Registered number: 08930241

# SALON SOFTWARE SOLUTIONS LIMITED

## UNAUDITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2018

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**SALON SOFTWARE SOLUTIONS LIMITED**

**COMPANY INFORMATION**

| | |
|---|---|
| **Directors** | B Symons (resigned 31 December 2018)<br>J MacKinnon (resigned 31 December 2018)<br>D Boxall<br>D Pick (appointed 1 January 2019)<br>S R Saklad (appointed 1 January 2019) |
| **Company secretary** | J Belghoul (appointed 9 November 2019)<br>L Orme (resigned 9 November 2019) |
| **Registered number** | 08930241 |
| **Registered office** | Unit 5<br>707 Warwick Road Top Floor<br>Warwick Road<br>Solihull<br>England<br>B91 3DA |

SALON SOFTWARE SOLUTIONS LIMITED

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**SALON SOFTWARE SOLUTIONS LIMITED**

**STRATEGIC REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Introduction**

The Directors present the Strategic Report and Financial Statements for the year ended 31 December 2018.

**Business review**

Salon Software Solutions Limited ("the Company") is a wholly owned subsidiary of Constellation Software Inc. a Canadian company listed on the Toronto Stock Exchange ("TSX").

As a wholly owned subsidiary, the Company benefits from the operational and financial support of its ultimate parent and intermediate parent company, Gary Jonas Computing Ltd ("Jonas"). Jonas is the leading provider of enterprise management software solutions to the Club, Leisure Fitness and Sports, Salon and Spa, Foodservice, Construction, Attractions, Metal Service Centres, Moving and Storage, Education, Hotel and Hospitality, Camps, Event Management, Radiology/Laboratory Information Systems, Consumer Product Licensing, Payment Processing, Dynamic Case Management and Retail industries.

**Principal risks and uncertainties**

The Company operates within an extremely competitive environment. There are many competitors with lower cost offerings and the cost of entry into the market is relatively low.

The Company's products and offerings need to remain current and relevant to the needs of our market, the company has a history of predicting and leading developments in the market.

**Key Performance Indicators**

In alignment with group policy, the Company considers its Key Performance Indicators ("KPIs") to be those which drive shareholder value, namely Growth in Gross Profit ("GGP") and Profitability.

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Growth in Gross Profit | (8)% | 6% | (5)% |
| Profit/(loss) before tax | 360,238 | 451,023 | 409,377 |

The Directors are pleased with the KPIs after some significant additional investment was made to the company and its suite of products to ensure compliance with the GDPR. Further product enhancements were made to ensure future relevance of the company's products within the vertical market.

In addition to the above KPIs, the Company also pays close attention to its net current assets position. Jonas requires that the Company is party to a central corporate treasury function which allows the group to centrally manage its liquidity and financial risks whilst ensuring capital is deployed globally in the most effective manner. However, this can mean that locally the financial strength of the Company is not necessarily conveyed by the net current asset position when reading these financial statements in isolation. To fully understand the size and strength of the corporate group of which the Company is a part, these financial statements should be read in conjunction with those of Constellation Software Inc..

This report was approved by the board and signed on its behalf.

.....
**D Boxall**
Director

Date: 20/12/19

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

**Principal activity**

The principal activity of the Company was the provision of software and services.

**Directors**

The Directors who served during the year were:

B Symons (resigned 31 December 2018)
J MacKinnon (resigned 31 December 2018)
D Boxall

**Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £352,871 (2017: £339,850).

Dividends of £465,000 were paid during the period (2017: £500,000). The Directors do not recommend payment of a final dividend.

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2018

**Future developments**

The Company will continue to operate as it has been doing, with a future focus on developing better online services and mobile applications which have more functional depth.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf.

