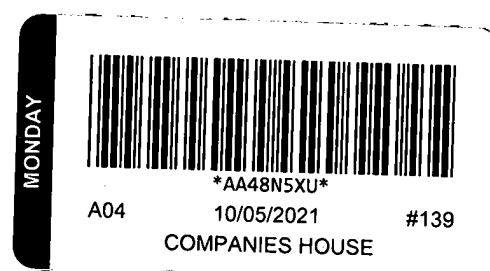


# Jonas Computing (UK) Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2019



## **JONAS COMPUTING (UK) LIMITED**

### **COMPANY INFORMATION**

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**Directors**

B A Symons  
J R MacKinnon  
S R Saklad  
D P Boxall  
R Clancy

**Secretary**

J Belghoul

**Company number**

05301607

**Registered office**

Gladstone House  
Hithercroft Road  
Wallingford  
Oxfordshire  
OX10 9BT

**Independent auditors**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Seacourt Tower  
Botley  
Oxford  
OX2 2JJ

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# **JONAS COMPUTING (UK) LIMITED**

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# **JONAS COMPUTING (UK) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Introduction**

The Directors present their Strategic Report and Financial Statements for the year ended 31 December 2019.

### **Business review**

Jonas Computing (UK) Limited and its subsidiaries ("the Group") are wholly owned subsidiaries of Constellation Software Inc. a Canadian Company listed on the Toronto Stock Exchange ("TSX").

As wholly owned subsidiaries, the Group benefits from the operational and financial support of its ultimate parent and its intermediate parent company, Gary Jonas Computing Ltd ("Jonas"). Jonas is the leading provider of enterprise management software solutions to the Club, Leisure Fitness and Sports, Salon and Spa, Foodservice, Construction, Attractions, Metal Service Centres, Moving and Storage, Education, Hotel and Hospitality, Camps, Event Management, Radiology/Laboratory Information Systems, Consumer Product Licensing, Payment Processing, Dynamic Case Management, Wine POS, Marina, Manufacturing, Managed Print Services, Legal, Email Marketing, Elevator Maintenance, Early Intervention, Medical Technology and Retail industries.

### **Principal risks and uncertainties**

In addition to the many markets that Jonas operates in, Jonas Computing (UK) Limited ("Jonas UK") operates in a wide range of markets and industries itself, resulting in risks and uncertainties being diversified throughout its portfolio. This can be seen at a company level, where companies in different industries have been affected differently from COVID-19, some Jonas UK companies within industries such as Education and Retail have been affected by a reduction in revenue, whilst one of our larger companies within the packing industry has benefited, with an increase in demand.

#### *Education*

Client purchasing activity has been significantly reduced in 2020 and the first quarter of 2021, as a result of the Covid 19 pandemic and subsequent global economic downturn, coupled with the impact of school closures and an uncertain phased return to normal service and activities. Sales did pick up in the latter end of 2020 as some schools reopened and activity started to normalise. We anticipate 2021 will bring more sales as the education sector returns to some form of normality.

Competitive pressures within the UK education market remain and could result in the company losing some new sales and existing customers to key competitors. To manage this risk the company aims to provide added value products, and excellent services to its customers and prompt response times in the handling of customer queries. The companies regularly survey their customer base to better understand customer opinions and market trends. Software solutions will be adapted and enhanced in order to meet customer needs and attract new business.

#### *Retail*

Client purchasing activity will be significantly reduced over the next 6 to 12 months as a result of the 2020 global economic downturn, coupled with trading restrictions imposed on the market.

The risk through the ongoing impact of COVID-19 and Competitive pressure in all regions of the UK and divisions of the Company is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers; and adapting software products to meet customer needs."

## **JONAS COMPUTING (UK) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

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#### *Packing*

Greycon is a global companies with customers in over 40 different countries and in all the continents (with offices in each of the continents). The majority of the customers are in the Packaging Industry (paper, plastic film, converting) or Nonwovens and outside of the UK. The solutions we offer are critical for the optimisation and the execution of the production operations for these customers. This remains Greycon's strength and continues to present several growth opportunities. In terms of the risks, we have identified increased competition, exchange rate fluctuation in light of Brexit on-going negotiation or the recent COVID-19 pandemic. The latter has had no major impact on the business since the customers remain very active (the Packaging Industry and in the Nonwoven manufacturing are often an essential part of the supply chain of the food, medical or hygiene products which are in high demand). We continue to serve all the customers at the same level and offer additional services to support their operations. In the meantime, the company continues to develop its products and services offering as well as strengthen its expertise or its global presence to maintain the competitive advantage and actively assess any change in demand or global economy trends, how these can be mitigated and take corrective action.

