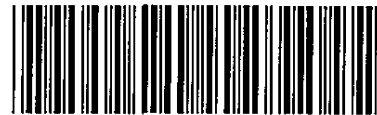


SC 335070

REGISTERED NUMBER 04518535 (England and Wales)

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
SIMPLY BIZ PLC**

WEDNESDAY



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SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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SIMPLY BIZ PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS:	K E Davy S C Turvey M L Timmins N M Stevens S R Braidford G J Kershaw D R C Kershaw
SECRETARY	S C Turvey
REGISTERED OFFICE:	The John Smith's Stadium Stadium Way Huddersfield HD1 6PG
REGISTERED NUMBER:	04518535 (England and Wales)
AUDITORS	Revell Ward LLP Chartered Accountants and Statutory Auditors 7th Floor 30 Market Street Huddersfield HD1 2HG
BANKERS:	Yorkshire Bank 40 New Street Huddersfield HD1 2BT

SIMPLY BIZ PLC (REGISTERED NUMBER. 04518535)

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

It is my privilege and pleasure to present the Annual Report and Accounts for the Simply Biz Group in respect of the year ended 31 December 2012. This report marks the completion of our first decade which, despite the enormous changes and major challenges faced throughout the period, has seen the Group go from strength to strength.

In my statement accompanying last year's Report and Accounts I drew attention to the major issues facing the wider economy and specifically the challenge of regulatory changes in the financial services sector. Given this background, I am pleased to be able to report pre tax profits of £3.0m (2011 - £2.5m). I believe this result is particularly noteworthy as it has been achieved alongside our continued investment in enhanced compliance and business support services for the firms we serve. This includes the provision through Verbatim of leading compliance and financial planning software to over 4,000 individual advisers.

I am also able to report that the group has seen a further increase in net assets to £16.4m from £16m the previous year and despite the economic conditions your Board's confidence in the future is indicated by their once again recommending a dividend of 16p per share.

Turning to the macro factors facing the UK, it is clear that the fallout from the banking crisis continues to bedevil our own economy as well as that of Europe as a whole. Unemployment remains high and there are increasing signs of political uncertainty, both at home and abroad. Against this background the current year is difficult to predict, though I remain of the view that we should see the situation starting to improve from 2014 onwards unless events in Europe or the wider world blow the UK economy off course.

Looking specifically at the financial services sector, the Retail Distribution Review (RDR) came into effect on 1 January 2013 after almost five years of conflicting and confusing debate. I have said previously that rather like motherhood and apple pie, one cannot argue with the objectives of the RDR, however its dogma driven and costly introduction has been criticised across the board by Parliament, the profession and providers. The cost to the consumer can already clearly be seen in the reduction in the availability of financial advice. In addition, literally hundreds of millions of pounds and countless hours of preparation time have been spent by providers and advisers alike to be RDR ready. It remains to be seen whether any material benefits will emerge for consumers, however at the moment it is hard to see anything likely to justify the enormous cost and turmoil the RDR has created.

It is self evident from the above and my comments in previous Reports that the financial services sector we serve has been faced with major challenges by the RDR. It is therefore all the more significant that despite all the disruption our net membership has remained virtually unchanged and that we still serve in excess of 2,000 directly regulated firms and over 5,000 individual advisers. This confirms the Simply Biz Group to be by far the UK's largest independent compliance and business support provider. We could not have achieved this success without the total commitment and dedication of the whole of the Simply Biz team. It therefore gives me great pleasure both on your behalf and personally to thank each and everyone for their continued determination to provide the firms and advisers we serve with a compliance and business support service which remains second to none.

In this context it is pleasing to report that for the fourth time in six years Simply Biz has won the Professional Adviser Award for the "Best Adviser Support Service". This coveted award is particularly special as it is voted for by individual advisers and is therefore a genuine reflection of their appreciation and recognition of the service we deliver.

We are determined to continue to meet the challenges which emerge from our ever changing sector as well as remaining alert to new opportunities. Indeed to reflect the changes in the post RDR market place we have launched a new and unique range of services. These services are designed to meet the needs of all directly regulated firms along with a revitalised brand based on our vision for the next decade entitled "Vision 2013 and Beyond". The early signs are that this offering has been very well received. We have also provided financial support for the launch of a separately run restricted national advice offering, Sandringham Financial Partners Limited. Sandringham is intended to appeal to advisers looking for a fresh start in the post RDR world within a large firm rather than seeking to be directly regulated.

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

That the future for the financial services sector and indeed the wider economy is undoubtedly going to be a challenging one is not in doubt. I believe however, that our focussed strategy, coupled with the commitment and experience of our staff puts us in the strongest possible position to surmount and benefit from meeting these challenges. Your Group has consistently demonstrated the ability to profit from the challenges and opportunities of change. I am confident that the year ahead will once again show our ability to progress for the benefit of our staff, our partners and the firms we serve.

K E Davy - Chairman

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the company is that of the Group holding company of the Simply Biz Group of companies

The purpose of the companies within the Simply Biz Group is to provide compliance and business support services to financial services advisory firms throughout the UK and to arrange professional indemnity insurance cover for its members. In addition the Group provides investment management services and packaged investment products to financial services advisory firms and their clients and offers enhanced margins negotiated with the providers of protection and investment products to its members. It also provides educational and development support to everyone in or wanting to join the financial services profession.

REVIEW OF BUSINESS

Results

	31 12 12	31 12 11
	£	£
Turnover	16,207,053	13,890,723
Pre-tax profit	2,956,584	2,523,309

Progress

2012 has once again seen positive organic growth in the number of customers (Independent Financial Advisers) that the business supports and continued positive growth in profit.

The business has a strong and justifiable reputation for delivering competitively priced, high quality compliance and business support services to directly (FSA) regulated independent financial advisers. During the past year we have built on this reputation by investing in a range of important new services under our "Vis10n 2013" initiative.

Vis10n 2013 & beyond is the culmination of many years work preparing for the changes brought in by the FSA under its Retail Distribution Review (RDR). Vis10n 2013 ensures that the firms served by Simply Biz have access to all of the information, tools, systems, and technology needed to operate efficiently in the new world of Financial Services. Vis10n 2013 offers every directly regulated firm served by Simply Biz the opportunity to create their own operating model or adopt one of the pre-prepared routes created for them by Simply Biz.

