,632,131
Total comprehensive income for the period			
Profit for the period	-	3,182,644	3,182,644
Total comprehensive income for the period	-	3,182,644	3,182,644
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2021	**50,000**	**6,764,775**	**6,814,775**

The notes on pages 14 to 26 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Simply Biz Services Limited (the "Company") is a company limited by shares and incorporated and domiciled in England & Wales. The address of its registered office is Fintel House, St. Andrews Road, Huddersfield, HD1 6NA.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* applicable in the UK and Republic of Ireland (*"FRS 101"*). The presentation currency of these financial statements is pound sterling.

The Company's ultimate parent undertaking, Fintel plc includes the Company in its consolidated financial statements. The consolidated financial statements of Fintel plc are available to the public and may be obtained from Fintel House, St. Andrews Road, Huddersfield, HD1 6NA. These separate financial statements contain information about Simply Biz Services Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act, from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Fintel plc, which are publicly available.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*
- Related party transactions entered into between two or more members of the group provided that they are wholly owned by the group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors manage the Company alongside the other companies within the Fintel group of companies ('the group'), with group banking facilities in place of £45m until March 2024, of which £nil is drawn as of 30 June 2022. The Group directors have prepared cash flow forecasts for the Group for the period to 31 December 2023 which indicate that, taking account of severe but plausible downside scenarios, the Group, including this Company will have sufficient funds, through the Group's combined banking facilities to meet its liabilities as they fall due for that period.

Various sensitivity analyses have been performed to assess the impact of more severe but plausible downside scenarios to future trading including a 33% reduction in revenue linked to the mortgage market affecting both valuations and commissions, a 33% reduction in core membership revenue, and a 50% reduction in Product Provider Agreements all from August 2022 onwards. All scenarios have been modelled separately and combined, on the separate assumptions that management take no action. Under these severe but plausible downside scenarios the Group continues to operate within its available facilities and does not incur any covenant breaches.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The position of the Company is dependent on Fintel plc not seeking repayment of the amounts currently due to other entities within the group, which at 31 December 2021 amounted to £3,255,711. Fintel plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due until at least 31 December 2023 and therefore have prepared the financial statements on a going concern basis.

1.3 Critical accounting estimates

The Company makes estimates and assumptions regarding the future. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or to the financial statements in general within the next financial year are discussed below:

Impairment of trade debtors
The Company makes an estimate of the recoverable value of trade and other debtors. A provision for impairment of trade receivables is recognised based on lifetime expected losses, but principally comprise balances where objective evidence exists that the amount will not be collectible. Such amounts are written down to their estimated recoverable amounts, with the charge being made to operating expenses.

Agent verses principal
Revenue is generated from sales of software licenses to member firms on a 'right-to-access' basis. Where the Company is a value-added re-seller of software licenses to member firms the key judgement is determining whether the member firm is a customer of the Company. Considering the nature of the Company's re-sale of software licenses, judgement is required by management to ascertain the appropriate agent versus principal classification.

The key criteria in this determination is whether the value-added re-seller has ability to direct control of the physical service prior to transfer to the customer. When the Company has control of third-party goods or services prior to delivery to a customer, then the Company is the principal in the sale to the customer. As a principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and cost of sales. If the Company does not have control of third-party goods or services prior to transfer to a customer, then the Company is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and reported revenue represents the margin earned by the Company.

The evaluation of control principally considers the ability to direct the use of and obtain substantially all of the remaining benefits of the provided asset or service. In respect of the resale of software licenses, management have determined that the Company is the principal in the arrangement. The key factors in arriving at this conclusion are: the Company is responsible for fulfilling the software service by providing the licenses direct to the customer, the Company carries inventory risk in the form of a requirement to acquire a minimum number of licenses, the Company sells a modified version of the software that incorporates the Company's intellectual property, and the Company directly negotiates the listed selling price with the provider, whilst also having the option to discount this price to the end customer.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 101, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade receivables
Trade and other receivables are recognised at fair value, minus expected future losses. A provision for impairment of trade receivables is recognised based on lifetime expected losses, but principally comprise balances where objective evidence exists that the amount will not be collectible. Such amounts are written down to their estimated recoverable amounts, with the charge being made to operating expenses.

Trade payables
Trade and other payables are recognised at fair value.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Amounts owed by / to Group Undertakings
Amounts owed to group undertakings are classified as current liabilities unless specific payment terms are in place. Amounts owed by group undertakings are classified as non-current assets unless management expect to call upon the balance within one year, in which case they are classified as current assets.

