

REGISTERED NUMBER: 04518535 (England and Wales)

These financial statements form part of the notes  
to Professional Financial Centres Limited (03022062)  
See note 12 (page 30).

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013  
FOR  
SIMPLY BIZ LIMITED**



**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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**SIMPLY BIZ LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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<b>DIRECTORS:</b>	K E Davy S C Turvey M L Timmins N M Stevens S R Braidford G J Kershaw D R C Kershaw T H S Trotter
<b>SECRETARY:</b>	R J Butcher
<b>REGISTERED OFFICE:</b>	The John Smith's Stadium Stadium Way Huddersfield HD1 6PG
<b>REGISTERED NUMBER:</b>	04518535 (England and Wales)
<b>AUDITORS:</b>	Revell Ward LLP Chartered Accountants and Statutory Auditors 7th Floor 30 Market Street Huddersfield HD1 2HG
<b>BANKERS:</b>	Yorkshire Bank 40 New Street Huddersfield HD1 2BT

**SIMPLY BIZ LIMITED (REGISTERED NUMBER. 04518535)**

**CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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It is my pleasure and privilege to once again present to you the Annual Report and Accounts for the Simply Biz Group. I am pleased to be able to report another year of solid growth for the Group in respect of the year ending 31 December 2013. In addition, in December we completed our most significant acquisition to date, being the purchase of Staffcare Limited.

Turning to the results for the year under review, I am delighted to advise you that pre tax profits have increased to £3.4m (2012 - £3.0). This result means that in the four year period from 2010, the Group's profits have grown from £2.1m to £3.4m which is a very encouraging 62% increase.

It is particularly important to note that these results have been achieved against the background of one of the UK's worst periods of recession in modern times which bears testimony to the hard work and enthusiasm of the Simply Biz Group's dedicated management team and staff. At the outset of my report I therefore especially welcome the opportunity to thank them all personally, and on behalf of all the firms we serve, for their continued efforts and commitment to the overall success of the Group.

Not only have these results been achieved during a difficult period for the economy as a whole, it has also been a period of dramatic change within the financial services sector. The most significant change, though by no means the only one, has been the completion of the Retail Distribution Review (RDR). The RDR came into force on the 1st January 2013 when the FSA was replaced by The Prudential Regulatory Authority and The Financial Conduct Authority (FCA) with the latter taking over direct responsibility for the RDR and most of the supervision activities in our sector. The RDR fundamentally changed the remuneration and business model of financial advisers by banning the receipt or payment of any form of commission. This draconian move, coupled with forcing all current advisers to achieve a higher level qualification than was previously required, has inevitably resulted in a fall in the number of advisers from approximately 50,000 just three years ago to around 30,000 now. In prior year reports I predicted that we could see a reduction of up to 30%. It is a matter of great regret that even this pessimistic forecast has proved to be less than the reality of a 40% drop.

The fact that against this trend we have been able to increase the number of firms we serve from just under 2,000 to over 2,250 during this challenging period is a real testimony to the strength of the Group and its management team as well as the soundness of our strategy. I believe it also demonstrates our absolute focus on delivering high quality service and offerings to our customers and the wisdom of our substantial investment in the business to which I have referred in previous years.

It is still too early to make a formal judgement on the success or otherwise of the RDR however, as I stated last year, it is doubtful that the cost and turmoil caused to the financial services sector by the RDR will ever be fully justified. One immediate and quite dramatic impact on consumers seen in 2013 was the way in which almost all the major banks stopped providing retail financial advice. Whatever one thought of the quality and service consumers received from the banks the retail financial advice arms the reality is that the pool of advisers and the availability of advice has now been further reduced which will almost certainly result in the savings and protection gaps widening.

Going forward we believe that an important route to narrowing these gaps is going to be through delivering advice to employees at the workplace. Indeed, we anticipate that a direct result of the introduction of auto enrolment will be the provision of a gateway for employees which will give them access to a far more extensive range of services and benefits than simply their auto enrolment into a pension scheme.

I am therefore delighted to be able to report that in December we acquired a majority stake in "Staffcare Limited" the brand leader in the provision of "software as a service" for auto enrolment and flexible benefits. This is a major step for the Simply Biz Group and will make available to the firms we serve, as well as the wider market, high quality software capable of meeting the complex regulatory and operational requirements of auto enrolment.

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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In addition to its auto enrolment capabilities, Staffcare provides award winning flexible benefits software which, as well as being a successful standalone product, will be a natural additional service for employers adopting the auto enrolment platform. Promotion of Simply Enrol, our branded version of Staffcare's auto enrolment software, is now being launched to financial advisers in a series of meetings across the country and the initial signs are very encouraging both in terms of overall interest and take up.

As you will appreciate from the above, whilst our main focus during the year under review has been to ensure that we helped the firms we serve meet the demands of the RDR we have continued to develop the strategic positioning of the Group as a whole.

As a result we believe we are well positioned to take the Group forward and have a great confidence in the future. In light of the acquisition of Staffcare however, which we have financed primarily by debt, your Board has felt it prudent to defer any dividend payment at this time and review as the year progresses.

The Simply Biz Group has a solid and profitable foundation as the largest supplier of compliance and business support services to the financial and mortgage advice sectors. We have also continued to develop our embryonic footprint in the legal services arena, both in respect of the end consumer and in the legal market itself. Additionally, with the transfer of the regulation of Consumer Credit from the Office of Fair Trading to the FCA on 1 April 2014 we are developing services to assist the many firms who for the first time find themselves regulated by the FCA. Lastly through the purchase of Staffcare we have established a strong presence in the rapidly expanding auto enrolment and flexible benefits market.

From the above it is clear that the Simply Biz Group is now ideally positioned to capitalise on its traditional strengths in a number of key growth markets where the impact of compliance and regulation create real opportunities. Added to this exciting mix is the growing confidence of the post RDR financial advice sector, still our largest market, and which itself has been given an outstanding opportunity for growth through the recent budget changes, particularly in relation to the likelihood of a significant increase in long term saving for retirement and post retirement needs.

I believe that the Simply Biz Group could not be better placed to take advantage of the opportunities ahead. I therefore, along with all of the Simply Biz team, look forward to the future for the Group and everyone associated with it with real confidence as we continue to build our success.

