

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 23, 2005

CENTURY BUSINESS SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

0-25890

22-2769024

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

6050 Oak Tree Boulevard South, Suite 500 Cleveland, Ohio

44131

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code 216-447-9000

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
(17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 23, 2005, Century Business Services, Inc. (CBIZ) announced its earnings for the fourth quarter and year ended December 31, 2004. A copy of the press release is filed herewith as Exhibit 99.1. In addition, on February 23, 2005, CBIZ conducted its earnings conference call for the fourth quarter and year ended December 31, 2004. On this conference call, CBIZ disclosed the following additional information:

- During the year ended December 31, 2004, CBIZ generated \$10.5 million in incremental first-year cross-serving revenue.
- Throughout 2004, CBIZ has experienced difficulties at one unit in its Benefits and Insurance practice group. For the year ended December 31, 2004, revenue at this unit has declined by \$7.5 million compared with the year ended December 31, 2003, which resulted in an operating loss the equivalent of \$0.04 per diluted share.
- The increase in corporate general and administrative expenses in 2004 over 2003 was primarily the result of an increase in legal expenses, including settlements, of \$3.2 million, and expenses incurred in connection with our Sarbanes-Oxley 404 efforts of approximately \$1.0 million. Legal fees, including settlements, were approximately \$0.7 million higher in the fourth quarter of 2004 than the comparable quarter in 2003.
- The increase in other income for the year ended December 31, 2004 over 2003 was primarily the result of impairment charges incurred in 2003 that did not recur in 2004. The impairment charges were approximately \$0.8 million in the fourth quarter of 2003, and \$2.8 million for the year. Additionally, other income for the quarter and year ended December 31, 2004 includes interest income related to a favorable tax settlement.
- In 2005, the tax rate is expected to be approximately 41%. Additionally, the 2005 plan includes expenses of approximately \$3.5 million (which equates to \$0.03 per diluted share) for the following:
 - Consolidation expenses to co-locate operations in the Chicago, Denver, Atlanta and San-Diego markets;
 - Investments in operating systems to support growth in our medical management practice business;
 - Stock based compensation expenses as required by Statement of Financial Accounting Standards No. 123, Share Based Payment. CBIZ will implement this standard on July 1, 2005, and expects the impact to be an increase in pre-tax compensation expense of approximately \$850,000.
- Capital spending was approximately \$9 million for the year ended December 31, 2004, and is estimated to be approximately \$10 million for 2005.
- Our effective cost of borrowing was approximately 4% for the fourth quarter of 2004, and is expected to increase in 2005.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

Exhibit 99.1 Press Release of Century Business Services, Inc. dated February 23, 2005, announcing its financial results for the fourth quarter and year ended December 31, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENTURY BUSINESS SERVICES, INC.

Date: March 1, 2005

/s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer

[logo]
Century Business Services, Inc.

PRESS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: WARE GROVE
Chief Financial Officer
-or-
LORI NOVICKIS
Corporate Relations
Century Business Services, Inc.
Cleveland, Ohio
(216) 447-9000

CBIZ REPORTS FOURTH-QUARTER AND FULL-YEAR 2004 RESULTS

Cleveland, Ohio (February 23, 2005)--CBIZ (Century Business Services, Inc.) (NASDAQ: CBIZ) today announced fourth-quarter and full-year results for the year ended December 31, 2004.

CBIZ reported revenue of \$125.5 million for the fourth quarter ended December 31, 2004, an increase of \$2.6 million over \$122.9 million recorded for the fourth quarter of 2003. Same-unit revenue for the quarter increased 0.9%, or \$1.2 million. The Company recorded net income from continuing operations of \$2.2 million, or \$0.03 per diluted share compared with \$2.3 million recorded for the fourth quarter a year ago, or \$0.03 per diluted share.

