Registered number: 04160790

TRAPEZE GROUP (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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TRAPEZE GROUP (UK) LIMITED

COMPANY INFORMATION

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

TRAPEZE GROUP (UK) LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017. Although Turnover decreased by 5% in the year, Gross margins remained increased slightly to 54% (2016: 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 2018.

	2017	2016
Sales	12,471,364	13,836,481
Net revenue Growth	-5%	3%
Gross Margin	6,871,667	7,531,025
EBITA	1,168,659	860,084
Core ratio	30%	26%

In addition to the above KPIS the company also pays close attention to it net tangible asset 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 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.

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.

M T Porter
Director

Date: April 5th 2018.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activity

The principal activity of the Company during the year is business and domestic software development.

Results and dividends

The profit for the year, after taxation, amounted to £832,493 *(2016: £781,734)*.

The directors do not recommend the payment of a dividend (*2016: £Nil*).

Directors

The Directors who served during the year were:

C P Bell
R Clay
J McPherson
C Clarke
M T Porter

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' 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 judgements 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each Director have taken all the steps that they ought to have 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.

Post balance sheet events

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

Auditor

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

This report was approved by the board on 5 APRIL 2018 and signed on its behalf.

M T Porter
Director

Grant Thornton

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

Opinion

We have audited the financial statements of Trapeze Group (UK) Limited for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

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.

GrantThornton

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

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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by 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 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 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.

GrantThornton

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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. The description forms part of our Auditor's report.

Grant Thornton UK LLP

James Rogers BA FCA
Senior statutory auditor
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Oxford
Date: 6 April 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	**12,471,364**	*13,836,481*
Cost of sales		**(5,704,850)**	*(6,307,683)*
Gross profit		**6,766,514**	*7,528,798*
Administrative expenses		**(5,597,855)**	*(6,625,419)*
Exceptional administrative expenses		**-**	*(43,295)*
Operating profit	5	**1,168,659**	*860,084*
Interest receivable and similar income	9	**516**	*117,278*
Interest payable and expenses	10	**(333,249)**	*(459)*
Profit before tax		**835,926**	*976,903*
Tax on profit	11	**(3,433)**	*(195,169)*
Profit for the financial year		**832,493**	*781,734*

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

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

The notes on pages 11 to 27 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED
REGISTERED NUMBER:04160790

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note.		2017 £		2016 £
Fixed assets					
Intangible assets	12		**2,748,944**		*2,748,944*
Tangible assets	13		**42,954**		*147,118*
			2,791,898		*2,896,062*
Current assets					
Stocks	14	**390,918**		*394,296*	
Debtors: amounts falling due within one year	15	**9,141,821**		*6,404,538*	
Cash at bank and in hand	16	**62,656**		*85,611*	
		9,595,395		*6,884,445*	
Creditors: amounts falling due within one year	17	**(7,736,222)**		*(6,006,329)*	
Net current assets			**1,859,173**		*878,116*
Total assets less current liabilities			**4,651,071**		*3,774,178*
Creditors: amounts falling due after more than one year	18		**(289,164)**		*(244,764)*
			4,361,907		*3,529,414*
Net assets			**4,361,907**		*3,529,414*
Capital and reserves					
Called up share capital	21		**2**		*2*
Share premium account	20		**903,316**		*903,316*
Profit and loss account	20		**3,458,589**		*2,626,096*
			4,361,907		*3,529,414*

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

5 APRIL 2018

M T Porter
Director

The notes on pages 11 to 27 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	2	903,316	2,626,096	3,529,414
Profit and total comprehensive income for the year	-	-	832,493	832,493
At 31 December 2017	**2**	**903,316**	**3,458,589**	**4,361,907**

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
At 31 December 2016	**2**	**903,316**	**2,626,096**	**3,529,414**

The notes on pages 11 to 27 form part of these financial statements.

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 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 judgement 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 of 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.

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.

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.

Amoritsation is charged so as to allocated the cost of assets less their residual value over their estimated useful lives, using the straigh-line method.

The estimated useful lives range is as follows:

Intellectual property -	5 years
Customer relations -	5 years

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.

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.

2. Accounting policies (continued)

2.7 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.

2.8 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. Accounting policies (continued)

2.12 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.

2.13 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'.

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.

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.

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.

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

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

Estimated 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.

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.

4. Turnover

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

Analysis of turnover by country of destination:

	2017 £	*2016* *£*
United Kingdom	**11,446,533**	*13,281,646*
Rest of Europe	**788,549**	*383,423*
Rest of the world	**236,282**	*171,412*
	12,471,364	*13,836,481*

5. Operating profit

The operating profit is stated after charging:

	2017 £	*2016* *£*
Depreciation of tangible fixed assets	**92,695**	*166,378*
Amortisation of intangible assets, including goodwill	**-**	*43,295*
Operating lease payments	**303,203**	*324,795*
Loss on disposal of fixed asset	**11,468**	*-*
Pension cost	**242,325**	*139,729*

6. Auditors' remuneration

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

	2017 £	*2016* *£*
Fees for audit of the company	13,745	*13,745*
Fees for tax compliance services	3,000	*3,000*

7. Employees

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

	2017 £	*2016* *£*
Wages and salaries	4,496,031	*5,079,432*
Social security costs	593,095	*557,641*
Cost of defined contribution scheme	242,325	*239,328*
	5,331,451	*5,876,401*

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

	2017 No.	*2016* *No.*
Research and development staff	16	*37*
Maintenance and professional services staff	67	*55*
Administrative and recharge staff	28	*29*
Sales and marketing staff	11	*11*
	122	*132*

8. Directors' remuneration

	2017 £	*2016* *£*
Directors' emoluments	**667,888**	*689,492*
Directors pension costs	**32,546**	*36,318*
	700,434	*725,810*

During the year retirement benefits were accruing to 5 Directors *(2016: 5)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £167,907 *(2016: £160,102)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £4,795 *(2016: £9,240)*.

