

Registered number: 04160790

TRAPEZE GROUP (UK) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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TRAPEZE GROUP (UK) LIMITED

COMPANY INFORMATION

Directors	C P Bell J McPherson (resigned 5 June 2020) C Clarke M T Porter C Marks K Kona (appointed 30 July 2019)
Company secretary	C C A Sidhu
Registered number	04160790
Registered office	Unit A1 Methuen Park Chippenham England SN14 0GT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Science Park Chilworth Southampton SO16 7QJ

TRAPEZE GROUP (UK) LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 27

TRAPEZE GROUP (UK) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal activities

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

Business review

The directors consider that the performance of the business in accordance with these metrics was acceptable and further improvements will be sought during 2020. Turnover increased by 0.4% in the year, Gross margins decreased to 55% (2018: 57%). EBITA decreased by £18,436 and Core Ratio also increased to 41% (2018: 40%), which are both minor improvements from the 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 2020.

	2019	2018
Sales	12,840,442	12,791,228
Net revenue growth	0.4%	3%
Gross margin	7,079,541	7,233,091
EBITA	1,966,242	1,984,678
Core ratio	41%	40%

In addition to the above KPIS the Company also pays close attention to its net tangible asset (NTA) position. The group requires that the Company is party to a central corporate treasury function which allows the group to centrally manage its liquidity and financial risk 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 corporate NTA when reading these financial system in isolation. To fully understand the size and strength of the corporate group of which the Company is part, these financial statements should be read in conjunction with those of Constellation Software Inc., which is available from the Company's website.

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, the Company 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.

TRAPEZE GROUP (UK) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial risk management

The Company is profitable and cash generative and makes little use of financial instruments other than an operational bank account, trade debtors and trade creditors. 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.

Coronavirus 19 Risk

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact revenue income. The company has carefully evaluated circumstances around Coronavirus 19 and amended the operating costs to best case scenario and was still profitable in 2020 and projects to be in future years. No funding will be required outside of the group.

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

Carrie Marks

C Marks
Director

Date: 29/1/2021

TRAPEZE GROUP (UK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,281,123 (2018 - £1,550,670).

The Directors do not recommend the payment of a dividend (2018: £Nil).

Directors

The Directors who served during the year were:

C P Bell
J McPherson (resigned 5 June 2020)
C Clarke
M T Porter
C Marks
K Kona (appointed 30 July 2019)

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

TRAPEZE GROUP (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

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 this included a worst case senario of 12 months of Nil income.

Further more in light of the present uncertainly caused by Covid-19 the directors have obtained confirmation of ongoing support from it's ultimate parent company which will extend for a period of at least 12 months from the anticipated date of signing the financial statements.

Post balance sheet events

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact revenue income. The company has carefully evaluated circumstances around Coronavirus 19 and amended the operating costs to best case scenario and was still profitable in 2020 and projects to be in future years. No funding will be required outside of the group.

Disclosure of information to auditor

The Directors confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and;
- the Directors have taken all the steps that they ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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 29/1/2021 and signed on its behalf.

Carrie Marks

C Marks
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAPEZE GROUP (UK) LIMITED

Opinion

We have audited the financial statements of Trapeze Group (UK) Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, 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 2019 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 Auditor's 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 UK, including the FRC'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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAPEZE GROUP (UK) LIMITED
(CONTINUED)**

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 Auditor's 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.

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAPEZE GROUP (UK) LIMITED (CONTINUED)

Opinions 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAPEZE GROUP (UK) LIMITED
(CONTINUED)**

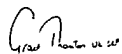
Auditor's responsibilities for the audit of the financial statements

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 Auditor's 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 Auditor's Report.

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 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.



Amanda James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
Date: 29/1/2021

TRAPEZE GROUP (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	12,840,442	12,791,228
Cost of sales		(5,760,901)	(5,558,137)
Gross profit		7,079,541	7,233,091
Administrative expenses		(5,113,299)	(5,248,413)
Operating profit	5	1,966,242	1,984,678
Interest receivable and similar income	9	1,665	2,791
Interest payable and expenses	10	(376,492)	209,577
Profit before tax		1,591,415	2,197,046
Tax on profit	11	(310,292)	(646,376)
Profit for the financial year		1,281,123	1,550,670

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 12 to 27 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED
REGISTERED NUMBER:04160790

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	2,252,075	2,636,453
Tangible fixed assets	13	1,478,650	34,007
		<u>3,730,725</u>	<u>2,670,460</u>
Current assets			
Stocks	14	98,826	367,255
Debtors: amounts falling due within one year	15	12,321,454	10,828,030
Cash at bank and in hand	16	23,133	6,411
		<u>12,443,413</u>	<u>11,201,696</u>
Creditors: amounts falling due within one year	17	(7,711,193)	(7,757,117)
Net current assets		<u>4,732,220</u>	<u>3,444,579</u>
Total assets less current liabilities		<u>8,462,945</u>	<u>6,115,039</u>
Accruals and deferred > 1 yr	18	(1,290,465)	(223,682)
Net assets		<u><u>7,172,480</u></u>	<u><u>5,891,357</u></u>
Capital and reserves			
Called up share capital	21	2	2
Share premium account	20	903,316	903,316
Profit and loss account	20	6,269,162	4,988,039
		<u><u>7,172,480</u></u>	<u><u>5,891,357</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/1/2021

