

# Financial Statements

## Trapeze Group (UK) Limited

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**For the year ended 31 December 2016**



**Registered number: 04160790**

**Trapeze Group (UK) Limited**

## Company Information

<b>Directors</b>	Dr. C P Bell Mr R Clay Ms J Mcpherson Ms C Clarke Mr M T Porter
<b>Company secretary</b>	R Clay
<b>Registered number</b>	04160790
<b>Registered office</b>	The Mill Staverton Trowbridge Wiltshire BA14 6PH
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford Oxfordshire OX4 2WB

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## Strategic report

For the year ended 31 December 2016

### **Principal activities**

The principal activity of the Company during the year was that of software sales and consulting.

### **Business review**

The directors are satisfied with the performance of the company in 2016. Although Turnover decreased (6%) in the year, Gross margins remained increased slightly to 54% (2015 – 50%). EBITA and Core Ratio were also both positive and a significant improvement on prior year.

### **Financial key performance indicators**

The Directors use the Key Performance Indicators defined by our parent group to manage the business. The Key Performance Indicators are Sales, Growth, Gross Margin, EBITA, and Core Ratio (a measure of how sustainable our profitability is).

The Directors consider that the performance of the business in accordance with these metrics was acceptable and further improvements will be sought during 2017.

### **Business Risk management**

The Directors are of the opinion that the risks for the business are low and manageable. The company has a diversified product portfolio across a wide range of clients; such that no single product or client will have a disproportionate impact on results. Likewise, Trapeze is not dependent on any one large project to achieve its ambitions for the coming year. Instead, a significant proportion of the Company's revenues derive from long term, recurring business with a loyal customer base. The Company has a strong management team and a dedicated workforce.

The most significant risk remains the condition of the UK public transport market. This is expected to remain challenging, particularly given the UK government's continuing austerity measures.

### **Financial risk management**

The Company is profitable and cash generative and makes little use of financial instruments other than an operational bank account. It also benefits from strong recurring revenues, typically paid annually in advance. Consequently, its exposure to credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company. The Company also benefits from many long term Maintenance and Support contracts, which significantly reduce price risk. The competitive and cost-conscious nature of the UK public transport market does still pose a price risk, especially for new business.

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



Mr M T Porter  
Director

Date: 28-3-17

## **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.

### **Results and dividends**

The profit for the year, after taxation, amounted to £781,734 (2015 - £119,211).

The directors do not recommend the payment of a dividend (2015 - £Nil).

### **Directors**

The Directors who served during the year were:

Dr. C P Bell  
Mr R Clay  
Ms J Mcpherson  
Ms C Clarke  
Mr M T Porter (appointed 19 May 2015)

### **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 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.

### **Future developments**

The directors are of the opinion that risks for the company remain low and manageable. A significant proportion of the Company's revenues derive from long term, recurring revenues flowing from loyal customers.

The company will continue to grow by winning new customers as well as working closely with our current customers to deliver valuable solution. As well we will continue to drive efficiencies by investing in resources and people to service future growth.

## Directors' report (continued)

For the year ended 31 December 2016

### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Post balance sheet events

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

### Auditor

The auditor, 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

and signed on its behalf.

  
Mr M T Porter  
Director

28-3-17



## Independent auditor's report to the members of Trapeze Group (UK) Limited

We have audited the financial statements of Trapeze Group (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. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), (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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditor**

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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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.



## Independent auditor's report to the members of Trapeze Group (UK) Limited (continued)

### **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 those financial statements; and
- the Strategic report and the Directors' report been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report under the Companies Act 2006**

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.

### **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 March 2017



## Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	13,836,481	14,768,018
Cost of sales		(6,305,456)	(7,427,519)
<b>Gross profit</b>		<b>7,531,025</b>	<b>7,340,499</b>
Administrative expenses		(6,627,646)	(7,171,308)
Exceptional administrative expenses		(43,295)	(85,906)
<b>Operating profit</b>	5	<b>860,084</b>	<b>83,285</b>
Interest receivable and similar income		117,278	32,633
Interest payable and expenses	9	(459)	(85,612)
<b>Profit before tax</b>		<b>976,903</b>	<b>30,306</b>
Tax on profit	10	(195,169)	88,905
<b>Profit for the year</b>		<b>781,734</b>	<b>119,211</b>

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).