#### *Health & Leisure*

The impact of COVID-19 pandemic on the sector has seen a big impact on operators to deliver lessons and courses, along with seeing an increase in the general public being active away from a traditional health clubs or leisure centres. This creates both an opportunity and a threat to the sector, with the need to diversifying the traditional bricks and mortar model of the industry to take advantage of the hybrid model for in facility and home workouts. During lockdown a number of new features in this field, to support operators were launched with uptake increase as the industry reopens.

The Home workout revolution also creates new competitors in the market for members with online and app providers providing software to help the general public be active, however the view is that this new world of home exercising will not reduce the penetration the sector has, but provides an opportunity for more members of the general public to be active. The need for consumer feedback is increasing and provide a sweet spot for TRP to target.

The companies are also seeing an increase in competition due to new low cost operators and new boutique clubs, along with competitors improving the quality of their software.

A plan to diversify and create a range of products over the last 3-4 years has progressed well and TRP can now offer a suite of products. However, for each part of that suite there are a range of competitors who are specialists in that particular area meaning TRP competes on many fronts against many other businesses. TRP now has a strong and stable product base and is gaining traction by being able to offer a full suite of interventions when faced with single solution competitors. Cap2 are now focusing on providing their market leading solutions to different markets, particularly different areas ad sports. Strategic alliances within the sector will help the companies to diversify and growth.

#### *Metals*

The impact of Brexit short term has seen pressures on the Steel Industry due to rising import costs, leading to Company closures and consolidation, Tata steel in particular have divested heavily. On the upside investments by Greybull and Liberty has seen capacity saved and with continued price increases, meant that the sector has been performing positively with higher than predicted investment in Information Systems which has lead to good UK sales in smaller systems for the Company. The long term UK future is still very uncertain and the continued low price of Gas and Oil has meant a reduction in investment in this important Market, leading to a number of high profile projects being put on hold. This further strengthens the argument for the allocation of resources to the rest of world market for the future of the business.

# JONAS COMPUTING (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

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### Financial key performance indicators

In alignment with Group policy, the Group considers its Key Performance Indicators ("KPIs") to be those which drive shareholder value, namely Net Revenue Growth ("NRG"), being the year on year movement in gross profit, and Profitability which is measured as profit before exceptional items and taxation.

	2019	2018	2017
Growth in Gross Profit	13%	17%	22.9%
Profit before exceptional items and taxation	6,552,073	6,985,652	5,592,150

Net Revenue and profits continue to grow as Jonas UK develops and strengthens its existing Companies along-side acquiring new Companies to expand the portfolio.

In addition to the above KPIs, the Group also pays close attention to its net current assets position. Jonas requires that the Group 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 Group is not necessarily conveyed by the net current asset position when reading these financial statements in isolation. To fully understand the size and strength of the corporate Group of which the Group is a part, these financial statements should be read in conjunction with those of Constellation Software Inc.

### Future developments

Jonas UK will continue to grow organically through the development of its current portfolio of Companies, ensuring strong customer service, competitive products and investment in their people. In addition to this, they will continue to deploy capital into the acquisition of new Companies to strengthen and expand their portfolio of Companies.

This report was approved by the board on 10/5/2021 and signed on its behalf.



.....  
**S R Saklad**  
 Director

# **JONAS COMPUTING (UK) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their Report and Financial Statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the Company was that of software solutions and services to the club and hospitality market. The principal activity of the Group was the provision of computer software and consultancy services.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

B A Symons	(appointed 1 January 2019)
J R MacKinnon	(appointed 1 January 2019)
S R Saklad	
D P Boxall	
R Clancy	
T Baptie	(resigned 1 December 2019)

#### **Qualifying third party indemnity provisions**

The company and its subsidiaries have made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Results and dividends**

The results for the period are set out on page 11.

