The SimplyBiz Group Limited

Annual report and consolidated financial statements

Registered number 09619906

Year ended 31 December 2017

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Company information

Directors	KE Davy SC Turvey ML Timmins NM Stevens GJ Kershaw THS Trotter DJ Etherington TP Clarke
Secretary	SC Turvey
Registered office	The John Smith's Stadium Stadium Way Huddersfield HD1 6PG
Registered number	09619906 (England and Wales)
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street, Leeds LS1 4DA

Chairman's report

I am pleased to present the Annual Report and Accounts for the SimplyBiz Group, and it is once again a pleasure to be able to report that the year ending the 31st December 2017 has been another year of excellent growth.

The published results are again presented in accordance with the latest IFRS accounting standards. My Chairman's Report therefore focuses on the well recognised basis of the earnings of the Group before interest, tax and depreciation (underlying EBITDA – as defined in note 8) which for the year ending 31 December 2017 was £9.54m. This compares with an underlying EBITDA of £8.54m in the previous year and £3.73m in 2013. Over the past five years, therefore this represents an increase in underlying EBITDA of some 156%. During these five years, we have also taken the opportunity to invest significant amounts into both technology and human resources to ensure we are in the best possible position to continue to deliver high quality services to our customers in the years to come.

The strong and consistent financial performance delivered by the Group is all the more impressive when viewed against the background of continued political and economic uncertainties in the U.K. and elsewhere. This strong performance also highlights the continued commitment of our staff to delivering outstanding service to all the businesses we serve. This commitment forms the bedrock of our success and gives me great pleasure to be able to thank them on your behalf.

Our simple, yet focussed strategy of delivering high quality services within the highly regulated UK financial services sector continues to help firms deliver better outcomes to their clients. In practical terms this means that, regardless of their size, we are helping the financial services businesses we serve to succeed more efficiently and profitably. For the fifteenth year in succession, our all-important financial advisor customer base has increased, and now exceeds 2800 firms. In addition, we continue to provide services to many of the country's largest insurance companies, investment groups and lenders. Our experience and knowledge of the retail financial services sector and its regulation is probably unique in the sector and enables us to help the businesses we serve deliver better outcomes to consumers throughout the UK compliantly and cost effectively.

Delivering better outcomes is the driver of everything we do and I am confident that as we continue to focus our energies on helping the businesses we serve succeed, we will continue to grow and prosper regardless of the changing regulatory, political and economic environment.

I know that all of us at the SimplyBiz Group, look forward with great enthusiasm and confidence to continuing to focus our efforts on looking after our customers in the coming year, in the knowledge that our own growth and success will come from helping businesses we serve, succeed.

Best wishes

KE Davy
Chairman

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

Strategic report

The directors present their Strategic report of the group and company for the period ended 31 December 2017.

Review of the Group

For the year ending 31 December 2017, turnover increased by 8.0% to £44.07m (2016: £40.82m) while operating profit before exceptional items[1] grew by 10.0% to £9.15m (2016: £8.32m). Our operating profit was £8.80m (2016: £8.26m).

The underlying EBITDA (as defined in note 8), which is a key measure for the Board, increased by 11.8% to £9.54m (2016: £8.54m).

2017 has been another positive year for the group as we continued to develop our model of generating recurring revenues from Intermediary Services, and Distribution Channels to the UK retail financial services market. Our core intermediary services customer base grew to 2,803 firms (2016: 2,676). While we continued to make progress in the new Consumer Credit market, we experienced higher than expected lapses for firms who had gained their authorisation with our assistance, reducing this customer base to 653 firms at year-end. We have increased our support for the Consumer Credit market with our backing of a new trade body, the Financial Intermediary & Broker Association.

We provided distribution channels to 135 financial institutions during the year.

We have successfully completed the re-platforming of our Workplace Software, and have re-branded the business as Zest. Revenues from this area have been below expectations due to this transition in 2017, subsequently reducing underlying EBITDA growth for Intermediary Services.

The group achieved underlying EBITDA of £3.4m (2016: £3.9m) from Intermediary Services and underlying EBITDA of £6.1m (2016: £4.6m) from Distribution Channels in 2017.

Regulation

The Pensions Freedoms Act of 2015 has continued to drive demand for financial advice throughout 2017. We have remained active in providing guidance to the firms we serve and have reviewed and enhanced the range of access to third party providers of Pensions Transfer services. This has been a changing landscape over the year and will remain focussed on enabling our customers to meet the needs of consumers while minimising business risk.

We have made significant preparations for the introduction of MiFID II that will culminate in the launch of new services for both Intermediary Service customers and Distribution Channel customers in 2018. We believe the improved standards for Independent Advice, and the significant support for operating a Central Investment Process set out in the PROD rules, will aid our future growth.

We have been pleased to see the consultation review of the Financial Services Compensation Scheme levy and will continue to lobby for a fair outcome for financial advisers.

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[1] Defined as operating profit (per the consolidated statements of profit and loss), excluding 'operating costs of exceptional nature' shown in note 7.

Strategic report *(continued)*

The Future

The SimplyBiz Group continues to benefit from a loyal and diverse customer base, attractive margins, and very high levels of recurring income. Our team of 414 professional staff & consultants, operating across 5 office locations in the UK, present a formidable competitive advantage and our key asset in developing the opportunities that will come from the changes to our sector in the future.

We plan to continue to grow customer numbers in our core market, and to develop our penetration in the Consumer Credit market, while continuing to respond to changing needs by innovating new services. 2018 will see a clear focus on our two business segments; Intermediary Services and Distribution Channels, as we deliver new services to meet the needs of the demand-side and supply-side of retail financial services in the UK.

Acquisitions continue to be a focus for the Group, as such the Board are pleased to report that in January 2018 we completed the purchase of Landmark Surveyors Limited.

KPIs

The Board currently track cash, revenue and underlying EBITDA as the key financial performance indicators of the business.

Risks

Besides monitoring internal financial risks the Board monitor risks arising from wider economic issues, changes in regulation and those risks aligned to the sectors in which the Group's clients operate. During 2017 we saw sustained growth in demand for mortgages, investments and pensions however we are alert to the systemic risk to all financial markets that the procedure for leaving the EU will present in the years ahead. Our customer base is sufficiently diverse to sustain periods of reduced demand in individual product areas caused by economic uncertainty.

By order of the board

ML Timmins
Director

NM Stevens
Director

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

22 February 2018

Directors' report

The directors present their Directors' report for The SimplyBiz Group Limited for the year ended 31 December 2017.

The SimplyBiz Group Ltd (the "Company") is incorporated in England and Wales. The financial statements consolidate the results and financial position of the Company and its subsidiary undertakings (the "Group").

Principal activities

The principal activities of the Group during the year was the provision of intermediary services and distribution channels to the retail financial services sector.

Dividends

Dividends of £805,000 (2016: £1,226,000) were paid during the year.