.....
**D Boxall**
Director

Date: 20/12/19

**SALON SOFTWARE SOLUTIONS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Note | 2018 £ | 2017 £ |
|---|---|---|---|
| Turnover | 4 | **2,708,112** | 2,918,371 |
| Cost of sales | | **(481,341)** | (485,624) |
| **Gross profit** | | **2,226,771** | 2,432,747 |
| Administrative expenses | | **(1,879,182)** | (2,002,421) |
| Other operating income | 5 | **12,668** | 20,697 |
| Other operating charges | | **(19)** | - |
| **Operating profit** | 6 | **360,238** | 451,023 |
| Tax on profit | 9 | **(7,367)** | (111,173) |
| **Profit for the financial year** | | **352,871** | 339,850 |

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 7 to 19 form part of these financial statements.

**SALON SOFTWARE SOLUTIONS LIMITED**
**REGISTERED NUMBER: 08930241**

**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2018**

| | Note | | 2018 £ | | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 11 | | **18,521** | | 8,016 |
| **Current assets** | | | | | |
| Stocks | 12 | **6,019** | | 4,819 | |
| Debtors: amounts falling due within one year | 13 | **2,101,619** | | 1,163,249 | |
| Cash at bank and in hand | 14 | **23,358** | | 28,177 | |
| | | **2,130,996** | | 1,196,245 | |
| Creditors: amounts falling due within one year | 15 | **(1,590,321)** | | (523,695) | |
| **Net current assets** | | | **540,675** | | 672,550 |
| **Net assets** | | | **559,196** | | 680,566 |
| Deferred income | | | **73,721** | | 82,962 |
| **Capital and reserves** | | | | | |
| Called up share capital | 18 | | **674** | | 674 |
| Profit and loss account | 19 | | **484,801** | | 596,930 |
| | | | **559,196** | | 680,566 |

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
**D Boxall**
Director

Date: 20/12/19

The notes on pages 7 to 19 form part of these financial statements.

SALON SOFTWARE SOLUTIONS LIMITED

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2018 | 674 | 596,930 | 597,604 |
| Profit for the year | - | 352,871 | 352,871 |
| Dividends: Equity capital | - | (465,000) | (465,000) |
| **At 31 December 2018** | 674 | 484,801 | 485,475 |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2017 | 674 | 757,080 | 757,754 |
| Profit for the year | - | 339,850 | 339,850 |
| Dividends: Equity capital | - | (500,000) | (500,000) |
| **At 31 December 2017** | 674 | 596,930 | 597,604 |

The notes on pages 7 to 19 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2018

### 1. *General Information*

Salon Software Solutions Limited is a limited liability company incorporated in the United Kingdom. Its registered office is Unit 5, 707 Warwick Road Top Floor, Warwick Road, Solihull, England, B91 3DA.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

#### 2.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The Directors have reviewed the working capital requirements of the group for a period of at least 12 months from the anticipated date of signing of the financial statements and are satisfied that the company will be able to meet its liabilities as they fall due.

## 2. Accounting policies (continued)

### 2.4 Impact of new international reporting standards, amendments and interpretations

**IFRS 9**

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 01 January 2018.

**IFRS 15**

From 01 January 2018, the Company has applied IFRS 15 using the cumulative effect method.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 01 January 2018.

### 2.5 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income. within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income. within 'other operating income'.

## 2. Accounting policies (continued)

### 2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Software licenses are recognised on delivery of the software license. When delivery of goods is delayed at the customers' request, and the customer specifically acknowledges the deferred delivery instructions and the usual payment terms apply, revenue is recognised when the customer takes title of the goods.

Consultancy and training revenues provided on a time and material basis are recognised when the service has been performed. For services performed on a fixed price basis, revenue is recognised proportionately to the percentage of planned costs incurred.

Hardware sales are recognised upon shipment.

Maintenance renewals are recognised over the period of which the maintenance contract covers.

Where a contract consists of various components that operate independently of each other, the Company recognises revenue for each component as if it were one individual contract.

