

Staffcare Limited

**Strategic report, Directors' report and
financial statements**

Registered number 05104223

31 December 2016

THURSDAY



A29

A6FXRNER

28/09/2017

#257

COMPANIES HOUSE

Contents

Company information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	5
Independent auditor's report to the members of Staffcare Limited	6
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes	11

Company information

Directors	PJ Hollingdale R Sieber ML Timmins NM Stevens SC Turvey
Secretary	RJ Leonhardsen
Registered office	Leatherhead House Station Road Leatherhead Surrey KT22 7FG
Registered number	05104223 (England and Wales)
Auditors	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Bankers	Barclays Bank plc 82 High Street Epsom KT19 8BH

Strategic report

The directors present their strategic report for the year ended 31 December 2016.

In the accounts to 31 December 2015 we stated that we envisaged 2016 as a further period of significant investment to ensure that our award winning employee benefits software continues to lead the way in the critically important employee engagement, recruitment and retention market. I am pleased to report that this program remains on course and in line with this plan, a further £1.4m was invested solely in new technology in 2016.

Our financial strategy remains to build up our long term recurring revenue stream and this grew to £5.1m in 2016, providing increasing forward revenue visibility. The number of the UK workforce whose benefits are run on our software grew by 30% to 3.5m, across over 13,000 companies. This resulted in 74% of our income for the year being derived from recurring software licence fees, covering 76% of our overhead for the year.

Revenue at £7m was flat in 2016, reflecting our planned shift away from a reliance on large once-off special projects towards a revenue model based primarily on licence fees for our core technology. This strategy will continue as we deliver our next generation of software which requires substantially lower implementation effort and cost in line with market travel. The resultant operating profits of £1.1m maintained our profit margin at 15%.

Our strategy of working with corporate advisers, employee benefit consultants, product providers and other financial services groups, by licensing the Staffcare technology to them, continues to be successful with over 75% of our income deriving from this channel. 2016 saw significant growth amongst many of our licensee partners, exceeding our targets. In addition I am pleased to report that we added two further high profile licensees, ADP and Mazars, to our list of partners, as well as securing a new long term agreement with Equiniti.

We have continued to achieve a significant number of major direct sales for technology only solutions, including LinkedIn, NTT Data, Impellam, Huntswood and Bakkavor Foods. With the technology only requirement growing in parallel to the overall sector growth, we have also invested further in our sales and account management support.

2016 continued to see strong growth in the take up of our auto enrolment software, largely through our industry leading partners. By the end of 2016 over 3.1 million employees were hosted on Staffcare's Auto Enrolment software, exceeding the objective stated in last year's report.

Last year we stated that we are moving into a period of unprecedented change in the employee benefits market and this pattern continues. In addition, the changes to legislation around salary sacrifice and the desire amongst SMEs to deliver a high value employee benefits offering supported by effective technology, further means that business models will need to adapt and change. We believe that the initiatives we have in place, coupled with our ground breaking technology, mean that our business is strongly positioned to take advantage of these changes.

To support this growth, during 2016 we continued to undergo significant investment in our people and in acquiring greater specialist skills with employee headcount growing by 9%. In addition, our plan to continue to invest in all areas of our technology to ensure that we continue to lead the way in the reward communication, benefits administration and enrolment market, further strengthened, with over 34% of revenue spent on total R&D. This investment program will continue through 2017, supported by many new initiatives, including investment in a range of specialist services to offer stronger support and guidance to both our licensee partners and direct clients.

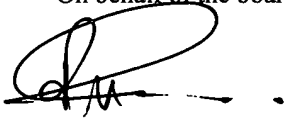
In 2016, driven by greater needs for data security we also invested in transitioning the business to ISO27001 data security standards and will seek full accreditation in 2017. I am also pleased to report that our investment in and focus on all aspects of customer service resulted in a 99% satisfaction rating at the end of 2016.

I thank all of our staff who have shown tremendous dedication and enthusiasm in meeting our commitments and the demands arising from our continued growth and in wholeheartedly embracing the transformational changes needed to ensure we can continue to grow and prosper as a company and address new and emerging market needs.