K E Davy - Chairman

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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The directors present their strategic report of the company and the group for the year ended 31 December 2013

**Results**

	31 12 13	31 12 12
	£	£
Turnover	17,582,446	16,207,053
Pre-tax profit	3,433,327	2,956,584

**Progress**

2013 has seen positive growth in the number of customers (Independent Financial Advisers) that the business supports as well as an increase in the level of services provided. Added to that, customer satisfaction scores are over 90% and the business has continued its positive growth in profit from 2012.

The Retail Distribution Review came into effect in January 2013 which saw a change in regulator (FSA to FCA) as well as some fundamental changes to the way Advisers operate and receive remuneration. The Group has taken on these challenges and adapted its services accordingly. As a result the business serves more customers at the time of reporting than it did at the start of 2013.

The Group, throughout all these changes has continued its strong and justifiable reputation for delivering competitively priced, high quality compliance and business support services to directly (FCA) regulated independent financial advisers. Our "Vision 2013" initiative has proved a real success, providing everything today's adviser needs to operate compliantly and successfully under the new rules. Vision 2013 has provided a 'blue print' operating model for those firms looking to quickly adapt to the new regulatory environment and over 85% of the firms who have used the service have done so on the basis of remaining an Independent Financial Adviser.

Vision 2013 also ensures that the firms served by the Group can choose to operate as a 'Restricted Adviser' and still have access to all of the information, tools, systems, and technology needed to operate efficiently in the new world of Financial Services. The Group is committed to serving both Independent and Restricted advisers and will continue to build on both models for the future.

**Regulation**

The replacement of the FSA by two new bodies began in January 2013. 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 include the Retail Distribution Review (RDR) which came into force on 1 Jan 2013. Whilst estimates of the numbers of financial advisers who will be forced out of the sector varied widely, the Group are pleased to report that less than 2% of its members decided to leave the industry as a result. This is primarily due to the work carried out by the business since 2009 in preparing itself and its members for the changes ahead. As new member recruitment increased during the year the business is now in a net positive position and continues to grow.

**2014**

The business continues to benefit from a loyal customer base, solid margins, and a highly trained and committed staff base. During 2014 the business expects to build on its already significant market share and reputation. Offering attractive services at a price and value which is second to none remains the core ethos of the business and ensures satisfied customers and large pool of perspective clients.

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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2014 also brings opportunities for Advisers in the form of auto enrolment for workplace pensions. The Government has made auto enrolment compulsory for all employers in the UK and as such there remains the potential that close to 12m employees will enrol in a pension scheme over the coming years. For an employer, auto enrolment is difficult to understand and implement and therefore Financial Advisers are an obvious choice to help start and maintain their scheme. The Group has seen demand from over 1,000 advisers who are looking to offer a solution to employers of all sizes. The Group have created an auto enrolment product for their advisers to use and expects to see pension schemes being added to the system throughout the year. Auto enrolment is an extremely attractive market for Advisers, and with the help of the Group, they in turn can help thousands of employers and hundreds of thousands of employees save for the future.

We also 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.

**ON BEHALF OF THE BOARD:**

M L Timmins - Director

27 May 2014

N M Stevens - Director

27 May 2014

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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The directors present their report with the financial statements of the company and the group for the year ended 31 December 2013

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2013 was £1,284,452 (2012 - £1,284,362)

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2013 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

Other changes in directors holding office are as follows

T H S Trotter was appointed as a director after 31 December 2013 but prior to the date of this report

**DISCLOSURE IN THE STRATEGIC REPORT**

The following information is not shown in the Report of the Directors as it is shown in the Strategic Report in accordance with S414C(11) of the Companies Act 2006

- an indication of likely future developments in the business of the company and the group, and
- an indication of the activities of the group in the field of research and development

**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



**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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:**

M L Timmins - Director

27 May 2014

N M Stevens - Director

27 May 2014

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SIMPLY BIZ LIMITED**

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We have audited the financial statements of Simply Biz Limited for the year ended 31 December 2013 on pages nine to forty three. 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 FRC's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2013 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, the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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

29 May 2014

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	31 12 13 £	£	31 12 12 £	£
<b>TURNOVER</b>	2		17,582,446		16,207,053
Continuing operations		17,582,446		16,195,421	
Acquisitions		-		11,632	
		<u>17,582,446</u>		<u>16,207,053</u>	
Net operating expenses	3		<u>14,145,504</u>		<u>13,324,802</u>
<b>OPERATING PROFIT</b>	5		3,436,942		2,882,251
Continuing operations		3,436,942		2,897,355	
Acquisitions		-		(15,104)	
		<u>3,436,942</u>		<u>2,882,251</u>	
Income from interest in associated undertakings		(108,636)		(65,305)	
Income from other participating interests		(7,353)		-	
Interest receivable and similar income		<u>239,810</u>		<u>159,250</u>	
			<u>123,821</u>		<u>93,945</u>
			3,560,763		2,976,196
Interest payable and similar charges					
Group	6		(110,783)		(16,689)
Associates			<u>(16,653)</u>		<u>(2,923)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			3,433,327		2,956,584
Tax on profit on ordinary activities	7		<u>913,413</u>		<u>877,460</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			2,519,914		2,079,124
Minority interest - equity			<u>(1,441,304)</u>		<u>438,668</u>
<b>PROFIT FOR THE GROUP FOR THE FINANCIAL YEAR</b>			<u>3,961,218</u>		<u>1,640,456</u>

**TOTAL RECOGNISED GAINS AND LOSSES**

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

**CONTINUING OPERATIONS**

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

The notes form part of these financial statements

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2013**

	Notes	31 12 13 £	31 12 12 £
<b>FIXED ASSETS</b>			
Intangible assets	10	15,639,142	2,910,001
Tangible assets	11	243,500	100,168
Investments	12		
Interest in joint venture			
Share of gross assets		2,193	-
Share of gross liabilities		(9,545)	-
		(7,352)	-
Interest in associate undertakings		(156,076)	(30,877)
Other investments		7,256,441	5,104,318
		22,975,655	8,083,610
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	13	4,478,153	1,974,529
Debtors amounts due falling due after more than one year	13	1,268,422	3,909,490
Investments	14	793,293	747,457
Cash at bank and in hand		11,658,462	8,806,351
		18,198,330	15,437,827
<b>CREDITORS</b>			
Amounts falling due within one year	15	5,996,539	3,673,384
<b>NET CURRENT ASSETS</b>			
		12,201,791	11,764,443
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		35,177,446	19,848,053
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(18,055,894)	(1,194,188)
<b>PROVISIONS FOR LIABILITIES</b>			
	20	(618,094)	(1,116,525)
<b>MINORITY INTERESTS</b>			
	21	(89,182)	(1,138,330)
<b>NET ASSETS</b>			
		16,414,276	16,399,010

