

Parent company accounts of
SC335070 - Compliance First Ltd

REGISTERED NUMBER: 04518535 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
SIMPLY BIZ LIMITED**

These accounts form part of notes to
Compliance First Ltd accounts (SC335070)

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SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

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FOR THE YEAR ENDED 31 DECEMBER 2014**

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SIMPLY BIZ LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

DIRECTORS:

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

SECRETARY:

R J Butcher

REGISTERED OFFICE:

The John Smith's Stadium
Stadium Way
Huddersfield
HD1 6PG

REGISTERED NUMBER:

04518535 (England and Wales)

AUDITORS:

Revell Ward Limited
Chartered Accountants and Statutory Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

BANKERS:

Yorkshire Bank
40 New Street
Huddersfield
HD1 2BT

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

It is again my privilege and pleasure to present the Annual Report and Accounts for the Simply Biz Group. I am also pleased to be able to report another year of solid growth for the year ending 31 December 2014.

The published results themselves are impacted significantly by certain one off write downs or impairments which are covered in more detail in the following pages. For the purposes of my Chairman's Report I will therefore focus on the earnings of the Group before interest, tax, depreciation, amortisation and exceptional items (adjusted EBITDA) which for the year ending 31 December 2014 was £4.15m. This represents an increase in adjusted EBITDA of some 105% over the past five years. This is a very satisfying result especially when one considers the enormous changes and challenges which have faced the financial advice sector during the past few years. This in turn adds to our confidence in the future for the Simply Biz Group and the firms that we serve.

It is also very encouraging that the significant growth of Simply Biz in recent years has coincided with some important strategic changes we have made to the Group. From our launch in late 2002 and for most of our first decade our focus was on delivering high quality, cost effective compliance and business support services to directly regulated IFA firms. Clearly this strategy proved extremely successful, as from a standing start Simply Biz has grown to become by far the largest compliance and support provider to the sector, serving in excess of 2,400 directly regulated firms and well over 5,000 advisers. We have achieved this through our commitment to a high tech, high touch approach, coupled with an absolute focus on client service and customer care in a fragmented market where individual firms have faced regulatory challenges.

More recently however we have broadened our strategy by taking our core skills of high quality, cost effective compliance, business support and customer services into other equally fragmented markets, especially those faced with increasing regulatory risk. The success of this strategy is that whilst our largest single market remains the IFA sector, over 40% of our revenues now come from other sources. These include workplace software, mortgages and surveying, legal services, asset management and consumer credit. We can therefore now separate the Group's activities into five independent but interlinked areas, namely: support services, mortgage and insurance, asset management and distribution, workplace distribution and legal services. Simply Biz is able to add value to all of these individual markets through our unique combination of high tech, high touch business support and customer service in addition to exploiting the important synergies which exist between these markets.

To have achieved such a fundamental strategic change through a combination of organic development and targeted acquisitions during a period of rapid change and challenge in our core IFA market is a real tribute to everyone within the Simply Biz Group. On your behalf it is therefore an absolute pleasure for me to thank every member of the Simply Biz team from our newest and most junior of the staff through to the most senior management and Simply Biz Board for their unwavering commitment to the success of Simply Biz and the many thousands of businesses and individuals we serve.

It is as a direct result of their combined efforts that Simply Biz continues to go from strength to strength and is ideally placed to prosper in the coming years. Together we can look forward with confidence to building the Simply Biz Group into an even more successful and profitable enterprise in the coming months and years for the benefit of all concerned.

K E Davy - Chairman

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their strategic report of the company and the group for the year ended 31 December 2014.

Results

	31.12.14	31.12.13
Turnover	£26,754,500	£17,582,446
Pre-tax (loss)/profit	£(5,496,293)	£3,433,327

Progress

2014 has been another year where the group has enjoyed positive growth in the number of customers (Independent Financial Advisers, Mortgage Advisers, Employee Benefits consultants, Solicitors and Consumer Credit firms) that the business supports as well as continuing to develop its footprints in new and adjacent markets. The business continues to follow its strategic path of concentrating on markets where there is a need for compliance support, where potential customers are many, varied and fragmented and where there exists upstream distribution opportunities.

During 2014 the group acquired the Home Information Limited Group (HIG), a business that arranges and undertakes valuation and survey reports for the mortgage market. HIG is being integrated into Simply Biz Mortgages Limited, where the business will use its relationship with lenders and its distribution scale (£4.5bn of lending in 2014) to drive further growth in the number of valuations and surveys it receives. As a result of this and recent acquisitions, the business has broadened its scope and now operates across 5 key markets, Support Services, Mortgage & Insurance, Workplace Distribution, Asset Management and Distribution Services.

The group's pre tax profit during 2014 has been affected, predominantly, due to the write down of loans to Sandringham Financial Partners Limited and the partial impairment of our investment in Staffcare Limited.

These write downs and impairments are one off, exceptional, items and do not impact on the overall trading of the group, therefore the group remains in a strong financial position with an EBITDA (adjusted for exceptional items) of £4.15m for the year in review.

2014 has been a year of growth and acquisition which will benefit the group financially in 2015 and in the years to come. Growth in turnover and EBITDA from existing business areas is 10% (2013 - 9%) and 5.4% (2013 - 8.3%) respectively. Growth from new business areas and acquisitions sees a turnover increase of 42% (2013- nil) and an EBITDA increase of 20% (2013 - nil).

Today the group serves over 5,500 Financial Advisers, from across 2,485 individual firms, 580 Will Writers and Probate Associates, 400 Consumer and Business Credit Firms (newly regulated by the FCA), 25 key EBC strategic relationships with over 1.4million consumers on our Flexible Benefit and AE pension administration software.

In 2014 the group extended its services to a new market of Consumer Credit Firms and expectations are that the group will see strong growth from the FCAs newest sector. Simply Biz's flagship partnership with the NACFB has seen new services created to engage quickly to support a professional market with major change to come through increased regulation.

New Model Business Academy Limited has also seen strong growth in demand and in 2014 has surpassed 15,000 registered professionals. This brings a new client bank and further cross-sell opportunities to the business.

The group has also grown and developed the number and range of additional services that it offers to its customers. During 2014, the groups' technical teams received over 10,000 calls per month, conducted over 2,500 compliance visits on site with clients and checked over 4,500 files. The Simply Biz website knowledge library received over 25,000 hits per calendar month from Financial Advisers who use the propriety system to access policy documents and templates to help them run their business.