The FSA also continues to place increasing importance on the use of reliable, robust and auditable risk analysis tools to enhance an advisers client's understanding of risk. Simply Biz have offered such a tool for members use, through its Verbatim business. This service continues to grow in demand and has now been adopted by around 80% of Advisers served by Simply Biz.

Regulation

On the regulatory front, the Government has announced the replacement of the FSA by two new bodies. These are The Prudential Regulatory Authority and The Financial Conduct Authority, with the latter taking responsibility for most of the areas which impact on the retail financial services sector. These responsibilities will include the RDR which came into force on 1st January 2013. Whilst estimates of the numbers of financial advisers who will be forced out of the sector vary widely, Simply Biz believes that, based on its own research amongst its customers, less than 5% of its Members will be affected in this way. This is primarily due to the work carried out by the business since 2009 in preparing itself and its members for the changes ahead.

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

2013

The business continues to benefit from a loyal customer base, solid margins, and a highly trained and committed staff base. We enjoy a significant market share and the business continues to grow its reputation in the market as a pioneering business, offering attractive services at a price and value which is second to none. Simply Biz remains committed to helping the firms it serves operate post RDR in either the Independent or Restricted space and will offer services to serve both markets. In addition we continue to explore opportunities in the wider compliance and business support markets where our strength and expertise has the potential to add value and increase profitability. The business remains the largest independent business of its type in the market. It is financially sound, well positioned for growth and faces the future with great confidence.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2012 was £1,284,362 (2011 - £1,284,362)

On 13 May 2013 a dividend of 16p per share was declared. The total dividend payable was £1,284,452.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

K E Davy
S C Turvey
M L Timmins
N M Stevens
S R Braidford
G J Kershaw
D R C Kershaw

GROUP'S POLICY ON PAYMENT OF CREDITORS

The current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 36 (2011 - 60) days' purchases.

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report 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 the group and of the profit or loss of the group 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 the 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

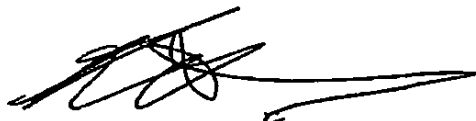
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group'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 group'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.

ON BEHALF OF THE BOARD



K E Davy - Director

Date 13 / 5 / 13

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SIMPLY BIZ PLC

We have audited the financial statements of Simply Biz plc for the year ended 31 December 2012 on pages eight to forty two. 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 six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the 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 matter prescribed by the Companies Act 2006

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

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

Date 4 June 2013

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	31 12 12 £	£	31 12 11 £	£
TURNOVER					
Group and share of joint ventures			16,207,053		13,976,863
Less					
Share of joint ventures' turnover			-		(86,140)
GROUP TURNOVER	2		16,207,053		13,890,723
Continuing operations		16,195,421		13,491,810	
Acquisitions		<u>11,632</u>		<u>398,913</u>	
		<u>16,207,053</u>		<u>13,890,723</u>	
Net operating expenses	3		<u>13,324,802</u>		<u>11,670,345</u>
OPERATING PROFIT	5		2,882,251		2,220,378
Continuing operations		2,897,355		2,238,315	
Acquisitions		<u>(15,104)</u>		<u>(17,937)</u>	
		<u>2,882,251</u>		<u>2,220,378</u>	
Profit on sale of investments			-		265,996
			2,882,251		2,486,374
Income from interest in associated undertakings		(65,305)		(87,659)	
Income from other participating interests		-		(24,180)	
Interest receivable and similar income		<u>159,250</u>		<u>158,056</u>	
			<u>93,945</u>		<u>46,217</u>
			2,976,196		2,532,591
Interest payable and similar charges					
Group	6		(16,689)		(9,282)
Associates			<u>(2,923)</u>		<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			2,956,584		2,523,309
Tax on profit on ordinary activities	7		<u>877,460</u>		<u>666,071</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			2,079,124		1,857,238
Minority interest - equity			438,668		472,390

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**CONSOLIDATED PROFIT AND LOSS ACCOUNT - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

Notes	31 12 12		31 12 11	
	£	£	£	£
RETAINED PROFIT FOR THE GROUP		<u>1,640,456</u>		<u>1,384,848</u>

CONTINUING OPERATIONS

None of the group's activities were discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The group 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

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2012**

	Notes	31.12.12 £	£	31 12 11 £	£
FIXED ASSETS					
Intangible assets	10		2,910,001		3,266,789
Tangible assets	11		100,168		116,717
Investments	12				
Interest in associate undertakings			(30,877)		37,341
Other investments			<u>5,104,318</u>		<u>5,116,487</u>
			8,083,610		8,537,334
CURRENT ASSETS					
Debtors amounts falling due within one year	13	1,974,529		2,038,327	
Debtors amounts falling due after more than one year	13	3,909,490		1,276,392	
Investments	14	747,457		1,604,430	
Cash at bank and in hand		<u>8,806,351</u>		<u>7,659,058</u>	
		15,437,827		12,578,207	
CREDITORS					
Amounts falling due within one year	15	<u>3,673,384</u>		<u>3,478,898</u>	
NET CURRENT ASSETS			<u>11,764,443</u>		<u>9,099,309</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			19,848,053		17,636,643
CREDITORS					
Amounts falling due after more than one year	16		(1,194,188)		(221,092)
PROVISIONS FOR LIABILITIES	20		(1,116,525)		(721,390)
MINORITY INTERESTS	21		<u>(1,138,330)</u>		<u>(699,662)</u>
NET ASSETS			<u>16,399,010</u>		<u>15,994,499</u>

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

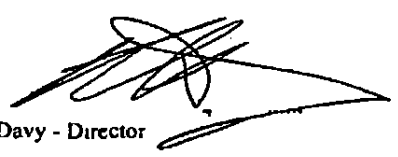
CONSOLIDATED BALANCE SHEET - continued
31 DECEMBER 2012

	Notes	31 12 12 £	31 12 11 £
CAPITAL AND RESERVES			
Called up share capital	22	80,278	80,273
Share premium	23	4,986,824	4,986,130
Profit and loss account	23	<u>11,331,908</u>	<u>10,928,096</u>
SHAREHOLDERS' FUNDS	27	<u>16,399,010</u>	<u>15,994,499</u>