Strategic report *(continued)*

With the market opportunities ahead of us and with the ever increasing investment we will be putting into development of our software and services, combined with the ever present commitment and support of our parent group, I am confident that the company is well positioned for long term profitable growth and to lead the market.

On behalf of the board:

A handwritten signature in black ink, appearing to be 'R Sieber', with a horizontal line extending to the right.

R Sieber
Director

Leatherhead House
Station Road
Leatherhead
Surrey
KT22 7FG

23 May 2017

Directors' report

The directors present their report and financial statements of the company for the year ended 31 December 2016.

Dividends

The directors do not recommend payment of a dividend.

Directors

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

PJ Hollingdale
R Sieber
ML Timmins
NM Stevens
SC Turvey
G Jarvis (resigned 5 January 2017)

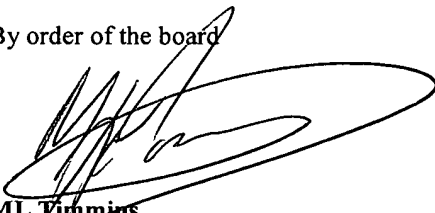
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



ML Timmins
Director

Leatherhead House
Station Road
Leatherhead
Surrey
KT22 7FG

23 May 2017

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

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Staffcare Limited

We have audited the financial statements of Staffcare Limited for the year ended 31 December 2016 set out on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Staffcare Limited *(continued)*

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.



Ian Beaumont (Senior Statutory Auditor)

For and on behalf of

KPMG LLP

Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

26 September 2017

Profit and loss account

for the year ended 31 December 2016


	<i>Note</i>	31 December 2016 £	31 December 2015 £
Turnover		7,004,924	7,255,269
Operating expenses:			
Before exceptional costs		(5,930,647)	(5,899,783)
Exceptional costs		-	(100,000)
		<hr/>	<hr/>
Total operating expenses		(5,930,647)	(5,999,783)
		<hr/>	<hr/>
Operating profit	<i>2-4</i>	1,074,277	1,255,486
Interest receivable and similar income	<i>5</i>	117	117
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,074,394	1,255,603
Tax on profit on ordinary activities	<i>6</i>	(268,668)	1,430
		<hr/>	<hr/>
Profit for the financial year		805,726	1,257,033
		<hr/> <hr/>	<hr/> <hr/>

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

Balance sheet
at 31 December 2016

	<i>Note</i>	31 December 2016	31 December 2015
		£	£
Fixed assets			
Tangible assets	7	95,144	41,217
Intangible assets	8	1,361,048	501,900
		<u>1,456,192</u>	<u>543,117</u>
Current assets			
Debtors (including £41,623 (2015: £41,623)) due after more than one year	9	4,905,704	4,966,995
Deferred tax asset	12	4,664	11,330
Cash and cash equivalents	10	429,279	435,220
		<u>5,339,647</u>	<u>5,413,545</u>
Creditors: amounts falling due within one year	11	(1,919,776)	(2,148,327)
Net current assets		<u>3,419,871</u>	<u>3,265,218</u>
Total assets less current liabilities		<u>4,876,063</u>	<u>3,808,335</u>
Deferred tax liability	12	(262,002)	-
Net assets		<u>4,614,061</u>	<u>3,808,335</u>
Capital and reserves			
Called up share capital	14	255	255
Share premium		1,588,177	1,588,177
Profit and loss account		3,025,629	2,219,903
Shareholders' funds		<u>4,614,061</u>	<u>3,808,335</u>

These financial statements were approved by the board of directors on 23 May 2017 and were signed on its behalf by:


Mr Timmins
Director

Company registered number: 05104223

Statement of Changes in Equity

for the year ended 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 1 January 2015	255	1,588,177	962,870	2,551,302
Total comprehensive income for the period				
Profit for the period	-	-	1,257,033	1,257,033
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	1,257,033	1,257,033
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	255	1,588,177	2,219,903	3,808,335
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2016	255	1,588,177	2,219,903	3,808,335
Total comprehensive income for the period				
Profit for the period	-	-	805,726	805,726
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	805,726	805,726
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	255	1,588,177	3,025,629	4,614,061
	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Staffcare Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The address of its registered office is Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7FG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* applicable in the UK and Republic of Ireland ("*FRS 101*") as issued in August 2014. The amendments to FRS 101 issued in September 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company is preparing its financial statements in accordance with FRS 101 for the first time. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 20.