The notes form part of these financial statements

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**CONSOLIDATED BALANCE SHEET - continued**  
**31 DECEMBER 2013**

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		31 12 13		31 12 12	
	Notes	£	£	£	£
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		72,198		80,278
Share premium	23		4,986,824		4,986,824
Capital redemption reserve	23		8,080		-
Profit and loss account	23		<u>11,347,174</u>		<u>11,331,908</u>
<b>SHAREHOLDERS' FUNDS</b>	28		<u>16,414,276</u>		<u>16,399,010</u>

The financial statements were approved by the Board of Directors on 27 May 2014 and were signed on its behalf by

K E Davy - Director

The notes form part of these financial statements

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**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**COMPANY BALANCE SHEET  
31 DECEMBER 2013**

	Notes	31 12 13 £	31 12 12 £
<b>FIXED ASSETS</b>			
Intangible assets	10	-	-
Tangible assets	11	160,288	92,821
Investments	12	<u>27,360,912</u>	<u>11,220,333</u>
		27,521,200	11,313,154
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	13	4,765,455	2,650,934
Debtors amounts falling due after more than one year	13	4,707,926	6,874,061
Cash at bank		<u>2,410,928</u>	<u>535,490</u>
		11,884,309	10,060,485
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>5,090,798</u>	<u>2,031,669</u>
<b>NET CURRENT ASSETS</b>			
		<u>6,793,511</u>	<u>8,028,816</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		34,314,711	19,341,970
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(17,353,982)	(1,120,000)
<b>PROVISIONS FOR LIABILITIES</b>			
	20	<u>(13,000)</u>	<u>-</u>
<b>NET ASSETS</b>			
		<u>16,947,729</u>	<u>18,221,970</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	72,198	80,278
Share premium	23	4,986,824	4,986,824
Capital redemption reserve	23	8,080	-
Profit and loss account	23	<u>11,880,627</u>	<u>13,154,868</u>
<b>SHAREHOLDERS' FUNDS</b>			
	28	<u>16,947,729</u>	<u>18,221,970</u>

The financial statements were approved by the Board of Directors on 27 May 2014 and were signed on its behalf by

K E Davy - Director

The notes form part of these financial statements

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	31 12 13 £	£	31 12 12 £	£
<b>Net cash inflow from operating activities</b>	1		3,068,261		1,198,882
<b>Returns on investments and servicing of finance</b>	2		(561,618)		71,384
<b>Taxation</b>			(883,856)		(873,390)
<b>Capital expenditure and financial investment</b>	2		(80,722)		(21,261)
<b>Acquisitions and disposals</b>	2		(11,608,502)		(185,854)
<b>Equity dividends paid</b>			<u>(1,284,452)</u>		<u>(1,284,362)</u>
			(11,350,889)		(1,094,601)
<b>Management of liquid resources</b>	2		(4,000,350)		900,000
<b>Financing</b>	2		<u>14,203,000</u>		<u>1,341,894</u>
<b>(Decrease)/increase in cash in the period</b>			<u>(1,148,239)</u>		<u>1,147,293</u>
<b>Reconciliation of net cash flow to movement in net funds</b>	3				
(Decrease)/increase in cash in the period		(1,148,239)		1,147,293	
Cash outflow/(inflow) from increase/(decrease) in liquid resources		4,000,350		(900,000)	
Cash inflow from increase in debt		<u>(17,203,000)</u>		<u>(1,341,195)</u>	
Change in net funds resulting from cash flows			(14,350,889)		(1,093,902)
Non-cash change in current asset investments			45,836		43,027
Non-cash change in debt			<u>541,991</u>		<u>-</u>
<b>Movement in net funds in the period</b>			(13,763,062)		(1,050,875)
<b>Net funds at 1 January</b>			<u>8,153,808</u>		<u>9,204,683</u>
<b>Net (debt)/funds at 31 December</b>			<u>(5,609,254)</u>		<u>8,153,808</u>

The notes form part of these financial statements

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	31 12 13	31 12 12
	£	£
Operating profit	3,436,942	2,882,251
Depreciation charges	296,328	231,614
Loss/(profit) on disposal of fixed assets	2,748	(367)
Impairment of goodwill	-	32,297
Share-based payment transactions	338,500	47,718
(Decrease)/increase in other provisions	(505,131)	402,735
Increase in debtors	(593,218)	(2,365,477)
Increase/(decrease) in creditors	92,092	(31,889)
<b>Net cash inflow from operating activities</b>	<b><u>3,068,261</u></b>	<b><u>1,198,882</u></b>

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

	31 12 13	31 12 12
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	49,747	71,550
Interest paid	(69,374)	(166)
Issue costs on debt	(541,991)	-
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b><u>(561,618)</u></b>	<b><u>71,384</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(91,417)	(3,935)
Purchase of tangible fixed assets	(119,058)	(23,454)
Sale of tangible fixed assets	-	367
New loans issued in year	(84,251)	-
Loan repayments received in year	214,004	5,761
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(80,722)</u></b>	<b><u>(21,261)</u></b>
<b>Acquisitions and disposals</b>		
Investments in subsidiary undertakings (net of cash acquired of £2,263,573 (2012 - £14,157))	(11,608,491)	(185,844)
Investments in associate undertakings	-	(10)
Repurchase of minority interests	(11)	-
<b>Net cash outflow for acquisitions and disposals</b>	<b><u>(11,608,502)</u></b>	<b><u>(185,854)</u></b>

