

REGISTERED NUMBER: SC335070 (Scotland)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
COMPLIANCE FIRST LIMITED**

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COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

COMPLIANCE FIRST LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011**

DIRECTORS:

K E Davy
N M Stevens
S C Turvey
J Laing

SECRETARY:

D Lloyd Hughes

REGISTERED OFFICE:

Building 2 Kirkhill House
Broom Road East
Newton Mearns
Glasgow
G77 5LL

REGISTERED NUMBER:

SC335070 (Scotland)

AUDITORS:

Revell Ward LLP
Chartered Accountants and Registered Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

BANKERS:

Yorkshire Bank
40 New Street
Huddersfield
HD1 2BT

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report with the financial statements of the company for the year ended 31 December 2011.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of compliance consultants.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

K E Davy
N M Stevens
S C Turvey
J Laing

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

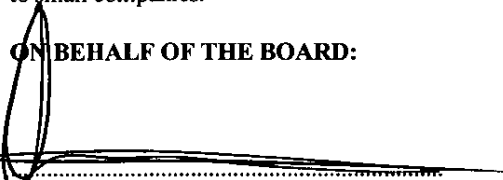
The auditors, Revell Ward LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



N M Stevens - Director

Date: 29/5/12

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COMPLIANCE FIRST LIMITED

We have audited the financial statements of Compliance First Limited for the year ended 31 December 2011 on pages five to eleven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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, 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors.

Karen Borowski FCA (Senior Statutory Auditor)
for and on behalf of Revell Ward LLP
Chartered Accountants and Registered Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

Date: 30 May 2012

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	31.12.11 £	31.12.10 £
TURNOVER		1,536,656	1,423,184
Administrative expenses		<u>1,025,987</u>	<u>1,130,880</u>
OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	510,669	292,304
Tax on profit on ordinary activities	4	<u>2,692</u>	<u>22,000</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>507,977</u></u>	<u><u>270,304</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**BALANCE SHEET
31 DECEMBER 2011**

	Notes	31.12.11 £	£	31.12.10 £	£
FIXED ASSETS					
Tangible assets	6		4,886		6,515
Investments	7		<u>1</u>		<u>1</u>
			4,887		6,516
CURRENT ASSETS					
Debtors	8	138,151		140,008	
Cash at bank and in hand		<u>788,767</u>		<u>484,936</u>	
		926,918		624,944	
CREDITORS					
Amounts falling due within one year	9	<u>533,410</u>		<u>232,865</u>	
NET CURRENT ASSETS			393,508		392,079
TOTAL ASSETS LESS CURRENT LIABILITIES			398,395		398,595
PROVISIONS FOR LIABILITIES	11		<u>200</u>		<u>400</u>
NET ASSETS			<u>398,195</u>		<u>398,195</u>
CAPITAL AND RESERVES					
Called up share capital	12		1		1
Profit and loss account	13		<u>398,194</u>		<u>398,194</u>
SHAREHOLDERS' FUNDS	16		<u>398,195</u>		<u>398,195</u>

The financial statements were approved by the Board of Directors on 29/5/12 and were signed on its behalf by:


N M Stevens - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company has continued to trade profitably in the current year and has a positive cash position. No reliance is placed on bank facilities. The group has net assets of £16m and will continue to offer its support should this be necessary.

The directors have considered the current position and budgets of the company and the group, and after making appropriate enquiries they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Preparation of consolidated financial statements

The financial statements contain information about Compliance First Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Simply Biz plc, a company registered in England and Wales.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings & equipment	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. The deferred tax balance has not been discounted.

Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2. STAFF COSTS

There were no employees during the year apart from the directors. All wages are paid by the parent company and recharged to the company via management charges.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.11	31.12.10
	£	£
Hire of plant and machinery	4,257	1,825
Other operating leases	21,000	17,151
Depreciation - owned assets	1,629	2,172
Auditors' remuneration	6,000	6,000
Auditors' remuneration for non audit work	6,000	3,800
	<u>83,225</u>	<u>48,791</u>
Directors' remuneration	<u>83,225</u>	<u>48,791</u>

The company is included in consolidated accounts which are required to comply with the statutory disclosure requirement for non audit remuneration.