### 2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

### 2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

## 2. Accounting policies (continued)

### 2.9 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

## 2. Accounting policies (continued)

### 2.11 Tangible fixed assets (continued)

*Depreciation is charged so as to allocate the cost of assets less their residual value over their* estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---|---|
| Short-term leasehold property | - Remaining lease term |
| Fixtures and fittings | - 25% |
| Office equipment | - 25-33.3% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2. Accounting policies (continued)

### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount of values may vary in certain instances from the assumption and estimates made. Changes will be recorded, with corresponding effect in the Statement of Comprehensive Income, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes to the measurement of deferred tax assets.

In recognising provisions, the company evaluates the extent to which it is possible that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

Management estimate that net realisable values of stock, taking into account the most reliable evidence at each reporting date. The future realisation of these inventories may be affected by future technology or other market driven changes that may reduce future selling prices.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of the receivables and historical experience. See note 14 for the net carrying amount of the receivables.

## 4. Turnover

Analysis of turnover by country of destination:

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| United Kingdom | **2,629,538** | 2,845,987 |
| Rest of Europe | **72,672** | 39,878 |
| Rest of the world | **5,902** | 32,506 |
| | **2,708,112** | 2,918,371 |

Timing of revenue recognition:

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| Goods and services transferred over time | **2,708,112** | 2,918,371 |
| | **2,708,112** | 2,918,371 |

## 5. Other operating income

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| Customer settlements | **12,668** | 20,697 |

## 6. Operating profit

The operating profit is stated after charging:

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| Depreciation of tangible fixed assets | **11,592** | 17,422 |
| Exchange differences | **6,959** | (2,279) |
| Defined contribution pension cost | **24,271** | 21,327 |
| Operating lease expense | **45,990** | 48,823 |

## 7. Employees

Staff costs were as follows:

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Wages and salaries | **1,166,376** | 1,284,216 |
| Social security costs | **111,014** | 121,740 |
| Cost of defined contribution scheme | **24,271** | 21,327 |
| | **1,301,661** | 1,427,283 |

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

| | 2018<br>No. | 2017<br>No. |
|---|---|---|
| Sales | **7** | 7 |
| Support and development | **22** | 24 |
| Professional services | **3** | 4 |
| General and Administration | **2** | 2 |
| | **34** | 37 |

## 8. Directors' remuneration

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Directors' emoluments | **18,000** | 21,815 |

During the year retirement benefits were accruing for no Directors (2017: nil) in respect of defined contribution pension schemes.

## 9. Taxation

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| **Corporation tax** | | |
| Adjustments in respect of previous periods | **7,367** | 12,207 |
| **Total current tax** | **7,367** | 12,207 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **-** | 98,966 |
| **Taxation on profit on ordinary activities** | **7,367** | 111,173 |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Profit on ordinary activities before tax | **360,238** | 451,023 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%) | **68,820** | 86,822 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **1,865** | 3,424 |
| Capital allowances for year in excess of depreciation | **(917)** | 829 |
| Utilisation of tax losses | **(65,891)** | (95,539) |
| Adjustments to tax charge in respect of prior periods | **7,367** | - |
| Short term timing difference leading to an increase in taxation | **-** | 1,589 |
| Other timing differences leading to an increase/(decrease) in taxation | **(3,877)** | 110,466 |
| Adjustment in research and development tax credit leading to an increase in the tax charge | **-** | 3,582 |
| **Total tax charge for the year** | **7,367** | 111,173 |

**Factors that may affect future tax charges**

Legislation has been passed to reduce the rate of UK Corporation Tax to 17% from 1 April 2020. The future impact of the changes to the tax rate is not considered to be material.

