

TRAPEZE GROUP (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TRAPEZE GROUP (UK) LIMITED

COMPANY INFORMATION

Directors	C Clarke K Kona S Westermann (appointed 27 April 2021) C Bell (resigned 1 February 2021) C Marks (resigned 27 April 2021) M Porter (resigned 31 March 2021) W Delaney (appointed 7 February 2022)
Company secretary	C Sidhu
Registered number	04160790
Registered office	Unit A1 Methuen Park Chippenham SN14 0GT
Independent auditor	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Communications Road Greenham Business Park Greenham Newbury Berkshire RG19 6AB

TRAPEZE GROUP (UK) LIMITED

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TRAPEZE GROUP (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

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

Business review

The directors consider that the performance of the business in accordance with the metrics discussed in the financial key performance indicators paragraph below was acceptable. The performance in sales and EBITDA was reduced as a result of an internal CSI restructuring during the year moving the DRAMS operations to Wellington Computer Systems Limited.

Total sales reduced from 2020 to 2021 by 12% and the gross profit margin reduced from 82.4% in 2020 to 81.2% in 2021. EBITA margin reduced from 14% in 2020 to 13% in 2021.

While Trapeze Group has been intrinsically linked with the delivery of public transport for more than 30 years, we recognise that people transportation is more than buses, trains, minibuses and taxis. We are therefore proud to be part of Modaxo; a dedicated global organisation focused on advancing new technologies and innovations for people transportation.

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 Margins and EBITDA.

The Directors consider that the performance of the business in accordance with these metrics was acceptable.

2021 2020 2019

Sales	10,856,326	12,366,600	12,840,442
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Net revenue growth	-12.2%	-3.7%	0.4%
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Gross margin	8,820,325	10,191,192	7,079,541
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EBITDA	1,809,863	2,223,433	1,966,242
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In addition to the above KPIs the Company also pays close attention to its 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 risks whilst ensuring capital is deployed globally in the most effective manner. However, this can mean that locally the financial strength of the Company is not necessarily conveyed by the NTA position when reading these financial statements in isolation. To fully understand the size and strength of the corporate group of which the Company is a part, these financial statements should be read in conjunction with those of Constellation Software Inc.

TRAPEZE GROUP (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The material business risk faced by the Company that are likely to have an effect on the financial prospects of the Company are outlined below:

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 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.

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 UK public transport market does still pose a price risk, especially for new business.

Revenue risk management

The Company is reliant on the uptake of its services and therefore changes in the level of activity are likely to affect results. The Company has particular expertise in this area with the superior software products that the directors are confident will ensure growth in the future. Cost levels are also being monitored to ensure adequate return is received.

Liquidity risk management

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. 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 when reading these financial statements in isolation. To fully understand the size and strength of the 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 www.csisoftware.com/category/stat-filings.

Credit risk management

The company's principal financial assets are cash, trade debtors and investments. The credit risk associated with cash balances is limited despite the current economic conditions. The directors continue to closely monitor bank credit worthiness. Additional credit risk arises from trade debtors. In order to manage credit risk, management sets limits for customers based on combination of payment history and third party credit references. Credit limits are reviewed by management on a regular basis in conjunction with debt aging and collection history.

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

S Westermann

Director

Date: 3 November 2022

TRAPEZE GROUP (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

C Clarke
K Kona
S Westermann (appointed 27 April 2021)
C Bell (resigned 1 February 2021)
C Marks (resigned 27 April 2021)
M Porter (resigned 31 March 2021)

Results and dividends

The profit for the year, after taxation, amounted to £1,108,162 (2020 - £959,532).

A dividend of £600,000 was paid in the year (2020: £4,988,000).

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

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

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

TRAPEZE GROUP (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

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

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

Post balance sheet events

On 9 May 2022 Trapeze Group (UK) Limited acquired Corethree Ltd for an initial consideration of £1,880,000 plus other contingent considerations.

Auditor

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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S Westermann

Director

Date: 3 November 2022

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 2021, 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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.