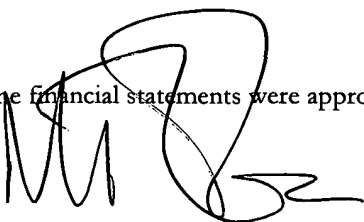
The notes on pages 9 to 25 form part of these financial statements.

## Statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	2,748,944	2,792,238
Tangible assets	12	147,118	260,718
		<u>2,896,062</u>	<u>3,052,956</u>
<b>Current assets</b>			
Stocks	13	394,296	447,138
Debtors: amounts falling due within one year	14	6,404,538	4,679,111
Cash at bank and in hand	15	85,611	31,916
		<u>6,884,445</u>	<u>5,158,165</u>
Creditors: amounts falling due within one year	16	(6,251,093)	(5,463,441)
<b>Net current assets/(liabilities)</b>		<u>633,352</u>	<u>(305,276)</u>
<b>Total assets less current liabilities</b>		<u>3,529,414</u>	<u>2,747,680</u>
<b>Net assets</b>		<u><u>3,529,414</u></u>	<u><u>2,747,680</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	2	2
Share premium account	19	903,316	903,316
Profit and loss account	19	2,626,096	1,844,362
		<u>3,529,414</u>	<u>2,747,680</u>

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



**Mr M T Porter**  
Director

28-3-17

The notes on pages 9 to 25 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	2	903,316	1,844,362	2,747,680
Profit and total comprehensive income for the year	-	-	781,734	781,734
<b>At 31 December 2016</b>	<b>2</b>	<b>903,316</b>	<b>2,626,096</b>	<b>3,529,414</b>

## 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	2	903,316	1,725,151	2,628,469
Profit and total comprehensive income for the year	-	-	119,211	119,211
<b>At 31 December 2015</b>	<b>2</b>	<b>903,316</b>	<b>1,844,362</b>	<b>2,747,680</b>

The notes on pages 9 to 25 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2016

## **1. General information**

Trapeze Group (UK) Limited is a limited company incorporated in England and Wales. Its registered office is The Mill, Staverton, Trowbridge, Wiltshire, BA14 6PH.

The principal activity of the company is business and domestic software development.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

### **2.3 Going concern**

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

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **2. Accounting policies (continued)**

#### **2.4 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 service revenues provided on a time and materials 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. Maintenance and warranty renewals are recognised rateably over the period of the contract.

Hardware sales are recognised upon shipment.

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

#### **2.5 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.

The estimated useful lives range is as follows:

Intellectual property -	5 years
Customer relations -	5 years

## Notes to the financial statements

For the year ended 31 December 2016

### **2. Accounting policies (continued)**

#### **2.6 Goodwill**

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

#### **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.

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.

The estimated useful lives range as follows:

Leasehold improvements	- Straight line over the lease term
Leased equipment	- Straight line over the lease term
Fixtures and fittings	- 5 years
Computer equipment	- 3 years

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.

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **2. Accounting policies (continued)**

#### **2.8 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.

#### **2.9 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.

Net realisable value is based on the selling price less anticipated costs to completion and selling costs.

#### **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

## Notes to the financial statements

For the year ended 31 December 2016

### **2. Accounting policies (continued)**

#### **2.12 Financial instruments (continued)**

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.

##### **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 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.

#### **2.15 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.



## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **2. Accounting policies (continued)**

#### **2.16 Provisions for liabilities**

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

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

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

#### **2.17 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.

## Notes to the financial statements

For the year ended 31 December 2016

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

#### Revenue recognition

Management applies judgement when assessing whether certain deliverables in a customer arrangement should be included or excluded from the unit of account to which contract accounting is applied. The judgement is typically related to the sale and inclusion of third party hardware and licences in a customer arrangement and involves an assessment that principally addresses whether the deliverable has stand-alone value to the customer that is not dependent upon other components of the arrangement.

Management also assess whether the company is the primary obligor in the arrangement involving third party services, licence and/or maintenance, which is generally consistent with the company retaining fulfillment, inventory, and credit risks, among others.

