Company Registration No. 6095563

Simplify Digital Limited

Report and Financial Statements

31 January 2015

Simplify Digital Limited

Report and financial statements 2015

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Simplify Digital Limited

Report and financial statements 2015

Officers and professional advisers

Directors

L J Bleach
J C Botts
C A L Ponsonby
D J Lee
J P Hornby

Secretary

L J Bleach

Registered Office

2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Business address

1 Riverside
Manbre Road
Hammersmith
W6 9WA

Solicitors

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
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Bankers

Barclays Bank PLC
Business Banking
PO Box 35721
27th Floor
1 Churchill Place
London
BX3 2BB

Auditor

Deloitte LLP
Chartered Accountants
London

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the company in the year under review was retailing the digital TV, broadband and home phone packages of the major suppliers in the UK. In return for connecting customers to the various suppliers, Simplify Digital receives varying levels of commission. The service is delivered by experts based in England, via freephone numbers, and online at www.simplifydigital.co.uk.

The independent service offered by Simplify Digital remains uniquely differentiated in the market. It is based around a free, and Ofcom accredited, impartial consultation for anyone considering a broadband, digital TV or home phone service. The company offers the widest range of digital service providers available and provides customers with the reassurance that a Simplify Digital expert will be on hand up to the point of installation of the services in their homes.

Simplify Digital also provides retail capabilities to third party businesses and marketing partners via cloud-based 'Software as a Service' propositions. These capabilities, and the revenue streams generated by them, have grown significantly over the year and are an important element of our ongoing business development and R&D activity.

Review of business and future prospects

The results for the year and financial position of the company are as shown in the financial statements.

The company delivered significant revenue growth over the year, from £15,518,740 in 2013/14 to £22,737,837 in 2014/15. This growth reflects the success of a clear strategy to increase the number of transactions through our own retail operations and also through the retail operations of an increasing portfolio of software as a service ("SaaS") clients. The latter use our proprietary SaaS products to power their own TV, broadband and home phone comparison selling capability online, in contact centres, in-store, and on mobile devices. As a result, we understand that Simplify Digital is the largest independent retail platform for fixed line services in the UK.

We also licence SaaS products to major telecom companies to improve the sales, retention, decisioning and analytics capabilities in their contact centres and head office management teams. We see this as a significant future revenue opportunity and have invested heavily in technical R&D to extend this capability into other verticals and geographies.

During 2014 we also invested in 'Voltz' - an innovative consumer facing mobile app to simplify the energy switching process. This was launched in January and the early results are very promising.

Where appropriate, the costs of this R&D are capitalised and totalled £1,164,097 in 2014/15 (vs £754,944 in 2013/14)

The higher sales volumes and revenues enabled us to increase gross profit by 35% from £5,904,302 in 2013/14 to £7,975,549 in 2014/15. Continued tight management of cost ensured an even greater 66% increase in profit before tax from £2,356,640 to £3,909,721.

The directors believe that the prospects for the business look very strong. The core retail business remains differentiated, appealing and profitable. Increasingly, it also provides a proof point for the wider SaaS propositions which are generating highly scalable and diversified revenue streams in their own right and will, the directors believe, become the major source of revenues over the year ahead.

Strategic report

Key risks and uncertainties

As a lead generation and retail business, the company is exposed to a number of uncertainties that are continually assessed. These relate to the volume and cost of leads, the sales conversion rate of these leads and the average revenue per sale.

In order to ensure that leads are driven at a cost effective rate, the company works with many different marketing partners and sources, and is continually trialling and testing new tools and creative messages to optimise the cost per call by campaign. Further, the increase in the number of transactions by our third-party retail SaaS partners has reduced the exposure to (marketing partner) concentration risk in own retail operation. Consequently, the company is not over reliant on a small number of sources for volume nor efficiently costed leads.

The directors have established a thorough and detailed conversion rate management process. The conversion performance of the contact centre and the website is under continual review, with adjustments made to reward mechanisms, personnel and website structure to ensure any risk of a material decline in conversion rate is minimised.

One element of the Board's corporate governance agenda is the creation of Disaster Recovery plans. These cover our technical infrastructure as well as our outsourced contact centre operation, and reduce the risk associated with failure in either aspects.

Where possible, the company has entered into longer term contracts with key suppliers, marketing partners and SaaS clients. The contractual nature of the SaaS revenues also helps balance the above retail risk.