Jonathan Baillie BA (Hons) FCCA ACA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Communications Road

Greenham Business Park

Greenham

Newbury

Berkshire

RG19 6AB

4 November 2022

TRAPEZE GROUP (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	As restated 2020 £
Turnover	4	10,856,326	12,366,600
Cost of sales		(2,036,001)	(2,175,408)
Gross profit		8,820,325	10,191,192
Administrative expenses		(13,041,818)	(12,405,579)
Other operating income	5	5,836,370	4,437,820
Operating profit	6	1,614,877	2,223,433
Interest receivable and similar income	10	6,986	1,527
Interest payable and similar expenses	11	(121,012)	(455,754)
Profit before tax		1,500,851	1,769,206
Tax on profit	12	(392,689)	(809,674)
Profit for the financial year		1,108,162	959,532

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 31 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED
REGISTERED NUMBER:04160790

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Goodwill	14	2,115,297	2,252,075
Tangible assets	15	1,111,804	1,281,969
Investments		1	1
		<u>3,227,102</u>	<u>3,534,045</u>
Current assets			
Stocks	17	-	9,709
Debtors: amounts falling due within one year	18	11,354,367	16,579,411
Cash at bank and in hand	19	120,147	56,507
		<u>11,474,514</u>	<u>16,645,627</u>
Creditors: amounts falling due within one year	20	(9,682,326)	(15,565,229)
Net current assets		<u>1,792,188</u>	<u>1,080,398</u>
Total assets less current liabilities		<u>5,019,290</u>	<u>4,614,443</u>
Creditors: amounts falling due after more than one year	21	(947,706)	(1,137,687)
		<u>4,071,584</u>	<u>3,476,756</u>
Provisions for liabilities			
Deferred taxation	22	(419,410)	(332,744)
		<u>(419,410)</u>	<u>(332,744)</u>
Net assets		<u><u>3,652,174</u></u>	<u><u>3,144,012</u></u>
Capital and reserves			
Called up share capital		2	2
Share premium account	24	903,316	903,316
Profit and loss account	24	2,748,856	2,240,694
		<u><u>3,652,174</u></u>	<u><u>3,144,012</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 November 2022.

.....
S Westermann
Director

The notes on pages 12 to 31 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED
REGISTERED NUMBER:04160790

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

TRAPEZE GROUP (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	2	903,316	2,240,694	3,144,012
Profit for the year	-	-	1,108,162	1,108,162
Dividends: Equity capital	-	-	(600,000)	(600,000)
At 31 December 2021	2	903,316	2,748,856	3,652,174

The notes on pages 12 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	2	903,316	6,269,162	7,172,480
Profit for the year	-	-	959,532	959,532
Dividends: Equity capital	-	-	(4,988,000)	(4,988,000)
At 31 December 2020	2	903,316	2,240,694	3,144,012

The notes on pages 12 to 31 form part of these financial statements.

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

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

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 the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- 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

This information is included in the consolidated financial statements of Constellation Software Inc. as at 31 December 2021 and these financial statements may be obtained from <https://www.csisoftware.com/>.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on a 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.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 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 licenses 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 services 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 services 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.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. [Provide an explanation how the incremental borrowing rate is determined].

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Leases (continued)

payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.13.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

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

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 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 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.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Straight line over the lease term
Plant and machinery	- Straight line over the lease term
Fixtures and fittings	- 5 years
Computer equipment	- 3 years
ROU assets	- Straight line over the lease term

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 profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 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.

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.19 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.20 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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.

IFRS15 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 the performance obligations are satisfied would not result in a material change to the financial results for the year.