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Support services - Financial Planning

For financial advisers, Financial Planning remains a key priority, helping them describe and deliver high-quality client services in the post-RDR world.

Simply Biz provides award winning technology to deliver client advice for over 4,000 users. Over £1.6bn of assets were planned on this software during 2014 and the continued adoption rate is growing fast.

In 2015 this service will be extended with the launch of 'Living in Retirement' - A new module to enable advisers to plan and advise clients on the range of options delivered by the new Pensions Freedoms.

Regulation

The Retail Distribution Review (RDR) came into force on 1 January 2013 and the FCA continues to measure its performance against their desired outcomes. The business and its customers have performed well throughout this period of regulatory change. January 2015 will mark 2 years since the RDR came into force and during that period Simply Biz has continued to grow its membership base in its core market as well as diversify into new markets. Changing regulation is positive for the group as it reaffirms the need for strong compliance and business support and creates increased demand amongst its target market.

The market for retail financial services in the UK remains strong with Pension Freedom increasing the need for advice, as well as historically low interest rates increasing demand for house purchases and re-mortgages. There is however a risk that a rise in interest rates could slow the housing market as could general economic uncertainties caused by problems within the Euro Zone exacerbated by the ongoing debt problems, particularly in relation to Greece.

The future

The business continues to benefit from a loyal customer base, solid margins, and a highly trained and committed staff base. During 2015 the business expects to continue to grow its customer base and EBITDA, concentrating on its 5 key markets.

Governmental and regulatory changes have resulted in significant opportunities in the Auto Enrolment market where the business is a key supplier of technology through its subsidiary, Staffcare Limited, as well as the potential to help financial advisers capitalise on the needs of the SME market. Staffcare Limited continues to invest in the research and development of their software to continue to grow revenue and long term profitability.

Pensions Freedoms also creates opportunities for advisers and Simply Biz expects its core customer base and potential market to grow as a result of this.

Finally the group continues to explore opportunities in the wider compliance and business support markets where its strength and expertise has the potential to add value and increase profitability. The business remains independent. It is financially sound, well positioned for growth and faces the future with great confidence. It is important to place on record that the success we are achieving is a result of the continued dedication and commitment of our outstanding team of directors and staff. It is a real pleasure for us to thank them personally and on behalf of the group.

ON BEHALF OF THE BOARD:

M L Timmins – Director

N M Stevens – Director

29 July 2015

29 July 2015

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2014.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2014 was £399,625 (2013 - £1,284,452).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

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

Other changes in directors holding office are as follows:

T H S Trotter - appointed 2 January 2014

S R Braidford ceased to be a director after 31 December 2014 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 2014**

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 Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M L Timmins – Director

N M Stevens – Director

29 July 2015

29 July 2015

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

We have audited the financial statements of Simply Biz Limited for the year ended 31 December 2014 on pages eight 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 five, 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.

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 2014 and of the group's loss 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 Limited
Chartered Accountants and Statutory Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

29 July 2015

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	31.12.14 £	£	31.12.13 £	£
TURNOVER	2		26,754,500		17,582,446
Continuing operations		25,703,657		17,582,446	
Acquisitions		<u>1,050,843</u>		<u>-</u>	
		<u>26,754,500</u>		<u>17,582,446</u>	
Net operating expenses			24,311,935		14,145,504
Net operating expenses - exceptional	6		<u>7,224,870</u>		<u>-</u>
Net operating expenses	3		<u>31,536,805</u>		<u>14,145,504</u>
OPERATING (LOSS)/PROFIT	5		(4,782,305)		3,436,942
Continuing operations		2,385,072		3,436,942	
Continuing operations - exceptional		<u>(7,224,870)</u>		<u>-</u>	
Acquisitions		<u>57,493</u>		<u>-</u>	
		<u>(4,782,305)</u>		<u>3,436,942</u>	
Profit on sale of investments	6		<u>425,000</u>		<u>-</u>
			(4,357,305)		3,436,942
Income from interest in associated undertakings		(71,250)		(108,636)	
Income from other participating interests		<u>(27,420)</u>		<u>(7,353)</u>	
Interest receivable and similar income		<u>289,682</u>		<u>239,810</u>	
			<u>191,012</u>		<u>123,821</u>
			(4,166,293)		3,560,763
Interest payable and similar charges					
Group	7		(1,315,369)		(110,783)
Associates			<u>(14,631)</u>		<u>(16,653)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(5,496,293)		3,433,327
Tax on (loss)/profit on ordinary activities	8		<u>(46,015)</u>		<u>913,413</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			(5,450,278)		2,519,914
Minority interest - equity			<u>283,136</u>		<u>(1,441,304)</u>
(LOSS)/PROFIT FOR THE GROUP FOR THE FINANCIAL YEAR			<u>(5,733,414)</u>		<u>3,961,218</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2014**

	Notes	31.12.14 £	31.12.13 £
FIXED ASSETS			
Intangible assets	11	16,346,625	15,639,142
Tangible assets	12	361,324	243,500
Investments	13		
Interest in joint venture			
Share of gross assets		1,810	2,193
Share of gross liabilities		(36,582)	(9,545)
		(34,772)	(7,352)
Interest in associate undertakings		(351,368)	(156,076)
Other investments		4,485,029	7,256,441
		20,806,838	22,975,655
CURRENT ASSETS			
Debtors: amounts falling due within one year	14	6,924,488	4,478,153
Debtors: amounts falling due after more than one year	14	1,380,610	1,268,422
Investments	15	831,850	793,293
Cash at bank and in hand		10,218,640	11,658,462
		19,355,588	18,198,330
CREDITORS			
Amounts falling due within one year	16	9,649,122	5,996,539
NET CURRENT ASSETS		9,706,466	12,201,791
TOTAL ASSETS LESS CURRENT LIABILITIES		30,513,304	35,177,446
CREDITORS			
Amounts falling due after more than one year	17	(19,725,346)	(18,055,894)
PROVISIONS FOR LIABILITIES	21	(13,400)	(618,094)
MINORITY INTERESTS	22	(372,611)	(89,182)
NET ASSETS		10,401,947	16,414,276

The notes form part of these financial statements

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

CONSOLIDATED BALANCE SHEET - continued
31 DECEMBER 2014

	Notes	31.12.14	31.12.13
		£	£
CAPITAL AND RESERVES			
Called up share capital	23	72,396	72,198
Share premium	24	5,011,336	4,986,824
Capital redemption reserve	24	8,080	8,080
Profit and loss account	24	<u>5,310,135</u>	<u>11,347,174</u>
SHAREHOLDERS' FUNDS	31	<u>10,401,947</u>	<u>16,414,276</u>