The Company's ultimate parent undertaking, The Simply Biz Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of The Simply Biz Group Limited are available to the public and may be obtained from The John Smith's Stadium, Stadium Way, Huddersfield, HD1 6PG. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Comparative period reconciliations for tangible fixed assets and intangible assets.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss, biological assets, investment property, tangible fixed assets and intangible assets measured in accordance with the revaluation model and investments in associates and joint ventures measured at fair value.

1.2 Going concern

Further information on the Company's business activities, together with the factors likely to affect its future performance and position, are set out in the Strategic report.

The Company has net current assets of £3,419,871 at 31 December 2016.

The Company meets its day-to-day working capital requirements through operating cash flows, bank balances and bank loan facilities. The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company is expected to have a sufficient level of financial resources available through facilities agreed and expected to be agreed when these fall due for renewal.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

After considering the above in detail, the directors consider and have concluded that the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt a going concern basis in the preparation of the financial statements.

1.3 Classification of financial instruments issued by the Company

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

they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

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

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

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

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.8 below.

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

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

- office equipment: 33% straight line
- fixtures and fittings: 33% straight line

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

1.6 Provisions

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

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

1.7 Turnover

Turnover represents the provision of services to external customers at invoiced amounts less value added tax.

Turnover from the rendering of services is recognised in the period in which the services are provided.

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes (continued)

1 Accounting policies (continued)

1.8 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.9 Taxation

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

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

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

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

1.10 Research and development expenditure

All ongoing research expenditure is expensed in the period in which it is incurred. Where a product is technically feasible, production and sales are intended, a market exists and sufficient resources are available to complete the project, development costs are capitalised and subsequently amortised on a straight line basis over the estimated useful life of the product concerned from commercial launch.

1.11 Exceptional costs

Items that are material in size and unusual in nature are included within the operating result and disclosed separately in the income statement. The separate reporting of these items helps to provide a more accurate indication of the underlying business performance.

Notes (continued)

1 Accounting policies (continued)

1.12 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Intangible assets – Capitalised Development Costs

The company business includes a significant element of research and development activity. Under FRS 101 there is a requirement to capitalise and amortise development spend to match costs to expected benefits from projects deemed to be commercially viable. The application of this policy involves the ongoing consideration by management of the forecasted economic benefit from such projects compared to the level of capitalised costs, together with the selection of amortisation periods appropriate to the life of the associated revenues from the product.

2 Expenses and auditor's remuneration

The operating profit is stated after charging:

	31 December 2016 £	31 December 2015 £
Research and development expenditure	698,778	967,092
Other operating leases	709,398	607,488
Depreciation – owned assets	45,480	44,040
Auditors' remuneration	10,000	10,000
Auditor's remuneration for non audit work – taxation services	6,500	6,500
	<u> </u>	<u> </u>

3 Staff numbers and costs

	31 December 2016 £	31 December 2015 £
Wages and salaries	3,166,568	2,996,201
Social security costs	328,730	313,250
Other pension costs	120,266	124,701
	<u> </u>	<u> </u>
	3,615,564	3,434,152
	<u> </u>	<u> </u>

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

	31 December 2016	31 December 2015
Sales and administration	73	67
	<u> </u>	<u> </u>

4 Directors' remuneration

	31 December 2016 £	31 December 2015 £
Directors' remuneration	400,401	430,780
Directors' pension contributions to money purchase schemes	10,188	26,146
	<u> </u>	<u> </u>

Notes (continued)

4 Directors remuneration (continued)

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

	31 December 2016	31 December 2015
Money purchase schemes	3	3

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

Information regarding the highest paid director for the year ended 31 December 2016 is as follows:

	31 December 2016 £	31 December 2015 £
Emoluments etc.	141,727	158,182
Pension contribution to money purchase schemes	1,670	10,020

5 Interest receivable and similar income

	31 December 2016 £	31 December 2015 £
Bank interest receivable	117	117

6 Taxation

Total tax (charge)/credit recognised in the profit and loss account

	31 December 2016 £	31 December 2015 £
Current tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(172,052)	(3,169)
Change in tax rate	-	(1,611)
Adjustments in respect of prior periods	(96,616)	6,210
Total deferred tax (see note 12)	(268,668)	1,430
Total tax (charge)/credit	(268,668)	1,430

All tax is recognised in the profit and loss account.