Directors

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

KE Davy
SC Turvey
ML Timmins
NM Stevens
GJ Kershaw
THS Trotter
DJ Etherington
TP Clarke

Employees

It is the policy of the Group that all employees shall be given equal opportunities in all areas of employment.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The group places considerable value on the involvement of its employees and has continued to keep them involved in matters affecting them as employees and on various factors affecting the performance of the group. This is achieved through a processes of communication and participation. This involves the provision of information through normal management channels including regular face to face briefings from the members of the Board. Employees are consulted on a wide range of matters effecting their current and future interests.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Policy and Practice on payment of creditors

It is the policy of the Group to agree terms and conditions for our business transactions with suppliers. The Group seeks to abide by the payment terms agreed with suppliers whenever we are satisfied that the supplier has provided the goods or services in line with the agreed terms and conditions. Where specific credit terms are not agreed with suppliers, the Group's policy is to pay to the suppliers normal terms.

Environment

The Group recognises the importance of environmental responsibility. The nature of our activities has minimal effect on the environment, but where they do, the Group acts responsibly and is aware of its obligations.

Directors' report *(continued)*

Research and development

Research and development expenditure in the year amounted to £1,333,000 (2016: £1,558,000) of which £772,000 (2016: £859,000) was capitalised.

Health and safety

The health and welfare of our employees is paramount. We carry out regular health and safety training and assessments for our staff, who are predominately desk based in nature. The Directors receive a monthly health and safety report which includes all areas of risk and riddor within the Group.

Corporate Governance

Principles of corporate governance

As a private Company, The SimplyBiz Group Ltd is not required to comply with the provisions of the 2012 FRC UK Corporate Governance Code, however the Board recognises the value of good corporate governance as a positive contribution to the well being of the business and believe in applying these principles in a sensible and pragmatic manner.

Board of Directors

The Board of Directors consists of 8 members, including 3 independent Non-Exec Directors. The role of the Chairman and Joint Chief Executive Officers are separated and clearly defined. The activities of the Group are controlled by the Board, which meets regularly throughout the year.

There are formal Terms of Reference for the Board which are designed to ensure that the Board sets the Group's mission, vision, strategic goals and execution plans. Moreover, the Board ensure that the necessary financial and human resources are in place for the Group to meet its objectives.

Audit and Risk Committee

The audit and risk committee consists of the Group's 3 Non-Executive Directors, plus the Group's Chairman.

An independent Non-Executive Director Chairs' the Audit & Risk Committee. There are formal Terms of Reference for the Audit and Risk Committee, which determine that they meet at least once a year. Normal practice is that the Committee meet twice throughout the year, pre and post annual audit.

The Group manage a risk register which is maintained throughout the year and presented periodically to the Board of Directors.

Remuneration Committee

The Remuneration Committee consists of the Group's 3 Non-Executive Directors, plus the Group's Chairman.

An independent Non-Executive Director Chairs' the Remuneration Committee. There are formal Terms of Reference for the Remuneration Committee, which determine that they meet at least once a year.

Nomination Committee

The Nomination Committee consists of the Group's 3 Non-Executive Directors, plus the Group's Chairman.

An independent Non-Executive Director Chairs' the Nomination Committee. There are formal Terms of Reference for the Remuneration Committee, which determine that they meet at least once a year.

Directors' report *(continued)*

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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report on page 3.

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

SC Turvey
Director

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

22 February 2018

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

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

KPMG

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Independent auditor's report to the members of The SimplyBiz Group Limited

Opinion

We have audited the financial statements of The SimplyBiz Group Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated and Company statement of financial position, Consolidated and Company statements of changes in equity, Consolidated statement of cash flows and related notes, including the accounting policies in note 2.

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 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements 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 group 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

Independent auditor's report to the members of The SimplyBiz Group Limited *(continued)*

- in our opinion those reports have 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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, 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 group and parent 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 group or the parent 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.

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
Leeds
22 February 2018

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £000**	Year ended 31 December 2016 £000
Revenue	*5-6*	**44,066**	40,815
Operating expenses	*7-10*	**(35,263)**	(32,558)
Group operating profit		**8,803**	8,257
Finance income	*11*	**65**	46
Finance costs	*12*	**(3,387)**	(3,362)
Profit before taxation		**5,481**	4,941
Taxation	*13*	**(694)**	(864)
Profit for the financial year		**4,787**	4,077

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

The accompanying notes form part of the financial statements.

Consolidated statement of financial position
as at 31 December 2017

	Note	31 December 2017		31 December 2016	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	*16*	384		430	
Intangible assets	*17*	18,205		17,611	
Total non-current assets			18,589		18,041
Current assets					
Trade and other receivables	*19*	7,505		8,702	
Deferred tax asset		25		66	
Cash and cash equivalents - unrestricted	*20*	10,998		7,096	
Cash and cash equivalents - restricted	*20*	545		545	
Total current assets			19,073		16,409
Total assets			37,662		34,450
Equity and liabilities					
Equity attributable to the owners of the Company					
Share capital	*24*	10		10	
Share premium account		52,544		50,852	
Other reserves	*25*	(61,387)		(63,147)	
Retained earnings		2,982		3,008	
Total equity			(5,851)		(9,277)
Liabilities					
Current liabilities					
Trade and other payables	*21*	8,161		7,142	
Income tax liabilities	*21*	16		-	
Total current liabilities			8,177		7,142
Non-current liabilities					
Financial liabilities – borrowings	*22*	33,665		33,367	
Trade and other payables	*21*	400		129	
Financial derivatives	*27*	848		2,824	
Deferred tax liabilities	*23*	423		265	
Total non-current liabilities			35,336		36,585
Total liabilities			43,513		43,727
Total equity and liabilities			37,662		34,450

These financial statements were approved by the board of directors on 22 February 2018 and were signed on its behalf by:

SC Turvey
Director

The accompanying notes form part of the financial statements.

Company statement of financial position

as at 31 December 2017

	Note	31 December 2017		31 December 2016	
		£000	£000	£000	£000
Non-current assets					
Investments	18		68,355		66,663
Total non-current assets			68,355		66,663
Current assets					
Trade and other receivables	19	27,576		19,753	
Cash and cash equivalents - unrestricted	20	10		9	
Total current assets			27,586		19,762
Total assets			95,941		86,425
Equity and liabilities					
Equity attributable to the owners of the Company					
Share capital	24	10		10	
Share premium account		52,544		50,852	
Retained earnings		8,740		1,239	
Total equity			61,294		52,101
Liabilities					
Current liabilities					
Trade and other payables	21		134		266
Total current liabilities			134		266
Non-current liabilities					
Financial liabilities – borrowings	22		33,665		33,367
Derivative financial instrument	27		848		691
Total non-current liabilities			34,513		34,058
Total liabilities			34,647		34,324
Total equity and liabilities			95,941		86,425

These financial statements were approved by the board of directors on 22 February 2018 and were signed on its behalf by:

SC Turvey
Director

Company registered number: 9619906

The accompanying notes form part of the financial statements.