Ordinary dividends of £16,687,225 (2018 - £12,044,309) were paid. The directors do not recommend payment of a final dividend (2018 - £nil).

#### **Going concern**

Since the balance sheet date, the COVID-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact. This has had a significant impact on Jonas UK, as facilities such as gyms, leisure clubs, schools, and retail facilities have been closed for a number of months as part of these measures.

Key concerns at the beginning of the Pandemic were in relation to reduction in ad hoc revenue, renewal of maintenance contracts and also cashflow.

2020 revenue and EBITA has not been as negatively affected as first thought, with net revenue of £55m, 17% lower than forecasted as at the end of 2019, and EBITA of £16m, 5% lower than forecasted at the end of 2019. Forecasts have been built on a detailed bottom up approach; revenue based on pipeline, contracts and customer and market knowledge, and costs based on historic data, future plans and knowledge of the industry.

The Group has suffered from a reduction in cashflow for the first half of 2020. Due to this issue, more focus and better cashflow management has taken place and the government programmes to defer VAT and Furlough employees have been taken up. In addition to this, Jonas had support from the wider group to help fund its payroll commitments. Since facilities and schools re-opened after the first lockdown the Group has seen a significant increase in cash coming in for August and for the months to date.

## JONAS COMPUTING (UK) LIMITED

### DIRECTORS REPORT (CONTINUED)

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The subsequent lockdowns are having a significantly reduced effect on the Group compared to the first lockdown. This is due to the Group gaining benefits of the new features and strategies they have developed within the first half of 2020. The Group will continue to use the Furlough scheme where required.

#### Strategic Report

The Directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the Company.

#### Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

#### Section 172 statement

##### *Introduction*

The Group's business model and strategy is to acquire vertical market software companies and to develop and improve their operations, along with supporting their products for life. *Software for Life* is the promise that Jonas is committed to. The Group share expertise and best practise through the diverse range of companies and teams, adding to Jonas' success and to the benefit of its members.

##### *Employees*

Jonas believes that its employees are the most important resource, and this can be seen in the UK's Training and Development Initiative, which provides a huge range of accessible training to all teams and levels across the UK. In addition to this, Jonas has a high level of centralised resources and policies available to all members of staff to ensure support is always available.

##### *The group's business relationships*

The Group's business relationships with suppliers, customers and their partners are committed to at a business unit level, where Jonas can understand their specific needs in relation to theirs and our operations. Jonas engages with its customers, suppliers and partners regularly through meetings, calls, survey, conferences and other events throughout the year. The Group are committed to working with its customers to deliver social value through impactful engagement within their local communities. The Group also have centralised retention and disposal policies for our computer hardware to ensure that these assets are managed responsibly, in 2019 computers were donated to ComputerAid, a charity that provides access and education to developing countries.

##### *Business Operations*

Management operate the businesses within the Group in a responsible manner by maintaining high standards of business conduct, and its intention is to consider all members of the Group equally and fairly.

On behalf of the board



.....  
**S R Saklad**

**Director**

.....  
10/5/2021



## **JONAS COMPUTING (UK) LIMITED**

### **DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under Company law to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Accounting Standards and applicable law).

The Group and Company financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group and the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statement;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JONAS COMPUTING (UK) LIMITED**

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### **Opinion**

We have audited the financial statements of Jonas Computing (UK) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **The impact of macro-economic uncertainties on our audit**

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

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

Conclusions relating to going concern

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JONAS COMPUTING (UK) LIMITED (CONTINUED)**

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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 Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JONAS COMPUTING (UK) LIMITED (CONTINUED)**

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

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

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 7, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

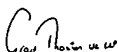
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JONAS COMPUTING (UK) LIMITED (CONTINUED)**

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### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanda James BFP ACA FCCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Oxford  
Date: 10/5/2021

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Revenue	2	77,440,957	63,232,547
Cost of sales	3	(12,400,161)	(6,604,393)
<b>Gross profit</b>		65,040,796	56,628,154
Administrative expenses	3	(58,054,320)	(49,164,551)
Other operating income	4	132,124	31,686
<b>Operating profit</b>		7,118,600	7,495,289
Finance income	7	244	328
Finance costs	8	(566,771)	(509,965)
<b>Profit before tax</b>		6,552,073	6,985,652
Income tax expense	9	(2,237,878)	(1,696,341)
<b>Profit for the year</b>		4,314,195	5,289,311
Other comprehensive income		341,157	45,814
<b>Total comprehensive income for the year</b>		4,655,352	5,335,125

The accompanying accounting policies and notes on pages 17 to 57 form an integral part of the financial statements.