The company's costs are largely payroll, outsourced call centre services and premises costs and are predictable.

The company is exposed to the potential of credit risk with its major service provider partners. However, the directors do not believe that the company is exposed to any price risk or liquidity risk. The company currently has sufficient cash to fund its activities for the foreseeable future.

By order of the board

L J Bleach
Secretary
16th Oct. 2015

Simplify Digital Limited

Directors' report

The directors present their report with the financial statements of the company for the year ended 31 January 2015. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 416(3) and 417(1) of the Companies Act 2006.

Going concern and financing

Over 2014/15 revenues increased by 47% whilst total operating costs increased by only 43% which together drove the company from an operating profit of £2,354,592 to an operating profit of £3,904,356. Profitability is expected to increase over 2015/16 as the full year positive impact of activities launched late in 2014/15 are delivered, in addition to the new revenue streams planned for the year.

No new funding was required during the year as the business is profitable and generating positive cash flow.

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The recent profit history of the company has also facilitated access to debt funding with our bank, should it be deemed appropriate. The key factors underpinning their judgement are set out in keys risks and uncertainties in the strategic report. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Dividends

No dividends will be distributed for the year ended 31 January 2015 (2014:£nil).

Post balance sheet event

On 27 March 2015, the Directors passed a resolution that the capital of the Company be reduced by £750,000. Note 20 to the accounts provides the necessary detail.

Directors

The directors shown below have held office throughout the financial year and continue to do so at the date of this report.

L J Bleach
J C Botts
C A L Ponsonby
D J Lee
J P Hornby

All the directors who are eligible offer themselves for re-election at the forthcoming Annual General Meeting.

Statement as to disclosure of information to auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware 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' report

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting. The auditor, Deloitte LLP, will be proposed for re-appointment in accordance with Sections 489 and 491 of the Companies Act 2006.

By order of the board

L J Bleach
Secretary
16th Oct. 2015

Simplify Digital Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 to 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.

L J Bleach
Secretary
16th Oct. 2015

Independent auditor's report to the members of Simplify Digital Limited

We have audited the financial statements of Simplify Digital Limited for the year ended 31 January 2015 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, the notes to the cash flow statement, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 January 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by Companies Act 2006

In our opinion the information given in the directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 directors' Report.

William Touche (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

16 October 2015

Simplify Digital Limited

Income Statement
Year ended 31 January 2015

	Notes	2015 £	2014 £
Revenue	2	22,737,837	15,518,740
Cost of sales		(14,762,288)	(9,614,438)
Gross profit		7,975,549	5,904,302
Marketing expenditure		(1,275,432)	(1,353,333)
Technology and development costs		(1,669,035)	(1,224,300)
Administrative expenses		(1,126,726)	(972,077)
Operating profit		3,904,356	2,354,592
Finance income	4	5,365	2,048
Profit before tax	5	3,909,721	2,356,640
Tax	6	(579,118)	(509,443)
Profit for the period		3,330,603	1,847,197

There was no other comprehensive income in the year ended 31 January 2015. All activities derive from continuing operations.

Simplify Digital Limited

Statement of financial position
At 31 January 2015

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Intangible assets	7	1,609,495	812,003
Property, plant and equipment	8	10,765	1,140
Deferred tax	13	8,389	238,868
		1,628,649	1,052,011
Current assets			
Trade and other receivables	9	4,865,612	3,555,938
Cash at bank and in hand	10	6,080,180	2,799,249
		10,945,792	6,355,187
Liabilities			
Current liabilities			
Trade and other payables	11	(4,371,168)	(2,918,077)
Current tax liability	6	(275,610)	(409)
		(4,646,778)	(2,918,486)
Net current assets		6,299,014	3,436,701
Net assets		7,927,663	4,488,712
Shareholders' equity			
Called up share capital	14	2,137	2,137
Share premium account	15	4,374,985	4,374,985
Retained earnings	15	3,550,541	111,590
Shareholders' equity		7,927,663	4,488,712

These financial statements were approved by the Board of directors on 16th October 2015 and signed on its behalf by:

Company number: 6095563

L J Bleach
Director

C A L Ponsonby
Director

Simplify Digital Limited

Statement of changes in equity
For the year ended 31 January 2015

	Notes	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 31 January 2013		2,137	4,374,985	(1,905,948)	2,471,174
Changes in equity					
Total comprehensive income		-	-	1,847,197	1,847,197
Share-based payment	17	-	-	170,341	170,341
Balance at 31 January 2014		2,137	4,374,985	111,590	4,488,712
Changes in equity					
Total comprehensive income		-	-	3,330,603	3,330,603
Share-based payment	17, 15	-	-	108,348	108,348
Balance at 31 January 2015		2,137	4,374,985	3,550,541	7,927,663