The financial statements were approved by the Board of Directors on 29 July 2015 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)

**COMPANY BALANCE SHEET
31 DECEMBER 2014**

	Notes	31.12.14 £	£	31.12.13 £	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		289,394		160,288
Investments	13		<u>27,521,654</u>		<u>27,360,912</u>
			27,811,048		27,521,200
CURRENT ASSETS					
Debtors: amounts falling due within one year	14	7,631,848		4,765,455	
Debtors: amounts falling due after more than one year	14	4,838,126		4,707,926	
Cash at bank		<u>2,971,752</u>		<u>2,410,928</u>	
		15,441,726		11,884,309	
CREDITORS					
Amounts falling due within one year	16	<u>12,115,361</u>		<u>5,090,798</u>	
			3,326,365		6,793,511
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			31,137,413		34,314,711
CREDITORS					
Amounts falling due after more than one year	17		(19,244,669)		(17,353,982)
PROVISIONS FOR LIABILITIES					
	21		<u>(20,000)</u>		<u>(13,000)</u>
NET ASSETS					
			<u>11,872,744</u>		<u>16,947,729</u>
CAPITAL AND RESERVES					
Called up share capital	23		72,396		72,198
Share premium	24		5,011,336		4,986,824
Capital redemption reserve	24		8,080		8,080
Profit and loss account	24		<u>6,780,932</u>		<u>11,880,627</u>
SHAREHOLDERS' FUNDS					
	31		<u>11,872,744</u>		<u>16,947,729</u>

The financial statements were approved by the Board of Directors on 29 July 2015 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 2014**

	Notes	31.12.14 £	£	31.12.13 £	£
Net cash inflow from operating activities	1		3,051,948		3,068,261
Returns on investments and servicing of finance	2		(1,079,093)		(561,618)
Taxation			(821,324)		(883,856)
Capital expenditure and financial investment	2		(997,650)		(80,722)
Acquisitions and disposals	2		(3,793,303)		(11,608,502)
Equity dividends paid			-		(1,284,452)
			(3,639,422)		(11,350,889)
Management of liquid resources	2		(392,457)		(4,000,350)
Financing	2		2,199,600		14,203,000
Decrease in cash in the period			(1,832,279)		(1,148,239)
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(1,832,279)		(1,148,239)	
Cash outflow from increase in liquid resources		392,457		4,000,350	
Cash inflow from increase in debt		(2,183,170)		(17,203,000)	
Change in net debt resulting from cash flows			(3,622,992)		(14,350,889)
Non-cash change in current asset investments			38,557		45,836
Non-cash change in debt			(283,517)		541,991
Movement in net debt in the period			(3,867,952)		(13,763,062)
Net (debt)/funds at 1 January			(5,609,254)		8,153,808
Net debt at 31 December			(9,477,206)		(5,609,254)

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 2014**

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.14 £	31.12.13 £
Operating (loss)/profit	(4,782,305)	3,436,942
Depreciation/amortisation charges	1,777,384	296,328
Loss on disposal of fixed assets	1,178	2,748
Impairment of goodwill	2,455,000	-
Share-based payment transactions	96,000	338,500
Decrease in other provisions	(611,394)	(505,131)
Decrease/(increase) in debtors	3,101,657	(593,218)
Increase in creditors	<u>1,014,428</u>	<u>92,092</u>
Net cash inflow from operating activities	<u>3,051,948</u>	<u>3,068,261</u>

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

	31.12.14 £	31.12.13 £
Returns on investments and servicing of finance		
Interest received	88,220	49,747
Interest paid	(1,047,313)	(69,374)
Issue costs on debt	<u>(120,000)</u>	<u>(541,991)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(1,079,093)</u>	<u>(561,618)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(92,079)	(91,417)
Purchase of tangible fixed assets	(245,132)	(119,058)
Sale of tangible fixed assets	3	-
Sale of fixed asset investments	550,000	-
New loans issued in year	(1,249,884)	(84,251)
Loan repayments received in year	<u>39,442</u>	<u>214,004</u>
Net cash outflow for capital expenditure and financial investment	<u>(997,650)</u>	<u>(80,722)</u>
Acquisitions and disposals		
Investments in subsidiary undertakings (net of cash acquired of £1,308,596 (2013 - £2,263,573))	(3,793,306)	(11,608,491)
Repurchase of minority interests	<u>3</u>	<u>(11)</u>
Net cash outflow for acquisitions and disposals	<u>(3,793,303)</u>	<u>(11,608,502)</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 2014**

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

	31.12.14 £	31.12.13 £
Management of liquid resources		
Transfer of cash to liquid resources	(2,392,632)	(4,000,350)
Transfer of liquid resources to cash	<u>2,000,175</u>	<u>-</u>
Net cash outflow from management of liquid resources	<u>(392,457)</u>	<u>(4,000,350)</u>
Financing		
New loans received in year	3,000,000	21,203,000
Loan repayments made in year	(816,830)	(4,000,000)
Share issue	16,430	-
Purchase of own shares	<u>-</u>	<u>(3,000,000)</u>
Net cash inflow from financing	<u>2,199,600</u>	<u>14,203,000</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 2014**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.14 £	Cash flow £	Acquisition (excluding cash and overdrafts) £	Other non-cash changes £	At 31.12.14 £
Net cash:					
Cash at bank and in hand	11,658,462	(1,439,822)	-		10,218,640
Less: Deposits treated as liquid resources	<u>(4,000,350)</u>	<u>(392,457)</u>	<u>-</u>		<u>(4,392,807)</u>
	<u>7,658,112</u>	<u>(1,832,279)</u>	<u>-</u>		<u>5,825,833</u>
Liquid resources:					
Deposits included in cash	4,000,350	392,457	-		4,392,807
Current asset investments	<u>793,293</u>	<u>-</u>	<u>-</u>	<u>38,557</u>	<u>831,850</u>
	<u>4,793,643</u>	<u>392,457</u>	<u>-</u>	<u>38,557</u>	<u>5,224,657</u>
Debt:					
Debts falling due within one year	(707,027)	216,830	(16,830)	(776,000)	(1,283,027)
Debts falling due after one year	<u>(17,353,982)</u>	<u>(2,400,000)</u>	<u>-</u>	<u>509,313</u>	<u>(19,244,669)</u>
	<u>(18,061,009)</u>	<u>(2,183,170)</u>	<u>(16,830)</u>	<u>(266,687)</u>	<u>(20,527,696)</u>
Total	<u>(5,609,254)</u>	<u>(3,622,992)</u>	<u>(16,830)</u>	<u>(228,130)</u>	<u>(9,477,206)</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 include an amount of £4,392,807 (2013 - £4,000,350) 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company and group has made a loss during the current year, however this is due to exceptional expenses incurred during the year, as explained in the Group Strategic Report. The group has a positive cash position and no reliance is placed on bank overdraft facilities. The bank loans in place in the company are being repaid in accordance with the bank agreements. Following a group restructure after the year end, the company has repaid the bank loans outstanding at the year end and new financing has been taken out by the group totalling £35m.

