

Registered number: 05301607

JONAS COMPUTING (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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JONAS COMPUTING (UK) LIMITED

COMPANY INFORMATION

Directors

Barry Symons
Jeffrey MacKinnon

Company secretary

Stephen McNally

Registered number

05301607

Registered office

Gladstone House
Hithercroft Road
Wallingford
Oxfordshire
OX10 9BT

Independent auditors

Grant Thornton UK LLP
Statutory auditors & Chartered accountants
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
Oxfordshire
OX4 2WB

JONAS COMPUTING (UK) LIMITED

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JONAS COMPUTING (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The Directors present the Strategic Report and Financial Statements for the period ended 31 December 2016.

Business review

Jonas Computing (UK) 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 ("Jonas"). Jonas Software is the leading provider of enterprise management software solutions to the Club, Leisure Fitness & Sports, Salon & Spa, Foodservice, Construction, Attractions, Metal Service Centres, Moving & Storage, Education, Hotel & Hospitality, Camps, Event Management, Radiology/Laboratory Information Systems, Consumer Product Licensing, Payment Processing, Dynamic Case Management and Retail Industries.

Principal risks and uncertainties

Competitive pressures exist within the UK market arising out of the introduction of new product offerings by competitors which has impacted on our market share at the lower end of the club spectrum. At the middle and upper end the Company continues to perform well securing new contracts and expanding the markets in which it operates. Investments in the product offering continues to make us an attractive option and our financial stability is a strong benefit when tendering to the high end market. We see continued opportunities for growth in the expanding club industry and our strategic plan is for growth by expansion in to new and developing markets.

Since the EU referendum the weakening of the pound sterling has caused additional costs for Authentic8, who import consumables in to the UK, this is expected to affect their margins in the coming year.

The majority of Springer-Miller Systems (SMS) customers are based in North America and as such, one of our biggest challenges with our UK customers is them feeling a lack of attention from our business relating to their country specific needs. It is a shrinking market for SMS and as such, our attention levels are matching our expected returns from 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.

	2016	2015	2014
Growth in Gross Profit	47%	15%	16%
Profit/(loss) before exceptional items and taxation	504,289	255,297	286,744

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 on 28/09/2017

and signed on its behalf.

Jeffrey MacKinnon
Director

JONAS COMPUTING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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.

Principal activity

The principal activity of the Company is the provision of software solutions and services to the club market, including golf courses, city clubs and yacht clubs, trading under the Jonas and Clubminder brands.

The Authentic8 brand also sells cards and other consumables for the leisure industry, and Springer Miller provides hospitality management systems.

In addition, the Company acts as the UK acquisition vehicle for the purchase of the new companies on behalf of Gary Jonas Computing Ltd and Constellation Software Inc.

Results and dividends

The profit for the year, after taxation, amounted to £1,622,361 (2015 - £5,741,171).

Details on dividends received and paid during the year are disclosed further on in the notes to the financial statements.

Directors

The directors who served during the year were:

Barry Symons
Jeffrey MacKinnon

JONAS COMPUTING (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Future developments

The Company continues to invest in its product range with new innovative features as well as developing new products to differentiate its offering. These features and products are designed to ensure the retention of existing customers, the creation of new revenue streams for the company and driving future growth through expansion in to new and developing markets. The Company will continue to acquire new companies on behalf of the group.

Disclosure of information to auditors

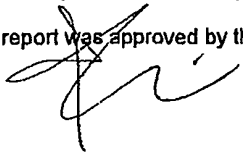
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 28/09/2017 and signed on its behalf.



Jeffrey MacKinnon
Director

JONAS COMPUTING (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JONAS COMPUTING (UK) LIMITED

We have audited the financial statements of Jonas Computing (UK) Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

JONAS COMPUTING (UK) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JONAS COMPUTING (UK) LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Tracey James (Senior Statutory Auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Oxford
Date: *28 September 2017*

JONAS COMPUTING (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	2,807,804	2,085,572
Cost of sales		(375,385)	(425,488)
Gross profit		2,432,419	1,660,084
Administrative expenses		(1,928,130)	(1,404,787)
Operating profit	5	504,289	255,297
Income from shares in group undertakings		1,893,789	5,820,000
Interest payable and expenses	9	(350,509)	(348,422)
Profit before tax		2,047,569	5,726,875
Tax on profit	10	(425,208)	14,296
Profit for the year		1,622,361	5,741,171

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015: £NIL).

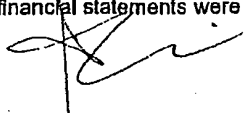
The notes on pages 9 to 26 form part of these financial statements.