Carrie Marks
C Marks
 Director

The notes on pages 12 to 27 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	2	903,316	4,988,039	5,891,357
Profit and total comprehensive income for the year	-	-	1,281,123	1,281,123
At 31 December 2019	2	903,316	6,269,162	7,172,480

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	2	903,316	3,458,589	4,361,907
Profit and total comprehensive income for the year	-	-	1,550,670	1,550,670
Adjustment to opening reserves	-	-	(21,220)	(21,220)
At 31 December 2018	2	903,316	4,988,039	5,891,357

The notes on pages 12 to 27 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Trapeze Group (UK) Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Unit A1, Methuen Park, Chippenham, England, SN14 0GT.

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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the 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
- the effect of future accounting standards adopted.

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 this included a worst case senario of 12 months of Nil income.

Further more in light of the present uncertainly caused by Covid-19 the directors have obtained confirmation of ongoing support from it's ultimate parent company which will extend for a period of at least 12 months from the anticipated date of signing the financial statements.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, rebates and discounts after eliminating sales within the Company.

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Software licences and hardware sales are recognised when the customer obtains control of the asset, which is on delivery of the asset. When delivery of goods is delayed at the buyers request, 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 provided on a fixed-price basis, revenue is recognised when the Company has a present right to receive payment for the service performed. Maintenance and warranty renewals are recognised rateably over the period of the contract.

When 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.

2.6 Intangible assets

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range is as follows:

- | | | |
|-----------------------|---|---------|
| Intellectual property | - | 5 years |
| Customer relationship | - | 5 years |

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 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 probable 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 amortisation 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.

2.8 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.8 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.

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.

2.9 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.

2.10 Impairment of fixed 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.

2.11 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.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 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 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'.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.16 Pensions****Defined contribution pension plan**

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

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

2.17 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.

2.18 Research and development

In the research phase and development phase of an internal project, all expenditure shall be recognised as an expense when it is incurred.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Judgments 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 judgments 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 judgment when a contract involves delivery of multiple components. Judgment will be required here to determine whether these should be 'bundled' together or treated as distinct and accounted for as separate performance obligations. It is not expected that this aggregation will change either the period over which revenue is recognised or how the Company's significant revenue streams are classified and reported.

IFRS 15 requires that the incremental costs of obtaining a contract, including sales commissions paid to employees, are recognised in line with the transfer of goods/services to the customers. For those relevant costs that are currently expensed as incurred, recognising these over the period that performance obligations are satisfied would not result in a material change to the financial results for the year.

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.

Estimates impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates such as discount rate and growth rate factors.

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.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

The whole of the turnover is attributable to software consultancy and supply.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	11,988,635	12,160,152
Rest of Europe	659,033	376,957
Rest of the world	192,774	254,119
	<u>12,840,442</u>	<u>12,791,228</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	212,449	33,459
Impairment of intangible assets	384,378	112,491
Operating lease payments	-	316,520
	<u>-</u>	<u>462,470</u>

6. Auditor's 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:

	2019 £	2018 £
Fees for audit of the Company	18,000	13,745
Fees for tax compliance services	2,362	3,000
	<u>20,362</u>	<u>16,745</u>

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

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

	2019 £	2018 £
Wages and salaries	4,333,903	4,511,146
Social security costs	551,828	586,570
Cost of defined contribution scheme	201,566	210,797
	<u>5,087,297</u>	<u>5,308,513</u>

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

	2019 No.	2018 No.
Research and development staff	19	15
Maintenance and professional services staff	55	65
Administrative and recharge staff	30	30
Sales and marketing staff	11	9
	<u>115</u>	<u>119</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	515,428	667,136
Company contributions to defined contribution pension schemes	26,236	21,304
	<u>541,664</u>	<u>688,440</u>

During the year retirement benefits were accruing to 4 Directors (2018 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £219,519 (2018 - £173,973).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,500 (2018 - £Nil).