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 2014. 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, 10 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 cost, 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 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 year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

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 (loss)/profit before tax by geographical market is given below:

	31.12.14 £	31.12.13 £
Ireland	(715,730)	141,132
UK	<u>(4,780,563)</u>	<u>3,292,195</u>
	<u>(5,496,293)</u>	<u>3,433,327</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 £Nil (2013 - £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:

	31.12.14 £	31.12.13 £
Ireland	2,640,765	3,106,495
UK	<u>7,761,182</u>	<u>13,307,781</u>
	<u>10,401,947</u>	<u>16,414,276</u>

3. ANALYSIS OF OPERATIONS

	Continuing £	31.12.14 Acquisitions £	Total £
Turnover	<u>25,703,657</u>	<u>1,050,843</u>	<u>26,754,500</u>
Net operating expenses:			
Administrative expenses	23,528,776	993,350	24,522,126
Administrative expenses - exceptional	7,224,870	-	7,224,870
Other operating income	<u>(210,191)</u>	<u>-</u>	<u>(210,191)</u>
	<u>30,543,455</u>	<u>993,350</u>	<u>31,536,805</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. ANALYSIS OF OPERATIONS - continued

	Continuing £	31.12.13 Acquisitions £	Total £
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>

4. STAFF COSTS

	31.12.14 £	31.12.13 £
Wages and salaries	11,100,065	6,528,783
Social security costs	1,153,833	748,631
Other pension costs	<u>225,120</u>	<u>87,827</u>
	<u>12,479,018</u>	<u>7,365,241</u>

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

	31.12.14	31.12.13
Sales and administration	<u>252</u>	<u>165</u>

5. OPERATING (LOSS)/PROFIT

The operating loss (2013 - operating profit) is stated after charging/(crediting):

	31.12.14 £	31.12.13 £
Hire of plant and machinery	8,763	11,982
Other operating leases	2,547,484	1,793,889
Depreciation - owned assets	153,938	54,681
Loss on disposal of fixed assets	1,178	2,748
Goodwill amortisation	1,623,446	241,647
Goodwill impairments	2,455,000	-
Auditors' remuneration	24,750	16,000
The auditing of accounts of any associate of the company	43,200	31,500
Taxation compliance services	33,700	18,730
Taxation advisory services	17,325	10,773
Other non-audit services	54,710	39,328
Foreign exchange differences	(749)	2,144
Research and development expenditure	<u>1,056,547</u>	<u>-</u>
Directors' remuneration	1,503,241	915,258
Directors' pension contributions to money purchase schemes	<u>7,991</u>	<u>7,080</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

5. OPERATING (LOSS)/PROFIT - continued

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

Money purchase schemes	<u>6</u>	<u>3</u>
------------------------	----------	----------

Three directors exercised share options during the year (2013 - no directors).

Information regarding the highest paid director is as follows:

	31.12.14	31.12.13
	£	£
Emoluments etc	320,414	220,958
Pension contributions to money purchase schemes	<u>3,900</u>	<u>1,680</u>

6. EXCEPTIONAL ITEMS

Included within operating losses are exceptional items totalling £7,224,870.

A provision of £3,874,846 has been made against loan and trading balances owed by associate undertakings and joint ventures. Due to the historic performance and future budgets of the companies the assets are not deemed recoverable in the foreseeable future.

A provision of £2,430,000 has been made against the goodwill generated on the acquisition of a subsidiary company. The performance of the company during the current year and the budgets for the coming years have resulted in the investment, and therefore goodwill, being deemed to be overvalued.

During the year a subsidiary company has paid £1,200,000 to dispose of provisions relating to reinsurance claims. The net impact on the operating losses during the year, after releasing the historic provisions, amounts to £619,519.

During the year a provision of £300,505 has been made against amounts owed from Simply Biz Employee Benefit Trust as the balance is not deemed recoverable in the foreseeable future.

Special exceptional items, stated after operating losses, relate to a profit on the sale of investments of £425,000 made during the year. The tax charge would not change had the special exceptional item not been incurred.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.14	31.12.13
	£	£
Bank interest	337	-
Bank loan interest	1,306,216	101,240
Other interest	<u>8,816</u>	<u>9,543</u>
	<u>1,315,369</u>	<u>110,783</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014****8. TAXATION****Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.12.14 £	31.12.13 £
Current tax:		
UK corporation tax	(14,323)	887,511
Adjustment for prior years	(33,707)	(673)
Foreign corporation tax	-	11,075
Total current tax	(48,030)	897,913
Deferred tax	2,015	15,500
Tax on (loss)/profit on ordinary activities	<u>(46,015)</u>	<u>913,413</u>

Factors affecting the tax (credit)/charge

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

	31.12.14 £	31.12.13 £
(Loss)/profit on ordinary activities before tax	<u>(5,496,293)</u>	<u>3,433,327</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 23%)	(1,099,259)	789,665
Effects of:		
Expenses not deductible for tax purposes	994,867	111,958
Capital allowances in excess of depreciation	(20,599)	(17,084)
Utilisation of tax losses	(20,451)	(2,263)
Unrelieved tax losses carried forward	50,268	-
Tax relief on exceptional items	(85,000)	-
Foreign tax adjustments	137,662	17,769
Other timing differences leading to an increase in tax	2,554	1,941
Other differences leading to a an increase/(decrease) in tax	25,635	(3,400)
Adjustment to previous periods	<u>(33,707)</u>	<u>(673)</u>
Current tax (credit)/charge	<u>(48,030)</u>	<u>897,913</u>

Factors that may affect future tax charges

Group companies have losses of £639,927 (2013 - £403,135) available to carry forward against future trading profits. A deferred tax asset of £127,000 (2013 - £77,700) has not been recognised on these losses as, given the historic performance of the group companies and the budgets for the coming year, the asset is not deemed recoverable in the foreseeable future.