#### Deferred tax assets

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable 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 in the measurement of deferred tax assets.

#### Stocks

Management estimates the 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.

# Notes to the financial statements

For the year ended 31 December 2016

## 4. Turnover

The directors have chosen to omit an analysis of turnover by class of business.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	13,281,646	14,027,037
Rest of Europe	383,423	740,981
Rest of the world	171,412	-
	<u>13,836,481</u>	<u>14,768,018</u>

## 5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	166,378	161,363
Amortisation of intangible assets, including goodwill	43,295	85,906
Operating lease payments	324,795	368,398
Pension cost	139,729	154,427
	<u>674,207</u>	<u>770,094</u>

# Notes to the financial statements

For the year ended 31 December 2016

## 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 of the company	13,745	13,745
Fees for tax compliance services	3,000	3,000
	<u>16,745</u>	<u>16,745</u>

## 7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	5,079,432	5,410,665
Social security costs	557,641	611,640
Cost of defined contribution scheme	239,328	262,853
	<u>5,876,401</u>	<u>6,285,158</u>

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

	2016 No.	2015 No.
Research and development staff	37	29
Maintenance and professional services staff	55	68
Administrative and recharge staff	29	33
Sales and marketing staff	11	10
	<u>132</u>	<u>140</u>

# Notes to the financial statements

For the year ended 31 December 2016

## 8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	689,492	609,304
Directors pension costs	36,318	29,286
	<u>725,810</u>	<u>638,590</u>

During the year retirement benefits were accruing to 5 Directors (2015 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £160,102 (2015 - £153,546).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,240 (2015 - £6,755).

## 9. Interest payable and similar charges

	2016 £	2015 £
Other loan interest payable	459	15,282
Loans from group undertakings	-	70,330
	<u>459</u>	<u>85,612</u>

# Notes to the financial statements

For the year ended 31 December 2016

## 10. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	199,129	(22,751)
Adjustments in respect of previous periods	-	(58,065)
	<u>199,129</u>	<u>(80,816)</u>
<b>Total current tax</b>	<u>199,129</u>	<u>(80,816)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,960)	(8,089)
<b>Total deferred tax</b>	<u>(3,960)</u>	<u>(8,089)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>195,169</u>	<u>(88,905)</u>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher 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>976,903</u>	<u>30,306</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	<u>195,381</u>	<u>6,137</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	6,811
Deferred tax not recognised in the prior year	-	(64,283)
Adjustments to tax charge in respect of prior periods	-	(58,065)
Effects on change in tax rates	(212)	18,838
Fixed permanent differences	-	1,657
<b>Total tax charge for the year</b>	<u>195,169</u>	<u>(88,905)</u>

# Notes to the financial statements

For the year ended 31 December 2016

## 11. Intangible assets

	Intellectual property £	Goodwill £	Customer relations £	Total £
<b>Cost</b>				
At 1 January 2016	329,118	2,748,944	415,763	3,493,825
At 31 December 2016	329,118	2,748,944	415,763	3,493,825
<b>Amortisation</b>				
At 1 January 2016	285,823	-	415,763	701,586
Charge for the year	43,295	-	-	43,295
At 31 December 2016	329,118	-	415,763	744,881
<b>Net book value</b>				
At 31 December 2016	-	2,748,944	-	2,748,944
At 31 December 2015	43,295	2,748,944	-	2,792,239

### Goodwill

Goodwill is allocated to the company's cash generating units as follows:

	2016 £
Action Information Management Limited	1,366,514
Trapeze Passenger Transport Information Limited	746,869
Grampian Software Holdings Limited	490,106
Fleetmaster	145,455
	<u>2,748,944</u>

# Notes to the financial statements

For the year ended 31 December 2016

## 12. Tangible fixed assets

	Leasehold Improvement £	Leased Equipment £	Fixtures and Fittings £	Computer Equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2016	124,367	36,835	73,321	1,123,227	1,357,750
Additions	-	-	-	52,774	52,774
At 31 December 2016	124,367	36,835	73,321	1,176,001	1,410,524
<b>Depreciation</b>					
At 1 January 2016	102,155	36,835	68,699	889,343	1,097,032
Charge for the period on owned assets	8,793	-	1,751	155,833	166,377
At 31 December 2016	110,948	36,835	70,450	1,045,176	1,263,409
<b>Net book value</b>					
At 31 December 2016	13,419	-	2,871	130,825	147,115
At 31 December 2015	22,212	-	4,622	233,884	260,718

Included within tangible fixed assets is a cost of £72,085 (2015 - £72,085) and accumulated depreciation of £72,085 (2015 - £72,085) relating to owned equipment hired out under operating lease rentals.