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	10	50,852	(63,147)	157	(12,128)
Total comprehensive income for the period					
Profit for the period	-	-	-	4,077	4,077
Total comprehensive income for the period	-	-	-	4,077	4,077
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(1,226)	(1,226)
Total contributions by and distributions to owners	-	-	-	(1,226)	(1,226)
Balance at 31 December 2016	10	50,852	(63,147)	3,008	(9,277)
Balance at 1 January 2017	**10**	**50,852**	**(63,147)**	**3,008**	**(9,277)**
Total comprehensive income for the period					
Profit for the period	-	-	-	4,787	4,787
Total comprehensive income for the period	-	-	-	4,787	4,787
Transactions with owners, recorded directly in equity					
Issue of shares	-	1,692	-	-	1,692
Dividends	-	-	-	(805)	(805)
Transfer to retained earnings	-	-	1,760	(1,760)	-
Purchase of minority interest	-	-	-	(2,248)	(2,248)
Total contributions by and distributions to owners	-	1,692	1,760	(4,813)	(1,361)
Balance at 31 December 2017	**10**	**52,544**	**(61,387)**	**2,982**	**(5,851)**

The accompanying notes form part of the financial statements.

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Total equity
	£000	**£000**	**£000**	**£000**
Balance at 1 January 2016	10	50,852	1,298	52,160
Total comprehensive income for the period				
Profit for the period	-	-	1,141	1,141
Total comprehensive income for the period	-	-	1,141	1,141
Transactions with owners, recorded directly in equity				
Issue of shares				
Dividends	-	-	(1,200)	(1,200)
Total contributions by and distributions to owners	-	-	(1,200)	(1,200)
Balance at 31 December 2016	**10**	**50,852**	**1,239**	**52,101**
Balance at 1 January 2017	10	50,852	1,239	52,101
Total comprehensive income for the period				
Profit for the year	-	-	8,301	8,301
Total comprehensive income for the period	-	-	8,301	8,301
Transactions with owners, recorded directly in equity				
Issue of shares	-	1,692	-	1,692
Dividends	-	-	(800)	(800)
Total contributions by and distributions to owners	-	1,692	(800)	892
Balance at 31 December 2017	**10**	**52,544**	**8,740**	**61,294**

The accompanying notes form part of the financial statements.

Consolidated statement of cash flows
for year ended 31 December 2017

	Note	**Year ended 31 December 2017 £000**	Year ended 31 December 2016 £000
Net cash generated from operating activities	*26*	**10,743**	7,313
Cash flows from investing activities			
Finance income		**65**	46
Purchase of property, plant and equipment		**(174)**	(252)
Development expenditure		**(772)**	(859)
Net cash used in investing activities		**(881)**	(1,065)
Cash flows from financing activities			
Finance costs		**(2,907)**	(2,929)
Loan repayments made		**(154)**	-
Purchase of shares in subsidiaries		**(3,786)**	-
Issue of share capital		**1,692**	-
Dividends paid		**(805)**	(1,226)
Net cash used in financing activities		**(5,960)**	(4,155)
Net increase in cash and cash equivalents		**3,902**	2,093
Cash and cash equivalents at start of period		**7,641**	5,548
Cash and cash equivalents at end of period		**11,543**	7,641

Cash and cash equivalents, as at 31 December 2016 and 31 December 2017, includes £545,000 of cash in a restricted account (see note 20).

The accompanying notes form part of the financial statements.

Notes
(forming part of the financial statements)

1 General information

The SimplyBiz Group Limited's principal activity is that of intermediary services and distribution channels to the retail financial services sector.

The SimplyBiz Group Limited ("the Company") is a company incorporated and domiciled in the United Kingdom. The address of its registered office is The John Smith's Stadium, Stadium Way, Huddersfield, HD1 6PG. The registered number is 09619906.

On June 2015, The SimplyBiz Group Limited (the Company) was set up as a vehicle to acquire all of the issued share capital of Simply Biz Limited for cash and shares.

Under IFRS, the combined entity has been presented as a continuance of the Simply Biz Limited group by applying the principles of reverse acquisition accounting as its owners receive the largest proportion of the voting rights in the combined entity. As a result the assets and liabilities of Simply Biz Limited have been recorded at the values at which they were included in the books of Simply Biz Limited prior to the transaction.

2 Accounting policies

2.1 Basis of preparation

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as adopted by the EU ("Adopted IFRS") and the International Financial Reporting Interpretations Committee interpretations and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

The financial information is presented in the Company's presentational and functional currency of Pounds Sterling ("£"), quoted to the nearest £1,000 except when otherwise indicated.

The Company applied all standards and interpretations issued by the IASB that were effective as of 31 December 2017. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this financial information.

2.2 Basis of consolidation

The consolidated financial information includes the financial information of The SimplyBiz Group Limited and its subsidiary undertakings ("the Group"). Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and its ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Under Section of the Companies Act 2006, the Company is exempt from the requirement to present its own statement of profit or loss.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

2 Accounting policies *(continued)*

2.3 Adoption of new and revised standards

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- **IFRS 15 – 'Revenue from contracts with customers'** This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial information about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and this has the ability to direct the use and obtain the benefits from the good or service. The standard is effective from 1 January 2018.

  The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Group has performed an impact assessment across all revenue lines and does not expect it to have a material impact. Management are currently finalising improvements to their financial reporting to allow deliverables on bundled contracts to be tracked for individual recognition. The Group will comply with the new disclosure requirements in the financial statements for the year ended 31 December 2018.

- **IFRS 9 – 'Financial Instruments'** This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group has performed an impact assessment and does not expect the new standard to have a material impact.

- **IFRS 16 – 'Leases'** (effective for annual periods beginning on or after 1 January 2019). Management have performed an initial assessment of the leases expected to meet the criteria of the new standard. The recognition of the lease asset and liability is expected to have a material impact on the gross value of both assets and liabilities. Management are currently assessing their transition options for the new standard;

- **IFRS 17 – 'Insurance Contracts'** (effective for annual periods beginning on or after 1 January 2021);

- **IFRIC 22 – 'Foreign Currency Transactions and Advance Consideration'** (effective for annual periods beginning on or after 1 January 2021);

- **IFRIC 23 – 'Uncertainty over Income Tax Treatments'** (effective for annual periods beginning on or after 1 January 2019);

- **Annual Improvements to IFRS Standards 2014-2016 Cycle** (effective for annual periods beginning on or after 1 January 2018);

- **Amendments to IAS 40 'Transfers of Investment Property'** (effective for annual periods beginning on or after 1 January 2018);

- **Amendments to IAS 28: 'Long-term Interests in Associates and Joint Ventures'** (effective for annual periods beginning on or after 1 January 2019);

- **Amendments to IFRS 4: 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts'** (effective for annual periods beginning on or after 1 January 2018);

- **Amendments to IFRS 9: 'Prepayment Features with Negative Compensation'** (effective for annual periods beginning on or after 1 January 2019);

- **Amendments to IFRS 2: 'Classification and Measurement of Share-based Payment Transactions'** (effective for annual periods beginning on or after 1 January 2018);

Notes *(continued)*

2 Accounting policies *(continued)*

2.3 Adoption of new and revised standards (continued)

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2.4 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group 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 Group; and

(b) where the instrument will, or may, be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity 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 entity's own shares, the amounts presented in the financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

2.6 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Notes *(continued)*

2 Accounting policies *(continued)*

2.7 Going concern

The Group business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives, as well as details of its financial instruments and its exposure to interest, credit and liquidity risk are described in Note 3.