**JONAS COMPUTING (UK) LIMITED**

Company Registration No. 05301607

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 As restated £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	6,449,491	3,853,900
Goodwill	12	7,704,264	7,024,571
Other intangible assets	13	36,974,450	28,440,999
Deferred tax assets	22	992,440	-
Contract costs	2	346,049	460,440
Total non-current assets		52,466,694	39,779,910
<b>Current assets</b>			
Inventories	15	1,403,677	1,134,198
Contract costs	2	102,326	98,530
Deferred tax assets	22	-	404,094
Trade and other receivables	16	43,153,320	62,015,025
Cash and cash equivalents	17	6,715,671	4,635,879
Total current assets		51,374,994	68,287,726
<b>Total assets</b>		<b>103,841,688</b>	<b>108,067,636</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	(4,680,384)	(4,727,287)
Contract liabilities	2	(1,698,167)	(528,010)
Deferred tax liabilities	22	(5,996,497)	-
Non-current Lease liabilities	18	(3,851,025)	-
Total non-current liabilities		(16,226,073)	(5,255,297)
<b>Current liabilities</b>			
Borrowings	19	(2,318,959)	(677,414)
Trade and other payables	20	(49,401,544)	(69,346,052)
Current tax liabilities		(1,205,256)	(2,121,607)
Deferred tax liabilities	22	-	(4,772,352)
Contract liabilities	2	(18,894,120)	(14,006,415)
Current Lease liabilities	18	(1,005,040)	-
Total current liabilities		(72,824,919)	(90,923,840)
<b>Total liabilities</b>		<b>(89,050,992)</b>	<b>(96,179,137)</b>
<b>Net assets</b>		<b>14,790,696</b>	<b>11,888,499</b>

**JONAS COMPUTING (UK) LIMITED**

Company Registration No. 05301607

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 As restated £
<b>EQUITY</b>			
Called-up share capital	23	1	1
Share premium account		16,859,737	16,859,737
Capital contribution		27,590,070	12,655,000
Retained earnings		(29,659,112)	(17,626,239)
<b>Total equity</b>		<u>14,790,696</u>	<u>11,888,499</u>

The financial statements on pages 11 to 57 were approved by the Board of Directors and authorised for issue on 16/3/2021 and are signed on its behalf by:

*S R Saklad*  
**S R Saklad**  
 Director

The accompanying accounting policies and notes on pages 17 to 57 form an integral part of the financial statements.



**JONAS COMPUTING (UK) LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Share capital £	Share premium £	Capital contribution £	Retained earnings £	Total £
Balance at 1 January 2018		1	16,859,737	5,800,000	(9,271,460)	13,388,278
Adjustment for IFRS15		-	-	-	(1,645,595)	(1,645,595)
Profit for the year		-	-	-	5,289,311	5,289,311
Currency translation differences		-	-	-	45,814	45,814
Total comprehensive income for the year		-	-	-	5,335,125	5,335,125
Transactions with owners in their capacity as owners:						
Dividends	10	-	-	-	(12,044,309)	(12,044,309)
Capital contribution		-	-	6,855,000	-	6,855,000
Balance at 31 December 2018		1	16,859,737	12,655,000	(17,626,239)	11,888,499
Profit for the year		-	-	-	4,314,195	4,314,195
Currency translation differences		-	-	-	341,157	341,157
Total comprehensive income for the year		-	-	-	4,655,352	4,655,352

**JONAS COMPUTING (UK) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Share capital £	Share premium £	Capital contribution £	Retained earnings £	Total £
Transactions with owners in their capacity as owners:						
Dividends	11	-	-	-	(16,688,225)	(16,688,225)
Capital contribution		-	-	14,935,070	-	14,935,070
Balance at 31 December 2019		1	16,859,737	27,590,070	(29,659,112)	14,790,696

The accompanying accounting policies and notes on pages 17 to 57 form an integral part of the financial statements.