Simplify Digital Limited

Cash flow statement
Year ended 31 January 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	i	4,458,409	2,639,130
Net cash inflow from operating activities		4,458,409	2,639,130
Cash flows from investing activities			
Capitalisation of development costs	7	(1,164,097)	(754,944)
Purchase of tangible fixed assets	8	(13,382)	(1,610)
		3,280,930	1,882,576
Increase in cash and cash equivalents		3,280,930	1,882,576
Cash and cash equivalents at beginning of period		2,799,249	916,673
Cash and cash equivalents at end of period	ii	6,080,180	2,799,249

Simplify Digital Limited

Notes to the cash flow statement
Year ended 31 January 2015

i. Reconciliation of profit before tax to cash generated from operations

	Notes	2015 £	2014 £
Profit before tax		3,909,721	2,356,640
Depreciation charges	8	3,757	2,674
Amortisation charges	7	366,605	192,293
Share-based payment expense	3	35,319	153,621
		4,314,402	2,705,228
Increase in trade and other receivables		(1,309,674)	(1,292,403)
Increase in trade and other payables		1,452,681	1,226,305
Cash generated by operations		4,458,409	2,639,130

ii. Cash and cash equivalents

The amounts disclosed in the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	2015 £	2014 £
Cash and cash equivalents	6,080,180	2,799,249

Notes to the accounts
Year ended 31 January 2015

1. **Accounting policies**

Basis of preparation and general information

Simplify Digital Limited is a limited company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of items which are required to be measured at fair value as set out in the company's accounting policies below. As permitted by the Companies Act 2006, the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Going concern

A going concern discussion is given in the directors' report. The directors have reviewed the outlook for the company and have concluded that the company will remain a going concern for a period of at least 12 months from the date of signing of these accounts.

Revenue recognition

Revenue represents the amount receivable for the performance of the company's services and is stated net of value added tax ("VAT").

The company provides retail services to domestic customers, which generates revenue for the company in the form of commissions when these customers are connected to digital TV, broadband and home phone services provided by the digital TV, broadband and home phone supplier. Due to the elapsed time between the digital TV, broadband and home phone connection, the act of which triggers the company's revenue, and receipt of the confirmation from the digital TV, broadband and home phone supplier, the company estimates the unbilled revenue receivable and records this as accrued revenues at the balance sheet date.

Revenues for the company's 'Software as a Service' propositions are recognised over the license period on straight-line basis.

Hire purchase and leasing commitments

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

Share-based payments

The company issues options to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed over the vesting period, based on the estimates of shares that will eventually vest. The vesting period is dependent on an exit event and as a result the vesting period is re-estimated annually. In assessing the fair value, the directors have taken into account the current and forecast profit and the price/earnings multiple of comparable companies.

Property, plant and equipment

Computer equipment for a value of up to £1,000 is recognised as an expense in the period in which it is incurred.

Tangible fixed assets are stated at historical cost less depreciation and any provision for impairment.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives, as follows:

Fixtures, fittings and equipment	50% per annum
Computer equipment	50% per annum
Leasehold improvements	in line with the length of the lease

Notes to the accounts
Year ended 31 January 2015

1. **Accounting policies (continued)**

Development costs – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the company's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense within technology and development costs in the period in which it is incurred.

The company's price comparison technology and product database is amortised through cost of sales.

Taxation

The tax expense represents the sum of the currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible. The liability for the current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences that can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other asset and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Financial instruments

i. Trade and other debtors

Trade and other debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amount.

ii. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1. Accounting policies (continued)

iii. Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company.

Adoption of new accounting standards and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS/Amendment	Title	Application date of standard
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IAS 1 (amendments)	Disclosure Initiative	1 January 2016
IFRSs:2012-2014 Cycle	Annual Improvements to IFRSs: 2012-2014 Cycle	1 January 2016
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IAS 27 (amendments)	Equity Method in Separate Financial Statements	1 January 2016
IFRS 9 (amendments)	Financial Instruments	1 January 2018
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14 (amendments)	Regulatory Deferral Accounts	1 January 2016

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in future periods.