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

The Group has net current assets of £10,896,000 and net liabilities of £5,851,000 as at 31 December 2017.

On the basis of the Group's current and forecast profitability and cash flows, notwithstanding the net liabilities position of the Group, the directors consider and have concluded that the Group 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.

2.8 Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer, when the services are delivered.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

Membership fee and other membership services

Membership fee income is recognised monthly, on a time basis. Revenue from other membership services is recognised at the point at which the service is delivered.

Product provider income

Product provider income represents marketing support services provided to third-party financial institutions. Contracts can include a number of individual performance obligations that are recognised separately as the service is delivered.

Software licence income, licence fees and project fees

Revenue from software licence income and fees is recognised, in full, at the point at which control of the service is delivered, i.e. when the customer has access to the software. Annual licence income is recognised on a time basis.

Revenue from software project fees is recognised on the achievement of specific milestones reflected in the agreement with the customer. The Group has no long term projects.

Asset management fees

Asset management fees are accrued on a time basis, by reference to the value of assets under management. No significant judgements are involved in the valuation of the assets.

Commission received

Commission is recognised, in full, following the confirmation of the sale by the third party provider of underlying products, principally mortgage and insurance-related products. Revenue is recognised on a net basis, i.e. only for the commission due to the Group. No significant judgements are involved in the valuation of the commission.

Property valuation, legal and probate services

Revenue is recognised at the point at which the service is delivered to the customer.

Notes *(continued)*

2 Accounting policies *(continued)*

2.9 Research and development expenditure

Research expenditure is recognised as an expense, in profit or loss, in the period in which it is incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

2.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

- office equipment 3 to 4 years

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

2.11 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date, unless another measurement basis is required.

Notes (continued)

2 Accounting policies *(continued)*

2.12 Non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

2.13 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. Goodwill is not amortised but is tested annually for impairment.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the statement of profit or loss as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Expenditure on development activities is, in certain circumstance, capitalised, (see also note 17). Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The basis for choosing these useful lives is with reference to the period over which they can continue to generate value for the Group.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Notes *(continued)*

2 Accounting policies *(continued)*

2.14 Impairment excluding inventories and deferred tax assets

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Leases

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

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

Notes *(continued)*

2 Accounting policies *(continued)*

2.16 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, 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 period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.17 Pensions

The pension costs charged in the financial information represent the contributions payable by the Company during the period on the defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amounts charged to the statement of profit or loss represent the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Company's liability.

2.18 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at a general meeting.

2.19 Put option

Put share options and agreements to forward purchase with non-controlling shareholders are recognised as a liability at the present value of the exercise price of the option or of the forward price, using the anticipated-acquisition model.

Under the anticipated-acquisition method, interests of the non-controlling shareholders, that hold the written put options or forward purchase agreements, are derecognised when the financial liability is recognised in liabilities, with the difference reflected in 'Other Equity'. Subsequent to initial recognition, changes to the carrying amount are recognised in the Profit and Loss Account.

Notes *(continued)*

2 Accounting policies *(continued)*

2.20 Share warrants

Share warrants, which include a requirement to settle the obligation in cash, are reflected as a liability at fair value. Subsequent to initial recognition, changes to the carrying amount are recognised in profit or loss.

2.21 Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size, incidence or nature to enable a full understanding of the Group's underlying financial performance, details of which are disclosed in note 7.

3 Financial instruments and financial risk management

The Company's principal financial liabilities comprise trade and other payables, borrowings, put options and share warrants. The primary purpose of these financial liabilities is to finance the operations. The Company has trade and other receivables and cash that derive directly from its operations.

Financial assets

The financial assets were as follows:

	31 December 2017	31 December 2016
	£000	£000
Cash and cash equivalents – unrestricted	**10,998**	7,096
Cash and cash equivalents - restricted	**545**	545
Trade and other receivables	**7,505**	8,702

The directors consider that the carrying amount of all financial assets approximates to their fair value.

Financial liabilities

The financial liabilities were as follows:

	31 December 2017	31 December 2016
	£000	£000
Trade and other payables	**8,161**	7,142
Borrowings	**33,665**	33,367
Share warrant	**848**	691
Put & call option	**-**	2,133

The directors consider that the carrying amount for all financial liabilities approximates to their fair value.

Notes *(continued)*

3 Financial instruments and financial risk management *(continued)*

Financial risk management

The Company is exposed to interest rate risk, credit risk and liquidity risk. The senior management oversees the management of these risks and ensure that the financial risk taking is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The board of directors review and agree the policies for managing each of these risks, which are summarised below:

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company accepts the risk of losing interest on deposits due to interest rate reductions. An interest rate cap agreement is utilised to partly cover the interest rate risk (see note 22).

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including cash deposits with banks and financial institutions.

Trade receivables
Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk is principally managed through the use of direct debit payments. Outstanding receivables are regularly monitored and discussed at executive management and board level.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low as there is limited reliance on single, or a few customers, instead sales are typically small in size.

Financial instruments and cash deposits
Credit risk from cash balances with banks and financial institutions is managed in accordance with the Company's policy. Credit risk with respect to cash is managed by carefully selecting the institutions with which cash is deposited.

Liquidity risk
The Company is strongly cash-generative and the funds generated by operating activities are managed to fund short-term working capital requirements. The board carefully monitors the levels of cash and is comfortable that for normal operating requirements.

The following table details the Company's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000	Total £000
31 December 2016					
Trade and other payables	2,427	129	-	-	2,556
Borrowings	-	-	-	33,367	33,367
31 December 2017					
Trade and other payables	2,197	400	-	-	2,597
Borrowings	-	-	-	33,665	33,665

Notes *(continued)*

3 Financial instruments and financial risk management *(continued)*

Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. The Company is not subject to externally imposed capital requirements.

4 Critical accounting estimates and judgements

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

Impairment of goodwill
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information, including carrying values, is included in note 17.

There are no critical judgements that are considered to have a significant risk of causing a material adjustment to the financial statements.

5 Revenue

The total revenue for the Group has been derived from its principal activity; the provision of intermediary services and distribution channels to the retail financial services sector. All of this revenue relates to trading undertaken in the United Kingdom.

6 Segmental information

In the period covered by this historical financial information, the Company was domiciled in the UK and as such all revenue is derived from external customers in the United Kingdom.

During the period under review, the information reported to the Company's joint Chief Executive Officers, who are considered to be the chief operating decision makers, was predominately based on the consolidated Group, with disaggregation where appropriate. The consolidated information is shown in the statement of profit or loss.