The notes form part of these financial statements



SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	31 12 13 £	31 12 12 £
<b>Management of liquid resources</b>		
Purchase of current asset investments	-	(100,000)
Transfer of current asset investments to cash balances	-	1,000,000
Transfer of cash balances to liquid resources	<u>(4,000,350)</u>	<u>-</u>
<b>Net cash (outflow)/inflow from management of liquid resources</b>	<u><b>(4,000,350)</b></u>	<u><b>900,000</b></u>
 <b>Financing</b>		
New loans received in year	21,203,000	1,400,000
Loan repayments made in year	(4,000,000)	(58,805)
Share issue	-	699
Purchase of own shares	<u>(3,000,000)</u>	<u>-</u>
<b>Net cash inflow from financing</b>	<u><b>14,203,000</b></u>	<u><b>1,341,894</b></u>

The notes form part of these financial statements

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**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 1 13 £	Cash flow £	Other non-cash changes £	At 31 12 13 £
Net cash				
Cash at bank and in hand	8,806,351	2,852,111		11,658,462
Less Deposits treated as liquid resources	<u>-</u>	<u>(4,000,350)</u>		<u>(4,000,350)</u>
	<u>8,806,351</u>	<u>(1,148,239)</u>		<u>7,658,112</u>
Liquid resources				
Deposits included in cash	-	4,000,350		4,000,350
Current asset investments	<u>747,457</u>	<u>-</u>	<u>45,836</u>	<u>793,293</u>
	<u>747,457</u>	<u>4,000,350</u>	<u>45,836</u>	<u>4,793,643</u>
Debt				
Debts falling due within one year	(280,000)	(520,000)	92,973	(707,027)
Debts falling due after one year	<u>(1,120,000)</u>	<u>(16,683,000)</u>	<u>449,018</u>	<u>(17,353,982)</u>
	<u>(1,400,000)</u>	<u>(17,203,000)</u>	<u>541,991</u>	<u>(18,061,009)</u>
Total	<u>8,153,808</u>	<u>(14,350,889)</u>	<u>587,827</u>	<u>(5,609,254)</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

Liquid resources includes an amount of £4,000,350 (2012 - £Nil) that has restrictions imposed by the bank over the withdrawal of the cash until certain conditions are met

The notes form part of these financial statements

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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 overdraft facilities and the bank loans in place in the company are being repaid in accordance with the bank agreements.

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 2013. 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	-	33% on reducing balance, 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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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. Benefits received and receivable as an incentive to sign an operating lease are recognised 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 non listed current asset investments are stated at cost less provision for diminution in value.

Listed current asset investments are stated at market 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.

**Long term contracts**

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the period end, by recording turnover and related costs as contract activity progresses. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**2 GEOGRAPHICAL ANALYSIS**

The total turnover of the group for the year has been derived from its principal activities wholly undertaken in the United Kingdom

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

	31 12 13	31 12 12
	£	£
Ireland	141,132	(541,899)
UK	<u>3,292,195</u>	<u>3,498,483</u>
	<u>3,433,327</u>	<u>2,956,584</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 associated companies is derived in the UK

Included in the income from interest in associated undertakings is £8,056 (2012 - £8,056) relating to amortisation charges on goodwill

Minority interests all relate to the UK market

An analysis of net assets by geographical market is given below

	31 12 13	31 12 12
	£	£
Ireland	3,106,495	2,926,437
UK	<u>13,307,781</u>	<u>13,472,573</u>
	<u>16,414,276</u>	<u>16,399,010</u>

**3 ANALYSIS OF OPERATIONS**

	Continuing	31 12 13	Total
	£	Acquisitions	£
	£	£	£
Turnover	<u>17,582,446</u>	<u>-</u>	<u>17,582,446</u>
Net operating expenses			
Administrative expenses	14,395,113	-	14,395,113
Other operating income	<u>(249,609)</u>	<u>-</u>	<u>(249,609)</u>
	<u>14,145,504</u>	<u>-</u>	<u>14,145,504</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**3 ANALYSIS OF OPERATIONS - continued**

	Continuing £	31 12 12 Acquisitions £	Total £
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>

**4 STAFF COSTS**

	31 12 13 £	31 12 12 £
Wages and salaries	6,528,783	6,250,638
Social security costs	748,631	769,731
Other pension costs	<u>87,827</u>	<u>56,782</u>
	<u>7,365,241</u>	<u>7,077,151</u>

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

	31 12 13	31 12 12
Sales and administration	<u>165</u>	<u>148</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**5 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	31 12 13	31 12 12
	£	£
Hire of plant and machinery	11,982	9,995
Other operating leases	1,793,889	1,545,489
Depreciation - owned assets	54,681	43,026
Loss/(profit) on disposal of fixed assets	2,748	(367)
Goodwill amortisation	241,647	191,844
Changes in goodwill amortisation	-	(3,256)
Goodwill impairments	-	32,297
Auditors' remuneration	16,000	15,800
The auditing of accounts of any associate of the company	31,500	27,200
Taxation compliance services	18,730	17,325
Taxation advisory services	10,773	21,550
Other non-audit services	39,328	51,400
Foreign exchange differences	<u>2,144</u>	<u>(1,777)</u>
Directors' remuneration	915,258	1,485,042
Directors' pension contributions to money purchase schemes	<u>7,080</u>	<u>6,415</u>

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

Money purchase schemes	<u>3</u>	<u>2</u>
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Information regarding the highest paid director is as follows

	31 12 13	31 12 12
	£	£
Emoluments etc	220,958	326,178
Pension contributions to money purchase schemes	<u>1,680</u>	<u>-</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	31 12 13	31 12 12
	£	£
Bank loan interest	101,240	7,328
Other interest	<u>9,543</u>	<u>9,361</u>
	<u>110,783</u>	<u>16,689</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 7 TAXATION