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i. Revenue recognition

The company estimates, using information available up to the point that the directors approve the financial statements, the unbilled revenue receivable and records this as accrued revenues at the balance sheet date. The accrued revenue is based on the commission due on orders that become active and invoiced after the year end.

ii. Share-based payment

The company issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed over the vesting period, based on the estimates of shares that will eventually vest. At the end of the fiscal year the vesting period is estimated to be 2 years. The fair value is based on an estimated company valuation at the year end.

iii. Deferred tax recognition

The company has recognised a deferred tax asset in respect of the temporary difference relating to tax losses and share-based payments as the directors believe that it is more likely than not that the asset will be recovered.

2. Revenue

In the 2014/2015 financial year, the company's revenues are derived from the provision of services to consumers which result in new customers for which the company receives a commission. Revenues are also derived from the provision of the company's Software as a Service and Data & Analytics propositions.

3. Employees and directors

Employment costs, including directors comprised:

	2015 £	2014 £
Wages and salaries	2,854,754	2,210,385
Social security costs	304,238	238,231
Share-based payment expense	35,319	153,621
	3,194,311	2,602,237

In the previous year the share-based payment resulted in a credit due to a change in the vesting period.

The average monthly number of employees during the period was as follows:

	Numbers	Numbers
Directors	5	5
Marketing and technology	60	53
Selling	30	20
	95	78

Notes to the accounts
Year ended 31 January 2015

3. Employees and directors (continued)

The remuneration of the directors was as follows:

	2015 £	2014 £
Salaries	574,925	525,000
Key management remuneration	574,925	525,000

The highest paid director received a total remuneration of £318,875 (2014: £295,000).

4. Finance income

	2015 £	2014 £
Deposit account interest	5,365	2,048
Corporation tax interest	-	-
Finance income	5,635	2,048

5. Profit before tax

	2015 £	2014 £
The profit before tax is stated after charging:		
Staff costs	3,194,311	2,602,237
Hire of premises	316,582	226,840
Depreciation – owned assets	3,757	2,674
Development costs amortisation	366,605	192,293
Auditor's remuneration – audit services	44,000	39,000
Non-audit services – principally taxation	66,500	5,000

Simplify Digital Limited

Notes to the accounts
Year ended 31 January 2015

6. Tax

a) Analysis of the tax charge recognised in the income statement

	2015 £	2014 £
Current tax	275,610	409
Deferred tax charge (note 13)	396,511	509,034
Deferred tax adjustment in respect of prior years (note 13)	(93,003)	-
Total tax charge/(credit)	579,118	509,443

b) Reconciliation of total tax charge

The difference to an expected tax charge of £545,939 at 21.3% (2014: 23.2%) is explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	3,909,721	2,356,640
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.3% (2014: 23.2%)	832,771	545,939
Effects of:		
Expenses not deductible for tax purposes	62,509	51,517
Effect of change of tax rate	(27,306)	26,304
Claim for R&D tax credit	(176,056)	(114,317)
Tax impact of share based payments	(19,797)	-
Prior year adjustments	(93,003)	-
Total tax	579,118	509,443

The main rate of corporation tax has been reduced from 23% to 21% with effect from 1 April 2014. Accordingly current tax has been provided for at an effective rate of 21.3% in these financial statements.

The main rate of corporation tax has been reduced from 21% to 20% with effect from 1 April 2015. This reduction has been substantively enacted at the balance sheet date and therefore deferred tax has been recognized in the financial statements at 20%.

The UK government has announced further reductions to the main rate to 19% from 1 April 2017 and 18% from 1 April 2020.

c) Analysis of the tax credit recognised directly in equity

	2015 £	2014 £
Deferred tax credit to equity (note 13)	(73,029)	(16,721)

Notes to the accounts
Year ended 31 January 2015

7. Intangible assets

	Development costs £
Cost	
At 1 February 2014	1,208,314
Additions	1,164,097
At 31 January 2015	2,372,411
Amortisation	
At 1 February 2014	396,311
Amortisation for year	366,605
At 31 January 2015	762,916
Net book value	
At 31 January 2014	812,003
At 31 January 2015	1,609,495

All intangible assets are internally generated. Amortisation is charged so as to write off the cost over their estimated useful lives (3 to 5 years), using the straight-line method.