From 1 January 2017, the Group has established two operating segments, which are considered to be reportable segments under IFRS. The two reportable segments are:

- Intermediary Services
- Distribution Channels

Intermediary Services provides compliance and regulation services to individual financial intermediary Member Firms, including directly authorised IFSs, directly authorised mortgage advisers, workplace consultants and directly authorised consumer credit brokers.

Distribution Channels provides marketing and promotion, product panelling and co-manufacturing services to financial institutions. This division of the Group also undertakes survey panelling and surveying work for Mortgage Lenders.

Notes *(continued)*

6 Segmental information (continued)

The reportable segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting produced to the chief operating decision-makers.

The tables below present the segmental information on the revised basis for the periods ended 31 December 2017 and 2016.

	Year ended 31 December 2017	Year ended 31 December 2016
	£000	£000
Intermediary Services		
Revenue	22,147	21,118
Operating expenses, before amortisation and depreciation	(18,698)	(17,224)
Intermediary Services EBITDA	3,449	3,894
Operating costs of exceptional nature	(144)	(28)
Intermediary Services EBITDA	3,305	3,866
Distribution Channels		
Revenue	21,919	19,697
Operating expenses, before amortisation and depreciation	(15,825)	(15,056)
Distribution Channels EBITDA	6,094	4,641
Operating costs of exceptional nature	(198)	(38)
Distribution Channels EBITDA	5,896	4,603
Total EBITDA	9,201	8,469
Amortisation	(178)	-
Depreciation	(220)	(212)
Operating profit	8,803	8,257

In determining the trading performance of the operating segments central costs are allocated based on the divisional contribution of revenue to the Group.

The statement of financial position is not analysed between reporting segments for management and the chief decision-makers consider the Group statement of financial position as a whole.

No customer has generated more than 10% of total revenue during the period covered by the financial information.

Notes *(continued)*

7 Operating profit

Operating profit for the period has been arrived at after charging:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Depreciation of tangible assets	220	212
Payments in respect of operating leases	4,340	3,904
Research expenditure	561	699
Operating costs of exceptional nature:		
Costs in relation to corporate restructuring and refinancing	303	-
Restructuring costs	10	66
Write off of Director's loan	89	-
Professional fees for acquisitions	69	-
Release of deferred consideration	(129)	-
	342	66

Auditor's remuneration:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Audit of these financial statements	80	30
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	45	40
Taxation compliance services	47	30
Other services	83	-

Other non-audit fees of £257,000 have been committed for year ended 31 December 2018 and included in prepayments.

8 Reconciliation of underlying EBITDA

The Group uses underlying EBITDA as a comparable key performance measure, as it excludes the impact of one off items that are not considered part of on-going trade. Underlying EBITDA is calculated as follows:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Operating profit	8,803	8,257
add back:		
Depreciation	220	212
Impairment of goodwill (note 17)	178	-
Operating costs of exceptional nature (note 7)	342	66
Underlying EBITDA	9,543	8,535

Notes *(continued)*

9 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees Year ended 31 December 2017	Number of employees Year ended 31 December 2016
Directors	**8**	6
Operational	**374**	371
	382	377

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Wages and salaries	**16,662**	15,944
Social security costs	**1,759**	1,662
Contributions to defined contribution plans	**352**	347
	18,773	17,953

10 Directors' remuneration

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Directors' remuneration	**1,186**	980
Company contributions to money purchase pension plans	**7**	12

The aggregate of remuneration of the highest paid director was £291,000 and Company pension contributions of £2,000 were made to a money purchase scheme on his behalf.

	Number of directors	
	Year ended 31 December 2017	Year ended 31 December 2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**4**	4

Notes *(continued)*

11 Finance income

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Bank interest receivable	65	46
Fair value gain on financial instruments	-	-
	65	46

12 Finance expense

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Interest payable on financial liabilities at amortised cost	3,229	3,239
Fair value loss on financial instrument	158	123
	3,387	3,362

13 Taxation

	Year ended 31 December 2017 £000	£000	Year ended 31 December 2016 £000	£000
Current tax				
Current tax on income for the year		865		890
Adjustments in respect of prior periods		(370)		(235)
Total current tax		495		655
Deferred tax (see note 23)				
Origination and reversal of timing differences	199		209	
Total deferred tax		199		209
Total tax		694		864

No income or deferred tax has been reported in other comprehensive income or has been recognised directly in equity.

Notes *(continued)*

13 Taxation *(continued)*

Analysis of current tax recognised in profit or loss

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
UK corporation tax	**865**	890
Adjustment in respect of prior periods	**(370)**	(235)
Total current tax recognised in statement of profit or loss	**495**	655

Reconciliation of effective tax rate

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Profit for the year	**4,787**	4,077
Total tax charge	**694**	864
Profit before taxation	**5,481**	4,941
Tax using the UK corporation tax rate of 19.25% (2016 20%)	**1,055**	988
Non-deductible expenses	**158**	283
Allowable development expenditure	**(149)**	(172)
Adjustments in respect of prior year	**(370)**	(235)
Total tax charge included in profit or loss	**694**	864

Changes affecting the future tax charge

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This is expected to reduce the Group's future current tax accordingly.

Adjustments in respect of prior years result from the submission of prior period research and development claims, and the update of the tax provisioning to the year end computations.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date and therefore these have been measured at 17% to 20%.

Notes *(continued)*

14 Dividends

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Dividend paid by the Company	800	1,200
Dividend paid by Simply Biz Limited	-	26
Dividend paid by Capital Reward Limited	5	-
	805	1,226
Dividends per share (pence):		
Dividend paid by the Company	9.6p	14.3p
Dividend paid by Simply Biz Limited	-	0.3p
Dividend paid by Capital Reward Limited	0.9p	-

15 Profit of the parent company

As permitted by Section 408 of the Companies Act 2006, the statement of profit or loss of the Company is not presented as part of these financial statements. The Company's profit for the financial year was £8,301,000 (2016: *£1,141,000*).

16 Property, plant and equipment

Group	Office equipment £000	Total £000
Cost		
At 1 January 2016	903	903
Additions	252	252
At 31 December 2016	1,155	1,155
Additions	174	174
Disposals	(133)	(133)
At 31 December 2017	1,196	1,196
Depreciation and impairment		
At 1 January 2016	513	513
Deprecation charge for the year	212	212
At 31 December 2016	725	725
Depreciation charge for the year	220	220
Disposals	(133)	(133)
At 31 December 2017	812	812
Net book value		
At 31 December 2017	384	384
At 31 December 2016	430	430

Notes *(continued)*

17 Intangible assets

Group	Goodwill	Development expenditure	Total
	£000	**£000**	**£000**
Cost			
At 1 January 2016	16,347	502	16,849
Additions	-	859	859
Adjustment in year	(97)	-	(97)
At 31 December 2016	16,250	1,361	17,611
Additions	-	772	772
At 31 December 2017	16,250	2,133	18,383
Amortisation and impairment			
At 1 January 2016 and 31 December 2016	-	-	-
Charge in the period	178	-	178
At 31 December 2017	178	-	178
Net book value			
At 31 December 2017	**16,072**	**2,133**	**18,205**
At 31 December 2016	16,250	1,361	17,611

Capitalised development expenditure relates to the development of the software platform in Zest Technologies Limited. No amortisation has been charged on the development expenditure as the project has not yet reached commercial launch.