JONAS COMPUTING (UK) LIMITED
REGISTERED NUMBER: 05301607

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets		120,688	206,768
Tangible assets	13	4,593	7,737
Investments	14	34,234,007	34,368,579
		<u>34,359,288</u>	<u>34,583,084</u>
Current assets:			
Stocks	15	25,492	24,723
Debtors: amounts falling due within one year	16	18,269,302	6,525,744
Cash at bank and in hand	17	29,635	107,482
		<u>18,324,429</u>	<u>6,657,949</u>
Creditors: amounts falling due within one year	18	(29,608,458)	(18,263,164)
Net current liabilities		<u>(11,284,029)</u>	<u>(11,605,215)</u>
Total assets less current liabilities		<u>23,075,259</u>	<u>22,977,869</u>
Creditors: amounts falling due after more than one year	19	(4,680,384)	(5,074,225)
Net assets		<u><u>18,394,875</u></u>	<u><u>17,903,644</u></u>
 Deferred income		 1,279,299	 516,640
Capital and reserves			
Called up share capital	22	1	1
Share premium account	23	16,859,737	16,859,737
Profit and loss account	23	255,838	527,266
		<u><u>18,394,875</u></u>	<u><u>17,903,644</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/09/2017


Jeffrey MacKinnon
 Director

The notes on pages 9 to 26 form part of these financial statements.

JONAS COMPUTING (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1	16,859,737	527,266	17,387,004
Comprehensive income for the year				
Profit for the year	-	-	1,622,361	1,622,361
Dividends: Equity capital	-	-	(1,893,789)	(1,893,789)
At 31 December 2016	1	16,859,737	255,838	17,115,576

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1	7,708,862	386,479	8,095,342
Comprehensive income for the year				
Profit for the year	-	-	5,741,171	5,741,171
Dividends: Equity capital	-	-	(5,600,384)	(5,600,384)
Shares issued during the year	-	9,150,875	-	9,150,875
At 31 December 2015	1	16,859,737	527,266	17,387,004

The notes on pages 9 to 26 form part of these financial statements.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Jonas Computing (UK) Limited is a limited liability company incorporated in the United Kingdom. Its registered office is Gladstone House, Hithercroft Road, Wallingford, Oxfordshire, OX10 9BT.

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 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.

2.3 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 requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 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
- the requirements of IAS 16 Property, Plant and Equipment to present a comparative reconciliation
- the requirements in IAS 24, 'Related party disclosures' (key management compensation)
- the requirements of paragraphs 134-136 of IAS 1 Presentation of Financial Statements for capital management disclosures
- the effect of future accounting standards not adopted

2.4 Exemption from preparing consolidated financial statements

The financial statements contain information about Jonas Computing (UK) Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger non-EEA group, Constellation Software Inc.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.5 Revenue

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:

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.

Rental payments are recognised in accordance with the substance of the relevant agreement.

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.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.7 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.

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:

Office equipment	- 20-25%
Computer equipment	- 20-25%
Other fixed assets	- 33%

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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 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.

2.11 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.

2.12 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2.13 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.

2.14 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

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'.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.16 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 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.

2.18 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.

2.19 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.20 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.

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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. Turnover

The whole of the turnover is attributable to its principal activity.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	2,049,697	1,661,784
Rest of Europe	308,858	-
Rest of the world	449,249	423,788
	<u>2,807,804</u>	<u>2,085,572</u>

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	3,144	777
Amortisation of intangible assets	86,080	85,222
Exchange differences	(170,918)	(28,930)
Defined contribution pension cost	7,363	-
Operating lease rentals	33,821	32,864
	<u>33,821</u>	<u>32,864</u>

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016 £	2015 £
Fees for audit and preparation of the financial statements	7,500	5,745
Fees for tax compliance services	1,400	1,400
Other fees payable	251	-
	<u>9,151</u>	<u>7,145</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	720,821	603,843
Social security costs	82,484	63,779
Cost of defined contribution scheme	7,363	-
	<u>810,668</u>	<u>667,622</u>

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

	2016 No.	2015 No.
Sales and Administration	5	3
Professional services and Maintenance	8	10
Research and Development	2	-
General and administration	2	-
	<u>17</u>	<u>13</u>

8. Income from investments

	2016 £	2015 £
Dividends received from subsidiary undertakings	1,893,789	5,820,000
	<u>1,893,789</u>	<u>5,820,000</u>

9. Interest payable and similar charges

	2016 £	2015 £
Loans from group undertakings	350,509	348,422
	<u>350,509</u>	<u>348,422</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	411,341	-
	<u>411,341</u>	<u>-</u>
Total current tax	<u>411,341</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(406)	(14,350)
Changes to tax rates	-	54
Adjustments in respect of previous periods	14,273	-
Total deferred tax	<u>13,867</u>	<u>(14,296)</u>
Taxation on profit/(loss) on ordinary activities	<u>425,208</u>	<u>(14,296)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>2,047,569</u>	<u>5,726,875</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	410,613	1,159,496
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	524	288
Capital allowances for year in excess of depreciation	204	2,221
Adjustments to the deferred tax charge in respect of prior periods	14,273	-
Short term timing difference leading to an increase (decrease) in taxation	(406)	-
Other timing differences leading to an increase (decrease) in taxation	-	2,050
Non-taxable income	-	(1,178,351)
Total tax charge for the year	<u>425,208</u>	<u>(14,296)</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Taxation (continued)

Factors that may affect future tax charges

During the year, the UK corporation tax rate decreased, it is also planned to reduce down to 19% from 1st April 2017, and 17% from April 2020.