**Analysis of the tax charge**

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

	31 12 13 £	31 12 12 £
Current tax		
UK corporation tax	887,511	939,452
Adjustment for prior years	(673)	(2,851)
Foreign corporation tax	<u>11,075</u>	<u>(45,641)</u>
Total current tax	897,913	890,960
Deferred tax	<u>15,500</u>	<u>(13,500)</u>
Tax on profit on ordinary activities	<u>913,413</u>	<u>877,460</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 13 £	31 12 12 £
Profit on ordinary activities before tax	<u>3,433,327</u>	<u>2,956,584</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 24%)	789,665	709,580
Effects of		
Expenses not deductible for tax purposes	111,958	84,034
Capital allowances for period (in excess of)/less than depreciation	(17,084)	1,405
Unrelieved tax losses carried forward	-	25,855
Utilisation of tax losses	(2,263)	(19,258)
Foreign tax adjustments	17,769	41,793
Other timing differences leading to an increase in tax	1,941	-
Other differences leading to a (decrease)/increase in tax	(3,400)	50,402
Adjustment to previous periods	<u>(673)</u>	<u>(2,851)</u>
Current tax charge	<u>897,913</u>	<u>890,960</u>

**Factors that may affect future tax charges**

Subsidiary companies of the group have losses of £403,135 (2012 - £412,977) available to carry forward against future trading profits. A deferred tax asset of £77,700 (2012 - £80,000) 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 LIMITED (REGISTERED NUMBER 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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 £2,671,711 (2012 - £2,872,458)

**9 DIVIDENDS**

	31 12 13 £	31 12 12 £
Final	<u>1,284,452</u>	<u>1,284,362</u>

**10 INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £
<b>COST</b>	
At 1 January 2013	3,850,523
Additions	13,009,865
Changes in cost	<u>(39,077)</u>
At 31 December 2013	<u>16,821,311</u>
<b>AMORTISATION</b>	
At 1 January 2013	940,522
Amortisation for year	<u>241,647</u>
At 31 December 2013	<u>1,182,169</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>15,639,142</u>
At 31 December 2012	<u>2,910,001</u>

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

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

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**11 TANGIBLE FIXED ASSETS**

**Group**

Fixtures  
and  
fittings  
£

**COST**

At 1 January 2013

296,303

Additions

200,761

Disposals

(32,227)

At 31 December 2013

464,837

**DEPRECIATION**

At 1 January 2013

196,135

Charge for year

54,681

Eliminated on disposal

(29,479)

At 31 December 2013

221,337

**NET BOOK VALUE**

At 31 December 2013

243,500

At 31 December 2012

100,168

**Company**

Fixtures  
and  
fittings  
£

**COST**

At 1 January 2013

269,236

Additions

119,058

Disposals

(17,684)

At 31 December 2013

370,610

**DEPRECIATION**

At 1 January 2013

176,415

Charge for year

51,591

Eliminated on disposal

(17,684)

At 31 December 2013

210,322

**NET BOOK VALUE**

At 31 December 2013

160,288

At 31 December 2012

92,821

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**12 FIXED ASSET INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Shares in group undertakings	-	-	20,104,371	6,116,005
Participating interests	(163,428)	(30,877)	125,100	125,010
Loans to undertakings in which the company has a participating interest	2,350,491	-	2,350,491	-
Other investments not loans	125,000	125,000	-	-
Other loans	<u>4,780,950</u>	<u>4,979,318</u>	<u>4,780,950</u>	<u>4,979,318</u>
	<u>7,093,013</u>	<u>5,073,441</u>	<u>27,360,912</u>	<u>11,220,333</u>

Additional information is as follows

**Group**

	Interest in joint venture £	Interest in associate undertakings £	Unlisted investments £	Totals £
<b>COST</b>				
At 1 January 2013	-	(30,877)	125,000	94,123
Additions	1	-	-	1
Share of loss	<u>(7,353)</u>	<u>(125,199)</u>	<u>-</u>	<u>(132,552)</u>
At 31 December 2013	<u>(7,352)</u>	<u>(156,076)</u>	<u>125,000</u>	<u>(38,428)</u>
<b>NET BOOK VALUE</b>				
At 31 December 2013	<u>(7,352)</u>	<u>(156,076)</u>	<u>125,000</u>	<u>(38,428)</u>
At 31 December 2012	<u>-</u>	<u>(30,877)</u>	<u>125,000</u>	<u>94,123</u>

Included in the net book value of the interest in associate undertakings is goodwill of £136,951 (2012 - £145,007)

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**12 FIXED ASSET INVESTMENTS - continued**

**Company**

	Shares in group undertakings £	Interest in associate undertakings £	Totals £
<b>COST</b>			
At 1 January 2013	6,116,005	125,010	6,241,015
Additions	13,990,075	90	13,990,165
Disposals	(1,709)	-	(1,709)
At 31 December 2013	<u>20,104,371</u>	<u>125,100</u>	<u>20,229,471</u>
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>20,104,371</u>	<u>125,100</u>	<u>20,229,471</u>
At 31 December 2012	<u>6,116,005</u>	<u>125,010</u>	<u>6,241,015</u>

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

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12 FIXED ASSET INVESTMENTS - continued**

**Compliance First Services Limited**

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

**Capital Reward Limited**

Nature of business Scheme designed to share income from centrally negotiated terms

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

Only the Ordinary A and Ordinary AA shares have voting rights attached

**Capital Reward Plus Limited**

Nature of business Non advising transactional financial advice

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

Only the Ordinary A and Ordinary AA 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 Limited control 100% of the voting rights

**Verbatim Asset Management plc**

Nature of business Group holding company of the Verbatim Group

	%
Class of shares	holding
Ordinary	62 50
A Ordinary	100 00
B Ordinary	20 38

Only the Ordinary and A Ordinary shares have voting rights attached

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12 FIXED ASSET INVESTMENTS - continued**

**Bespoke Compliance Solutions Limited**

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

**SIFA Limited**

Nature of business Compliance support for FAs

	%
Class of shares	holding
Ordinary	100 00

**360 Legal Group Limited**

Nature of business Provision of services to the legal profession

	%
Class of shares	holding
Ordinary	100 00

**Staffcare Limited**

Nature of business Software solutions for employee benefits

	%
Class of shares	holding
Ordinary	77 69

**Capital Reward Clients Limited**

Nature of business Holding clients from retiring IFAs

	%
Class of shares	holding
Ordinary	100 00

**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

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12 FIXED ASSET INVESTMENTS - continued**

**Verbatim Adviser Services Limited**

Nature of business Provider of integrated trading systems

	%
Class of shares	holding
Ordinary	75 51

**Verbatim Investments Limited**

Nature of business Economic owner of asset management vehicles

	%
Class of shares	holding
Ordinary	75 51

**Verbatim Portfolio Management Limited**

Nature of business Promoter of investment services to FAs

	%
Class of shares	holding
Ordinary	75 51

**Professional Financial Centres Limited**

Nature of business Compliance support for FAs

	%
Class of shares	holding
Ordinary	100 00

**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 2014. 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 2014. The company is dormant and the different accounting year end has no impact on the consolidated financial statements.