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

Impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.12. 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

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

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

Analysis of turnover by country of destination:

	2021 £	As restated 2020 £
United Kingdom	9,829,999	11,099,630
Rest of Europe	767,387	885,098
Rest of the world	258,940	381,872
	<u>10,856,326</u>	<u>12,366,600</u>

5. Other operating income

	2021 £	As restated 2020 £
Intercompany recharges	5,836,370	4,373,711
Government grants receivable	-	64,109
	<u>5,836,370</u>	<u>4,437,820</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	194,986	203,633
Defined contribution pension cost	<u>198,613</u>	<u>210,887</u>

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>17,000</u>	<u>23,500</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	2,750	-
All other services	2,500	-
	<u>5,250</u>	<u>-</u>

8. Employees

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

	2021 £	As restated 2020 £
Wages and salaries	6,253,179	6,288,924
Social security costs	672,095	624,699
Cost of defined contribution scheme	198,613	210,887
	<u>7,123,887</u>	<u>7,124,510</u>

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

	2021 No.	2020 No.
Research and development staff	13	16
Maintenance and professional services staff	44	47
Administrative and recharge staff	43	36
Sales and marketing staff	12	13
	<u>112</u>	<u>112</u>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	470,513	698,070
Company contributions to defined contribution pension schemes	11,127	22,689
	<u>481,640</u>	<u>720,759</u>

During the year retirement benefits were accruing to 1 director (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £213,965 (2020 - £306,068).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £7,500).

10. Interest receivable

	2021 £	2020 £
Other interest receivable	6,986	1,527
	<u>6,986</u>	<u>1,527</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	97,683	329,715
Loans from group undertakings	-	99,363
IFRS 16 lease interest	23,329	26,676
	<u>121,012</u>	<u>455,754</u>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	307,289	331,713
Adjustments in respect of previous periods	(1,265)	-
	<u>306,024</u>	<u>331,713</u>
Total current tax	<u>306,024</u>	<u>331,713</u>
Deferred tax		
Origination and reversal of timing differences	(24,073)	495,045
Effect of tax rate change on opening balance	106,435	(17,084)
Adjustments in respect of prior periods	4,303	-
	<u>86,665</u>	<u>477,961</u>
Total deferred tax	<u>86,665</u>	<u>477,961</u>
Taxation on profit on ordinary activities	<u>392,689</u>	<u>809,674</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,500,851</u>	<u>1,769,206</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	289,624	336,149
Effects of:		
Expenses not deductible for tax purposes	3,982	128
Fixed asset differences	(1,415)	-
Adjustments to tax charge in respect of previous periods	(1,265)	-
Adjustments to tax charge in respect of prior periods- deferred tax	1,105	-
Remeasurement of deferred tax for changes in tax rate	100,658	34,545
Movement in deferred tax not recognised	-	438,852
	<u>392,689</u>	<u>809,674</u>
Total tax charge for the year	<u>392,689</u>	<u>809,674</u>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023, the main corporation tax rate will increase to 25%. This charged was substantively enacted on 24 May 2021. As a result the deferred tax liability has been calculated based on the substantively enacted rate of 25%.

13. Dividends

	2021 £	2020 £
Dividends	600,000	4,988,000
	<u>600,000</u>	<u>4,988,000</u>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Goodwill

	2021 £
Cost	
At 1 January 2021	2,748,944
Disposals	(205,167)
At 31 December 2021	2,543,777
Impairment	
At 1 January 2021	496,869
On disposals	(68,389)
At 31 December 2021	428,480
Net book value	
At 31 December 2021	2,115,297
<i>At 31 December 2020</i>	<i>2,252,075</i>

Cash generating units

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

	2021 £	2020 £
Action Information Management Limited	1,366,512	1,366,512
Trapeze Passenger Transport Information Limited	250,000	250,000
Grampian Software Holdings Limited	353,330	490,108
Southern Computer Systems Ltd (Fleetmaster)	145,455	145,455
	2,115,297	2,252,075

