

Registered number: 05301607

JONAS COMPUTING (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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JONAS COMPUTING (UK) LIMITED

COMPANY INFORMATION

Directors	Barry Symons Jeffrey MacKinnon
Company secretary	Stephen Brian
Registered number	05301607
Registered office	Gladstone House Hithercroft Road Wallingford Oxfordshire OX10 9BT
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford OX4 2WB

JONAS COMPUTING (UK) LIMITED

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JONAS COMPUTING (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Directors present the Strategic Report and Financial Statements for the Year ended 31 December 2017.

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 Ltd ("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.

	2017	2016	2015
Growth in Gross Profit	9%	47%	15%
Profit before exceptional items and taxation	(451,222)	504,289	255,297

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.

JONAS COMPUTING (UK) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

This report was approved by the board on

15/10/18

and signed on its behalf


J. MacKinnon
Director

JONAS COMPUTING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

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 £5,790,627 (2016 - £1,622,361).

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 2017**

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

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

15/10/18

and signed on its behalf.



Jeffrey MacKinnon
Director

JONAS COMPUTING (UK) LIMITED

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

Opinion

We have audited the financial statements of Jonas Computing (UK) Limited (the 'Company') for the year ended 31 December 2017, 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 financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

JONAS COMPUTING (UK) LIMITED

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

We have nothing to report in this regard.

Opinion on other matters 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 the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

JONAS COMPUTING (UK) LIMITED

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

Use of our report

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.

Grant Thornton UK LLP

James Rogers BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Oxford
Date:

16 October 2018

JONAS COMPUTING (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	3,012,680	2,807,804
Cost of sales		(352,697)	(375,385)
Gross profit		2,659,983	2,432,419
Administrative expenses		(3,111,205)	(1,928,130)
Operating (loss)/profit	5	(451,222)	504,289
Income from shares in group undertakings		5,820,000	1,893,789
Interest payable and expenses	9	(347,644)	(350,509)
Profit before tax		5,021,134	2,047,569
Tax on profit	10	769,493	(425,208)
Profit for the financial year		5,790,627	1,622,361

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

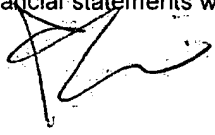
The notes on pages 11 to 29 form part of these financial statements.

JONAS COMPUTING (UK) LIMITED
REGISTERED NUMBER: 05301607

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	50,446	120,688
Tangible assets	13	1,189	4,593
Investments	14	46,833,201	34,234,007
		<u>46,884,836</u>	<u>34,359,288</u>
Current assets			
Stocks	15	14,560	25,492
Debtors: amounts falling due within one year	16	24,939,447	18,269,302
Cash at bank and in hand	17	622,216	29,635
		<u>25,576,223</u>	<u>18,324,429</u>
Creditors: amounts falling due within one year	18	(43,779,080)	(29,608,458)
Net current liabilities		<u>(18,202,857)</u>	<u>(11,284,029)</u>
Total assets less current liabilities		<u>28,681,979</u>	<u>23,075,259</u>
Creditors: amounts falling due after more than one year	19	(4,680,384)	(4,680,384)
Net assets		<u><u>24,001,595</u></u>	<u><u>18,394,875</u></u>
Deferred income		687,809	1,279,299
Capital and reserves			
Called up share capital	21	1	1
Share premium account	22	16,859,737	16,859,737
Other reserves	22	5,800,000	-
Profit and loss account	22	654,048	255,838
		<u><u>24,001,595</u></u>	<u><u>18,394,875</u></u>

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


Jeffrey MacKinnon
 Director

15 OCT 2018

JONAS COMPUTING (UK) LIMITED

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

	Called up share capital	Share premium account	Capital Contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	1	16,859,737	-	255,838	17,115,576
Comprehensive income for the year					
Profit for the year	-	-	-	5,790,627	5,790,627
Dividends: Equity capital	-	-	-	(5,392,417)	(5,392,417)
Capital Contributions	-	-	5,800,000	-	5,800,000
Total transactions with owners	-	-	5,800,000	(5,392,417)	407,583
At 31 December 2017	1	16,859,737	5,800,000	654,048	23,313,786

The notes on pages 11 to 29 form part of these financial statements.

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)
Total transactions with owners	-	-	(1,893,789)	(1,893,789)
At 31 December 2016	1	16,859,737	255,838	17,115,576

The notes on pages 11 to 29 form part of these financial statements.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

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.

2.4 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

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

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'.

2.6 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.

2.7 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

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.

2.9 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.