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12 FIXED ASSET INVESTMENTS - continued**

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 Limited

Compliance First Limited (SC335070)  
New Model Business Academy Limited (06542304)  
360 Legal Group Limited (07119685)  
Capital Reward Clients Limited (05886637)  
Simply Biz Mortgages Limited (04829609)  
Verbatim Adviser Services Limited (07036348)  
Verbatim Investments Limited (07037050)  
Verbatim Portfolio Management Limited (07037051)  
Professional Financial Centres Limited (03022062)

**Joint venture**

**Dawson MGA Limited**

Country of incorporation Ireland  
Nature of business Insurance intermediary

Class of shares	% holding
Ordinary	50 00

**Associated companies**

**APS Legal & Associates Limited**

Nature of business Professional will writers

Class of shares	% holding
A Ordinary	25 00

APS Legal & Associates Limited has an accounting year end of 30 November 2013. The different accounting year end has no material impact on the consolidated financial statements.

**Simply Legal & Associates Limited**

Nature of business Dormant

Class of shares	% holding
Ordinary	17 50



**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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**

	Loans to associates £	Other loans £	Totals £
<b>COST</b>			
At 1 January 2013	161,158	4,979,318	5,140,476
Reclassification	2,633,098	-	2,633,098
New in year	209,099	15,636	224,735
Repayment in year	(2,864)	(214,004)	(216,868)
At 31 December 2013	<u>3,000,491</u>	<u>4,780,950</u>	<u>7,781,441</u>
<b>PROVISIONS</b>			
At 1 January 2013	161,158	-	161,158
Provisions for year	650,000	-	650,000
Reversal of provision	(161,158)	-	(161,158)
At 31 December 2013	<u>650,000</u>	<u>-</u>	<u>650,000</u>
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>2,350,491</u>	<u>4,780,950</u>	<u>7,131,441</u>
At 31 December 2012	<u>-</u>	<u>4,979,318</u>	<u>4,979,318</u>

Included in other loans is £4,780,950 (2012 - £4,979,318) relating to providing financial assistance for the purchase of shares in Simply Biz Limited to an employees' share scheme

The impairment recognised in previous periods against loans to associates has been reversed as sufficient proof of the recoverability of the cost of the asset has been evidenced during the current year

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**13 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Amounts falling due within one year				
Trade debtors	2,544,473	992,478	6,063	-
Amounts owed by group undertakings	-	-	4,289,176	2,335,211
Amounts owed by joint ventures	4,499	-	4,500	-
Amounts owed by associates	147,424	-	147,424	-
Amounts recoverable on contract	135,692	-	-	-
Other debtors	118,293	93,174	127,320	128,218
Tax	49,593	140,306	49,593	83,277
Deferred tax asset	-	5,900	-	3,000
Prepayments and accrued income	1,478,179	742,671	141,379	101,228
	<u>4,478,153</u>	<u>1,974,529</u>	<u>4,765,455</u>	<u>2,650,934</u>
Amounts falling due after more than one year				
Amounts owed by associates	-	2,633,098	-	2,633,098
Other debtors	73,185	31,562	-	-
Amounts owed by group undertakings	-	-	3,512,689	2,996,133
Tax	1,195,237	1,244,830	1,195,237	1,244,830
	<u>1,268,422</u>	<u>3,909,490</u>	<u>4,707,926</u>	<u>6,874,061</u>
Aggregate amounts	<u>5,746,575</u>	<u>5,884,019</u>	<u>9,473,381</u>	<u>9,524,995</u>

**14 CURRENT ASSET INVESTMENTS**

	<b>Group</b>	
	31 12 13	31 12 12
	£	£
Listed investments	<u>793,293</u>	<u>747,457</u>

Market value of listed investments held by the group at 31 December 2013 - £793,293 (2012 - £747,457)

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Bank loans and overdrafts (see note 17)	707,027	280,000	707,027	280,000
Trade creditors	1,486,305	638,425	84,634	59,119
Amounts owed to group undertakings	-	-	3,630,768	679,774
Tax	401,813	489,452	1,398	-
Social security and other taxes	866,344	532,024	242,823	224,063
Other creditors	119,693	17,288	1,371	2,823
Accruals and deferred income	<u>2,415,357</u>	<u>1,716,195</u>	<u>422,777</u>	<u>785,890</u>
	<u>5,996,539</u>	<u>3,673,384</u>	<u>5,090,798</u>	<u>2,031,669</u>

**16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Bank loans (see note 17)	17,353,982	1,120,000	17,353,982	1,120,000
Other creditors	304,265	74,188	-	-
Accruals and deferred income	<u>397,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,055,894</u>	<u>1,194,188</u>	<u>17,353,982</u>	<u>1,120,000</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**17 LOANS**

An analysis of the maturity of loans is given below

	<b>Group</b>		<b>Company</b>	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans	<u>707,027</u>	<u>280,000</u>	<u>707,027</u>	<u>280,000</u>
Amounts falling due between one and two years				
Bank loans	<u>707,027</u>	<u>280,000</u>	<u>707,027</u>	<u>280,000</u>
Amounts falling due between two and five years				
Bank loans	<u>5,724,082</u>	<u>840,000</u>	<u>5,724,082</u>	<u>840,000</u>
Amounts falling due in more than five years				
Repayable otherwise than by instalments				
Bank loans	<u>10,922,873</u>	<u>-</u>	<u>10,922,873</u>	<u>-</u>

£3,971,335 of the bank loans due in more than five years is repayable in full by 20 December 2019 Interest is charged at 4.75% above LIBOR