**JONAS COMPUTING-(UK) LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>Operating activities</b>			
Cash generated from operations	25	16,188,941	24,307,393
Interest paid	8	(566,771)	(509,965)
Income taxes paid		(6,585,563)	(1,694,448)
<b>Net cash generated from operating activities</b>		<b>9,036,607</b>	<b>22,102,980</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	11	(1,387,436)	(406,053)
Proceeds on disposal of tangible assets		2,294,184	-
Proceeds on disposal of intangible assets		177,148	-
Purchase of subsidiaries (net of cash acquired)		(7,160,000)	(14,593,378)
Interest received	7	244	328
<b>Net cash used in investing activities</b>		<b>(6,075,860)</b>	<b>(14,999,103)</b>
<b>Financing activities</b>			
Capital contribution		14,935,070	6,855,000
Dividends paid to owners of the parent Company	10	(16,688,225)	(12,044,309)
Repayment of lease liabilities		(663,367)	(36,405)
<b>Net cash used in financing activities</b>		<b>(2,416,522)</b>	<b>(5,225,714)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>544,225</b>	<b>1,878,163</b>
Cash and cash equivalents at 1 January		4,022,545	2,144,382
Cash and cash equivalents at 31 December 2019	17	4,566,770	4,022,545
Cash and cash equivalents per the statement of financial position		6,715,671	4,635,879
Less bank overdrafts		(2,148,901)	(613,349)
Cash and cash equivalents for the statement of cash flows purpose	17	4,566,770	4,022,545

The accompanying accounting policies and notes on pages 17 to 57 form an integral part of the financial statements.

## **JONAS COMPUTING (UK) LIMITED**

### **CONSOLIDATED ACCOUNTING POLICIES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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##### **General information**

Jonas Computing (UK) Limited ("the Company") is a private Company limited by shares and incorporated and domiciled in England. The address of the Company's registered office and principal place of business is Gladstone House, Hithercroft Road, Wallingford, Oxfordshire, OX10 9BT.

The principal activity of Jonas Computing (UK) Limited, together with its subsidiaries ("the Group"), is the provision of computer software and consultancy services.

The Group is ultimately controlled by Constellation Software Inc. incorporated and domiciled in Canada, which indirectly holds 100% of the ordinary shares of Jonas Computing (UK) Limited.

##### **Basis of preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee interpretations ("IFRIC"), as adopted by the European Union. They have been prepared under the historical cost convention in accordance with those parts of the Companies Act 2006 that are applicable to companies that prepare consolidated financial statements in accordance with IFRS.

The consolidated financial statements comprise a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

The Group presents the statement of comprehensive income using the classification by function of expenses. The Group believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current and non-current distinction.

##### **Measurement bases**

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements have been made and their effect is disclosed in note 1.

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Jonas Computing (UK) Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

## **JONAS COMPUTING (UK) LIMITED**

### **CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Going concern**

The Group's forecasts for the period of 12 months following the approval of the financial statements has been reviewed, and accordingly the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Since the balance sheet date, the COVID-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact. This has had a significant impact on Jonas UK, as facilities such as gyms, leisure clubs, schools, and retail facilities have been closed for a number of months as part of these measures.

Key concerns at the beginning of the Pandemic were in relation to reduction in ad hoc revenue, renewal of maintenance contracts and also cashflow.

2020 revenue and EBITA has not been as negatively affected as first thought, with net revenue of £55m, 17% lower than forecasted as at the end of 2019, and EBITA of £16m, 5% lower than forecasted at the end of 2019. Forecasts have been built on a detailed bottom up approach; revenue based on pipeline, contracts and customer and market knowledge, and costs based on historic data, future plans and knowledge of the industry.

The Group has suffered from a reduction in cashflow for the first half of 2020. Due to this issue, more focus and better cashflow management has taken place and the government programmes to defer VAT and Furlough employees have been taken up. In addition to this, Jonas had support from the wider group to help fund its payroll commitments. Since facilities and schools re-opened after the first lockdown the Group has seen a significant increase in cash coming in for August and for the months to date. The second lockdown is having a significantly reduced effect on the Group compared to the first lockdown. This is due to the Group gaining benefits of the new features and strategies they have developed within the first half of 2020. The Group will continue to use the Furlough scheme where required.