The financial statements were approved by the Board of Directors on behalf by

13/5/13

and were signed on its


K E Davy - Director

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**COMPANY BALANCE SHEET
31 DECEMBER 2012**

	Notes	31 12 12 £	31 12 11 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	92,821	108,663
Investments	12	<u>11,220,333</u>	<u>11,413,229</u>
		11,313,154	11,521,892
CURRENT ASSETS			
Debtors amounts falling due within one year	13	2,650,934	2,152,962
Debtors amounts falling due after more than one year	13	6,874,061	4,445,039
Cash at bank		<u>535,490</u>	<u>525,744</u>
		10,060,485	7,123,745
CREDITORS			
Amounts falling due within one year	15	<u>2,031,669</u>	<u>1,870,842</u>
NET CURRENT ASSETS		<u>8,028,816</u>	<u>5,252,903</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,341,970	16,774,795
CREDITORS			
Amounts falling due after more than one year	16	(1,120,000)	(180,738)
PROVISIONS FOR LIABILITIES	20	-	(8,600)
NET ASSETS		<u>18,221,970</u>	<u>16,585,457</u>
CAPITAL AND RESERVES			
Called up share capital	22	80,278	80,273
Share premium	23	4,986,824	4,986,130
Profit and loss account	23	<u>13,154,868</u>	<u>11,519,054</u>
SHAREHOLDERS' FUNDS	27	<u>18,221,970</u>	<u>16,585,457</u>

The financial statements were approved by the Board of Directors on behalf by

K E Davy - Director

13/5/13 and were signed on its

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	31.12.12 £	£	31.12.11 £	£
Net cash inflow from operating activities	1		1,198,882		2,276,706
Returns on investments and servicing of finance	2		71,384		168,063
Taxation			(873,390)		(655,180)
Capital expenditure and financial investment	2		(27,022)		227,896
Acquisitions and disposals	2		(185,854)		(490,149)
Equity dividends paid			<u>(1,284,362)</u>		<u>(1,284,362)</u>
			(1,100,362)		242,974
Management of liquid resources	2		900,000		1,585,089
Financing	2		<u>1,347,655</u>		<u>(1,666,341)</u>
Increase in cash in the period			<u>1,147,293</u>		<u>161,722</u>
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period			1,147,293		161,722
Cash inflow from decrease in liquid resources			(900,000)		(1,585,089)
Cash (inflow)/outflow from (increase)/decrease in debt			<u>(1,341,195)</u>		<u>1,633,199</u>
Change in net funds resulting from cash flows			(1,093,902)		209,832
Non-cash change in current asset investments			<u>43,027</u>		<u>(47,176)</u>
Movement in net funds in the period			(1,050,875)		162,656
Net funds at 1 January			<u>9,204,683</u>		<u>9,042,027</u>
Net funds at 31 December			<u>8,153,808</u>		<u>9,204,683</u>

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

	31 12 12	31 12 11
	£	£
Operating profit	2,882,251	2,220,378
Depreciation charges	231,614	218,078
Profit on disposal of fixed assets	(367)	(300)
Impairment of goodwill	32,297	-
Share-based payment transactions	47,718	171,000
Increase/(decrease) in other provisions	402,735	(900,615)
(Increase)/decrease in debtors	(2,365,477)	1,385,680
Decrease in creditors	(31,889)	(817,515)
Net cash inflow from operating activities	<u>1,198,882</u>	<u>2,276,706</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 12	31 12 11
	£	£
Returns on investments and servicing of finance		
Interest received	71,550	202,345
Interest paid	(166)	(34,282)
Net cash inflow for returns on investments and servicing of finance	<u>71,384</u>	<u>168,063</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(3,935)	(7,418)
Purchase of tangible fixed assets	(23,454)	(14,986)
Sale of tangible fixed assets	367	300
Sale of fixed asset investments	-	250,000
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(27,022)</u>	<u>227,896</u>
Acquisitions and disposals		
Investments in joint ventures	-	1
Investments in subsidiary undertakings (net of cash acquired of £14,157 (2011 - £234,851))	(185,844)	(365,150)
Investments in associate undertakings	(10)	(125,000)
Net cash outflow for acquisitions and disposals	<u>(185,854)</u>	<u>(490,149)</u>

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT -
continued**

	31 12 12 £	31 12 11 £
Management of liquid resources		
Purchase of current asset investments	(100,000)	(1,600,000)
Transfer of current asset investments to cash balances	<u>1,000,000</u>	<u>3,185,089</u>
Net cash inflow from management of liquid resources	<u>900,000</u>	<u>1,585,089</u>
Financing		
New loans received in year	1,400,000	-
Loan repayments made in year	(58,805)	(1,633,199)
New loans issued in year	-	(33,142)
Loan repayments received in year	5,761	-
Share issue	<u>699</u>	<u>-</u>
Net cash inflow/(outflow) from financing	<u>1,347,655</u>	<u>(1,666,341)</u>

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 12 £	Cash flow £	Other non-cash changes £	At 31 12 12 £
Net cash				
Cash at bank and in hand	<u>7,659,058</u>	<u>1,147,293</u>		<u>8,806,351</u>
	<u>7,659,058</u>	<u>1,147,293</u>		<u>8,806,351</u>
Liquid resources				
Current asset investments	<u>1,604,430</u>	<u>(900,000)</u>	<u>43,027</u>	<u>747,457</u>
	<u>1,604,430</u>	<u>(900,000)</u>	<u>43,027</u>	<u>747,457</u>
Debt				
Debts falling due within one year	(58,805)	(221,195)	-	(280,000)
Debts falling due after one year	-	(1,120,000)	-	(1,120,000)
	<u>(58,805)</u>	<u>(1,341,195)</u>	<u>-</u>	<u>(1,400,000)</u>
Total	<u>9,204,683</u>	<u>(1,093,902)</u>	<u>43,027</u>	<u>8,153,808</u>

4 LIQUID RESOURCES

Liquid resources comprise investments in listed share funds and investments in short term deposit accounts which are readily convertible into known amounts of cash

The notes form part of these financial statements

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The company and group have continued to trade profitably in the current year and have a positive cash position. No reliance is placed on bank facilities and the bank loans in place in the company are being repaid in accordance with the bank agreement.

