

**Capital Reward Limited**

**Directors' report and financial  
statements**

Registered number 05916715

31 December 2018



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## Company information

<b>Directors</b>	ML Timmins DRC Kershaw
<b>Registered office</b>	The John Smith's Stadium Stadium Way Huddersfield HD1 6PG
<b>Registered number</b>	05916715 (England and Wales)
<b>Auditor</b>	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

## Directors' report

The directors present their report and financial statements of the company for the year ended 31 December 2018.

### Principal activities and review of business

The company ceased operations in February 2014. It continues to incur small expenses and receive interest income.

### Directors

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

SC Turvey (resigned 30 April 2019)  
ML Timmins  
DRC Kershaw

### Dividends

No Dividends were paid during the year (2017: £3,160,670).

### Going concern

On the basis of the Company's current and forecast profitability and cash flows, and the availability of committed funding, 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.

### Brexit

The Directors continue to monitor the uncertainties surrounding the UK's withdrawal from the EU, and the potential impacts on the business and its stakeholders, with the largest risk believed to be associated impacts that a financial shock could have on the UK economy. The Directors believe that the Company's diversified and solely UK revenue streams, together with regular monitoring of the financial markets, provide some degree of mitigation.

### 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.

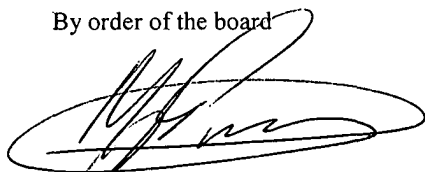
### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by The SimplyBiz Group plc and applicable to the directors of the Company was in force throughout the last financial year and is currently in force.

### 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

The John Smith's Stadium  
Stadium Way  
Huddersfield  
HD1 6PG  
20 September 2019

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative to do so.

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 Capital Reward Limited**

#### **Opinion**

We have audited the financial statements of Capital Reward Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account and other comprehensive income, the Balance sheet and the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Ian Beaumont (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

1 Sovereign Square  
West Yorkshire  
LS1 4DA

25 September 2019



**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2018*

	<i>Note</i>	<b>31 December 2018 £</b>	<b>31 December 2017 £</b>
<b>Turnover</b>		-	-
Administrative expenses		(131)	(130)
<b>Operating loss</b>	<b>2-3</b>	<b>(131)</b>	<b>(130)</b>
Interest receivable and similar income		-	-
<b>Loss on ordinary activities before taxation</b>		<b>(131)</b>	<b>(130)</b>
Tax on loss on ordinary activities	<b>4</b>	-	-
<b>Loss for the financial year</b>		<b>(131)</b>	<b>(130)</b>

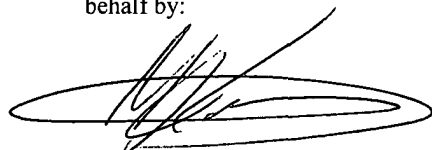
There are no items to be included in Other Comprehensive Income in the current or preceding year.

The notes on pages 10 to 16 form part of these financial statements.

**Balance sheet**  
*at 31 December 2018*

	Note	31 December 2018		31 December 2017	
		£	£	£	£
<b>Current assets</b>					
Debtors	5	-	-	-	-
Cash at bank and in hand		2,687		2,818	
		<u>2,687</u>		<u>2,818</u>	
<b>Creditors: amounts falling due within one year</b>	6	(177)		(177)	
		<u></u>		<u></u>	
<b>Net current assets</b>			2,510		2,641
			<u></u>		<u></u>
<b>Net assets</b>			2,510		2,641
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Called up share capital	7	1,099		1,099	
Other reserve		631		631	
Profit and loss account		780		911	
		<u></u>		<u></u>	
<b>Shareholders' funds</b>			2,510		2,641
			<u></u>		<u></u>

These financial statements were approved by the board of directors on 20 September 2019 and were signed on its behalf by:



**ML Timmins**  
*Director*

Registered no: 05916715

The notes on pages 10 to 16 form part of these financial statements.

**Statement of Changes in Equity**  
*at 31 December 2018*

	<b>Called up share capital £</b>	<b>Other reserve £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2017	1,099	631	3,161,711	3,163,441
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(130)	(130)
Total comprehensive income for the period	-	-	(130)	(130)
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	(3,160,670)	(3,160,670)
Total contributions by and distributions to owners	-	-	(3,160,670)	(3,160,670)
<b>Balance at 31 December 2017</b>	<b>1,099</b>	<b>631</b>	<b>911</b>	<b>2,641</b>
Balance at 1 January 2018	1,099	631	911	2,641
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(131)	(131)
Total comprehensive income for the period	-	-	(131)	(131)
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>1,099</b>	<b>631</b>	<b>780</b>	<b>2,510</b>

The notes on pages 10 to 16 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Capital Reward Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The address of its registered office is The John Smith's Stadium, Stadium Way, Huddersfield, HD1 6PG.