11. Dividends

	2016 £	2015 £
Dividends paid during the year on the 1 Ordinary share	1,893,789	5,600,384
	<u>1,893,789</u>	<u>5,600,384</u>

12. Intangible assets

	Customer Relationships £
Cost	
At 1 January 2016	525,444
At 31 December 2016	<u>525,444</u>
Amortisation	
At 1 January 2016	318,676
Charge for the year	86,080
At 31 December 2016	<u>404,756</u>
Net book value	
At 31 December 2016	<u>120,688</u>
At 31 December 2015	<u>206,768</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Tangible fixed assets

	Office equipment £	Computer equipment £	Hardware £	Total £
Cost or valuation				
At 1 January 2016	14,683	7,020	1,241	22,944
At 31 December 2016	14,683	7,020	1,241	22,944
Depreciation				
At 1 January 2016	14,683	524	-	15,207
Charge for the year on owned assets	-	2,554	590	3,144
At 31 December 2016	14,683	3,078	590	18,351
Net book value				
At 31 December 2016	-	3,942	651	4,593
At 31 December 2015	-	6,496	1,241	7,737

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	34,368,579
Movements during the year	(134,572)
At 31 December 2016	34,234,007
Net book value	
At 31 December 2016	34,234,007
At 31 December 2015	34,368,579

Movements during the year pertain to the adjustments to year end earn-out valuations.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Ez Facility UK Ltd	Ordinary Shares	100 %	Computer Software
Xn Leisure Systems Limited	Ordinary Shares	100 %	Computer Software
Fitronics Limited	Ordinary Shares	100 %	Computer Software
Webcreative UK Limited	Ordinary Shares	100 %	Computer Software
Cap2 Solutions Ltd	Ordinary Shares	100 %	Computer Software
AMI Education Solutions Limited	Ordinary Shares	100 %	Computer Software
Tucasi Limited	Ordinary Shares	100 %	Computer Software
London & Zurich Limited	Ordinary Shares	100 %	Computer Software
Card Management Services Limited ****	Ordinary Shares	100 %	Computer Software
SDA Software Limited **	Ordinary Shares	100 %	Computer Software
Booking Portal Limited ***	Ordinary Shares	100 %	Dormant
Mercantile Management Services Limited ****	Ordinary Shares	100 %	Dormant
Metalogic Holdings Limited	Ordinary Shares	100 %	Dormant
Metalogic Limited *****	Ordinary Shares	100 %	Computer Software
Caneline Equities Limited *****	Ordinary Shares	100 %	Dormant
Cash Registers (Buccleuch) Limited	Ordinary Shares	100 %	Computer Software
PCI Systems Limited *****	Ordinary Shares	100 %	Computer Software
PCI 2006 Limited	Ordinary Shares	100 %	Non trading
Cunningham Cash Registers Limited	Ordinary Shares	100 %	Computer Software
Vela Software Spain SL	Ordinary Shares	100 %	Computer Software
London & Zurich Finance Limited *	Ordinary Shares	100 %	Dormant
Show Data Systems Limited *****	Ordinary Shares	100 %	Computer Software
Interchange Communications Limited *****	Ordinary Shares	100 %	Computer Software
Event Registration Holdings Limited	Ordinary Shares	100 %	Dormant
Salon Software Systems Limited	Ordinary Shares	100 %	Computer Software
Fashionmaster Limited	Ordinary Shares	100 %	Computer Software
Invicta Business Machines Limited *****	Ordinary Shares	100 %	Computer Software
Epos Developments Limited *****	Ordinary Shares	100 %	Non trading
CRB Solutions Limited *****	Ordinary Shares	100 %	Dormant
Stockmaster Metals Limited *****	Ordinary Shares	100 %	Non trading