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 and group have 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.

Basis of consolidation

The consolidated profit and loss account, balance sheet and cash flow statement include the financial statements of the company and its subsidiary undertakings made up to 31 December 2012. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

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

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 8 or 20 years.

Part of the cost of goodwill is estimated based on amounts to be paid in future periods.

Tangible fixed assets

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

Fixtures and fittings	-	25% on cost, 25% on reducing balance, 20% on cost and 20% on reducing balance
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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.

Other provisions

Provisions are made relating to specific reinsurance claims notified to the group where the directors consider it is probable that a payment will be made in respect of the claim.

Provisions are reduced to 50% or nil of the initial provision, linearly over a four year period depending on the nature of the claims.

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES - continued

Foreign currencies

Monetary 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 transaction. Exchange differences are taken into account in arriving at the operating result.

Non-monetary assets denominated in foreign currencies are translated into sterling at the exchange rates ruling at the date of the transactions.

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.

Pension costs and other post-retirement benefits

The group contributes to the personal pensions of certain employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Investments

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

Share-based payment transactions

The group operates executive and employee share schemes. For all grants of share options, the fair value as at the date of grant is based on the directors' valuations and the corresponding expense is recognised over the vesting period. The expense is recognised as a staff cost and the associated credit entry is made against equity.

Joint ventures

The group's share of profits less losses of joint ventures is included in the consolidated profit and loss account up to, or from, the date of sale or acquisition. The group's share of their gross assets and liabilities is included in the consolidated balance sheet.

Associated companies

The group's share of profits less losses of associated companies and their subsidiaries is included in the consolidated profit and loss account up to, or from, the date of sale or acquisition. The group's share of their gross assets and liabilities is included in the consolidated balance sheet based on the equity method of accounting.

2 GEOGRAPHICAL ANALYSIS

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below.

	31 12 12	31 12 11
	£	£
Ireland	-	240,136
UK	<u>16,207,053</u>	<u>13,650,587</u>
	<u>16,207,053</u>	<u>13,890,723</u>

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

2 GEOGRAPHICAL ANALYSIS - continued

An analysis of profit/(loss) before tax by geographical market is given below

	31 12 12	31 12 11
	£	£
Ireland	(541,899)	275,379
UK	<u>3,498,483</u>	<u>2,247,930</u>
	<u>2,956,584</u>	<u>2,523,309</u>

Included in the income from interest in associated undertakings is £8,056 (2011 - £8,056) relating to amortisation charges on goodwill and £Nil (2011 - £64,452) relating to the write-down of goodwill

Minority interests all relate to the UK market

An analysis of net assets by geographical market is given below

	31 12 12	31 12 11
	£	£
Ireland	2,926,437	3,922,695
UK	<u>13,472,573</u>	<u>12,071,804</u>
	<u>16,399,010</u>	<u>15,994,499</u>

The above analysis is by origin of turnover. The destination of all turnover is the UK

All of the turnover and income from interests in joint ventures and associated companies is derived in the UK

3 ANALYSIS OF OPERATIONS

	Continuing	31 12 12	Total
	£	Acquisitions	£
Turnover	<u>16,195,421</u>	<u>11,632</u>	<u>16,207,053</u>
Net operating expenses			
Administrative expenses	13,473,068	26,736	13,499,804
Other operating income	<u>(175,002)</u>	<u>-</u>	<u>(175,002)</u>
	<u>13,298,066</u>	<u>26,736</u>	<u>13,324,802</u>

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

3 ANALYSIS OF OPERATIONS - continued

	Continuing £	31 12 11 Acquisitions £	Total £
Turnover	<u>13,491,810</u>	<u>398,913</u>	<u>13,890,723</u>
Net operating expenses			
Administrative expenses	11,302,856	416,850	11,719,706
Other operating income	<u>(49,361)</u>	<u>-</u>	<u>(49,361)</u>
	<u>11,253,495</u>	<u>416,850</u>	<u>11,670,345</u>

4 STAFF COSTS

	31 12 12 £	31 12 11 £
Wages and salaries	6,250,638	5,879,249
Social security costs	769,731	664,170
Other pension costs	<u>56,782</u>	<u>14,401</u>
	<u>7,077,151</u>	<u>6,557,820</u>

The average monthly number of employees during the year was as follows

	31 12 12	31 12 11
Sales and administration	<u>148</u>	<u>148</u>

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 12	31 12 11
	£	£
Hire of plant and machinery	9,995	9,945
Other operating leases	1,545,489	1,357,001
Depreciation - owned assets	43,026	47,541
Profit on disposal of fixed assets	(367)	(300)
Goodwill amortisation	191,844	170,537
Changes in goodwill amortisation	(3,256)	-
Goodwill impairments	32,297	-
Auditors' remuneration	15,800	5,000
The auditing of accounts of any associate of the company	27,200	54,250
Taxation compliance services	17,325	14,185
Taxation advisory services	21,550	7,745
Other non-audit services	51,400	32,973
Foreign exchange differences	(1,777)	2,042
	<u>1,485,042</u>	<u>1,454,262</u>
Directors' remuneration	6,415	5,153
Directors' pension contributions to money purchase schemes		

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows

	31 12 12	31 12 11
	£	£
Emoluments etc	<u>326,178</u>	<u>296,316</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 12	31 12 11
	£	£
Bank loan interest	7,328	9,282
Other interest	<u>9,361</u>	-
	<u>16,689</u>	<u>9,282</u>

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

7 TAXATION

Analysis of the tax charge

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

	31 12 12 £	31 12 11 £
Current tax		
UK corporation tax	939,452	671,123
Adjustment for prior years	(2,851)	(33,600)
Foreign corporation tax	<u>(45,641)</u>	<u>34,548</u>
Total current tax	890,960	672,071
Deferred tax	<u>(13,500)</u>	<u>(6,000)</u>
Tax on profit on ordinary activities	<u>877,460</u>	<u>666,071</u>