Notes (continued)

6 Taxation (continued)

Reconciliation of effective tax rate

	31 December 2016 £	31 December 2015 £
Profit for the year	805,726	1,257,033
Total tax charge/(credit)	268,668	(1,430)
	<hr/>	<hr/>
Profit before taxation	1,074,394	1,255,603
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	214,879	254,260
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,698	5,257
Group relief claimed	(29,415)	(154,291)
Capital allowances in excess of depreciation	(15,332)	-
Allowable development expenditure	(171,830)	(101,661)
Adjustments to tax charge in respect of prior periods	96,616	(6,210)
Deferred tax rate difference	-	1,215
Deferred tax timing difference	172,052	-
	<hr/>	<hr/>
Total tax charge/(credit) included in the profit or loss	268,668	(1,430)
	<hr/>	<hr/>

Changes affecting the future tax charge

A reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

7 Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 January 2016	90,010	126,653	216,663
Additions	58,028	41,379	99,407
	<hr/>	<hr/>	<hr/>
At 31 December 2016	148,038	168,032	316,070
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2016	62,834	112,612	175,446
Charge for year	27,023	18,457	45,480
	<hr/>	<hr/>	<hr/>
At 31 December 2016	89,857	131,069	220,926
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2016	58,181	36,963	95,144
	<hr/>	<hr/>	<hr/>
At 31 December 2015	27,176	14,041	41,217
	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Intangible Assets

	Development expenditure £	Total £
<i>Cost</i>		
At 1 January 2016	501,900	501,900
Additions	859,148	859,148
	<hr/>	<hr/>
At 31 December 2016	1,361,048	1,361,048
	<hr/>	<hr/>
<i>Amortisation</i>		
At 1 January 2016	-	-
Charge for year	-	-
	<hr/>	<hr/>
At 31 December 2016	-	-
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2016	1,361,048	1,361,048
	<hr/>	<hr/>
At 31 December 2015	501,900	501,900
	<hr/>	<hr/>

No amortisation has been charged on the development expenditure as the project has not yet reached commercial launch.

9 Debtors

	31 December 2016 £	31 December 2015 £
Amounts falling due within one year:		
Trade debtors	1,483,797	2,033,292
Amounts owed by group undertakings	2,714,519	2,613,381
Other debtors	100	100
Prepayment and accrued income	665,665	278,599
	<hr/>	<hr/>
	4,864,081	4,925,372
Amounts falling due after more than one year:		
Other debtors	41,623	41,623
	<hr/>	<hr/>
Aggregate amounts	4,905,704	4,966,995
	<hr/>	<hr/>

10 Cash and cash equivalents

	31 December 2016 £	31 December 2015 £
Cash at bank and in hand	429,279	435,220
	<hr/>	<hr/>

Notes (continued)

11 Creditors: amounts falling due within one year

	31 December 2016 £	31 December 2015 £
Trade creditors	620,663	242,871
Social security and other taxes	295,196	373,682
Other creditors	16,801	120,843
Accruals and deferred income	987,116	1,410,931
	<u>1,919,776</u>	<u>2,148,327</u>

12 Deferred tax, assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 December 2016 £	31 December 2015 £	Liabilities 31 December 2016 £	31 December 2015 £	Net 31 December 2016 £	31 December 2015 £
Accelerated capital allowances	1,430	6,318	-	-	1,430	6,318
Other short term timing differences	3,234	5,012	(262,002)	-	(258,768)	5,012
	<u>4,664</u>	<u>11,330</u>	<u>(262,002)</u>	<u>-</u>	<u>(257,338)</u>	<u>11,330</u>

13 Employee benefits

Included within other creditors are pension costs of £16,801 (2015: £20,843) which were outstanding at the year end.