For the year ended December 31, 2004, CBIZ reported revenue of \$520.1 million, compared with \$506.8 million for 2003. Same-unit revenue for the year increased 2.8%, or \$14.1 million. Newly acquired operations increased revenue by \$9.5 million while operations divested since a year ago resulted in a revenue decline of \$10.3 million. Net income from continuing operations was \$16.9 million compared to \$16.3 million reported for 2003. Earnings per diluted share from continuing operations were \$0.21 compared with \$0.18 per diluted share reported for 2003.

As of December 31, 2004, the amount outstanding on bank debt was \$53.9 million compared to \$14.0 million for year-ended 2003. During 2004, through a tender offer and open market transactions, CBIZ purchased a total of 10.4 million shares of its common stock at a total cost of \$50.0 million. In addition, the Company completed four acquisitions during 2004, and has completed the acquisition of two additional operations since the end of 2004.

As previously disclosed in the Company's prior earnings releases, included in full year 2004 results are legal expenses associated with the resolution of a long-standing litigation issue, and an operating loss from one Benefits and Insurance unit. These items impacted earnings per share by \$0.06 in 2004. Also included in full year results is a \$3.5 million favorable impact to tax expense resulting from a settlement with the IRS relating to prior year tax returns. This favorable item impacted earnings by \$0.04 per share.

"In 2004, CBIZ achieved revenue and earnings contribution growth in our Accounting, Tax and Advisory group, our National Practices group, and our Medical Practice Management business. In addition, we are pleased that our cross-serving revenue increased by 35% compared with the prior year," stated Steven Gerard, Chairman and Chief Executive Officer. "Our operations continued to generate good cash flow in 2004 which we used to acquire new businesses and to repurchase 10.4 million shares of our common stock during the year," continued Gerard.

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OUTLOOK FOR 2005

In 2005, CBIZ expects to achieve revenue growth in a range of 5% to 8%, and expects to continue to improve earnings per share from continuing operations by 20% to 25% over the \$0.21 per share recorded for 2004. Cash flow is expected to be strong, and CBIZ expects EBITDA to be approximately \$50 - \$53 million in 2005.

CBIZ will host a conference call later this morning to discuss its results. The call will be webcast in a listen-only mode over the Internet for the media and the public, and can be accessed at www.cbiz.com. Shareholders and analysts wishing to participate in the conference call may dial 1-888-545-0687 several minutes before 11:00 a.m. (ET). If you are dialing from outside the United States, dial 1-630-691-2764. A replay of the call will be available starting at 1:00 p.m. (ET) February 23 through midnight (ET), February 28, 2005. The dial-in number for the replay is 1-877-213-9653. If you are listening from outside the United States, dial 1-630-652-3041. The access code for the replay is 10763709. A replay of the webcast will also be available on the Company's web site at www.cbiz.com.

CBIZ is a provider of outsourced business services to companies throughout the United States. As the largest benefits specialist, one of the top accounting companies, and one of the largest valuation and medical practice management companies in the United States, CBIZ provides integrated services in the following areas: accounting and tax; employee benefits; wealth management; property and casualty insurance; payroll; IS consulting; and HR consulting. CBIZ also provides internal audit; Sarbanes 404 compliance; valuation; litigation advisory; government relations; commercial real estate advisory; wholesale life and group insurance; healthcare consulting; medical practice management; worksite marketing; and capital advisory services. These services are provided throughout a network of more than 140 Company offices in 34 states and the District of Columbia.

Forward-looking statements in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, the Company's ability to adequately manage its growth; the Company's dependence on the current trend of outsourcing business services; the Company's dependence on the services of its CEO and other key employees; competitive pricing pressures; general business and economic conditions; and changes in governmental regulation and tax laws affecting its insurance business or its business services operations. A more detailed description of such risks and uncertainties may be found in the Company's filings with the Securities and Exchange Commission.

For further information regarding CBIZ, call our Investor Relations Office at (216) 447-9000 or visit our web site at www.cbiz.com.