Factors affecting the tax charge

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

	31 12 12 £	31 12 11 £
Profit on ordinary activities before tax	<u>2,956,584</u>	<u>2,523,309</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 - 26%)	709,580	656,060
Effects of		
Expenses not deductible for tax purposes	84,034	133,747
Capital allowances for period less than depreciation	1,405	8,602
Other timing differences leading to an increase in tax	-	7,250
Capital gains	-	(29,031)
Unrelieved tax losses carried forward	25,855	-
Utilisation of tax losses	(19,258)	26,550
Foreign tax adjustments	41,793	(37,051)
Other tax relief on exceptional items	-	(69,289)
Other differences leading to an increase in tax	50,402	8,833
Adjustment to previous periods	<u>(2,851)</u>	<u>(33,600)</u>
Current tax charge	<u>890,960</u>	<u>672,071</u>

Factors that may affect future tax charges

Subsidiary companies of the group have losses of £412,977 (2011 - £321,544) available to carry forward against future trading profits. A deferred tax asset of £80,000 (2011 - £78,000) has not been recognised on these losses as, given the historic performance of the subsidiary companies and the budgets for the coming year, the asset is not deemed recoverable in the foreseeable future.

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

8 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £2,872,458 (2011 - £2,431,663)

9 DIVIDENDS

	31 12 12	31 12 11
	£	£
Final	<u>1,284,362</u>	<u>1,284,362</u>

On 13 May 2013 a dividend of 16p per share was declared. The total dividend payable was £1,284,452

10 INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2012	3,986,426
Additions	79,454
Changes in cost	<u>(215,357)</u>
At 31 December 2012	<u>3,850,523</u>
AMORTISATION	
At 1 January 2012	719,637
Amortisation for year	191,844
Impairments	32,297
Changes in amortisation	<u>(3,256)</u>
At 31 December 2012	<u>940,522</u>
NET BOOK VALUE	
At 31 December 2012	<u>2,910,001</u>
At 31 December 2011	<u>3,266,789</u>

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

10 INTANGIBLE FIXED ASSETS - continued

Group

The goodwill of a subsidiary company is the amounts paid together with the estimated additional amounts to be paid, based on expected future income generation, in connection with the acquisition of clients from retiring financial adviser practices

£34,619 of the changes in cost represents the differences arising between the original estimates of additional amounts to be paid and the actual amounts due, along with the updating of the estimates of future income generation

Part of the goodwill cost is contingent on the future performance of a subsidiary company £180,738 of the changes in cost represents the reduction in the estimates of the deferred consideration payable. The changes in amortisation represent the proportion of amortisation charged on the above goodwill in the prior year

11 TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £
COST	
At 1 January 2012	303,321
Additions	26,477
Disposals	<u>(33,495)</u>
At 31 December 2012	<u>296,303</u>
DEPRECIATION	
At 1 January 2012	186,604
Charge for year	43,026
Eliminated on disposal	<u>(33,495)</u>
At 31 December 2012	<u>196,135</u>
NET BOOK VALUE	
At 31 December 2012	<u>100,168</u>
At 31 December 2011	<u>116,717</u>

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

11 TANGIBLE FIXED ASSETS - continued

Company

Fixtures
and
fittings
£

COST

At 1 January 2012

279,276

Additions

23,455

Disposals

(33,495)

At 31 December 2012

269,236

DEPRECIATION

At 1 January 2012

170,613

Charge for year

39,297

Eliminated on disposal

(33,495)

At 31 December 2012

176,415

NET BOOK VALUE

At 31 December 2012

92,821

At 31 December 2011

108,663

12 FIXED ASSET INVESTMENTS

Group

Company

31 12 12
£

31 12 11
£

31 12 12
£

31 12 11
£

Shares in group undertakings

-

-

6,116,005

6,296,742

Participating interests

(30,877)

37,341

125,010

125,000

Other investments not loans

125,000

125,000

-

-

Other loans

4,979,318

4,991,487

4,979,318

4,991,487

5,073,441

5,153,828

11,220,333

11,413,229

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

12 FIXED ASSET INVESTMENTS - continued

Additional information is as follows

Group

	Interest in associate undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2012	37,341	125,000	162,341
Additions	10	-	10
Share of loss	(68,228)	-	(68,228)
At 31 December 2012	(30,877)	125,000	94,123
NET BOOK VALUE			
At 31 December 2012	(30,877)	125,000	94,123
At 31 December 2011	37,341	125,000	162,341

Included in the net book value of the interest in associate undertakings is goodwill of £145,007 (2011 - £153,063)

Company

	Shares in group undertakings £	Interest in associate undertakings £	Totals £
COST			
At 1 January 2012	6,296,742	125,000	6,421,742
Additions	1	10	11
Changes in cost	(180,738)	-	(180,738)
At 31 December 2012	6,116,005	125,010	6,241,015
NET BOOK VALUE			
At 31 December 2012	6,116,005	125,010	6,241,015
At 31 December 2011	6,296,742	125,000	6,421,742

Part of the cost of the shares in group undertakings is contingent on the future performance of a subsidiary company
£180,738 of the changes in cost represents the reduction in the estimates of the deferred consideration payable

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

12 FIXED ASSET INVESTMENTS - continued

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

Subsidiaries

Simply Biz Services plc

Nature of business Compliance support for directly regulated IFAs

%

Class of shares	holding
Ordinary	100 00

Simply Biz Support Limited

Nature of business Share in embedded value from enhanced margins and arrange PII cover

%

Class of shares	holding
Ordinary	100 00

Quantum Reinsurance Limited

Country of incorporation Ireland

Nature of business Provision of reinsurance facilities

%

Class of shares	holding
Ordinary	100 00

Compliance First Limited

Nature of business Compliance consultants

%

Class of shares	holding
Ordinary	100 00

Compliance First Services Limited

Nature of business Dormant

%

Class of shares	holding
Ordinary	100 00

Capital Reward Limited

Nature of business Share in embedded value from enhanced margins

%

Class of shares	holding
Ordinary A	100 00
Ordinary C	2 00
Ordinary DB	100 00
Ordinary DC	100 00

Only the Ordinary A shares have voting rights attached

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

12 FIXED ASSET INVESTMENTS - continued

Capital Reward Plus Limited

Nature of business Non advising transactional financial advice

	% holding
Class of shares	
Ordinary A	100.00
Ordinary C	2.00
Ordinary DB	100.00
Ordinary DC	100.00