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
EZ Facility UK Ltd	105,084	57,633
XN Leisure Systems Ltd	910,963	687,134
Fitronics Ltd	1,315,415	238,778
Webcreative UK Ltd	(65,731)	(63,056)
Cap2 Solutions Ltd	328,791	170,762
AMI Education solution Ltd	250,942	(24,552)
Tucasi Ltd	1,102,190	730,197
London and Zurich Ltd	2,202,730	683,160
Card Management Services Ltd	1,970,651	683,465
SDA Software limited	396,737	89,098
Metalogic Holdings Limited	70,960	-
Metalogic Limited	1,993,290	1,146,107
Cash registers (Buccleuch) Limited	1,476,324	800,579
PCI Systems Limited	479,143	(4,099)
PCI 2006 Limited	66,162	31
Cunningham cash registers limited	2,058,204	1,127,908
Vela Software Spain SL	177,410	1,993,213
London and Zurich Finance Limited	285,992	-
Show data Systems Limited	437,784	222,355
Interchange Communications Limited	109,238	21,607
Event registration holdings Limited	26,572	-
Salon Software Systems Limited	757,754	440,320
Fashionmaster Limited	92,416	65,823
Invicta Business Machines limited	(66,702)	(447,608)
Epos developments Limited	(8,214)	-
CRB Solutions Limited	2	-
Stockmaster Metals Limited	100	-
	<u>16,474,207</u>	<u>8,618,855</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Fixed asset investments (continued)

As part of a group simplification, Booking Portal Limited and Mercantile Management Services Limited were struck off on 13 December 2016 and Caneline Equities Limited was struck off on 20 December 2016.

*Investment directly held by London & Zurich Limited

**Investment directly held by Ez Facility UK Ltd

***Investment directly held by SDA Software Limited

****Investment directly held by London and Zurich Finance Limited

*****Investment directly held by Metalogic Holdings Limited

*****Investment directly held by Metalogic Limited

*****Investment directly held by PCI 2006 Limited

*****Investment directly held by Caneline Equities Limited

*****Investment directly held by Event Registration Holdings Limited

*****Investment directly held by Invicta Business Machines Limited

*****Investment directly held by Cash Registers (Buccleuch) Limited

The amounts disclosed for capital and reserves, and profit/(loss) for the year, are as disclosed in the financial statements for these entities for the year ended 31 December 2016.

All subsidiary companies are incorporated in England and Wales.

15. Stocks

	2016 £	2015 £
Finished goods and goods for resale	25,492	24,723
	<u>25,492</u>	<u>24,723</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. Debtors

	2016 £	2015 £
Trade debtors	1,000,380	352,096
Amounts owed by group undertakings	17,241,480	6,061,949
Other debtors	9,485	17,641
Prepayments and accrued income	16,805	79,039
Deferred taxation	1,152	15,019
	<u>18,269,302</u>	<u>6,525,744</u>

17. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	29,635	107,482
	<u>29,635</u>	<u>107,482</u>

18. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	12,290	51,107
Amounts owed to group undertakings	28,788,934	15,346,446
Corporation tax	410,241	-
Other taxation and social security	52,927	42,711
Other creditors	183,708	2,629,877
Accruals	160,359	193,023
	<u>29,608,459</u>	<u>18,263,164</u>

The Company pays close attention to its net current assets position. Jonas requires the Company to be 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. 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	4,680,384	4,680,384
1-2 yrs	-	393,841
	<u>4,680,384</u>	<u>5,074,225</u>

20. Financial instruments

	2016 £	2015 £
Financial assets		
Cash at bank and in hand	29,635	107,482
Trade debtors	1,000,380	352,096
Amounts owed by group companies	17,241,480	6,061,949
Other debtors	9,485	17,641
	<u>18,280,980</u>	<u>6,539,168</u>
Financial liabilities		
Trade creditors	(12,290)	(51,107)
Amounts owed to group companies	(33,469,318)	(20,026,830)
Accruals	(160,359)	(193,023)
Other creditors	(183,708)	(3,023,718)
	<u>(33,825,675)</u>	<u>(23,294,678)</u>

21. Deferred taxation

	2016 £	2015 £
At beginning of year	15,019	542
Charged to profit or loss	(13,867)	14,477
At end of year	<u>1,152</u>	<u>15,019</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	919	281
Tax losses carried forward	-	14,738
Pension surplus	233	-
	<u>1,152</u>	<u>15,019</u>

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

23. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

24. 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.

25. 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 £7,363 (2015: £nil). Contributions totalling £1,249 (2015: £nil) were payable to the fund at the end of the year end date.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

26. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Not later than 1 year	1,333	30,515
Later than 1 year and not later than 5 years	-	17,600
	1,333	48,115
	2016	2015
	£	£
Not later than 1 year	352	263
Later than 1 year and not later than 5 years	-	1,781
	352	2,044

27. Related party transactions

As permitted by FRS 101, related party transactions with wholly owned members of Constellation Software Inc. have not been disclosed.

28. Controlling party

The immediate parent company is Constellation Software Uk Holdco Ltd, a company incorporated in England and Wales.

The largest and smallest 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.