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 July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, The SimplyBiz Group plc (formerly The Simply Biz Group Limited) includes the Company in its consolidated financial statements. The consolidated financial statements of The SimplyBiz Group plc 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
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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.

#### 1.2 Going concern

The Company meets its day-to-day working capital requirements through operating cash flows. 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 its operating cash flows, and facilities agreed and expected to be agreed when these fall due for renewal.

The Company has net current assets of £2,510 and net assets of £2,510 as at 31 December 2018 (31 December 2017: net current assets of £2,641 and net assets of £2,641)

On the basis of the Company's current and forecast profitability and cash flows, 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Critical accounting estimates and judgements

The Company makes 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. In the future, actual experience may differ from these estimates and assumptions.

#### 1.4 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.

#### 1.5 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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 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.

**Notes** *(continued)*

**2 Profit and loss account information**

The company's activities consist solely of the Company's principal activity in the UK.

Auditor's remuneration is borne by a fellow group undertaking.

**3 Staff numbers and costs**

There were no employees during the year other than directors. All directors' costs are paid by the parent company.

## Notes (continued)

### 4 Taxation

#### *Total tax credit recognised in the profit and loss account*

	31 December 2018 £	31 December 2017 £
<b>Current tax</b>		
Current tax on income for the period	-	52
Adjustments in respect of prior periods	-	(52)
	<hr/>	<hr/>
<b>Total current tax</b>	-	-
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Change in tax rate	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
<b>Total deferred tax</b>	-	-
	<hr/>	<hr/>
<b>Total tax credit</b>	-	-
	<hr/>	<hr/>

#### *Reconciliation of effective tax rate*

	31 December 2018 £	31 December 2017 £
Loss for the year	(131)	(130)
Total tax credit	-	-
	<hr/>	<hr/>
Loss before taxation	(131)	(130)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	(25)	(25)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	-
Adjustments in respect of prior years	-	(52)
Group relief surrendered	25	77
	<hr/>	<hr/>
<b>Total tax credit included in the profit or loss</b>	-	-
	<hr/>	<hr/>

There are no deferred tax balances, either recognised or unrecognised, at 31 December 2018 or 31 December 2017.



## Notes (continued)

### 5 Debtors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Amounts owed by group undertakings	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

### 6 Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Amounts owed to group undertakings	177	177
	<u>177</u>	<u>177</u>
	<u>177</u>	<u>177</u>

Amounts owed to group undertakings are repayable on demand and do not attract interest.

### 7 Share capital

			31 December 2018 £	31 December 2017 £
Allotted, issued and fully paid:				
Number	Class:	Nominal value:		
99,373,087	Ordinary A	£0.00001	994	994
42,208,541	Ordinary AA	£0.000001	42	42
25,725,198	Ordinary B	£0.000001	26	26
18,011,250	Ordinary C	£0.000001	18	18
18,680,551	Ordinary D	£0.000001	19	19
			<u>1,099</u>	<u>1,099</u>
			<u>1,099</u>	<u>1,099</u>

Only Ordinary A and Ordinary AA shares carry voting rights. There are no restrictions on the repayment of capital on any share type other than Ordinary D shares which carry no repayment rights. There are no restrictions on the distribution of dividends on Ordinary A or Ordinary AA shares. Ordinary D shares carry no dividend rights. Ordinary B and Ordinary C shares rights to dividends are restricted to those relating to profits accrued following the second and third anniversary of the registration date respectively.

## **Notes** *(continued)*

### **8 Related party disclosures**

The company has taken advantage of the exemption within FRS 101 and therefore not disclosed details of transactions with fellow companies within the group headed by The SimplyBiz Group plc.

### **9 Contingencies**

The company has provided a guarantee against the bank loans of The SimplyBiz Group plc, the ultimate parent company. The total amount outstanding at 31 December 2018 amounted to £7,500,000 (2017: £35,000,000).

### **10 Ultimate parent company and controlling party**

The immediate parent undertaking is Simply Biz Limited.

The ultimate parent undertaking is The SimplyBiz Group plc, 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.

In the opinion of the directors, the ultimate controlling party is The SimplyBiz Group plc (formerly The SimplyBiz Group Limited).

### **11 Subsequent events**

On 20 March 2019, The SimplyBiz Group plc increased its borrowing from £7,500,000 to £45,000,000, as part of the funding structure for an acquisition. As part of the new funding structure, the Company no longer provides a guarantee against the bank loan.