Only the Ordinary A shares have voting rights attached

New Model Business Academy Limited

Nature of business Provider of educational and development support

The company is limited by guarantee, Simply Biz plc control 100% of the voting rights

Verbatim Asset Management plc

Nature of business Group holding company of the Verbatim Group

	% holding
Class of shares	
Ordinary	62.50
A Ordinary	100.00
B Ordinary	18.69

Only the Ordinary and A Ordinary shares have voting rights attached

Bespoke Compliance Solutions Limited

Nature of business Dormant

	% holding
Class of shares	
Ordinary	100.00

SIFA Limited

Nature of business Compliance support for FAs

	% holding
Class of shares	
Ordinary	100.00

360 Legal Group Limited

Nature of business Provision of services to the legal profession

	% holding
Class of shares	
Ordinary	100.00

Capital Reward Clients Limited

Nature of business Holdings clients from retiring IFAs

	% holding
Class of shares	
Ordinary	100.00

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

12 FIXED ASSET INVESTMENTS - continued

Simply Biz Mortgages Limited

Nature of business Mortgage club facility to IFAs and mortgage brokers

	%
Class of shares	holding
Ordinary	100 00

Broker Support Services Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

Compliance 24/7 Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

Verbatim Adviser Services Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	76 92

Verbatim Investments Limited

Nature of business Economic owner of asset management vehicles

	%
Class of shares	holding
Ordinary	76 92

Verbatim Portfolio Management Limited

Nature of business Provider of investment planning tools

	%
Class of shares	holding
Ordinary	76 92

Professional Financial Centres Limited

Nature of business Compliance support for FAs

	%
Class of shares	holding
Ordinary	100 00

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

12 FIXED ASSET INVESTMENTS - continued

360 Law Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

360 Law Limited has an accounting year end of 31 January 2013. The company is dormant and the different accounting year end has no impact on the consolidated financial statements.

360 Lawyers Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

360 Lawyers Limited has an accounting year end of 31 January 2013. The company is dormant and the different accounting year end has no impact on the consolidated financial statements.

The following subsidiary companies have taken advantage of the exemption from audit under Section 479A of the Companies Act 2006 as they are included in the consolidated statements of Simply Biz plc:

Compliance First Limited
Capital Reward Plus Limited
New Model Business Academy Limited
360 Legal Group Limited
Capital Reward Clients Limited
Simply Biz Mortgages Limited
Verbatim Investments Limited
Verbatim Portfolio Management Limited
Professional Financial Centres Limited

Associated companies:

APS Legal & Associates Limited

Nature of business Professional will writers

	%
Class of shares	holding
A Ordinary	25 00

Simply Legal & Associates Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	25 00

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

12 FIXED ASSET INVESTMENTS - continued

Clear View Assured Limited

Nature of business Group holding company

Class of shares	%
Ordinary	holding 10 00

Sandringham Financial Partners Limited

Nature of business Financial advice firm offering restricted advice through self-employed advisers

Class of shares	%
Ordinary	holding 10 00

Group and company

	Other loans £
COST	
At 1 January 2012	5,142,408
New in year	3,829
Repayment in year	<u>(5,761)</u>
At 31 December 2012	<u>5,140,476</u>
PROVISIONS	
At 1 January 2012	150,921
Provisions for year	<u>10,237</u>
At 31 December 2012	<u>(161,158)</u>
NET BOOK VALUE	
At 31 December 2012	<u>4,979,318</u>
At 31 December 2011	<u>4,991,487</u>

Included in other loans is £4,979,318 (2011 - £4,979,318) relating to providing financial assistance for the purchase of shares in Simply Biz plc to an employees' share scheme

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

13 DEBTORS

	Group		Company	
	31 12 12	31 12 11	31 12 12	31 12 11
	£	£	£	£
Amounts falling due within one year				
Trade debtors	992,478	987,292	-	-
Amounts owed by group undertakings	-	-	2,335,211	1,959,817
Other debtors	93,174	67,255	128,218	93,767
Tax	140,306	-	83,277	-
Deferred tax asset	5,900	-	3,000	-
Prepayments and accrued income	742,671	983,780	101,228	99,378
	<u>1,974,529</u>	<u>2,038,327</u>	<u>2,650,934</u>	<u>2,152,962</u>
Amounts falling due after more than one year				
Other debtors	2,664,660	31,562	2,633,098	-
Amounts owed by group undertakings	-	-	2,996,133	3,200,209
Tax	1,244,830	1,244,830	1,244,830	1,244,830
	<u>3,909,490</u>	<u>1,276,392</u>	<u>6,874,061</u>	<u>4,445,039</u>
Aggregate amounts	<u>5,884,019</u>	<u>3,314,719</u>	<u>9,524,995</u>	<u>6,598,001</u>

14 CURRENT ASSET INVESTMENTS

	Group	
	31 12 12	31 12 11
	£	£
Listed investments	747,457	604,430
Other	-	1,000,000
	<u>747,457</u>	<u>1,604,430</u>

Market value of listed investments held by the group at 31 December 2012 - £747,457 (2011 - £604,430)

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

15 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 12	31 12 11	31 12 12	31 12 11
	£	£	£	£
Bank loans and overdrafts (see note 17)	280,000	58,805	280,000	58,805
Trade creditors	638,425	946,640	59,119	78,085
Amounts owed to group undertakings	-	-	679,774	624,077
Tax	489,452	308,040	-	-
Social security and other taxes	532,024	396,512	224,063	199,415
Other creditors	17,288	212,461	2,823	300,001
Accruals and deferred income	1,716,195	1,556,440	785,890	610,459
	<u>3,673,384</u>	<u>3,478,898</u>	<u>2,031,669</u>	<u>1,870,842</u>

16 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 12 12	31 12 11	31 12 12	31 12 11
	£	£	£	£
Bank loans (see note 17)	1,120,000	-	1,120,000	-
Other creditors	74,188	221,092	-	180,738
	<u>1,194,188</u>	<u>221,092</u>	<u>1,120,000</u>	<u>180,738</u>