Investments in ordinary shares
Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Intangible assets

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets where the following criteria are met:
• it is technically feasible to complete the software product so that it will be available for use;
• management intends to complete the software product and use or sell it;
• there is an ability to use or sell the software product;
• it can be demonstrated how the software product will generate probable future economic benefits;
• adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
• the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed five years.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.8 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. However, for the leases of class of underlying asset, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.10 Revenue recognition

Revenue is recognised by reference to the five-step model set out in IFRS 15. Revenue is recognised when an entity transfers goods or services to a customer, measured at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the good or service is transferred to the customer.

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Company reports revenue under the following categories:

Membership fees

The Companies membership is a subscription model, with income recognised monthly, on an over time basis, in line with the access to services (output method). Where the membership fee includes specific performance obligations, such as regulatory visits, a proportion of the revenue, based on the standard price of such services when sold separately, is recognised when the specific service is delivered.

Additional services

Revenue from other membership services is recognised at the point at which the service is delivered, based on the value agreed with the customer. No significant performance obligations exist beyond the delivery of the core service, and therefore income is not recognised over time.

Marketing Service Agreements and Marketing Licencing

Marketing Service Agreements are provided to third-party financial institutions, and predominately subject to annual contracts. Contracts can include a number of individual performance obligations that are recognised separately as the service is delivered. The value of each performance obligation is based on internal list prices, relative to the total value of the contract. Where contracts relate to the provision of marketing collateral, revenue is recognised over the period of the contract, in line with the support provided to the customer and maintenance of the licenced brand (output method).

Contract assets

A contract asset is initially recognised for revenue earned from services for which the receipt of consideration is conditional on successful completion of the service and performance obligation. Upon completion of the service, the amount recognised as accrued income is reclassified to trade receivables.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as deferred income until the Company delivers the performance obligations under the contract (i.e. transfers control of the related goods or services to the customer) at which point revenue is recognised in line with the delivery of the performance obligation.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Profit and loss account information

The Company's activities consist solely of the Company's principal activity in the UK.

The operating profit is stated after charging:

	31 December 2021 £	31 December 2020 £
Depreciation of right of use assets	**26,127**	25,461

Auditors' remuneration of £24,000 (2020: £19,800) is borne by a fellow group undertaking.

A provision has been made against amounts owed by group undertakings of £84,325 due to uncertainty over collectability of the debt.

3 Directors' remuneration, staff numbers and costs

There were no employees during the year other than Directors. All staff costs, including Directors' costs, are paid by the parent company and recharged to the Company via management charges. The Company was recharged £1,093,000 (2020: £704,000) with respect to Directors' costs. This is considered to be equivalent to the amount attributable to the services provided by the Directors to the Company.

Notes *(continued)*

4 Taxation

Total tax charge recognised in the profit and loss account

	31 December 2021 £	31 December 2020 £
Current tax		
Current tax on income for the period	591,146	947,121
Adjustments in respect of prior periods	(897,008)	(161,331)
Total current tax	(305,862)	785,180
Deferred tax		
Origination and reversal of timing differences	657	610
Change in tax rate	(876)	-
Total deferred tax (see note 11)	(219)	610
Total tax (credit)/charge	(306,081)	785,790

All tax is recognised in the profit and loss account.

Reconciliation of effective tax rate

	31 December 2021 £	31 December 2020 £
Profit for the year	3,182,644	6,940,472
Total tax (credit)/charge	(306,081)	785,790
Profit before taxation	2,876,563	7,726,262
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	546,547	1,467,990
Effects of:		
Expenses not deductible for tax purposes	45,913	49,741
Capital allowances in excess of depreciation	(657)	(610)
Chanage in tax rate	(876)	-
Income not taxable	-	(570,000)
Adjustments in respect of prior periods	(897,008)	(161,331)
Total tax (credit)/charge included in the profit or loss	(306,081)	785,790

Changes affecting the future tax charge

Deferred tax assets and liabilities have been stated at the corporation tax rate of 25% (2020: 19%) reflecting the increase in the main UK corporation tax rate which was enacted to take effect from 1 April 2023. This rate was substantively enacted on 24 May 2021 and remained in force at the Balance Sheet date. This is on the basis that it is anticipated that the Company's deferred tax assets and liabilities will materially unwind after 1 April 2023.

However, on 23 September 2022 the Government announced that the rate increase to 25% will be cancelled and the main UK corporation tax rate will remain at 19%. As this has yet to be enacted into law it has not been reflected in the Company's deferred tax balance in this accounting period.