9. Interest receivable

	2017 £	*2016* *£*
Interest receivable from group companies	**-**	*9,587*
Other interest receivable	**516**	*107,691*

10. Interest payable and similar charges

	2017 £	*2016* *£*
Other loan interest payable	**-**	*459*
Loans from group undertakings	**333,249**	*-*
	333,249	*459*

11: Taxation

	2017	*2016*
	£	*£*
Corporation tax		
Current tax on profits for the year	**124,519**	*199,129*
Adjustments in respect of previous periods	**(15,649)**	-
	108,870	*199,129*
Total current tax	**108,870**	*199,129*
Deferred tax		
Origination and reversal of timing differences	**(105,437)**	*(3,960)*
Total deferred tax	**(105,437)**	*(3,960)*
Taxation on profit on ordinary activities	**3,433**	*195,169*

Factors affecting tax charge for the year

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

	2017	*2016*
	£	*£*
Profit on ordinary activities before tax	**835,926**	*976,903*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	**167,185**	*195,381*
Effects of:		
Adjustments to tax charge in respect of prior periods	**(15,649)**	-
Effects on change in tax rates	**(3,494)**	*(212)*
Other timing differences leading to an increase (decrease) in taxation	**(27,430)**	-
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**(46,007)**	-
Other differences leading to an increase (decrease) in the tax charge	**(71,172)**	-
Total tax charge for the year	**3,433**	*195,169*

12. Intangible assets

	Intellectual property £	Goodwill £	Customer relations £	Total £
Cost				
At 1 January 2017	329,118	2,748,944	415,763	3,493,825
At 31 December 2017	329,118	2,748,944	415,763	3,493,825
Amortisation				
At 1 January 2017	329,118	-	415,763	744,881
At 31 December 2017	329,118	-	415,763	744,881
Net book value				
At 31 December 2017	-	2,748,944	-	2,748,944
At 31 December 2016	-	*2,748,944*	-	*2,748,944*

Goodwill

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

	2017 £
Action Information Management Limited	1,366,514
Trapeze Passenger Transport Information Limited	746,869
Grampian Software Holdings Limited	490,106
Fleetmaster	145,455
	2,748,944

13. Tangible fixed assets

	Leasehold Improvement £	Leased Equipment £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost or valuation					
At 1 January 2017	124,367	36,835	73,321	1,176,001	1,410,524
Disposals	(54,960)	-	(33,568)	(379,996)	(468,524)
At 31 December 2017	69,407	36,835	39,753	796,005	942,000
Depreciation					
At 1 January 2017	110,948	36,835	70,450	1,045,176	1,263,409
Charge for the year on owned assets	8,793	-	1,751	82,151	92,695
Disposals	(54,960)	-	(33,567)	(368,531)	(457,058)
At 31 December 2017	64,781	36,835	38,634	758,796	899,046
Net book value					
At 31 December 2017	4,626	-	1,119	37,209	42,954
At 31 December 2016	*13,419*	-	*2,871*	*130,825*	*147,115*

Included within tangible fixed assets is a cost of £72,085 (*2016: £72,085*) and accumulated depreciation of £72,085 (*2016: £72,085*) relating to owned equipment hired out under operating lease rentals.

14. Stocks

	2017	2016
	£	£
Raw materials and consumables	390,918	394,296

15. Debtors

	2017	2016
	£	£
Trade debtors	2,107,246	2,487,225
Amounts owed by group undertakings	6,257,370	2,518,302
Prepayments and accrued income	193,335	626,058
Amounts recoverable on long term contracts	305,873	480,818
Tax recoverable	-	119,575
Deferred taxation	277,997	172,560
	9,141,821	6,404,538

16. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	62,656	85,611

17. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Payments received on account	905,724	501,250
Trade creditors	569,532	371,879
Amounts owed to group undertakings	457,871	456,347
Corporation tax	116,156	-
Other taxation and social security	799,530	505,199
Accruals and deferred income	4,887,409	4,171,654
	7,736,222	6,006,329

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

	2017 £	*2016* *£*
Deferred income	**289,164**	*244,764*
	289,164	*244,764*

19. Deferred taxation

	2017 £	*2016* *£*
At beginning of year	**172,560**	*168,600*
Utilised in year	**105,437**	*3,960*
At end of year	**277,997**	*172,560*

The deferred tax asset is made up as follows:

	2017 £	*2016* *£*
Short term timing differences	**117,638**	*7,095*
Tax losses carried forward	**106,148**	*108,601*
Excess depreciation over taxation allowance	**54,211**	*56,864*
	277,997	*172,560*

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.

21. Share capital

	2017	*2016*
	£	*£*
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares shares of £1 each	**2**	*2*

22. Contingent liabilities

There were no contingent liabilities at 31 December 2017 or 31 December 2016.

23. Capital commitments

There were no capital commitments at 31 December 2017 or 31 December 2016.

24. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £242,326 (*2016: £239,129*).

Contributions totalling £37,545 (*2016: £39,416*) were payable to the fund at the year end date and are included within creditors.

25. Commitments under operating leases

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

	2017	*2016*
	£	*£*
Not later than 1 year	**397,959**	*406,963*
Later than 1 year and not later than 5 years	**11,247**	*197,758*
	409,206	*604,721*

26. Related party transactions

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

27. 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.