17 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	31 12 12	31 12 11	31 12 12	31 12 11
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans	<u>280,000</u>	<u>58,805</u>	<u>280,000</u>	<u>58,805</u>
Amounts falling due between one and two years				
Bank loans	<u>280,000</u>	<u>-</u>	<u>280,000</u>	<u>-</u>
Amounts falling due between two and five years				
Bank loans	<u>840,000</u>	<u>-</u>	<u>840,000</u>	<u>-</u>

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

18 OPERATING LEASE COMMITMENTS

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

Group

	Land and buildings		Other operating leases	
	31 12 12 £	31 12 11 £	31 12 12 £	31 12 11 £
Expiring				
Within one year	15,750	15,750	100,000	248,945
Between one and five years	<u>128,726</u>	<u>120,626</u>	<u>614,636</u>	<u>428,343</u>
	<u>144,476</u>	<u>136,376</u>	<u>714,636</u>	<u>677,288</u>

Company

	Land and buildings		Other operating leases	
	31 12 12 £	31 12 11 £	31 12 12 £	31 12 11 £
Expiring				
Within one year	-	-	-	2,945
Between one and five years	<u>120,626</u>	<u>120,626</u>	<u>2,380</u>	<u>2,160</u>
	<u>120,626</u>	<u>120,626</u>	<u>2,380</u>	<u>5,105</u>

19 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	31 12 12 £	31 12 11 £	31 12 12 £	31 12 11 £
Bank loans	<u>1,400,000</u>	<u>58,805</u>	<u>1,400,000</u>	<u>58,805</u>

The bank loan is a floating rate facility, repayable by 6 November 2017. The bank loan is secured by way of a debenture creating in part a fixed and floating charge over all of the company's assets.

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

20 PROVISIONS FOR LIABILITIES

	Group		Company	
	31 12 12	31 12 11	31 12 12	31 12 11
	£	£	£	£
Deferred tax	<u>-</u>	<u>7,600</u>	<u>-</u>	<u>8,600</u>
Other provisions	<u>1,116,525</u>	<u>713,790</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>1,116,525</u>	<u>721,390</u>	<u>-</u>	<u>8,600</u>
Group				
			Deferred tax	Other provisions
			£	£
Balance at 1 January 2012			7,600	713,790
Profit and loss account			(13,500)	-
Additional provision			-	678,590
Amounts utilised			-	(58,315)
Unused amounts reversed			-	(217,540)
Balance at 31 December 2012			<u>(5,900)</u>	<u>1,116,525</u>
Company				
				Deferred tax
				£
Balance at 1 January 2012				8,600
Profit and loss account				<u>(11,600)</u>
Balance at 31 December 2012				<u>(3,000)</u>

The group deferred tax balance is attributed to accelerated capital allowances of £10,800 credit (2011 - £12,300 credit) and other timing differences of £16,700 debit (2011 - £4,700 debit)

The company deferred tax balance is attributed to accelerated capital allowances of £11,500 credit (2011 - £13,300 credit) and other timing differences of £14,500 debit (2011 - £4,700 debit)

Other provisions relate to specific reinsurance claims notified to the group where the directors consider it is probable that a payment will be made in respect of the claim

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

21 MINORITY INTERESTS

	31 12 12	31 12 11
	£	£
Minority interests' share of profit in subsidiary undertakings	<u>1,138,330</u>	<u>699,662</u>

22 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	31 12 12	31 12 11
			£	£
8,027,823 (2011 - 8,027,263)	Ordinary	1p	<u>80,278</u>	<u>80,273</u>

During the year 560 (2011 - Nil) Ordinary shares of 1p each were allotted, being share options exercised in the year. Of these shares 560 (2011 - Nil) were fully paid, together with a share premium totalling £694 (2011 - £Nil), for cash consideration.

Options to purchase 25,528 (2011 - 26,088) Ordinary shares have been granted in previous years with an exercise price of £1.25. These options are divided into three tranches for which the earliest exercise dates are 1 November 2007, 1 November 2008 and 1 November 2009.

Options to purchase 297,449 (2011 - 352,834) Ordinary shares have been granted in previous years with an exercise price of £10.15. These options are divided into three tranches for which the earliest exercise dates are 31 May 2012, 31 May 2013 and 31 May 2014.

All of the options in issue at the year end have a seven year option period.

23 RESERVES

Group	Profit and loss account £	Share premium £	Totals £
At 1 January 2012	10,928,096	4,986,130	15,914,226
Profit for the year	1,640,456	-	1,640,456
Dividends	(1,284,362)	-	(1,284,362)
Cash share issue	-	694	694
Share-based payment transactions	<u>47,718</u>	-	<u>47,718</u>
At 31 December 2012	<u>11,331,908</u>	<u>4,986,824</u>	<u>16,318,732</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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23 RESERVES - continued

Company	Profit and loss account £	Share premium £	Totals £
At 1 January 2012	11,519,054	4,986,130	16,505,184
Profit for the year	2,872,458	-	2,872,458
Dividends	(1,284,362)	-	(1,284,362)
Cash share issue	-	694	694
Share-based payment transactions	47,718	-	47,718
At 31 December 2012	<u>13,154,868</u>	<u>4,986,824</u>	<u>18,141,692</u>

24 OTHER FINANCIAL COMMITMENTS

A minimum contracted fee of £390,000 (2011 - £390,000) is due for the following year

25 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with wholly owned subsidiaries within the group

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements

During the year dividends totalling £1,027,827 (2011 - £1,029,931) were paid to group directors and trusts

	31 12 12 £	31 12 11 £
Director		
K E Davy	886,034	886,034
K E Davy trusts	97,777	97,777
S C Turvey	26,344	26,344
M L Timmins	9,158	9,158
N M Stevens	230	230
S R Braidford	520	2,624
G J Kershaw	148	148
D R C Kershaw	7,616	7,616
	<u>1,027,827</u>	<u>1,029,931</u>

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

25 RELATED PARTY DISCLOSURES - continued

APS Legal & Associates Limited
An associate company

During the year APS Legal & Associates Limited received a loan of £Nil (2011 - £33,142) from Simply Biz plc. Interest of £3,829 (2011 - £3,840) was charged and repayments of £5,761 (2011 - £953) were received from APS Legal & Associates Limited

	31 12 12	31 12 11
	£	£
Amount due from related party at the balance sheet date	161,158	163,090
Provisions for doubtful debt at the balance sheet date	<u>161,158</u>	<u>150,921</u>

Simply Legal & Associates Limited
An associate company

During the year Simply Legal & Associates Limited was charged management fees of £Nil (2011 - £49,361) by the group. The group paid expenses totalling £Nil (2011 - £1,721) on behalf of Simply Legal & Associates Limited. A loan of £Nil (2011 - £75,611) was made to Simply Legal & Associates Limited and repayments of £Nil (2011 - £89,287) were received during the year.