Notes *(continued)*

5 Investments

	Shares in group undertakings £
Cost	
At 31 December 2020 and 31 December 2021	801,002
Impairment	
At 31 December 2020 and 31 December 2021	-
Net book value	
At 31 December 2021	**801,002**
At 31 December 2020	801,002

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Simply Biz Mortgages Limited	England & Wales	Provision of mortgage club facility	Ordinary 100%
Professional Finance Broking Limited	England & Wales	Dormant	Ordinary 100%
Financial Intermediary and Broker Association Limited	England & Wales	Trade Association	Ordinary 100%

The address of the registered office of the subsidiaries above is Fintel House, St. Andrews Road, Huddersfield, HD1 6NA.

Management consider investment values to be fully supported by the net assets of each subsidiary.

6 Intangible fixed assets

	Software £
Cost	
At 31 December 2020	-
Additions	140,094
At 31 December 2021	140,094
Amortisation	
At 31 December 2020	-
Charge for year	-
At 31 December 2021	-
Net book value	
At 31 December 2021	**140,094**
At 31 December 2020	-

No amortisation was charged to the newly developed software in the year as development did not finish until the end of the year.

Notes *(continued)*

7 Tangible fixed assets

	Property	Office equipment	Total
	£	£	£
Cost			
At 1 January 2021	128,115	25,598	153,713
Disposals	-	(25,598)	(25,598)
At 31 December 2021	128,115	-	128,115
Depreciation			
At 1 January 2021	8,367	25,598	33,965
Charge for year	26,127	-	26,127
Disposals	-	(25,598)	(25,598)
At 31 December 2021	34,494	-	34,494
Net book value			
At 31 December 2021	93,621	-	93,621
At 31 December 2020	119,748	-	119,748

Right-of-use assets

At 31 December, tangible fixed assets includes right-of-use assets as follows:

	Property	Office equipment	Total
	£	£	£
Cost			
At 31 December 2021	93,621	-	93,621

Notes *(continued)*

8 Leases

Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases

Right-of-use assets
Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 7):

	Property	Total
	£	£
Balance at 1 January 2021	119,748	119,748
Depreciation charge for the year	(26,127)	(26,127)
Balance at 31 December 2021	93,621	93,621

Lease Liabilities

The following lease liabilities existed at 31 December:

	31 December 2021	31 December 2020
	£	£
Current liability (note 10)	30,197	21,557
Non-current liability	71,279	101,476
Total lease liability	101,476	123,033

Changes in lease liabilities from financing activities

	£
Balance at 1 January 2021	123,033
Additions	-
Lease payments	(24,478)
Interest	2,921
Balance at 31 December 2021	**101,476**

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	31 December 2021	31 December 2020
	£	£
Depreciation charge for the year	26,127	25,461
Interest on lease liability	2,921	1,464

Notes *(continued)*

9 Debtors

	31 December 2021 £	31 December 2020 £
Amounts falling due within one year:		
Trade debtors	2,436,779	2,047,691
Amounts owed by group undertakings	8,698,447	13,233,447
Deferred tax asset (see note 11)	2,995	2,775
Prepayments	356,818	115,514
Accrued income	389,298	397,779
	11,884,337	15,797,206

Amounts owed by group undertakings are repayable on demand and do not attract interest.

10 Creditors: amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Trade creditors	219,953	94,713
Amounts owed to group undertakings	3,255,711	9,930,974
Corporation tax	1,627,305	1,933,167
VAT creditor	950,009	1,746,074
Accruals	653,534	502,901
Deferred income	1,031,017	798,058
Lease liability (see note 8)	30,197	21,557
	7,767,726	15,027,444

Amounts owed to group undertakings are repayable on demand and do not attract interest.

Notes *(continued)*

11 Deferred tax, assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	31 December 2021 £	31 December 2020 £	**31 December 2021 £**	31 December 2020 £	**31 December 2021 £**	31 December 2020 £
Accelerated capital allowances	2,995	2,775	-	-	2,995	2,775
Tax assets / liabilities	2,995	2,775	-	-	2,995	2,775

12 Called up share capital

Allotted, issued and fully paid:

Number	Class:	Nominal value:	**31 December 2021 £**	31 December 2020 £
50,000	Ordinary	£1	50,000	50,000

There is a single class of Ordinary share. There are no restrictions on the distribution of dividends or the repayment of capital.

13 Contingencies

The Company has provided a guarantee against the bank loans of Fintel plc, the ultimate parent company. The total amount outstanding at 31 December 2021 amounted to £7,000,000 (2020: £30,000,000).

14 Related party disclosures

The Company has taken advantage of the exemption within FRS 101 and therefore not disclosed details of transactions with fellow companies within the group headed by Fintel plc.

15 Ultimate parent company and controlling party

The immediate parent undertaking is Simply Biz Limited.

The ultimate parent undertaking is Fintel plc, which is the only set of consolidated financial statements which include the results of the Company. These accounts can be obtained from the company's registered office.

In the opinion of the Directors, the ultimate controlling party is Fintel plc.