## 10. Dividends

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Paid during the year (£690 per share (2017: £742 per share)) | **465,000** | 500,000 |

## 11. Tangible fixed assets

| | Short-term leasehold property<br>£ | Fixtures and fittings<br>£ | Office equipment<br>£ | Total<br>£ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2018 | **4,305** | **6,832** | **98,518** | **109,655** |
| Additions | **-** | **-** | **11,736** | **11,736** |
| Disposals | **-** | **-** | **10,361** | **10,361** |
| At 31 December 2018 | **4,305** | **6,832** | **120,615** | **131,752** |
| **Depreciation** | | | | |
| At 1 January 2018 | **4,305** | **5,122** | **92,212** | **101,639** |
| Charge for the year on owned assets | **-** | **1,710** | **9,882** | **11,592** |
| At 31 December 2018 | **4,305** | **6,832** | **102,094** | **113,231** |
| **Net book value** | | | | |
| At 31 December 2018 | **-** | **-** | **18,521** | **18,521** |
| At 31 December 2017 | - | 1,710 | 6,306 | 8,016 |

## 12. Stocks

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Finished goods and goods for resale | **6,019** | 4,819 |

## 13. Debtors

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Trade debtors | **275,032** | 211,477 |
| Amounts owed by group undertakings | **1,664,446** | 777,538 |
| Other debtors | **85,868** | - |
| Prepayments and accrued income | **72,581** | 78,608 |
| Deferred taxation | **3,692** | 95,626 |
| | **2,101,619** | 1,163,249 |

## 14. Cash and cash equivalents

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Cash at bank and in hand | **23,358** | 28,177 |

## 15. Creditors: Amounts falling due within one year

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Amounts owed to group undertakings | **1,316,622** | 278,914 |
| Corporation tax | **32,886** | - |
| Other taxation and social security | **103,417** | 113,597 |
| Other creditors | **223** | 8,256 |
| Accruals and deferred income | **137,173** | 122,928 |
| | **1,590,321** | 523,695 |

Jonas requires that the Company is party to a central corporate treasury function which allows the group to centrally manage its liquidity and financial risks whilst ensuring capital is deployed globally in the most effective manner. However, this can mean that locally the financial strength of the Company is not necessarily conveyed by the net current asset position when reading these financial statements in isolation. To fully understand the size and strength of the corporate group of which the Company is a part, these financial statements should be read in conjunction with those of Constellation Software Inc.

## 16. Deferred taxation

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| At beginning of year | **95,626** | 194,592 |
| Charged to profit or loss | **(91,934)** | (98,966) |
| **At end of year** | **3,692** | 95,626 |

The deferred tax asset is made up as follows:

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Accelerated capital allowances | **-** | 92,571 |
| Tax losses carried forward | **4,001** | 3,055 |
| Other short term differences | **(309)** | - |
| | **3,692** | 95,626 |

## 17. Accruals and deferred income

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Deferred income | **73,721** | 82,962 |

## 18. Share capital

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 674 (2017 - 674) Ordinary shares of £1.00 each | **674** | 674 |

## 19. Reserves

**Profit and loss account**

Includes all current and prior period retained profits and losses.

## 20. Contingent liabilities

In the event that bank indebtedness arises in the ultimate parent undertaking, Constellation Software Inc., it is secured by means of an unlimited guarantee and debenture over the assets of the Company and other group undertakings.

## 21. Capital commitments

There were no capital commitments as at 31 December 2018 or 31 December 2017.

## 22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £24,271 (2017: £21,327). Contributions totalling £2,193 (2017: £8,257) were payable to the fund at the end of the year end date.

## 23. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| Not later than 1 year | **-** | 39,451 |

## 24. Post balance sheet events

There have been no significant events affecting the Company since the year end.

## 25. Controlling party

The immediate parent company is Jonas Computing (UK) Limited, a company incorporated in England and Wales. The smallest group in which the results are consolidated is Jonas Computing (UK) Limited, a company incorporated in England and Wales. These financial statements can be obtained from Companies House, Crown Way, Cardiff, 3UZ.

The largest group in which the results are consolidated is that headed by Constellation Software Inc. Constellation Software Inc. is also the ultimate controlling party of the Company. The consolidated accounts of Constellation Software Inc. are available to the public and may be obtained from Gary Jonas Computing Ltd, 8133 Warden Ave, Suite 400, Markham, Ontario, Canada, L6G 1B3.