CENTURY BUSINESS SERVICES, INC.
 FINANCIAL HIGHLIGHTS (UNAUDITED)
 THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
 (In thousands, except percentages and per share data)

	THREE MONTHS ENDED DECEMBER 31,			
	2004	%	2003 (1)	%
Revenue	\$ 125,542	100.0%	\$ 122,889	100.0%
Operating expenses	118,740	94.6%	109,618	89.2%
Gross margin	6,802	5.4%	13,271	10.8%
Corporate general and administrative expense (2)	6,498	5.2%	4,885	4.0%
Depreciation and amortization expense	4,212	3.3%	4,436	3.6%
Operating income (loss)	(3,908)	-3.1%	3,950	3.2%
Other income (expense):				
Interest expense	(469)	-0.4%	(201)	-0.2%
Gain on sale of operations, net	--	0.0%	528	0.4%
Other income (expense), net (2)	2,196	1.8%	(651)	-0.5%
Total other income (loss), net	1,727	1.4%	(324)	-0.3%
Income (loss) from continuing operations before income tax expense	(2,181)	-1.7%	3,626	2.9%
Income tax expense (benefit)	(4,362)		1,340	
Income from continuing operations	2,181	1.7%	2,286	1.9%
Loss from operations of discontinued businesses, net of tax	(343)		(1,099)	
Gain (loss) on disposal of discontinued businesses, net of tax	(106)		1,119	
Net income	\$ 1,732	1.4%	\$ 2,306	1.9%
	=====		=====	
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.03		\$ 0.03	
Discontinued operations	(0.01)		--	
Net income	\$ 0.02		\$ 0.03	
	=====		=====	
Diluted shares outstanding	78,449		89,073	
OTHER DATA FROM CONTINUING OPERATIONS:				
EBIT (3)	\$ (1,712)		\$ 4,068	
EBITDA (3)	\$ 2,500		\$ 8,504	

(1) Certain amounts in the 2003 financial statements have been reclassified to account for discontinued operations.

(2) Corporate general and administrative expense includes legal settlements, which were previously classified as other income (expense), net.

(3) EBIT represents income from continuing operations before income taxes, interest expense, gain on divested operations, and impairment charges for a note receivable related to the divestiture of an operation in 1997. Impairment charges for the three months ended December 31, 2004 and 2003 were \$0 and \$769, respectively.

EBITDA represents EBIT as defined above before depreciation and amortization expense. The Company has included EBIT and EBITDA data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to service debt. EBIT and EBITDA should not be regarded as an alternative or replacement to any measurement of performance under generally accepted accounting principles (GAAP).

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CENTURY BUSINESS SERVICES, INC.
 FINANCIAL HIGHLIGHTS (UNAUDITED)
 TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003
 (In thousands, except percentages and per share data)

	TWELVE MONTHS ENDED DECEMBER 31,			
	2004	%	2003 (1)	%
Revenue	\$ 520,057	100.0%	\$ 506,782	100.0%
Operating expenses	459,357	88.3%	441,652	87.1%
Gross margin	60,700	11.7%	65,130	12.9%
Corporate general and administrative expense (2)	24,773	4.8%	19,518	3.9%
Depreciation and amortization expense	16,428	3.2%	17,089	3.4%
Operating income	19,499	3.7%	28,523	5.6%
Other income (expense):				
Interest expense	(1,507)	-0.3%	(1,055)	-0.2%
Gain on sale of operations, net	996	0.2%	2,519	0.5%
Other income (expense), net (2)	3,554	0.7%	(1,209)	-0.2%
Total other income, net	3,043	0.6%	255	0.1%
Income from continuing operations before income tax expense	22,542	4.3%	28,778	5.7%
Income tax expense	5,691		12,495	
Income from continuing operations	16,851	3.2%	16,283	3.2%
Loss from operations of discontinued businesses, net of tax	(932)		(1,693)	
Gain on disposal of discontinued businesses, net of tax	132		726	
Net income	\$ 16,051	3.1%	\$ 15,316	3.0%
	=====		=====	
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.21		\$ 0.18	
Discontinued operations	(0.01)		(0.01)	
Net income	\$ 0.20		\$ 0.17	
	=====		=====	
Diluted shares outstanding	81,477		92,762	
OTHER DATA FROM CONTINUING OPERATIONS:				
EBIT (3)	\$ 23,053		\$ 29,708	
EBITDA (3)	\$ 39,481		\$ 46,797	

(1) Certain amounts in the 2003 financial statements have been reclassified to account for discontinued operations.