#### **Foreign and functional currencies**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The functional currency of the Group is Sterling (£). The financial statements are presented in Sterling, this being the currency of the economic environment of the Group. Monetary amounts in these financial statements are rounded to the nearest £1.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### **Revenue**

Revenue represents the amount the Group expects to receive for products and services in its contracts with customers, net of discounts and VAT. The Group recognises revenue under four revenue categories being, License, Hardware and other, Professional services, and Maintenance and other recurring revenue. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Professional service

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Revenue (continued)**

revenue consists of fees charged for implementation services, custom programming, product training and consulting.

Hardware and other revenue includes the resale of third party hardware as part of customised solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services, and hosted products.

*Contracts with multiple products or services*

Typically, the Group enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Group evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Group's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated standalone selling price (SSP).

*Nature of products and services*

The Group sells on-premise software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognised at the time that both the right-to-use the software has commenced and the software has been made available to the customer. Certain of the Group's contracts with customers contain provisions that require the customer to renew optional support and maintenance in order to maintain the active right to use a perpetual or term license. The renewal payments after the initial bundled support and maintenance term in these cases apply to both the continued right-to-use the license and the support and maintenance renewal. Where the fees payable for the initial term are incremental to the fees for the renewal terms, the excess is treated as a prepayment for expected renewals and allocated (amortised) evenly over the expected customer renewals, up to the estimated life of the software that is typically 4-6 years. Revenue from the license of software that involves complex implementation or customisation that is not distinct, and/or includes sales of hardware that is not distinct, is recognised as a combined performance obligation using the percentage-of-completion method based either on the achievement of contractually defined milestones or based on labour hours.

A portion of the Group's sales, categorised as hardware and other revenue, are accounted for as product revenue. Product revenue is recognised when control of the product has transferred under the terms of an enforceable contract.

Revenue related to the customer reimbursement of travel related expenses incurred during a project implementation where the Group is the principal in the arrangement is included in the hardware and other revenue category. Revenue is recognised as costs are incurred which is consistent with the period in which the costs are invoiced. Reimbursable travel expenses incurred for which an invoice has not been issued, are recorded as part of unbilled revenue on the statement of financial position.

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Revenue (continued)**

Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes, to a lesser extent, recurring fees derived from software licenses that are not distinct from maintenance, transaction revenues, managed services, and hosted products.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription, which includes the hosted software and maintenance is recognised rateably over the term of the subscription. Significant incremental payments for SaaS in an initial term are recognised rateably over the expected renewal periods, up to the estimated life of the software.

Professional services revenue including installation, implementation, training and customization of software is recognised by the stage of completion of the performance obligation determined using the percentage of completion method noted above or as such services are performed as appropriate in the circumstances. The revenue and profit of fixed price contracts is recognised on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

**Other income**

*Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

**Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Freehold property	50 years straight line
Leasehold improvements	over the term of the lease or 100 years, whichever is shorter
Fixtures and fittings	3-5 years straight line
Computer equipment	2-5 years straight line
Motor vehicles	3-5 years straight line

# **JONAS COMPUTING (UK) LIMITED**

## **CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the statement of comprehensive income.

#### **Business combinations**

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date.

Goodwill arises where the fair value of consideration given for a business exceeds fair value of such assets, liabilities and contingent liabilities. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognised directly in the income statement.

#### **Goodwill**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

For impairment assessment purposes, assets are Grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

#### **Other intangible assets**

Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are acquired and available for use, since this most closely reflects the expected usage and pattern of consumption of the future economic benefits embodied in the asset. To determine the useful life of the technology assets, the Group considers the length of time over which it expects to earn or recover the majority of the present value of the forecasted cash flows of the related intangible assets. The estimated useful lives for the current and comparative periods are as follows:

Customer relationships	10-25% straight line
Intellectual property	14-25% straight line



# **JONAS COMPUTING (UK) LIMITED**

## **CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Impairment of intangible assets and property, plant and equipment**

At each reporting end date, the Group reviews the carrying amounts of its intangible assets and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Inventories**

Inventories are carried in the consolidated statement of financial position at the lower of cost and net realisable value. Cost is determined on a first-in first-out (FIFO) basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads based on normal levels of activity.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value. Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