The goodwill impairment of £178,000 relates to a balance in a subsidiary company, where the specific service line has ended. This is separate from the goodwill that exists on consolidation, which is subject to a separate impairment review described below.

The carrying amount of goodwill is allocated across operating segments, which are groups of cash-generating units ("CGUs") as follows:

	31 December 2017 £000	31 December 2016 £000
Intermediary Services	**12,823**	12,823
Distribution Channels	**3,249**	3,249
Other	**-**	178
	16,072	16,250

Notes *(continued)*

17 Intangible Assets (continued)

Goodwill is determined to have an infinite useful economic life. The Group has determined that, for the purposes of impairment testing, each segment is a cash generating unit ("CGU"). The recoverable amounts for the CGUs are predominantly based on value in use, which is calculated on the cash flows expected to be generated using the latest projected data available over a five year period. The key assumptions in the value in use calculation are the discount rate (12.8%) (2016: 12.9%), the growth rate (2%, 2016: 2%) and projected EBITDA. The discount rate is based on the Group's pre-tax cost of capital, which is compared with other discount rates in the sector.

The projected EBITDA is built up on the Board approved budget and future projections of revenue growth rates, changes in selling prices and overhead cost growth. These changes in revenues and cost are forecast based on the knowledge and expertise of operational staff, taking into account historical trends.

The directors have reviewed the recoverable amounts of the CGUs and having performed appropriate sensitivity testing on the key assumptions described above, have considered that sufficient headroom within the value in use calculations exists at 31 December 2017.

18 Fixed asset investments

Company	**Shares in group undertakings £000**	**Total £000**
Cost		
At 1 January 2017	66,663	66,663
Additions	1,692	1,692
At 31 December 2017	68,355	68,355
Provisions		
At 1 January 2017 and 31 December 2017	-	-
Net book value		
At 31 December 2017	**68,355**	**68,355**
At 31 December 2016	66,663	66,663

Additions in the year relates to an additional investment in Simply Biz Limited, as part of its acquisition of the remaining minority shareholding in Verbatim Asset Management Limited.

The directors consider the carrying value of investments to be supported by the net assets and future cash flows of the businesses.

Notes *(continued)*

18 Fixed asset investments *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held Group	Company
Subsidiary undertakings				
Simply Biz Limited	UK	Group management	Ordinary 100%	Ordinary 100%
SIFA Limited	UK	Business support services	Ordinary 100%	-
Simply Biz Support Limited	UK	Various business support services	Ordinary 100%	-
APS Legal and Associates Limited	UK	Legal services	Ordinary 100%	-
Simply Biz Services Limited	UK	Various business services	Ordinary 100%	-
Simply Biz Mortgages Limited	UK	Provision of mortgage club facility	Ordinary 100%	-
Capital Reward Clients Limited	UK	Holding of clients from retired IFAs	Ordinary 100%	-
Zest Benefits Limited	UK	Dormant	Ordinary 100%	-
Zest Technology Limited (formerly Staffcare Limited)	UK	Business support software	Ordinary 91.3%	-
Staffcare Limited (formerly Zest Technology Limited	UK	Dormant	Ordinary 100%	-
Capital Reward Limited	UK	Non trading	Ordinary 99.84%	-
Capital Reward Plus Limited	UK	Transactional financial advice	Ordinary 100%	-
New Model Business Academy Limited	UK	Business services training	Ordinary 100%	-
Compliance First Limited	UK	Compliance consultants	Ordinary 100%	-
360 Legal Group Limited	UK	Business services	Ordinary 100%	-
Home Information Group Limited	UK	Property survey agency	Ordinary 100%	-
Sonas Surveyors Limited	UK	Survey and valuation services	Ordinary 100%	-
Professional Finance Broking Limited	UK	Dormant	Ordinary 51%	-
Financial Intermediary and Broker Association Limited	UK	Trade association	Ordinary 100%	-
IKST Limited	UK	Dormant	Ordinary 100%	-
Verbatim Asset Management Limited	UK	Holding company	Ordinary 100%	-
Verbatim Portfolio Management Limited	UK	Investment planning tools	Ordinary 100%	-
Verbatim Advisor Services Limited	UK	Technology integration services	Ordinary 100%	-
Verbatim Investments Limited	UK	Asset management vehicle	Ordinary 100%	-

As at 31 December 2015 and 31 December 2016, there were put and call options in respect of the ordinary shares in Zest Technology Limited that the Group (through Simply Biz Limited) does not own. In January 2017, the Group acquired 16,394 shares in Zest Technology Limited, thereby increasing the shareholding to 85% (2016: 78.57%).

On 24 July 2017, the Group entered into an agreement to settle the put and call option, and purchase the remaining shares in Zest Technology Limited, with the first tranche of 16,078 ordinary shares purchased on 3 August 2017, increasing the shareholding to 91.3%. The remaining two tranches of shares are due to be purchased at an agreed amount in 2018 and 2019. These liabilities are included within the other payables balance at 31 December 2017.

On 11 November 2017 the Group purchased the member share of Financial Intermediary Broker Association Limited (formerly Association of Bridging Professionals Limited), a company limited by guarantee. The member share was purchased by a newly set up entity, Professional Finance Broking Limited, within which the Group has an investment of 51%, which it purchased for £1. The Group has an option to purchase the remaining 49% for £1.

In December 2017, the Group purchased the shares of the remaining minority shareholders of Verbatim Asset Management for £2,248,000. No minority interest had previously been recognised on this investment. A debit of £2,248,000 has been recorded in the consolidated retained earnings of the Group as a result of this acquisition.

The registered address of all subsidiaries, with the exception of Zest Technology Limited and Compliance First Limited, is The John Smith's Stadium, Stadium Way, Huddersfield, HD1 6PG. The registered addresses of the exceptions are as follows:

- Zest Technology Limited – Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7FG
- Compliance First Limited – First Floor, 2000 Academy Business Park, Gower Street, Glasgow, GS1 1PR

Notes *(continued)*

19 Trade and other receivables

	Group 31 December 2017 £000	Company 31 December 2017 £000	Group 31 December 2016 £000	Company 31 December 2016 £000
Trade receivables	4,745	-	4,156	-
Provision against receivables	(210)	-	(99)	-
	4,535	-	4,057	-
Amounts owed by group undertakings	-	27,249	-	19,748
Other receivables	-	7	202	-
Prepayments and accrued income	2,970	320	2,996	5
Corporation tax	-	-	1,447	-
	7,505	27,576	8,702	19,753

The directors consider that the carrying amount of trade and other receivables approximately to their fair value.