£6,951,538 of the bank loans due in more than five years is due to Beechbrook Mezzanine II Jersey Limited and is repayable in full by 20 June 2019 Interest is charged at 6% above LIBOR or 1%, whichever is higher Additional interest of 4% is charged and added to the outstanding capital amount and is repayable by 20 June 2019

**18 OPERATING LEASE COMMITMENTS**

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

<b>Group</b>	<b>Land and buildings</b>		<b>Other operating leases</b>	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Expiring				
Within one year	6,750	15,750	4,500	100,000
Between one and five years	120,626	128,726	948,579	614,636
In more than five years	<u>138,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>266,120</u>	<u>144,476</u>	<u>953,079</u>	<u>714,636</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**18 OPERATING LEASE COMMITMENTS - continued**

**Company**

	Land and buildings		Other operating leases	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Expiring				
Between one and five years	<u>120,626</u>	<u>120,626</u>	<u>6,808</u>	<u>2,380</u>

**19 SECURED DEBTS**

The following secured debts are included within creditors

	Group		Company	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Bank loans	<u>18,061,009</u>	<u>1,400,000</u>	<u>18,061,009</u>	<u>1,400,000</u>

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

**20 PROVISIONS FOR LIABILITIES**

	Group		Company	
	31 12 13	31 12 12	31 12 13	31 12 12
	£	£	£	£
Deferred tax	<u>6,700</u>	<u>-</u>	<u>13,000</u>	<u>-</u>
Other provisions	<u>611,394</u>	<u>1,116,525</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>618,094</u>	<u>1,116,525</u>	<u>13,000</u>	<u>-</u>

**Group**

	Deferred tax	Other provisions
	£	£
Balance at 1 January 2013	(5,900)	1,116,525
Provided during year	15,500	-
Acquired during the year	(2,900)	-
Additional provision	-	239,394
Amounts utilised	-	(431,740)
Unused amounts reversed	<u>-</u>	<u>(312,785)</u>
Balance at 31 December 2013	<u>6,700</u>	<u>611,394</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**20 PROVISIONS FOR LIABILITIES - continued**

**Company**

	Deferred tax £
Balance at 1 January 2013	(3,000)
Profit and loss account	<u>16,000</u>
Balance at 31 December 2013	<u>13,000</u>

The group deferred tax balance is attributed to accelerated capital allowances of £26,800 credit (2012 - £10,800 credit) and other timing differences of £20,100 debit (2012 - £16,700 debit)

The company deferred tax balance is attributed to accelerated capital allowances of £26,300 credit (2012 - £11,500 credit) and other timing differences of £13,300 debit (2012 - £14,500 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

**21 MINORITY INTERESTS**

	31 12 13	31 12 12
	£	£
Minority interests' share of profit in subsidiary undertakings	<u>89,182</u>	<u>1,138,330</u>

**22 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	31 12 13 £	31 12 12 £
7,219,819 (2012 - 8,027,823)	Ordinary	1p	<u>72,198</u>	<u>80,278</u>

Options to purchase 22,168 (2012 - 25,528) 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 290,193 (2012 - 297,449) 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 above options in issue at the year end have a seven year option period.

Options to purchase 500,000 (2012 - Nil) Ordinary shares have been granted in the current year with an exercise price of £5 00. These options are divided into three tranches for which the earliest exercise dates are 31 December 2013, 31 December 2014 and 31 December 2015. The options in issue at the year end have a ten year option period.

**SIMPLY BIZ LIMITED (REGISTERED NUMBER 04518535)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013****23 RESERVES****Group**

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2013	11,331,908	4,986,824	-	16,318,732
Profit for the year	3,961,218	-	-	3,961,218
Dividends	(1,284,452)	-	-	(1,284,452)
Purchase of own shares	(3,000,000)	-	8,080	(2,991,920)
Share-based payment transactions	338,500	-	-	338,500
At 31 December 2013	<u>11,347,174</u>	<u>4,986,824</u>	<u>8,080</u>	<u>16,342,078</u>

**Company**

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2013	13,154,868	4,986,824	-	18,141,692
Profit for the year	2,671,711	-	-	2,671,711
Dividends	(1,284,452)	-	-	(1,284,452)
Purchase of own shares	(3,000,000)	-	8,080	(2,991,920)
Share-based payment transactions	338,500	-	-	338,500
At 31 December 2013	<u>11,880,627</u>	<u>4,986,824</u>	<u>8,080</u>	<u>16,875,531</u>

**24 PENSION COMMITMENTS**

Included within other creditors are pension costs of £19,537 (2012 - £Nil) which are outstanding at the year end

**25 OTHER FINANCIAL COMMITMENTS**

A minimum contracted fee of £474,000 (2012 - £390,000) is due for the following year

**26 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 (2012 - £1,027,827) were paid to group directors and trusts

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013****26 RELATED PARTY DISCLOSURES - continued**

	31 12 13 £	31 12 12 £
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	520
G J Kershaw	148	148
D R C Kershaw	7,616	7,616
	<u>1,027,827</u>	<u>1,027,827</u>

**APS Legal & Associates Limited**

An associate company

During the year interest of £3,822 (2012 - £3,829) was charged to and repayments of £2,864 (2012 - £5,761) were received from APS Legal & Associates Limited on an outstanding loan balance

	31 12 13 £	31 12 12 £
Amount due from related party at the balance sheet date	162,116	161,158
Provisions for doubtful debt at the balance sheet date	<u>-</u>	<u>161,158</u>

**Simply Legal & Associates Limited**

An associate company

	31 12 13 £	31 12 12 £
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>177,333</u>

**Clear View Assured Limited**

An associate company

During the year Simply Biz Limited made a loan of £Nil (2012 - £650,000) to Clear View Assured Limited Interest of £33,390 (2012 - £5,528) was charged to Clear View Assured Limited during the year

	31 12 13 £	31 12 12 £
Amount due from related party at the balance sheet date	688,818	655,518
Provisions for doubtful debt at the balance sheet date	<u>650,000</u>	<u>-</u>



**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**26 RELATED PARTY DISCLOSURES - continued**

**Sandringham Financial Partners Limited**

An associate company

During the year Simply Biz Limited paid expenses of £296,146 (2012 - £400,365) on behalf of Sandringham Financial Partners Limited and made a loan of £Nil (2012 - £1,555,000) to the company. Interest of £103,362 (2012 - £22,215) was charged to Sandringham Financial Partners Limited during the year. Sandringham Financial Partners Limited repaid amounts totalling £80,107 (2012 - £Nil) during the year.