9. LOSS 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 loss for the financial year was £(4,796,070) (2013 - £2,671,711 profit).

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014****10. DIVIDENDS**

	31.12.14	31.12.13
	£	£
Final	<u>399,625</u>	<u>1,284,452</u>

Included in other creditors is an amount of £399,625 (2013 - £Nil) relating to dividends declared but not paid by the year end. The dividends have been fully paid post year end.

11. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £
COST	
At 1 January 2014	16,821,311
Additions	4,795,858
Changes in cost	<u>(9,929)</u>
At 31 December 2014	<u>21,607,240</u>
AMORTISATION	
At 1 January 2014	1,182,169
Amortisation for year	1,623,446
Impairments	<u>2,455,000</u>
At 31 December 2014	<u>5,260,615</u>
NET BOOK VALUE	
At 31 December 2014	<u>16,346,625</u>
At 31 December 2013	<u>15,639,142</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.

Included within additions is £136,951 relating to the acquisition of a former associate undertaking.

£25,000 of the impairment of goodwill relates to Tansley Wills Limited which has been excluded from the consolidation (see note 13).

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014****12. TANGIBLE FIXED ASSETS****Group**

	Fixtures and fittings £
COST	
At 1 January 2014	464,837
Additions	272,943
Disposals	<u>(43,217)</u>
At 31 December 2014	<u>694,563</u>
DEPRECIATION	
At 1 January 2014	221,337
Charge for year	153,938
Eliminated on disposal	<u>(42,036)</u>
At 31 December 2014	<u>333,239</u>
NET BOOK VALUE	
At 31 December 2014	<u>361,324</u>
At 31 December 2013	<u>243,500</u>

Company

	Fixtures and fittings £
COST	
At 1 January 2014	370,610
Additions	225,128
Disposals	<u>(32,619)</u>
At 31 December 2014	<u>563,119</u>
DEPRECIATION	
At 1 January 2014	210,322
Charge for year	96,022
Eliminated on disposal	<u>(32,619)</u>
At 31 December 2014	<u>273,725</u>
NET BOOK VALUE	
At 31 December 2014	<u>289,394</u>
At 31 December 2013	<u>160,288</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. FIXED ASSET INVESTMENTS

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Shares in group undertakings	-	-	23,036,525	20,104,371
Participating interests	(386,140)	(163,428)	100	125,100
Loans to undertakings in which the company has a participating interest	-	2,350,491	-	2,350,491
Other investments not loans	-	125,000	-	-
Other loans	<u>4,485,029</u>	<u>4,780,950</u>	<u>4,485,029</u>	<u>4,780,950</u>
	<u>4,098,889</u>	<u>7,093,013</u>	<u>27,521,654</u>	<u>27,360,912</u>

Additional information is as follows:

Group

	Interest in joint venture £	Interest in associate undertakings £	Unlisted investments £	Totals £
COST				
At 1 January 2014	(7,352)	(156,076)	125,000	(38,428)
Disposals	-	-	(125,000)	(125,000)
Share of loss	(27,420)	(85,881)	-	(113,301)
Acquisition of associate undertakings	<u>-</u>	<u>(109,411)</u>	<u>-</u>	<u>(109,411)</u>
At 31 December 2014	<u>(34,772)</u>	<u>(351,368)</u>	<u>-</u>	<u>(386,140)</u>
NET BOOK VALUE				
At 31 December 2014	<u>(34,772)</u>	<u>(351,368)</u>	<u>-</u>	<u>(386,140)</u>
At 31 December 2013	<u>(7,352)</u>	<u>(156,076)</u>	<u>125,000</u>	<u>(38,428)</u>

Included in the net book value of the interest in associate undertakings is goodwill of £Nil (2013 - £136,951).

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £	Interest in associate undertakings £	Totals £
COST			
At 1 January 2014	20,104,371	125,100	20,229,471
Additions	6,132,166	-	6,132,166
Disposals	(12)	-	(12)
Acquisition of associate undertakings	125,000	(125,000)	-
At 31 December 2014	26,361,525	100	26,361,625
PROVISIONS			
Provision for year	3,325,000	-	3,325,000
At 31 December 2014	3,325,000	-	3,325,000
NET BOOK VALUE			
At 31 December 2014	23,036,525	100	23,036,625
At 31 December 2013	20,104,371	125,100	20,229,471

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 Limited

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 2014**

13. 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	23.00

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

Bespoke Compliance Solutions 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 2014**

13. FIXED ASSET INVESTMENTS - continued

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

APS Legal & Associates Limited

Nature of business: Professional will writers

	%
Class of shares:	holding
Ordinary A	100.00
Ordinary B	100.00

Ordinary A shares and Ordinary B shares have equal voting rights attached.

Home Information Group Limited

Nature of business: Property survey agency

	%
Class of shares:	holding
Ordinary	100.00

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

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. FIXED ASSET INVESTMENTS - continued

Compliance 24/7 Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Verbatim Adviser Services Limited

Nature of business: Provider of integrated trading systems

	%
Class of shares:	holding
Ordinary	75.58

Verbatim Investments Limited

Nature of business: Economic owner of asset management vehicles

	%
Class of shares:	holding
Ordinary	75.58

Verbatim Portfolio Management Limited

Nature of business: Promoter of investment services to FAs

	%
Class of shares:	holding
Ordinary	75.58

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 2015. 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 2015. 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 2014**

13. FIXED ASSET INVESTMENTS - continued

Simply Legal & Associates Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	70.00

Tansley Wills Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Tansley Wills Limited has been excluded from the consolidated accounts as the information necessary for the preparation of group accounts cannot be obtained without disproportionate expense or undue delay. The inclusion of the subsidiary is not material for the purpose of giving a true and fair view of the consolidated accounts.

Sonas Surveyors Limited

Nature of business: Residential survey and valuation services

	%
Class of shares:	holding
Ordinary	100.00
Ordinary B	100.00

Only the Ordinary shares have voting rights attached.

Gateway Panel Management Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

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)
APS Legal & Associates Limited (05627636)
Home Information Group Limited (05548792)
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)
Tansley Wills Limited (07346672)
Sonas Surveyors Limited (06799065)

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. FIXED ASSET INVESTMENTS - continued

Joint venture

Dawson MGA Limited

Country of incorporation: Ireland

Nature of business: Insurance intermediary

Class of shares:	%
Ordinary	holding 50.00

Associated companies

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 A	holding 10.00
Ordinary B	8.88
Ordinary C	1.36

Only the Ordinary A shares have voting rights attached.