14 Called up share capital

Allotted, issued and fully paid:

Number	Class:	Nominal value:	31 December 2016 £	31 December 2015 £
255,030	Ordinary	£0.001	<u>255</u>	<u>255</u>

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

Notes (continued)

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other operating leases	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	£	£	£	£
<i>Expiring:</i>				
Within one year	138,744	138,744	574,163	415,148
Between one and five years	231,240	369,984	669,857	877,285
In more than five years	-	-	-	-
	<u>369,984</u>	<u>508,728</u>	<u>1,244,020</u>	<u>1,292,433</u>

16 Contingencies

The company has provided a guarantee against the bank loans of The Simply Biz Group Limited, the ultimate parent company. The total amount outstanding at 31 December 2016 amounted to £35,000,000 (2015: £35,000,000).

17 Related party disclosures

Simply Biz Limited

A fellow group company

During the year the company made a loan of £200,000 (2015: £460,000) to Simply Biz Limited. Expenses totalling £114,581 (2015: £Nil) were recharged to the company during the year.

	31 December 2016	31 December 2015
	£	£
Amounts due from group undertakings at the balance sheet date	<u>2,685,419</u>	<u>2,600,000</u>

Simply Biz Services Limited

A fellow group company

During the year the company made sales of £13,100 (2015: £16,167) to Simply Biz Services Limited.

	31 December 2016	31 December 2015
	£	£
Amounts due from group undertakings at the balance sheet date	<u>29,100</u>	<u>13,381</u>

18 Ultimate parent company

The immediate parent undertaking is Simplybiz Limited.

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

Notes (continued)

19 Ultimate controlling party

The ultimate controlling party is deemed to be KE Davy by virtue of shareholding.

20 Transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies, set out in note 1, have been applied in preparing the financial statements for the year ended 31 December 2016, for the comparative information presented in these financial statements for the period ended 31 December 2015 and in the preparation of the opening FRS 101 statement of financial position at 1 January 2015, the Company's date of transition. In the transition from FRS 102 to FRS 101 as at 1 January 2015, the Company has made no measurement and recognition adjustments.

In preparing its opening FRS 101 statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes (continued)

20 Transition to FRS 101 (continued)

Statement of Financial Position reconciliation as at 31 December 2015

	Note	FRS 102 £	Effect transition of FRS 101 to FRS 101 £	FRS 101 £
Fixed assets				
Property, plant and equipment		41,217		41,217
Intangible assets	a	-	501,900	501,900
Total fixed assets		<u>41,217</u>	<u>501,900</u>	<u>543,117</u>
Current assets				
Debtors		4,966,995	-	4,966,995
Deferred tax asset		11,330	-	11,330
Cash and cash equivalents		435,220	-	435,220
Total current assets		<u>5,413,545</u>		<u>5,413,545</u>
Current liabilities				
Creditors: amounts falling due within one year		(2,148,327)		(2,148,327)
Net current assets		<u>3,265,218</u>		<u>3,265,218</u>
Net assets		<u>3,306,435</u>	<u>501,900</u>	<u>3,808,335</u>
Capital and reserves				
Share capital		255	-	255
Share premium account		1,588,177	-	1,588,177
Profit and loss account	a	1,718,003	501,900	2,219,903
Total equity		<u>3,306,435</u>	<u>501,900</u>	<u>3,808,335</u>

Notes (continued)

20 Transition to FRS 101 (continued)

Reconciliation of profit for 12 months ended 31 December 2015

	Note	FRS 102 £000	Effect of transition to FRS 101 £000	FRS 101 £000
Revenue		7,255,269	-	7,255,269
Operating expenses				
Before exceptional costs		(5,899,783)	-	(5,899,783)
Exceptional costs	a	(601,900)	501,900	(100,000)
Total operating expenses		(6,501,683)	501,900	(5,999,783)
Group operating profit		753,586	501,900	1,255,486
Interest receivable and similar income		117	-	117
Profit before taxation		753,703	501,900	1,255,603
Taxation		1,430	-	1,430
Profit for the financial period		755,133	501,900	1,257,033

Notes to the reconciliation of equity and reconciliation of profit

- (a) Under Financial Reporting Standard ("FRS") 102, the accounting policy was to expense the development work on intangible software assets. Under FRS 101 the costs meet the relevant criteria to be capitalised. Intangible assets of £501,900 have been recognised, with a corresponding increase in profits and retained earnings.