(2) Corporate general and administrative expense includes legal settlements, which were previously classified as other income (expense), net.

(3) EBIT represents income from continuing operations before income taxes, interest expense, gain on divested operations, and impairment charges for a note receivable related to the divestiture of an operation in 1997. Impairment charges for the twelve months ended December 31, 2004 and 2003 were \$0 and \$2,394, respectively.

EBITDA represents EBIT as defined above before depreciation and amortization expense. The Company has included EBIT and EBITDA data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to service debt. EBIT and EBITDA should not be regarded as an alternative or replacement to any measurement of performance under generally accepted accounting principles (GAAP).

CENTURY BUSINESS SERVICES, INC.
 FINANCIAL HIGHLIGHTS (UNAUDITED)
 (IN THOUSANDS, EXCEPT PERCENTAGES AND RATIOS)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2004	2003 (3)	2004	2003 (3)
REVENUE				
Accounting, Tax & Advisory				
Services	\$ 45,318	\$ 41,034	\$ 209,077	\$ 199,612
Benefits & Insurance Services	38,858	46,361	152,240	162,095
National Practices - Other	18,428	15,473	71,479	69,290
Medical Practice Management	22,938	20,021	87,261	75,785
TOTAL	\$ 125,542	\$ 122,889	\$ 520,057	\$ 506,782
GROSS MARGIN				
Accounting, Tax & Advisory				
Services	\$ 1,231	\$ (30)	\$ 28,795	\$ 25,160
Benefits & Insurance Services	5,477	11,606	23,549	33,688
National Practices - Other	870	(377)	6,186	(226)
Medical Practice Management	4,094	4,209	15,376	14,219
TOTAL (1)	\$ 6,802	\$ 13,271	\$ 60,700	\$ 65,130

SELECT BALANCE SHEET DATA AND RATIOS

	DECEMBER 31, 2004	DECEMBER 31, 2003 (3)
Cash and cash equivalents	\$ 5,291	\$ 3,791
Restricted cash	\$ 10,089	\$ 10,880
Accounts receivable, net	\$ 109,683	\$ 109,436
Total current assets before funds held for clients	\$ 145,792	\$ 140,050
Funds held for clients	\$ 38,236	\$ 44,917
Goodwill and other intangible assets	\$ 172,644	\$ 167,280
TOTAL ASSETS	\$ 413,773	\$ 402,145
Current liabilities before client fund obligations	\$ 67,864	\$ 63,499
Client fund obligations	\$ 38,236	\$ 44,917
Bank debt	\$ 53,900	\$ 14,000
TOTAL LIABILITIES	\$ 167,276	\$ 124,307
Treasury stock	\$ (85,650)	\$ (35,087)
TOTAL STOCKHOLDERS' EQUITY	\$ 246,497	\$ 277,838
Bank debt to equity	21.9%	5.0%
Days sales outstanding (2)	79	81
Shares outstanding	75,650	85,371
	=====	=====
Basic shares outstanding	79,217	90,400
	=====	=====
Diluted shares outstanding	81,477	92,762
	=====	=====

(1) Includes operating expenses recorded by corporate and not directly allocated to the business units of \$4,870 and \$2,137 for the three months ended December 31, 2004 and 2003, and \$13,206 and \$7,711 for the twelve months ended December 31, 2004 and 2003, respectively.

(2) Days sales outstanding (DSO) represent accounts receivable at the end of the period (before the allowance for doubtful accounts) divided by daily revenue (year-to-date revenue divided by number of days in the period). The Company has included DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to collect on receivables in a timely manner. DSO should not be regarded as an alternative or replacement to any measurement of performance under generally accepted

accounting principles (GAAP).

(3) Certain amounts in the 2003 financial statements have been reclassified to account for discontinued operations.

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