Group and company

	Loans to associates £	Other loans £	Totals £
COST			
At 1 January 2014	3,000,491	4,780,950	7,781,441
Acquisition of associate undertakings	(125,000)	-	(125,000)
New in year	1,418,060	10,884	1,428,944
Repayment in year	<u>(37,946)</u>	<u>(6,300)</u>	<u>(44,246)</u>
At 31 December 2014	<u>4,255,605</u>	<u>4,785,534</u>	<u>9,041,139</u>
PROVISIONS			
At 1 January 2014	650,000	-	650,000
Provisions for year	<u>3,605,605</u>	<u>300,505</u>	<u>3,906,110</u>
At 31 December 2014	<u>4,255,605</u>	<u>300,505</u>	<u>4,556,110</u>
NET BOOK VALUE			
At 31 December 2014	<u>-</u>	<u>4,485,029</u>	<u>4,485,029</u>
At 31 December 2013	<u>2,350,491</u>	<u>4,780,950</u>	<u>7,131,441</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014****13. FIXED ASSET INVESTMENTS - continued**

Included in other loans is £4,485,029 (2013 - £4,780,950) relating to providing financial assistance for the purchase of shares in Simply Biz Limited to an employees' share scheme.

14. DEBTORS

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	3,967,174	2,544,473	-	6,063
Amounts owed by group undertakings	-	-	6,703,253	4,289,176
Amounts owed by joint ventures	-	4,499	-	4,500
Amounts owed by associates	68,590	147,424	68,590	147,424
Amounts recoverable on contract	-	135,692	-	-
Other debtors	114,683	118,293	148,057	127,320
Tax	516,079	49,593	494,988	49,593
Prepayments and accrued income	<u>2,257,962</u>	<u>1,478,179</u>	<u>216,960</u>	<u>141,379</u>
	<u>6,924,488</u>	<u>4,478,153</u>	<u>7,631,848</u>	<u>4,765,455</u>
Amounts falling due after more than one year:				
Other debtors	156,623	73,185	-	-
Amounts owed by group undertakings	-	-	3,642,889	3,512,689
Tax	<u>1,223,987</u>	<u>1,195,237</u>	<u>1,195,237</u>	<u>1,195,237</u>
	<u>1,380,610</u>	<u>1,268,422</u>	<u>4,838,126</u>	<u>4,707,926</u>
Aggregate amounts	<u>8,305,098</u>	<u>5,746,575</u>	<u>12,469,974</u>	<u>9,473,381</u>

Included within other debtors falling due within one year is £8,280 (2013 - £Nil) relating to providing financial assistance to employees for the purchase of shares in Simply Biz Limited.

15. CURRENT ASSET INVESTMENTS

	Group	
	31.12.14	31.12.13
	£	£
Listed investments	<u>831,850</u>	<u>793,293</u>

Market value of listed investments held by the group at 31 December 2014 - £831,850 (2013 - £793,293).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Bank loans and overdrafts (see note 18)	1,283,027	707,027	1,283,027	707,027
Trade creditors	1,720,248	1,486,305	158,278	84,634
Amounts owed to group undertakings	-	-	8,349,671	3,630,768
Amounts owed to joint ventures	1	-	-	-
Tax	293,069	401,813	-	1,398
Social security and other taxes	1,620,518	866,344	277,564	242,823
Other creditors	645,100	119,693	434,428	1,371
Accruals and deferred income	4,087,159	2,415,357	1,612,393	422,777
	<u>9,649,122</u>	<u>5,996,539</u>	<u>12,115,361</u>	<u>5,090,798</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Bank loans (see note 18)	19,244,669	17,353,982	19,244,669	17,353,982
Other creditors	265,560	304,265	-	-
Accruals and deferred income	215,117	397,647	-	-
	<u>19,725,346</u>	<u>18,055,894</u>	<u>19,244,669</u>	<u>17,353,982</u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>1,283,027</u>	<u>707,027</u>	<u>1,283,027</u>	<u>707,027</u>
Amounts falling due between one and two years:				
Bank loans	<u>1,283,027</u>	<u>707,027</u>	<u>1,283,027</u>	<u>707,027</u>
Amounts falling due between two and five years:				
Bank loans	<u>10,684,081</u>	<u>5,724,082</u>	<u>10,684,081</u>	<u>5,724,082</u>
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Bank loans	<u>7,277,561</u>	<u>10,922,873</u>	<u>7,277,561</u>	<u>10,922,873</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014****18. LOANS - continued**

£7,277,561 (2013 - £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 2020. 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 2020.

19. OPERATING LEASE COMMITMENTS

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

Group

	Land and buildings		Other operating leases	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Expiring:				
Within one year	105,231	6,750	461,783	4,500
Between one and five years	157,944	120,626	744,705	948,579
In more than five years	<u>47,668</u>	<u>138,744</u>	<u>-</u>	<u>-</u>
	<u>310,843</u>	<u>266,120</u>	<u>1,206,488</u>	<u>953,079</u>

Company

	Land and buildings		Other operating leases	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Expiring:				
Within one year	82,725	-	-	-
Between one and five years	-	120,626	6,806	6,808
In more than five years	<u>47,668</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>130,393</u>	<u>120,626</u>	<u>6,806</u>	<u>6,808</u>

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Bank loans	<u>20,527,696</u>	<u>18,061,009</u>	<u>20,527,696</u>	<u>18,061,009</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.

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Deferred tax	<u>13,400</u>	<u>6,700</u>	<u>20,000</u>	<u>13,000</u>
Other provisions	<u>-</u>	<u>611,394</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>13,400</u>	<u>618,094</u>	<u>20,000</u>	<u>13,000</u>

Group

	Deferred tax £	Other provisions £
Balance at 1 January 2014	6,700	611,394
Acquired during the year	4,685	-
Provided during year	2,015	-
Amounts utilised	-	(30,913)
Disposed of during the year	<u>-</u>	<u>(580,481)</u>
Balance at 31 December 2014	<u>13,400</u>	<u>-</u>

Company

	Deferred tax £
Balance at 1 January 2014	13,000
Provided during year	<u>7,000</u>
Balance at 31 December 2014	<u>20,000</u>

The group deferred tax balance is attributed to accelerated capital allowances of £51,800 credit (2013 - £26,800 credit) and other timing differences of £38,400 debit (2013 - £20,100 debit).