2.10 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 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:

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.

2.14 Impairment of non-financial assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 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.

2.17 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.18 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.

2.19 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.

2.20 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.

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 also makes an estimate of the recoverable value of investments. When assessing impairment of investments, management review discounted future cashflows forecasts along with the current financial position and industry knowledge.

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivable, management considers factors including the credit rating of the receivable, the aging profile of receivables and historical experience. See note 16 for the net carrying amount of the receivables.

4. Turnover

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

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	1,774,254	2,049,697
Rest of Europe	580,787	308,858
Rest of the world	657,639	449,249
	<u>3,012,680</u>	<u>2,807,804</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Operating (loss)/profit

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

	2017	2016
	£	£
Depreciation of tangible fixed assets	3,404	3,144
Amortisation of intangible assets	85,242	86,080
Exchange differences	97,070	(170,918)
Defined contribution pension cost	13,044	7,363
Operating lease rentals	16,282	33,821
	<u> </u>	<u> </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:

	2017	2016
	£	£
Fees for audit and preparation of the financial statements	7,500	7,500
Fees for tax compliance services	1,400	1,400
Other fees payable	251	251
	<u> </u>	<u> </u>
	<u>9,151</u>	<u>9,151</u>

JONAS COMPUTING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	614,188	720,821
Social security costs	69,694	82,484
Cost of defined contribution scheme	13,044	7,363
	<u>696,926</u>	<u>810,668</u>

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

	2017 No.	2016 No.
Sales and Administration	2	5
Professional services and Maintenance	7	8
Research and Development	2	2
General and administration	-	2
	<u>11</u>	<u>17</u>

8. Income from investments

	2017 £	2016 £
Dividends received from subsidiary undertakings	5,820,000	1,893,789
	<u>5,820,000</u>	<u>1,893,789</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Loans from group undertakings	347,644	350,509
	<u>347,644</u>	<u>350,509</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	411,341
Adjustments in respect of previous periods	(642,119)	-
	<u>(642,119)</u>	<u>411,341</u>
Total current tax	<u>(642,119)</u>	<u>411,341</u>
Deferred tax		
Origination and reversal of timing differences	(127,374)	(406)
Adjustments in respect of previous periods	-	14,273
	<u>(127,374)</u>	<u>13,867</u>
Total deferred tax	<u>(127,374)</u>	<u>13,867</u>
Taxation on (loss)/profit on ordinary activities	<u>(769,493)</u>	<u>425,208</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>5,021,134</u>	<u>2,047,569</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	966,568	410,613
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	524
Capital allowances for year in excess of depreciation	478	204
Adjustments to the deferred tax charge in respect of prior periods	16,409	14,273
Short term timing difference leading to an increase (decrease) in taxation	-	(406)
Other timing differences leading to an increase (decrease) in taxation	(632,598)	-
Non-taxable income	(1,120,350)	-
Total tax charge for the year	<u>(769,493)</u>	<u>425,208</u>

JONAS COMPUTING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 1 April 2017, and 17% from 1 April 2020.

11. Dividends

	2017 £	2016 £
Dividends paid during the year on the 1 Ordinary share	5,392,417	1,893,789
	<u>5,392,417</u>	<u>1,893,789</u>

12. Intangible assets

	Customer Relationships £	Development £	Total £
Cost			
At 1 January 2017	525,444	-	525,444
Additions - internal	-	15,000	15,000
At 31 December 2017	<u>525,444</u>	<u>15,000</u>	<u>540,444</u>
Amortisation			
At 1 January 2017	404,756	-	404,756
Charge for the year	85,242	-	85,242
At 31 December 2017	<u>489,998</u>	<u>-</u>	<u>489,998</u>
Net book value			
At 31 December 2017	<u>35,446</u>	<u>15,000</u>	<u>50,446</u>
At 31 December 2016	<u>120,688</u>	<u>-</u>	<u>120,688</u>

JONAS COMPUTING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Computer equipment £	Hardware £	Total £
Cost or valuation			
At 1 January 2017	3,942	651	4,593
At 31 December 2017	<u>3,942</u>	<u>651</u>	<u>4,593</u>
Depreciation			
Charge for the year on owned assets	2,854	550	3,404
At 31 December 2017	<u>2,854</u>	<u>550</u>	<u>3,404</u>
Net book value			
At 31 December 2017	<u>1,088</u>	<u>101</u>	<u>1,189</u>
At 31 December 2016	<u>3,942</u>	<u>651</u>	<u>4,593</u>