	31 12 12	31 12 11
	£	£
Amount due from related party at the balance sheet date	208,895	208,895
Provisions for doubtful debt at the balance sheet date	<u>177,333</u>	<u>176,333</u>

Clear View Assured Limited
An associate company

During the year Simply Biz plc purchased 10 Ordinary shares of £1 each at par in Clear View Assured Limited and made a loan of £650,000 (2011 - £Nil) to the company. Interest of £5,528 (2011 - £Nil) was charged to Clear View Assured Limited during the year.

	31 12 12	31 12 11
	£	£
Amount due from related party at the balance sheet date	<u>655,518</u>	<u>-</u>

Sandringham Financial Partners Limited
An associate company

During the year Simply Biz plc paid expenses of £400,365 (2011 - £Nil) on behalf of Sandringham Financial Partners Limited and made a loan of £1,555,000 (2011 - £Nil) to the company. Interest of £22,215 (2011 - £Nil) was charged to Sandringham Financial Partners Limited during the year.

	31 12 12	31 12 11
	£	£
Amount due from related party at the balance sheet date	<u>1,977,580</u>	<u>-</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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25 RELATED PARTY DISCLOSURES - continued

Simply Biz Employee Benefit Trust

A trust under the common control of two of the group directors

During the year Simply Biz plc paid dividends of £79,302 (2011 - £79,302) to Simply Biz Employee Benefit Trust

	31 12 12	31 12 11
	£	£
Amount due from related party at the balance sheet date	<u>4,979,318</u>	<u>4,979,318</u>

Huddersfield Giants Limited

A company in which K E Davy is a director

During the year Huddersfield Giants Limited was paid £30,000 (2011 - £30,000) by the group for sponsorship and other services

Kirklees Stadium Development Limited

A company in which K E Davy is a director

During the year Kirklees Stadium Development Limited was paid £121,243 (2011 - £120,626) by Simply Biz plc for property costs and other services

	31 12 12	31 12 11
	£	£
Amount due to related party at the balance sheet date	<u>7,057</u>	<u>6,851</u>

MMUNIC Limited

A company controlled by M L Timmins and N M Stevens

During the year the group made purchases of £44,531 (2011 - £21,450) from MMUNIC Limited

	31 12 12	31 12 11
	£	£
Amount due to related party at the balance sheet date	<u>1,638</u>	<u>3,339</u>

26 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is K E Davy

SIMPLY BIZ PLC (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

27 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 12 12	31 12 11
	£	£
Profit for the financial year	1,640,456	1,384,848
Dividends	(1,284,362)	(1,284,362)
Proceeds from issue of shares	356,094	100,486
Share-based payment transactions	699	-
	47,718	171,000
Net addition to shareholders' funds	404,511	271,486
Opening shareholders' funds	15,994,499	15,723,013
Closing shareholders' funds	16,399,010	15,994,499

Company

	31 12 12	31 12 11
	£	£
Profit for the financial year	2,872,458	2,431,663
Dividends	(1,284,362)	(1,284,362)
Proceeds from issue of shares	1,588,096	1,147,301
Share-based payment transactions	699	-
	47,718	171,000
Net addition to shareholders' funds	1,636,513	1,318,301
Opening shareholders' funds	16,585,457	15,267,156
Closing shareholders' funds	18,221,970	16,585,457

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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28 SHARE-BASED PAYMENT TRANSACTIONS

Group and company

During the year equity-settled share-based payment arrangements were in place with certain employees. The share options were all granted in previous years, with the earliest exercise date being two and a half years from date of grant and latest exercise date being seven years later.

Details of share options in issue during the year are as follows

	31 12 12	Weighted average exercise price	31 12 11	Weighted average exercise price
	Number of options		Number of options	
		£		£
Outstanding at 1 January 2012	378,922	9.54	469,800	9.35
Forfeited during the year	(55,385)	10.15	(90,878)	8.59
Exercised during the year	<u>(560)</u>	<u>1.25</u>	<u>-</u>	<u>-</u>
Outstanding at 31 December 2012	<u>322,977</u>	<u>9.45</u>	<u>378,922</u>	<u>9.54</u>
Exercisable at 31 December 2012	<u>124,637</u>	<u>8.33</u>	<u>26,088</u>	<u>1.25</u>

As the company is unlisted, information on share prices throughout the year are not available as they are not traded instruments.

The share options granted in previous years that are outstanding at the end of the year have an exercise price of £1.25 or £10.15 depending on the date of grant, with a weighted average remaining contractual life of nil and 0.61 (2011 - nil and 1.42) years respectively.

The fair value of the share options has been based on directors' valuations.

The total expense arising from share-based payment transactions is as follows

	31 12 12	31 12 11
	£	£
Equity-settled share-based payment transactions	<u>47,718</u>	<u>171,000</u>

SIMPLY BIZ PLC (REGISTERED NUMBER 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

29 ACQUISITION OF SUBSIDIARIES

On 27 November 2012 100% of the issued share capital of 360 Legal Group Limited and its subsidiary companies was acquired for a cash consideration of £1. The acquisition has been accounted for by the acquisition method of accounting.

Details of the assets and liabilities immediately prior to the acquisition of 360 Legal Group Limited and its subsidiary companies are as follows:

	£
Fixed assets	3,023
Debtors	23,647
Cash at bank and in hand	14,157
Creditors	<u>(73,123)</u>
Total net liabilities of acquired subsidiaries	<u>(32,296)</u>
Goodwill arising on acquisition	<u>32,297</u>
Total cash consideration	<u>1</u>

No fair value adjustments were made to the above assets and liabilities on acquisition.

The loss after tax for the group acquired from 1 February 2012 up to the date of acquisition was £103,294.

The loss after tax for the group acquired for the year 1 February 2011 to 31 January 2012 was £30,875.