The company deferred tax balance is attributed to accelerated capital allowances of £51,400 credit (2013 - £26,300 credit) and other timing differences of £31,400 debit (2013 - £13,300 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.

22. MINORITY INTERESTS

	31.12.14	31.12.13
	£	£
Minority interests' share of profit in subsidiary undertakings	<u>372,611</u>	<u>89,182</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.14 £	31.12.13 £
7,239,587 (2013 - 7,219,819)	Ordinary	1p	<u>72,396</u>	<u>72,198</u>

During the year 19,768 (2013 - Nil) Ordinary shares of 1p each were allotted, being share options exercised in the year. Of these shares 19,768 (2013 - Nil) were fully paid, together with a share premium totalling £24,512 (2013 - £Nil). Cash consideration of £16,430 (2013 - £Nil) was received during the year and £8,280 (2013 - £Nil) remains outstanding at the year end and is included in other debtors.

No options to purchase Ordinary shares remain at the year end (2013 - 22,168). The options were granted in previous years with an exercise price of £1.25. These options were divided into three tranches for which the earliest exercise dates were 1 November 2007, 1 November 2008 and 1 November 2009.

Options to purchase 269,607 (2013 - 290,193) 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 were 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 (2013 - 500,000) Ordinary shares have been granted in previous years 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.

24. RESERVES

Group	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2014	11,347,174	4,986,824	8,080	16,342,078
Deficit for the year	(5,733,414)	-	-	(5,733,414)
Dividends	(399,625)	-	-	(399,625)
Cash share issue	-	24,512	-	24,512
Share-based payment transactions	<u>96,000</u>	<u>-</u>	<u>-</u>	<u>96,000</u>
At 31 December 2014	<u>5,310,135</u>	<u>5,011,336</u>	<u>8,080</u>	<u>10,329,551</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

24. RESERVES - continued

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2014	11,880,627	4,986,824	8,080	16,875,531
Deficit for the year	(4,796,070)	-	-	(4,796,070)
Dividends	(399,625)	-	-	(399,625)
Cash share issue	-	24,512	-	24,512
Share-based payment transactions	96,000	-	-	96,000
At 31 December 2014	<u>6,780,932</u>	<u>5,011,336</u>	<u>8,080</u>	<u>11,800,348</u>

25. PENSION COMMITMENTS

Included within other creditors are pension costs of £55,625 (2013 - £19,537) which are outstanding at the year end.

26. ULTIMATE PARENT COMPANY

At the year end the company had no ultimate parent company.

Following a group restructure after the year end, The Simplybiz Group Limited is now regarded by the directors as being the company's ultimate parent company.

27. OTHER FINANCIAL COMMITMENTS

A minimum contracted fee of £510,000 (2013 - £474,000) is due for the following year.

28. 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 £305,485 (2013 - £1,027,827) were payable to group directors and trusts. All of the balance (2013 - £Nil) remains outstanding at 31 December 2014 and is included within other creditors. The amounts payable were as follows:

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014****28. RELATED PARTY DISCLOSURES - continued**

Director	31.12.14 £	31.12.13 £
K E Davy	206,322	886,034
K E Davy trusts	33,733	97,777
S C Turvey	58,769	26,344
M L Timmins	3,160	9,158
N M Stevens	449	230
S R Braidford	268	520
G J Kershaw	156	148
D R C Kershaw	<u>2,628</u>	<u>7,616</u>
	<u>305,485</u>	<u>1,027,827</u>

During the year the following transactions took place with N M Stevens. 6,700 (2013 - none) share options were exercised at £1.25 each, a loan of £8,375 (2013 - £Nil) was made to N M Stevens with repayments of £4,187 (2013 - £Nil) made during the year. At 31 December 2014 an amount of £4,188 (2013 - £Nil) was owed by N M Stevens.

During the year the following transactions took place with S R Braidford. 1,600 (2013 - none) share options were exercised at £1.25 each.

During the year the following transactions took place with G J Kershaw. 1,908 (2013 - none) share options were exercised at £1.25 each, a loan of £2,385 (2013 - £Nil) was made to G J Kershaw with repayments of £1,193 (2013 - £Nil) made during the year. At 31 December 2014 an amount of £1,192 (2013 - £Nil) was owed by G J Kershaw.

No interest was charged on any of the above loans.

Clear View Assured Limited

An associate company

During the year Simply Biz Limited made a loan of £9,000 (2013 - £Nil) to Clear View Assured Limited. Interest of £35,307 (2013 - £33,390) was charged to Clear View Assured Limited during the year.

	31.12.14 £	31.12.13 £
Amount due from related party at the balance sheet date	733,125	688,818
Provisions for doubtful debt at the balance sheet date	<u>733,125</u>	<u>650,000</u>

Sandringham Financial Partners Limited

An associate company

During the year Simply Biz Limited paid expenses of £252,229 (2013 - £296,146) on behalf of Sandringham Financial Partners Limited and made a loan of £1,230,000 (2013 - £Nil) to the company. Interest of £143,013 (2013 - £103,362) was charged to Sandringham Financial Partners Limited during the year. Sandringham Financial Partners Limited repaid amounts totalling £73,422 (2013 - £80,107) during the year.

	31.12.14 £	31.12.13 £
Amount due from related party at the balance sheet date	3,848,801	2,296,981
Provisions for doubtful debt at the balance sheet date	<u>3,780,221</u>	<u>-</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

28. RELATED PARTY DISCLOSURES - continued

Simply Biz Employee Benefit Trust

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

During the year Simply Biz Limited declared dividends of £27,359 (2013 - £79,302) to Simply Biz Employee Benefit Trust. Simply Biz Limited paid expenses of £10,884 (2013 - £15,636) on behalf of the trust and the trust repaid amounts totalling £6,300 (2013 - £214,004) during the year.

	31.12.14	31.12.13
	£	£
Amount due from related party at the balance sheet date	4,758,175	4,780,950
Provisions for doubtful debt at the balance sheet date	<u>300,505</u>	<u>-</u>

Huddersfield Giants Limited

A company in which K E Davy is a director

During the year Huddersfield Giants Limited was paid £30,400 (2013 - £30,000) by the group for sponsorship and other services. The group committed to donations totalling £70,537 (2013 - £187,800) to the company during the year.

	31.12.14	31.12.13
	£	£
Amount due to related party at the balance sheet date	<u>70,537</u>	<u>32,800</u>

Kirklees Stadium Development Limited

A company in which K E Davy is a director

During the year Kirklees Stadium Development Limited was paid £151,167 (2013 - £121,872) by Simply Biz Limited for property costs and other services.