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	34,234,007
Additions	13,596,474
Revaluations	(131,843)
Amounts written off	(865,437)
At 31 December 2017	<u>46,833,201</u>
Net book value	
At 31 December 2017	<u>46,833,201</u>
At 31 December 2016	<u>34,234,007</u>

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

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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
MCR Enterprise Solutions Ltd	Ordinary Shares	100 %	Non Trading Computer
Fitronics Limited	Ordinary Shares	100 %	Software Computer
MCR Systems Ltd	Ordinary Shares	100 %	Software
Blayhall Marine Limited	Ordinary Shares	100 %	Non Trading
Star Marina Solutions Ltd*****	Ordinary Shares	100 %	Computer Software
Webcreative UK Limited	Ordinary Shares	100 %	Computer Software
Havenstar Software Solutions limited*****	Ordinary Shares	100 %	Non Trading Computer
Cap2 Solutions Ltd	Ordinary Shares	100 %	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
Metalogic Holdings Limited	Ordinary Shares	100 %	Dormant
SDA Software Limited **	Ordinary Shares	100 %	Computer Software
Metalogic Limited ****	Ordinary Shares	100 %	Computer Software
Cash Registers (Buccleuch) Limited	Ordinary Shares	100 %	Computer Software
PCI Systems Limited *****	Ordinary Shares	100 %	Computer Software
Cunningham Cash Registers Limited	Ordinary Shares	100 %	Computer Software
PCI 2006 Limited	Ordinary Shares	100 %	Non t
Vela Software Spain SL	Ordinary Shares	100 %	Computer Software

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Fixed asset investments (continued)

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
Jonas Event Technology 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

As part of a group simplification, SDA Software Ltd and PCI 2006 Limited were struck off on 14 August 2018.

*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 Jonas Event Technology Limited

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

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

*****Investment directly held by MCR Enterprise Solutions Limited

*****Investment directly held by Blayhall Marine 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 2017.

All subsidiary companies are incorporated in England and Wales.

JONAS COMPUTING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Stocks

	2017	2016
	£	£
Finished goods and goods for resale	14,560	25,492
	<u>14,560</u>	<u>25,492</u>

Stock recognised in cost of sales during the year as an expense was £10,931.

JONAS COMPUTING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Debtors

	2017 £	2016 £
Trade debtors	302,354	1,000,380
Amounts owed by group undertakings	23,816,875	17,241,480
Other debtors	653,663	9,485
Prepayments and accrued income	38,029	16,805
Deferred taxation	128,526	1,152
	<u>24,939,447</u>	<u>18,269,302</u>

17. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	622,216	29,635
	<u>622,216</u>	<u>29,635</u>

18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	19,475	12,290
Amounts owed to group undertakings	40,136,230	28,788,934
Corporation tax	-	410,241
Other taxation and social security	43,039	52,927
Other creditors - Earnout Liability	3,400,001	183,708
Accruals	180,334	160,359
	<u>43,779,079</u>	<u>29,608,459</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 2017**

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

	2017 £	2016 £
Amounts owed to group undertakings	4,680,384	4,680,384
	<u>4,680,384</u>	<u>4,680,384</u>

20. Deferred taxation

	2017 £	2016 £
At beginning of year	1,152	15,019
Charged to profit or loss	127,374	(13,867)
At end of year	<u>128,526</u>	<u>1,152</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	326	919
Tax losses carried forward	128,005	-
Pension surplus	195	233
	<u>128,526</u>	<u>1,152</u>

21. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

22. 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.

Capital Contribution

Includes additional capital received on existing issue of share capital,

23. 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.

24. 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 £13,044 (2016: £7,363). Contributions totalling £1,249 (2015: £nil) were payable to the fund at the end of the year end date.

25. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	-	1,333
	<u>-</u>	<u>1,333</u>
	<u>-</u>	<u>1,333</u>
	2017 £	2016 £
Not later than 1 year	484	352
	<u>484</u>	<u>352</u>
	<u>484</u>	<u>352</u>

JONAS COMPUTING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions

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

27. Post balance sheet events

On 31 July 2018 Jonas Computing (UK) Ltd purchased EZ Runner Systems Limited.

On 12 January 2018 Jonas Computing (UK) Ltd purchased Blayhall Marine Limited who subsequently own Star Marina Solutions Limited and Haven Star Software Solutions Limited.

On 14 August 2018 as part of a group simplification, SDA Software Ltd and PCI 2006 Limited were struck off.

The process has now begun to dissolve both CAP2 Solutions Ltd and EZ Facility UK Ltd.

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.