Trade receivables do not carry interest.

The ageing profile of overdue trade receivables was as follows:

	Group 31 December 2017 £000	Group 31 December 2016 £000
31 – 60 days	223	538
61 – 90 days	308	82
Over 90 days	578	390
	1,109	1,010

The Company provides against trade receivables where there are serious doubts as to future recoverability based on prior experience, on assessment of the current economic climate and on the length of time that the receivable has been overdue.

Movement in the provision for trade receivables was as follows:

	Group 31 December 2017 £000	Group 31 December 2016 £000
Balance at beginning of period	99	230
Increase for trade receivables regarded as potentially uncollectable	177	52
Decrease in provision for trade receivables recovered, or written off, during the period	(66)	(183)
	210	99

Notes *(continued)*

20 Cash and cash equivalents

	Group 31 December 2017 £000	Company 31 December 2017 £000	Group 31 December 2016 £000	Company 31 December 2016 £000
Cash at bank and in hand – unrestricted	10,998	10	7,096	9
Cash at bank and in hand – restricted	545	-	545	-
Cash and cash equivalents per cash flow statement	11,543	10	7,641	9

Cash and cash equivalent comprise cash at bank and cash in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Company holds £545,000 of cash in a restricted account to cover a potential claim involving a former subsidiary of the Group. The claim dates from approximately six years ago and management consider the risk of payment to be remote.

21 Trade and other payables

	Group 31 December 2017 £000	Company 31 December 2017 £000	Group 31 December 2016 £000	Company 31 December 2016 £000
Current liabilities				
Trade payables	1,426	-	1,864	-
Other tax and social security	1,639	-	1,576	-
Other payables	771	-	563	153
Accruals and deferred income	4,325	134	3,139	113
	8,161	134	7,142	266
Non-current liabilities				
Other payables	400	-	129	-
	400	-	129	-

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Other payables include £600,000 (£400,000 of which in non-current liabilities) for the contract to acquire the remaining shares in Zest Technology Limited, which is a contract to acquire shares at a fixed amount of cash.

Notes *(continued)*

22 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings.

	Group 31 December 2017 £000	**Company 31 December 2017 £000**	Group 31 December 2016 £000	Company 31 December 2016 £000
Secured bank loan:				
Current	-	-	-	-
Non-current	**34,486**	**34,486**	34,371	34,371
Less loan arrangement fees	**(821)**	**(821)**	(1,004)	(1,004)
	33,665	**33,665**	33,367	33,367

On 22 June 2015 the Group took out a loan for £35m, plus a share warrant financial instrument. This compound instrument was fair valued to be a £34.2m bank loan and £800k share warrant (note 27).

The £35 million bank loan, which is denominated in Pounds Sterling, carries an interest rate of LIBOR plus 7.5 per cent. Loans are measured at amortised cost.

The £35 million bank loan is fully drawn down and repayable in full at the end of the term (June 2022).

The Group has entered into an agreement to cap the LIBOR at 3.5% in respect of £23.3 million of the bank loan. The agreement terminated on 31 August 2017.

Changes in liabilities from financing activities:

	Loans and Borrowings £000
Balance at 1 January 2017	33,367
Other changes	
Interest expense (note 12)	3,229
Movement in interest accrual (included in accruals and deferred income – note 21)	(24)
Interest paid	(2,907)
Balance at 31 December 2017	33,665

23 Deferred taxation

	Group 31 December 2017 £000	**Company 31 December 2017 £000**	Group 31 December 2016 £000	Company 31 December 2016 £000
Deferred taxation				
Balance at the beginning of the period	**(199)**	-	10	-
(Provided) / released during the period	**(199)**	-	(209)	-
Balance at the end of the period	**(398)**	-	(199)	-

Notes *(continued)*

23 Deferred taxation (continued)

	Accelerated capital allowances £000	Short term timing differences £000	Other timing differences £000	Total £000
Balance at 1 January 2017	(202)	3	-	(199)
Credit/(charge) to profit or loss	(193)	(6)	-	(199)
Balance at 31 December 2017	**(395)**	**(3)**	**-**	**(398)**

	Accelerated capital allowances £000	Short term timing differences £000	Other timing differences £000	Total £000
Balance at 1 January 2016	(2)	6	6	10
Credit/(charge) to profit or loss	(200)	(3)	(6)	(209)
Balance at 31 December 2016	(202)	3	-	(199)

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets 31 December 2017 £000**	**Liabilities 31 December 2017 £000**	**Net 31 December 2017 £000**	Assets 31 December 2016 £000	Liabilities 31 December 2016 £000	Net 31 December 2016 £000
Accelerated capital allowances	15	(410)	(395)	7	(4)	3
Short term timing differences	10	(13)	(3)	59	(261)	(202)
Other	-	-	-	-	-	-
Net tax assets/(liabilities)	25	(423)	(398)	66	(265)	(199)

The Company has no deferred tax.

The Group has £1,136,000 (2016: £371,000, 2015: £142,000) of tax losses, on which no deferred tax assets have been recognised, due to uncertainty over the future utilisation of the losses, as they exist in specific subsidiaries and are not available for loss relief.

Notes *(continued)*

24 Capital and reserves

Share capital

	Ordinary A shares	Ordinary B shares	Ordinary C shares	Ordinary D shares	Total
Number of fully paid shares:					
At 1 January 2016	8,349,148	50,852	1,331,112	265,310	9,996,422
Repurchase of shares and cancellation	-	-	-	(8,336)	(8,336)
At 31 December 2016	8,349,148	50,852	1,331,112	256,974	9,988,086
At 1 January 2017	8,349,148	50,852	1,331,112	256,974	9,988,086
Issue of share capital	-	281,380	-	-	281,380
Repurchase of shares and cancellation	-	-	-	(26,075)	(26,075)
At 31 December 2017	**8,349,148**	**332,232**	**1,331,112**	**230,899**	**10,243,391**

During the year the Company bought back, and cancelled 26,075 (2016: 8,336) D ordinary shares respectively. On 5 December 2017, the Company issued 281,380 B ordinary shares.

	31 December 2017 £	31 December 2016 £
Allotted, called up and fully paid		
8,349,148 A ordinary shares of £0.001 each	**8,349**	8,349
332,232 (2016: 50,852) B ordinary shares of £0.001 each	**332**	51
1,331,112 C ordinary shares of £0.001 each	**1,331**	1,331
230,899 (2016: 256,974) D ordinary shares of £0.001 each	**231**	257
	10,243	9,988
Shares classified as liabilities	**-**	-
Shares classified in shareholders' funds	**10,243**	9,988
	10,243	9,988

All classes of share rank pari-passu in all respects other than the fact that C and D ordinary shares carry no right to dividend.

On 22 June 2015, the Company issued a warrant instrument to subscribe for ordinary B shares comprising 1.2% of the Company's capital. The warrant instrument is exercisable on a sale or a share listing. Following the 4th anniversary of the instrument, and prior to the 7th anniversary, the warrant holders may surrender warrants for a cash price.