	31.12.14	31.12.13
	£	£
Amount due to related party at the balance sheet date	<u>8,242</u>	<u>7,269</u>

MMUNIC Limited

A company controlled by M L Timmins and N M Stevens

During the year the group made purchases of £17,744 (2013 - £35,797) from MMUNIC Limited.

	31.12.14	31.12.13
	£	£
Amount due to related party at the balance sheet date	<u>996</u>	<u>3,960</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

28. RELATED PARTY DISCLOSURES - continued

Dawson MGA Limited

A joint venture company

During the year the group made a loan of £7,000 (2013 - £4,500) to the company.

	31.12.14	31.12.13
	£	£
Amount due from related party at the balance sheet date	11,499	4,499
Provisions for doubtful debt at the balance sheet date	<u>11,500</u>	<u>-</u>

29. POST BALANCE SHEET EVENTS

Following the year end Simply Biz Limited has repurchased 491,461 Ordinary shares of £0.01 each for a total consideration of £4,496,868.

Following a group restructure after the year end, Simply Biz Limited has repaid the £20,527,696 of bank loans outstanding at the year end.

Following the year end Simply Biz Limited has entered into a guarantee against the bank loans of The Simplybiz Group Limited, the ultimate parent company. The guarantee has been provided against loans totalling £35,000,000.

30. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is K E Davy.

31. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31.12.14	31.12.13
	£	£
(Loss)/profit for the financial year	(5,733,414)	3,961,218
Dividends	<u>(399,625)</u>	<u>(1,284,452)</u>
	(6,133,039)	2,676,766
Payments to acquire own shares	-	(3,000,000)
Proceeds from issue of shares	24,710	-
Share-based payment transactions	<u>96,000</u>	<u>338,500</u>
Net (reduction)/addition to shareholders' funds	(6,012,329)	15,266
Opening shareholders' funds	<u>16,414,276</u>	<u>16,399,010</u>
Closing shareholders' funds	<u>10,401,947</u>	<u>16,414,276</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

31. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	31.12.14	31.12.13
	£	£
(Loss)/profit for the financial year	(4,796,070)	2,671,711
Dividends	<u>(399,625)</u>	<u>(1,284,452)</u>
	(5,195,695)	1,387,259
Payments to acquire own shares	-	(3,000,000)
Proceeds from issue of shares	24,710	-
Share-based payment transactions	<u>96,000</u>	<u>338,500</u>
Net reduction of shareholders' funds	(5,074,985)	(1,274,241)
Opening shareholders' funds	<u>16,947,729</u>	<u>18,221,970</u>
Closing shareholders' funds	<u>11,872,744</u>	<u>16,947,729</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

32. SHARE-BASED PAYMENT TRANSACTIONS

Group and company

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

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

	31.12.14	Weighted average exercise price	31.12.13	Weighted average exercise price
	Number of options		Number of options	
		£		£
Outstanding at 1 January 2014	812,361	6.74	322,977	9.45
Granted during the year	-	-	500,000	5.00
Forfeited during the year	(22,986)	9.22	(10,616)	7.33
Exercised during the year	<u>(19,768)</u>	<u>1.25</u>	<u>-</u>	<u>-</u>
Outstanding at 31 December 2014	<u>769,607</u>	<u>6.80</u>	<u>812,361</u>	<u>6.74</u>
Exercisable at 31 December 2014	<u>602,939</u>	<u>7.30</u>	<u>382,253</u>	<u>7.39</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 £10.15 or £5.00 (2013 - £1.25, £10.15 or £5.00) depending on the date of grant, with a weighted average remaining contractual life of nil and 0.33 (2013 - nil, 0.14 and 1) years respectively.

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

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

	31.12.14	31.12.13
	£	£
Equity-settled share-based payment transactions	<u>96,000</u>	<u>338,500</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

33. ACQUISITION OF SUBSIDIARIES

On 27 January 2014 Simply Biz Limited acquired 8,000 Ordinary A shares of £1 each in APS Legal & Associates Limited taking the total investment held in the company from 25% to 62.5%. The shares were acquired by the conversion of a £125,000 loan previously made. On 19 March 2014 the remaining issued share capital of the company was acquired for a cash consideration of £1,250,942. The acquisition has been accounted for by the acquisition method of accounting.

Details of the assets and liabilities immediately prior to the acquisition of APS Legal & Associates Limited and its subsidiary company are as follows:

	£
Fixed assets	5,456
Debtors	211,462
Cash at bank and in hand	244,155
Creditors	(363,724)
Total net assets of acquired subsidiaries	<u>97,349</u>
Goodwill arising on acquisition	<u>1,126,343</u>
Loan conversion	125,000
Cash consideration	<u>1,250,942</u>
Total consideration	<u>1,375,942</u>

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

The profit after tax for the group acquired from 1 December 2013 up to the date of acquisition was £21,944. The profit after tax for the group acquired for the year 1 December 2012 to 30 November 2013 was £399,001.

On 16 June 2014 100% of the issued share capital of Tansley Wills Limited was acquired for a cash consideration of £25,000. The acquisition has been accounted for by the acquisition method of accounting.

On 18 December 2014 100% of the issued share capital of Home Information Group Limited and its subsidiary companies was acquired for a cash consideration of £4,494,830. The acquisition has been accounted for by the acquisition method of accounting.

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

	£
Fixed assets	22,355
Debtors	1,050,442
Cash at bank and in hand	1,064,441
Creditors	(1,069,865)
Total net assets of acquired subsidiaries	<u>1,067,373</u>
Goodwill arising on acquisition	<u>3,427,457</u>
Cash consideration	3,834,827
Deferred consideration	<u>660,003</u>
Total consideration	<u>4,494,830</u>

SIMPLY BIZ LIMITED (REGISTERED NUMBER: 04518535)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**

33. ACQUISITION OF SUBSIDIARIES – continued

Cash consideration includes £82,253 included in accruals at 31 December 2014.

Summarised profit and loss account from 1 July 2014 up to the date of acquisition.

	£
Turnover	<u>3,474,179</u>
Operating profit	<u>439,578</u>
Profit on ordinary activities before taxation	439,578
Tax on profit on ordinary activities	<u>87,135</u>
Profit for the financial period	<u><u>352,443</u></u>

The profit after tax for the group acquired for the year 1 July 2013 to 30 June 2014 was £689,955.