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

8. Property, plant and equipment

	Computer equipment £
Cost	
At 1 February 2014	35,696
Additions	13,382
At 31 January 2015	49,078
Depreciation	
At 1 February 2014	34,556
Depreciation for year	3,757
At 31 January 2015	38,313
Net book value	
At 31 January 2014	1,140
At 31 January 2015	10,765

Notes to the accounts
Year ended 31 January 2015

9. Trade and other receivables

	2015 £	2014 £
Current:		
Trade receivables	3,143,133	2,251,051
Accrued revenues	1,675,796	1,267,868
Prepayments	46,683	37,019
	4,865,612	3,555,938

There is no allowance for doubtful accounts as the Directors believe all trade receivables to be recoverable in full.

Ageing of past due but not impaired receivables:

	2015 £	2014 £
30 - 60 days	2,540,519	1,705,749
60 - 90 days	492,717	541,714
90 - 120 days	109,897	3,588
Total	3,143,133	2,251,051

10. Cash and cash equivalents

	2015 £	2014 £
Cash and bank balances	6,080,180	2,799,249

11. Trade and other payables

	2015 £	2014 £
Current:		
Trade creditors	1,618,204	1,235,076
Accrued expenses	2,224,290	1,388,379
Other creditors	9,036	1,726
Social security and other taxes	127,703	111,131
VAT	391,935	181,765
	4,371,168	2,918,077

12. Financial instruments

a) Capital risk management

The company's objective when managing its capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The company is in the early stages of development and is currently funded by equity.

b) Significant accounting policies

Details of the significant accounting policies and methods adopted, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, liability and equity are disclosed in note 1 Accounting policies.

c) Categories of financial instruments

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories:

	Notes	2015 £	2014 £
Loans and receivables			
Deposits/cash	10	6,080,180	2,799,249
Trade receivables	9	3,143,133	2,251,051
Financial assets		9,223,313	5,050,300
Trade payables	11	1,618,204	1,235,076
Other payables	11	127,703	111,131
Financial liabilities		1,745,907	1,346,207

The fair value of financial assets and liabilities is not materially different from the book value recorded at 31 January 2015.

12. Financial instruments (continued)

d) Financial risk management

The company's financial assets and liabilities mainly comprise cash and liquid resource and various items, such as trade receivables and payables that arise directly from its operations.

The main risks arising from the company's financial instruments are market risk (primarily exposure to changes in the interest rate), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk - interest rate

The company finances its operations through equity share capital and places funds raised on deposit to maximise short-term returns available within the framework of the company's liquidity requirements.

The interest rate available to the company is based on 0.050% per annum over the Bank's base rate for its sterling accounts.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the company's exposure to interest rates on its cash deposits, at balance sheet date.

The table below demonstrates the sensitivity to a one per cent change in the interest rate, with all other variables held constant, as this is management's assessment for the reasonably possible change in interest rates in the short term.

	Effect of change 2015 £
Profit before tax	
+1%	50
-1%	(50)

Other market risks

The company is not exposed to other price risk apart from interest rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company's maximum exposure to credit risk is as follows:

	Notes	2015 £	20154 £
Trade receivables	9	3,143,133	2,251,051

The carrying amount of trade and other receivables approximates to fair value with no concentration of credit risk, other than the funds on deposit being all held with the company's bankers Barclays Bank PLC.

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Year ended 31 January 2015

12. Financial instruments (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors. The company maintains adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profits of financial assets and liabilities.

e) Maturity profile

The table below summarises the maturity profile of the company's undiscounted cashflows of the financial liabilities and the earliest date on which the company is required to pay:

	Less than one year £	2015 £
Trade payables	1,618,204	1,618,204
Other payables	127,703	127,703
	1,745,907	1,745,907

13. Deferred tax

	Trading Losses £	Share-based payments £	Other temporary differences £	Total £
At 1 February 2013	701,413	52,299	(22,531)	731,181
Credit/(charge) to income	(461,216)	22,853	(70,671)	(509,034)
Credit to equity	-	16,721	-	16,721
At 31 January 2014	240,197	91,873	(93,202)	238,868
Prior year adjustment to deferred tax credit/(charge)	71,289	-	21,714	93,003
Credit/(charge) to income	(311,486)	27,320	(112,345)	(396,511)
Credit to equity	-	73,029	-	73,029
At 31 January 2015	-	192,222	(183,833)	8,389

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period in which they reverse. The current rate enacted is 20% as at January 2015 and deferred tax has been recognised using this rate. The UK government has announced its intention to reduce the rate of UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. Management does not expect these reductions in the corporation tax rate to materially affect the value of deferred tax assets/liabilities.