Notes *(continued)*

25 Other reserves

Group	Merger reserve	Capital redemption reserve	Put and Call Option Reserve	Total
	£000	£000	£000	£000
At 1 January 2016 and 31 December 2016	(61,395)	8	(1,760)	(63,147)
Transfer to retained earnings	-	-	1,760	1,760
At 31 December 2017	(61,395)	8	-	(61,387)

26 Notes to the cash flow statement

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Cash flow from operating activities		
Profit after taxation	4,787	4,077
Add back:		
Finance income	(65)	(46)
Finance cost	3,229	3,239
Fair value gains / losses on derivative financial instrument	158	123
Taxation	694	864
	8,803	8,257
Adjustments for:		
Impairment of goodwill (note 17)	178	-
Depreciation of property, plant and equipment	220	212
Operating cash flow before movements in working capital	9,201	8,469
Increase in receivables	(446)	(79)
Increase / (decrease) in trade and other payables	1,017	(604)
Cash generated from operations	9,772	7,786
Income taxes received / (paid)	971	(473)
Net cash generated from operating activities	10,743	7,313

Notes *(continued)*

27 Financial instruments

	Group 31 December 2017 £000	Company 31 December 2017 £000	Group 31 December 2016 £000	Company 31 December 2016 £000
Share warrant	848	848	691	691
Put & call option (note 18)	-	-	2,133	-
	848	848	2,824	691

On 24 July 2017, the Group entered into an agreement to settle the put and call option, and purchase the remaining shares in Zest Technology Limited, with the first tranche of 16,078 ordinary shares purchased on 3 August 2017, increasing the shareholding to 91.3%. The remaining two tranches of shares are due to be purchased at an agreed amount in 2018 and 2019. As these tranches are fixed payments, at a fixed amount, the liabilities are recognised in other payable as at 31 December 2017.

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value and measured under level 2 or level 3 valuation method.

Derivative financial

	Group 31 December 2017 £000	Company 31 December 2017 £000	Group 31 December 2016 £000	Company 31 December 2016 £000
Derivative liabilities (level 2)				
Interest rate contract	-	-	-	-
Derivative liabilities (level 3)				
Share Warrant	848	848	691	691

Movement in Fair Value of Share Warrant:

	31 December 2017 £000	31 December 2016 £000
As at 1 January 2016 / on inception	691	568
Charged to P&L	157	123
At 31 December	848	691

Share warrant

On 22 June 2015, the Company issued a warrant instrument to subscribe for B ordinary shares comprising 1.2% of the Company's fully diluted share capital. The warrant instrument is exercisable on a sale or a share listing. Following the 4th anniversary of the instrument, and prior to the 7th anniversary, the warrant holders may surrender warrants for a cash price equivalent to 1.2% of the fair market value of the Company.

Notes *(continued)*

28 Financial commitments

Operating leases

Obligations under non-cancellable operating lease rentals are as follows:

	Land and buildings 31 December 2017 £000	**Other 31 December 2017 £000**	Land and buildings 31 December 2016 £000	Other 31 December 2016 £000
Less than one year	**383**	**1,113**	338	1,662
Between one and five years	**408**	**201**	725	1,152
More than five years	**-**	**-**	-	-
	791	**1,314**	1,063	2,814

During the year £4,340,000 (2016: £3,904,000) was recognised as an expense in profit or loss in respect of operating leases.

The Company has no operating leases.

29 Contingencies

All companies within the group are party to a cross guarantee against the bank loans of The SimplyBiz Group Limited. The total amount outstanding at 31 December 2017 amounted to £35,000,000 (2016: £35,000,000).

30 Pension and other post-retirement benefit commitments

Defined contribution

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. At the period end, pension contributions of £80,119 (2016: £40,060) were outstanding.

Notes *(continued)*

31 Related parties

Group

Identity of related parties with which the Group has transacted

Sandringham Financial Partners Limited, a company in which N Stevens and M Timmins are shareholders. Clear View Assured Limited is also a shareholder in Sandringham Financial Partners Limited, in which various directors of the Company are shareholders, and in which both S Turvey and N Stevens are directors: The Group paid expenses on behalf of Sandringham Financial Partners Limited of £20k. The balance at the end of the year held in debtors was £nil of which provision was £nil.

Kirklees Stadium Development Limited (a company in which Ken Davy is a director): Kirklees Stadium Development Limited was paid £115k by the Group for property costs and other services during the period. Amounts owed at the period end totalled £nil.

MMUNIC Limited (a company controlled by Matt Timmins and Neil Stevens): the Group made purchases from MMUNIC Limited for £7k during the period and owed £nil to the Company at the period end.

During the period the Group paid Trotter & Co Limited an amount of £25k in respect of consultancy services. T Trotter is a shareholder and director of Trotter & Co Limited and also a director of the Company. £nil is outstanding at the period end and held within creditors.

During the period the Group paid Quantum Strategic Consultancy Services Limited an amount of £32k in respect of consultancy services. D Etherington is a shareholder and director of Quantum Strategic Consultancy Services Limited and also a director of the Company. £nil is outstanding at the period end and held within creditors.

During the period the Group paid Park Place Corporate Finance Limited an amount of £26k in respect of consultancy services. T Clarke is a shareholder and director of Park Place Corporate Finance Limited and also a director of the Company. £nil is outstanding at the period end and held within creditors.

Transactions with key management personnel

The Group had no other transactions with key management personnel other than those included within directors' remuneration in note 10, save for:

Dividends to directors

	Group 31 December 2017 £000	Group 31 December 2016 £000
K E Davy	**388**	609
K E Davy trusts	**88**	132
S C Turvey	**144**	217
M L Timmins	**15**	22
N M Stevens	**15**	22
G J Kershaw	**1**	2
	651	1,004

Notes *(continued)*

32 Ultimate controlling party

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

33 Subsequent events

On 23 January 2018 the Group purchased 100% of the share capital of Landmark Surveyors Limited for £4,835,000. The principal activity of the company is residential surveying and the purchase price includes £1,450,000 of deferred consideration, which is payable in two equal tranches on the 1st and 2nd anniversary of the acquisition.

The following fair values have been determined on a provisional basis:

	Provisional Fair Value *£000*
Net assets acquired	
Property, plant & equipment	138
Trade and other receivables	296
Cash and cash equivalents	1,052
Trade and other payables	(924)
Income tax liabilities	(68)
	494
Consideration paid	
Initial cash price paid	3,385
Deferred consideration	1,450
	4,835
Goodwill and intangible assets	4,341

Goodwill and intangible assets acquired on the acquisition relate to customer relationships, the brand and the assembled workforce. The Group will perform a valuation assessment of the separately identifiable intangible assets.

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Articles of Association of The SimplyBiz Group plc

Incorporated 2 June 2015

Adopted by special resolution passed on 22 June 2015 and amended by special resolutions dated 5 November 2015, 19 March ~~2018~~ 2018 and 20 March 2018

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