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Interest receivable

	2019	2018
	£	£
Other interest receivable	1,665	2,791
	<u><u>1,665</u></u>	<u><u>2,791</u></u>

10. Interest payable and similar expenses

	2019	2018
	£	£
Other loan interest payable	346,512	(209,577)
Finance leases and hire purchase contracts	29,980	-
	<u><u>376,492</u></u>	<u><u>(209,577)</u></u>

11. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	375,636	390,761
Adjustments in respect of previous periods	-	57,491
	<u><u>375,636</u></u>	<u><u>448,252</u></u>
Total current tax	<u><u>375,636</u></u>	<u><u>448,252</u></u>
Deferred tax		
Origination and reversal of timing differences	(65,344)	(18,164)
Adjustment in respect of prior periods	-	216,288
	<u><u>(65,344)</u></u>	<u><u>198,124</u></u>
Total deferred tax	<u><u>(65,344)</u></u>	<u><u>198,124</u></u>
Taxation on profit on ordinary activities	<u><u>310,292</u></u>	<u><u>646,376</u></u>

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,591,415	2,197,046
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	302,369	417,438
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	7,923	21,373
Adjustments to tax charge in respect of prior periods	-	273,779
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(66,214)
Total tax charge for the year	310,292	646,376

12. Intangible assets

	Intellectual property £	Goodwill £	Customer relations £	Total £
Cost				
At 1 January 2019	329,118	2,748,944	415,763	3,493,825
At 31 December 2019	329,118	2,748,944	415,763	3,493,825
Amortisation				
At 1 January 2019	329,118	112,491	415,763	857,372
Impairment charge	-	384,378	-	384,378
At 31 December 2019	329,118	496,869	415,763	1,241,750
Net book value				
At 31 December 2019	-	2,252,075	-	2,252,075
At 31 December 2018	-	2,636,453	-	2,636,453

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Intangible assets (continued)**Goodwill**

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

	2019 £
Action Information Management Limited	1,366,512
Trapeze Passenger Transport Information Limited	250,000
Grampian Software Holdings Limited	490,108
Fleetmaster	145,455
	<hr/> 2,252,075 <hr/>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets

	Leasehold Improvement £	Leased Equipment £	Fixtures and Fittings £	Computer Equipment £	ROU Assets £	Total £
Cost or valuation						
At 1 January 2019	21,952	36,835	18,437	727,601	-	804,825
Impact of change in accounting policy	-	-	-	-	1,620,039	1,620,039
At 1 January 2019 (adjusted balance)	21,952	36,835	18,437	727,601	1,620,039	2,424,864
Additions	-	-	2,202	34,851	-	37,053
At 31 December 2019	21,952	36,835	20,639	762,452	1,620,039	2,461,917
Depreciation						
At 1 January 2019	16,792	36,835	16,343	700,848	-	770,818
Impact of change in accounting policy	-	-	-	-	191,862	191,862
At 1 January 2019 (adjusted balance)	16,792	36,835	16,343	700,848	191,862	962,680
Charge for the year on owned assets	2,580	-	824	17,183	-	20,587
At 31 December 2019	19,372	36,835	17,167	718,031	191,862	983,267
Net book value						
At 31 December 2019	2,580	-	3,472	44,421	1,428,177	1,478,650
At 31 December 2018	5,160	-	2,094	26,753	-	34,007

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Stocks

	2019 £	2018 £
Raw materials and consumables	98,826	367,255

15. Debtors

	2019 £	2018 £
Trade debtors	1,530,141	1,678,649
Amounts owed by group undertakings	8,539,016	7,468,338
Prepayments and accrued income	769,304	453,933
Amounts recoverable on long term contracts	1,337,776	1,147,237
Deferred taxation	145,217	79,873
	<u>12,321,454</u>	<u>10,828,030</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	23,133	6,411

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Payments received on account	281,985	507,390
Trade creditors	341,651	414,061
Amounts owed to group undertakings	630,979	354,834
Corporation tax	615,645	558,261
Other taxation and social security	436,171	643,053
Lease liabilities	169,560	-
Accruals and deferred income*	5,235,202	5,279,518
	<u>7,711,193</u>	<u>7,757,117</u>

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019 £	2018 £
Lease liabilities	1,272,465	-
Accruals and deferred income	18,000	223,682
	<u>1,290,465</u>	<u>223,682</u>

19. Deferred taxation

	2019 £	2018 £
At beginning of year	79,873	277,997
Charged to the profit and loss account	65,344	(198,124)
At end of year	<u>145,217</u>	<u>79,873</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Tax losses carried forward	47,285	47,285
Short term timing differences	97,932	32,588
	<u>145,217</u>	<u>79,873</u>

20. 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 share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

22. Contingent liabilities

There were no contingent liabilities at 31 December 2019 or 31 December 2018.

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 £201,566 (2018: £210,797).

Contributions totalling £39,424 (2018: £37,580) were payable to the fund at the year end date and are included within creditors.

24. Related party transactions

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

25. Post balance sheet events

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact revenue income. The company has carefully evaluated circumstances around Coronavirus 19 and amended the operating costs to best case scenario and was still profitable in 2020 and projects to be in future years. No funding will be required outside of the group.

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.

Under Companies Act 2006 section 401, the Company has taken exemption from producing consolidated accounts as it is included in a non-EEA group accounts of larger group. 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 Unit A1, Methuen Park, Chippenham, England, SN14 0GT.