# Notes to the financial statements

For the year ended 31 December 2016

## 13. Stocks

	2016 £	2015 £
Raw materials and consumables	<u>394,296</u>	<u>447,138</u>

## 14. Debtors

	2016 £	2015 £
Trade debtors	2,487,225	2,083,851
Amounts owed by group undertakings	2,518,302	1,223,657
Prepayments and accrued income	626,058	501,637
Amounts recoverable on long term contracts	480,818	397,463
Tax recoverable	119,575	303,903
Deferred taxation	172,560	168,600
	<u>6,404,538</u>	<u>4,679,111</u>

## 15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>85,611</u>	<u>31,916</u>

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

	2016 £	2015 £
Payments received on account	501,250	342,134
Trade creditors	371,879	365,935
Amounts owed to group undertakings	456,347	341,303
Other taxation and social security	505,199	682,477
Accruals and deferred income	4,416,418	3,731,592
	<u>6,251,093</u>	<u>5,463,441</u>

# Notes to the financial statements

For the year ended 31 December 2016

## 17. Financial instruments

The following financial instruments are held at amortised cost:

	2016 £	2015 £
<b>Financial assets</b>		
Trade debtors	2,487,225	2,083,851
Amounts owed by group undertakings	2,885,154	1,223,657
	<u>5,372,379</u>	<u>3,307,508</u>
<b>Financial liabilities</b>		
Trade creditors	(371,879)	(365,935)
Amounts owed to group undertakings	(679,334)	(341,303)
Accruals	(1,698,081)	(860,956)
	<u>(2,749,294)</u>	<u>(1,568,194)</u>

## 18. Deferred taxation

	2016 £	2015 £
At beginning of year	168,600	160,511
Charged to profit or loss	-	8,089
Utilised in year	3,960	-
<b>At end of year</b>	<u>172,560</u>	<u>168,600</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Short term timing differences	7,095	7,141
Tax losses carried forward	108,601	100,987
Excess depreciation over taxation allowance	56,864	60,472
	<u>172,560</u>	<u>168,600</u>

## Notes to the financial statements

For the year ended 31 December 2016

### **19. Reserves**

#### **Share premium**

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

#### **Profit and loss account**

Includes all current and prior period retained profits and losses.

### **20. Share capital**

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares shares of £1 each	2	2
	<u>          </u>	<u>          </u>

### **21. Contingent liabilities**

There were no contingent liabilities at 31 December 2016 or 31 December 2015.

### **22. Capital commitments**

There were no capital commitments at 31 December 2016 or 31 December 2015.

### **23. 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 £239,129 (2015 - £262,853).

Contributions totalling £39,416 (2015 - £39,672) were payable to the fund at the year end date and are included within creditors.

## Notes to the financial statements

For the year ended 31 December 2016

### 24. Commitments under operating leases

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

	2016 £	2015 £
Not later than 1 year	406,963	406,963
Later than 1 year and not later than 5 years	197,758	604,721
	<u>604,721</u>	<u>1,011,684</u>

### 25. Related party transactions

As permitted by FRS101 related party transactions with wholly owned members of Constellation Software Inc have not been disclosed.

### 26. Ultimate parent company

The immediate parent company is Trapeze Group Europe Holding A/S. The ultimate parent undertaking and controlling entity is Constellation Software Inc, a Company incorporated in Canada.

The smallest group in which the results of the Company are consolidated is that headed by Trapeze Group Europe Holding A/S, a Company incorporated in Denmark. The largest group in which the results of the Company are consolidated is that headed by Constellation Software Inc. The consolidated financial statements of this group are available to the public and may be obtained from The Mill, Staverton, Trowbridge, Wiltshire, BA14 6PH.