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.11	31.12.10
	£	£
Current tax:		
UK corporation tax	2,892	22,300
Deferred tax	(200)	(300)
Tax on profit on ordinary activities	<u>2,692</u>	<u>22,000</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.11	31.12.10
	£	£
Profit on ordinary activities before tax	<u>510,669</u>	<u>292,304</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010 - 28%)	102,134	81,845
Effects of:		
Expenses not deductible for tax purposes	900	2,875
Capital allowances for period less than depreciation	129	263
Other timing differences leading to an increase in tax	35	-
Utilisation of group tax losses	(100,306)	(62,683)
Current tax charge	<u>2,892</u>	<u>22,300</u>

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

5. DIVIDENDS

	31.12.11 £	31.12.10 £
Ordinary share of £1		
Final	<u>507,977</u>	<u>-</u>

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £	Computer equipment £	Totals £
COST			
At 1 January 2011 and 31 December 2011	<u>5,055</u>	<u>10,390</u>	<u>15,445</u>
DEPRECIATION			
At 1 January 2011	2,923	6,007	8,930
Charge for year	<u>533</u>	<u>1,096</u>	<u>1,629</u>
At 31 December 2011	<u>3,456</u>	<u>7,103</u>	<u>10,559</u>
NET BOOK VALUE			
At 31 December 2011	<u>1,599</u>	<u>3,287</u>	<u>4,886</u>
At 31 December 2010	<u>2,132</u>	<u>4,383</u>	<u>6,515</u>

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2011 and 31 December 2011	<u>1</u>
NET BOOK VALUE	
At 31 December 2011	<u>1</u>
At 31 December 2010	<u>1</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Compliance 24/7 Limited
Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.11	31.12.10
	£	£
Trade debtors	112,017	133,125
Amounts owed by group undertakings	19,811	763
Prepayments and accrued income	6,323	6,120
	<u>138,151</u>	<u>140,008</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.11	31.12.10
	£	£
Trade creditors	13,576	17,685
Amounts owed to group undertakings	482,022	99,790
Tax	2,892	8,888
Social security and other taxes	8,951	11,301
Accruals and deferred income	25,969	95,201
	<u>533,410</u>	<u>232,865</u>

10. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	31.12.11	31.12.10	31.12.11	31.12.10
	£	£	£	£
Expiring:				
Within one year	15,750	11,573	-	-
Between one and five years	-	-	2,183	2,183
	<u>15,750</u>	<u>11,573</u>	<u>2,183</u>	<u>2,183</u>

11. PROVISIONS FOR LIABILITIES

	31.12.11	31.12.10
	£	£
Deferred tax	<u>200</u>	<u>400</u>
		Deferred tax
		£
Balance at 1 January 2011		400
Profit and loss account		(200)
Balance at 31 December 2011		<u>200</u>

The deferred tax balance is due to accelerated capital allowances.

COMPLIANCE FIRST LIMITED (REGISTERED NUMBER: SC335070)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011****12. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31.12.11	31.12.10
Number:	Class:		£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

13. RESERVES

	Profit and loss account £
At 1 January 2011	398,194
Profit for the year	507,977
Dividends	<u>(507,977)</u>
At 31 December 2011	<u>398,194</u>

14. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that the company is a wholly owned subsidiary.

During the year New Model Business Academy Limited, a fellow subsidiary company, had income of £8,302 (2010 - £17,802) collected on its behalf by Compliance First Limited. Repayments of £22,401 (2010 - £2,718) were made to New Model Business Academy Limited during the year. At 31 December 2011 an amount of £1,451 (2010 - £15,550) was owing to New Model Business Academy Limited.

15. ULTIMATE CONTROLLING PARTY

The company's parent company is Simply Biz plc, a company registered in England and Wales. The company's ultimate controlling party is Mr K E Davy.

Simply Biz plc prepares consolidated financial statements and copies can be obtained from Companies House.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.11	31.12.10
	£	£
Profit for the financial year	507,977	270,304
Dividends	<u>(507,977)</u>	<u>-</u>
Net addition to shareholders' funds	-	270,304
Opening shareholders' funds	<u>398,195</u>	<u>127,891</u>
Closing shareholders' funds	<u>398,195</u>	<u>398,195</u>