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Year ended 31 January 2015

14. Share capital

	2015	2014
	£	£
Authorised:		
2,600,000 ordinary shares of £.001 each	2,600	2,600
Allotted, issued and fully paid:		
2,137,123 ordinary shares of £.001 each	2,137	2,137

On 12 February 2007 shares were issued to the company's founders at par value of 0.1 pence per share.

The first external financing round was issued at a premium of £1.57 per share on 1 April 2007 with 95,513 shares being taken up on this issue. The second external financing round took place on 21st January 2008, when 458,462 shares were issued at a premium of £3.93 per share. On 9 February 2009, the company finalised a third round of share issuance to investors at £3.93 per share, raising £1,000,146 in additional funds.

On 9 February 2009 a resolution was passed to increase the company's authorised share capital from 1,943,000 shares of £0.001 each to 2,150,00 shares of £0.001 each and on the 8 December 2009 another resolution was passed to increase the company's authorised share capital 2,300,000 shares of £0.001 each.

On 8 December 2009, the company finalised a fourth round of share issuance to investors at £4.39 per share, raising £750,005 in additional funds. On 21 June 2010, a resolution was passed to increase the company's authorised share capital to 2,600,000 shares of £0.001 each and in July 2010 the company finalised a fifth round of share issuance to investors at £4.39 per share, raising £692,966 in additional funds.

A warrant to subscribe for 35,000 ordinary shares at a price of 185 pence was issued to Mr. J C Botts on 27 September 2007.

Details of share options issued in the period are set out in note 17.

15. Reserves

	Retained earnings	Share premium account	Totals
	£	£	£
At 1 February 2014	111,590	4,374,985	4,486,575
Profit for the period	3,330,603	-	3,330,603
Share-based payments	108,348	-	108,348
	3,550,541	4,374,985	7,925,526

Notes to the accounts
Year ended 31 January 2015

16. Reconciliation of movements in shareholders' funds

	£
Profit for the financial period	3,330,603
Credit to retained earnings for share-based payments	108,348
Net addition to shareholders' funds	3,438,951
Opening shareholders' funds	4,488,712
Closing shareholders' funds	7,927,663

17. Share-based payment transactions

	Number of warrants Number	Weighted average exercise price £	Number of share options EMI Scheme Number	Weighted average exercise price SAYE £
Balance B/Fwd	35,185	1.85	228,949	2.01
Granted during the year	-	-	10,500	1.05
Lapsed during the year	-	-	(9,220)	1.01
Outstanding at 31 January 2015	35,185	1.85	230,229	2.01
Exercisable at 31 January 2015	-	-	-	-
Weighted average fair value of award granted during the year	7.37			
Weighted average remaining contractual life (years)	Unlimited			2.0

The range of the exercise price for the share options outstanding is £0.001 to £4.39.

The company recognised a total debit of £108,348 during the year related to equity-settled share-based payment transactions, including a £12,355 charge in relation to the directors. £73,029 of the total debit refers to deferred tax, £35,319 to share-based payment expenses.

The directors have defined the fair value based on a price earnings valuation model. A price earnings multiple for comparable companies of 15.68 was used and applied to the average profit over 3 years.

The directors have determined the fair value of the warrants by using a binomial model, assuming exercise no later than five years from issuance and a volatility of 45%.

In November 2008, the directors introduced a quarterly stock option incentive programme related to company and personal performance for selected staff. As at 31 January 2015 230,229 options had been granted.

Notes to the accounts
Year ended 31 January 2015

18. Related party transactions

The remuneration of the directors, who are the key management personnel of the company, is set out in note 3.

On 10 June 2008 Mr C A L Ponsonby and Mr L J Bleach formed a company called Simplify Digital Systems Limited, this company was dormant during the period.

19. Ultimate controlling party

The directors regard Mr C A L Ponsonby as the immediate and ultimate controlling party.

20. Post balance sheet event

On 27 March 2015, the Directors passed a resolution that the capital of the Company of £4,377,122. (comprising 2,137,123 ordinary shares of £0.001 each fully paid and the share premium account of £4,374,985) be reduced to £3,627,122 by cancelling part of the share premium account of the Company. The sum of £750,000 (being the sum cancelled by this resolution) was returned to the shareholders registered in the register of members of the Company as at the date of this resolution.