	31 12 13	31 12 12
	£	£
Amount due from related party at the balance sheet date	<u>2,296,981</u>	<u>1,977,580</u>

**Simply Biz Employee Benefit Trust**

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

During the year Simply Biz Limited paid dividends of £79,302 (2012 - £79,302) to Simply Biz Employee Benefit Trust. Simply Biz Limited paid expenses of £15,636 (2012 - £Nil) on behalf of the trust and the trust repaid amounts totalling £214,004 (2012 - £Nil) during the year.

	31 12 13	31 12 12
	£	£
Amount due from related party at the balance sheet date	<u>4,780,950</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 (2012 - £30,000) by the group for sponsorship and other services. The group made donations totalling £187,800 (2012 - £Nil) to the company during the year.

	31 12 13	31 12 12
	£	£
Amount due to related party at the balance sheet date	<u>32,800</u>	<u>-</u>

**Kirklees Stadium Development Limited**

A company in which K E Davy is a director

During the year Kirklees Stadium Development Limited was paid £121,872 (2012 - £121,243) by Simply Biz Limited for property costs and other services.

	31 12 13	31 12 12
	£	£
Amount due to related party at the balance sheet date	<u>7,269</u>	<u>7,057</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**26 RELATED PARTY DISCLOSURES - continued**

**MMUNIC Limited**

A company controlled by M L Timmins and N M Stevens

During the year the group made purchases of £35,797 (2012 - £44,531) from MMUNIC Limited

	31 12 13	31 12 12
	£	£
Amount due to related party at the balance sheet date	<u>3,960</u>	<u>1,638</u>

**Dawson MGA Limited**

A joint venture company

During the year the group purchased 1 Ordinary share of €1 each at par in Dawson MGA Limited and made a loan of £4,500 (2012 - £Nil) to the company

	31 12 13	31 12 12
	£	£
Amount due from related party at the balance sheet date	<u>4,499</u>	<u>-</u>

**27 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is K E Davy

**28 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	31 12 13	31 12 12
	£	£
Profit for the financial year	3,961,218	1,640,456
Dividends	<u>(1,284,452)</u>	<u>(1,284,362)</u>
	2,676,766	356,094
Payments to acquire own shares	<u>(3,000,000)</u>	-
Proceeds from issue of shares	-	699
Share-based payment transactions	<u>338,500</u>	<u>47,718</u>
<b>Net addition to shareholders' funds</b>	15,266	404,511
Opening shareholders' funds	<u>16,399,010</u>	<u>15,994,499</u>
<b>Closing shareholders' funds</b>	<u>16,414,276</u>	<u>16,399,010</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

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28 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	31 12 13	31 12 12
	£	£
Profit for the financial year	2,671,711	2,872,458
Dividends	<u>(1,284,452)</u>	<u>(1,284,362)</u>
	1,387,259	1,588,096
Payments to acquire own shares	(3,000,000)	-
Proceeds from issue of shares	-	699
Share-based payment transactions	<u>338,500</u>	<u>47,718</u>
Net (reduction)/addition to shareholders' funds	(1,274,241)	1,636,513
Opening shareholders' funds	<u>18,221,970</u>	<u>16,585,457</u>
Closing shareholders' funds	<u>16,947,729</u>	<u>18,221,970</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**29 SHARE-BASED PAYMENT TRANSACTIONS**

**Group and company**

During the year equity-settled share-based payment arrangements were in place with certain employees. There were new share options granted during the year with the earliest exercise date being one year from the date of grant and the latest exercise date being ten years later. The share options granted in previous years have 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 13	Weighted average exercise price	31 12 12	Weighted average exercise price
	Number of options	£	Number of options	£
Outstanding at 1 January 2013	322,977	9.45	378,922	9.54
Granted during the year	500,000	5.00	-	-
Forfeited during the year	(10,616)	7.33	(55,385)	10.15
Exercised during the year	-	-	(560)	1.25
Outstanding at 31 December 2013	<u>812,361</u>	<u>6.74</u>	<u>322,977</u>	<u>9.45</u>
Exercisable at 31 December 2013	<u>382,253</u>	<u>7.39</u>	<u>124,637</u>	<u>8.33</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 0.14 (2012 - nil and 0.61) years respectively.

The share options granted during the year that are outstanding at the end of the year have an exercise price of £5.00, with a weighted average remaining contractual life of 1 year.

The fair value of the share options has been based on directors' valuations. The fair value of the options granted during the year is £1.

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

	31 12 13	31 12 12
	£	£
Equity-settled share-based payment transactions	<u>338,500</u>	<u>47,718</u>

**SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**30 ACQUISITION OF SUBSIDIARIES**

On 20 December 2013 77.69% of the issued share capital of Staffcare Limited was acquired for a cash consideration of £13,940,064. The acquisition has been accounted for by the acquisition method of accounting.

Details of the assets and liabilities immediately prior to the acquisition of Staffcare Limited are as follows:

	£
Fixed assets	81,703
Debtors	1,550,395
Cash at bank and in hand	2,263,573
Creditors	<u>(2,137,887)</u>
Total net assets of acquired subsidiaries	<u>1,757,784</u>
Goodwill arising on acquisition	<u>12,574,364</u>
Total cash consideration	<u>13,940,064</u>

Total cash consideration includes £68,000 included in accruals at 31 December 2013.

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

**Summarised profit and loss account from 1 July 2013 up to the date of acquisition.**

	£
Turnover	<u>2,528,370</u>
Operating profit	<u>198,201</u>
Profit on ordinary activities before taxation	191,285
Tax on profit on ordinary activities	<u>30,004</u>
Profit for the financial period	<u>161,281</u>

The profit after tax for the company acquired for the year 1 July 2012 to 30 June 2013 was £1,389,232.

**Summarised statement of total gains and losses from 1 July 2013 up to the date of acquisition.**

	£
Profit for the financial period	<u>161,281</u>
Prior year adjustment	<u>(71,611)</u>
Total gains and losses recognised since last annual report	<u>89,670</u>