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	ROU assets £	Total £
Cost or valuation						
At 1 January 2021	21,952	36,835	20,639	769,404	1,620,039	2,468,869
Additions	-	-	-	24,821	-	24,821
			20,639		1,620,039	
At 31 December 2021	21,952	36,835		794,225		2,493,690
Depreciation						
At 1 January 2021	21,952	36,835	17,569	738,536	372,008	1,186,900
Charge for the year on owned assets	-	-	824	25,893	-	26,717
Charge for the year on right-of-use assets	-	-	-	-	168,269	168,269
			18,393		540,277	
At 31 December 2021	21,952	36,835		764,429		1,381,886
Net book value						
At 31 December 2021	-	-	2,246	29,796	1,079,762	1,111,804
			3,070		1,248,031	
At 31 December 2020	-	-		30,868		1,281,969

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2021 £	2020 £
Tangible fixed assets owned	32,042	33,938
Right-of-use tangible fixed assets	1,079,762	1,248,031
	<u>1,111,804</u>	<u>1,281,969</u>

TRAPEZE GROUP (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2021 £	2020 £
Property	1,075,653	1,241,493
Other tangible fixed assets	4,109	6,538
	<u>1,079,762</u>	<u>1,248,031</u>

Depreciation charge for the year ended

	2021 £	2020 £
Property	166,090	166,090
Other tangible fixed assets	2,179	14,056
	<u>168,269</u>	<u>180,146</u>

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	1
	<u>1</u>
At 31 December 2021	<u>1</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Taranto Systems Limited	Unit A1, Methuen Park, Chippenham, England, SN14 0GT	Ordinary	100 %

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Stocks

	2021 £	2020 £
Raw materials and consumables	-	9,709
	<u>-</u>	<u>9,709</u>

18. Debtors

	2021 £	2020 £
Trade debtors	2,591,018	2,899,863
Amounts owed by group undertakings	6,838,485	11,514,750
Other debtors	295,100	-
Prepayments and accrued income	383,547	662,415
Amounts recoverable on long-term contracts	1,246,217	1,502,383
	<u>11,354,367</u>	<u>16,579,411</u>

19. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	120,147	56,507
	<u>120,147</u>	<u>56,507</u>

20. Creditors: Amounts falling due within one year

	2021 £	2020 £
Payments received on account	253,489	175,561
Trade creditors	62,813	317,449
Amounts owed to group undertakings	3,614,969	7,391,159
Corporation tax	-	114,640
Other taxation and social security	891,477	1,090,605
Lease liabilities	163,961	168,845
Accruals and deferred income	4,695,617	6,306,970
	<u>9,682,326</u>	<u>15,565,229</u>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	2021 £	2020 £
Lease liabilities	947,706	1,111,715
Accruals and deferred income	-	25,972
	<u>947,706</u>	<u>1,137,687</u>

22. Deferred taxation

	2021 £
At beginning of year	(332,744)
Charged to profit or loss	(86,666)
At end of year	<u><u>(419,410)</u></u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(491,969)	(384,693)
Tax losses carried forward	66,608	51,949
Short term timing differences	5,951	-
	<u><u>(419,410)</u></u>	<u><u>(332,744)</u></u>

23. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
2 (2020 - 2) Ordinary shares shares of £1.00 each	<u>2</u>	<u>2</u>

TRAPEZE GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. 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.

25. Prior year adjustment

The Company has chosen to change the classification of intercompany recharged income from turnover to other operating income, with any associated costs reclassified from cost of sales to administrative expenses. There is no impact on profit or net assets from this reclassification.

26. Pension commitments

The Company operates a defined contributions 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 £198,614 (2020 - £210,887).

Contributions totalling £37,369 (2020 - £38,822) were payable to the fund at the reporting date and are included in creditors.

27. Related party transactions

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

28. Post balance sheet events

On 9 May 2022 Trapeze Group (UK) Limited acquired Corethree Ltd for an initial consideration of £1,880,000 plus other contingent considerations.

29. Controlling party

The immediate parent company is Modaxo Europe A/S, a company incorporated in Denmark.

The largest and smallest group in which the results are consolidated is that headed by Constellation Software Inc.

Constellation Software Inc. is also the ultimate controlling party of the Company. The consolidated accounts of Constellation Software Inc. are available to the public and may be obtained from www.cssoftware.com/category/stat-filings

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.