#### **Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognised immediately in profit or loss.

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial instruments (continued)**

*Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

*Impairment of financial assets*

The group recognises an allowance for expected credit losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

ECLs are provided based on an historic assessment of the past 12 months data at a customer level, resulting in a % allocated against certain aged debts. In addition to this assessment, all balances are reviewed on a line by line basis to ensure the relevant risk is provided for based on the current industry and operational knowledge

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on ECLs at each reporting date. The Group has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*Reclassification of financial assets*

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

# **JONAS COMPUTING (UK) LIMITED**

## **CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

##### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial instruments (continued)**

The effective interest method 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 net carrying amount on initial recognition.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position includes cash in hand, deposits held at call with banks and cash equivalents. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash at bank and in hand. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Current and deferred income tax (continued)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Pensions**

The Group operates a defined contribution pension scheme for employees. Contributions are paid as fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Dividends**

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.

**Research and development**

In the research phases of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence expenditure on research and development shall be recognised as an expense when incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the assets will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 16 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were incurred in the research phase only.

To date, no material development expenditures have been capitalised.

# **JONAS COMPUTING (UK) LIMITED**

## **CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **New international reporting standards, amendments and interpretations adopted**

##### **IFRS 16**

During the year, the Group mandatorily adopted IFRS 16 'Leases' (IFRS 16) effective from 1 January 2019. IFRS 16 replaces IAS 17 'Leases'. The Group previously split leases between 'finance leases' that transferred substantially all the risks and rewards incidental to ownership of the asset to the Group, and 'operating leases'. The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term. The accounting for leases previously accounted for as finance leases under IAS 17 has not changed substantially, except that residual value guarantees are recognised under IFRS 16 at amounts expected to be payable rather than the maximum amount guaranteed, as required by IAS 17. At 31 December 2018 and 2019, the Group has no items of Property, plant and equipment leased under finance leases.

The Group has applied IFRS 16 retrospectively to all leases but has elected to recognise the cumulative effect against opening reserves at 1 January 2019. Therefore, the comparative figures are as previously reported under IAS 17. The Group has applied this approach subject to the transition provisions set out below:

- A single discount rate has been applied to portfolios of leases with similar characteristics;
- The right-of-use assets have not been assessed for impairment at 1 January 2019, but have been reduced by the amount of any onerous lease provisions at that date; and

The amounts recognised for leases at 1 January 2019, have been measured as follows:

#### ***Operating leases under IAS 17, except 'low value' and 'short-term'***

The lease liability is measured at the present value of the remaining lease payments at 1 January 2019, discounted at the lessee's incremental borrowing rate at that date.

The right-of-use asset is measured at the amount of the lease liability recognised in accordance with the measurement set out above, adjusted for accrued or prepaid operating lease payments at 1 January 2019.

#### ***'Low-value' leases***

When the value of the underlying asset (if new) at 1 January 2019 is \$5,000 or less, the Group has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

#### ***'Short-term' leases***

Where the lease term is less than 12 months, the Group has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

**JONAS COMPUTING (UK) LIMITED**  
**CONSOLIDATED ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**New international reporting standards, amendments and interpretations adopted (continued)**

The following accounting policies were applied to leases in the year ended 31 December 2018:

**Leases**

Leases were classified as finance leases when the terms of the lease transferred substantially all the risks and rewards of ownership to the Group. All other leases were classified as operating leases.

Rentals payable under operating leases were expensed on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease (such as up-front cash payments and reimbursement of relocation cost) were spread evenly over the life of the lease.

**Impact of adoption**

The Group adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations. On initial application, the Group has elected to record right-of-use assets based on the corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments. Right-of-use assets of £2,559,750 and lease obligations of £2,608,017 were recorded as of January 1, 2019, with no net impact on retained earnings.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is approximately 2%. The Group has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases. The Group has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Group applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

The following table reconciles the Group's operating lease obligations at December 31, 2018, as previously disclosed in the Group's consolidated financial statements, to the lease obligations recognised on initial application of IFRS 16 at January 1, 2019.

	<b>Leasehold land</b>	<b>Plant equipment</b>	<b>and Vehicle leases</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
IAS 17 operating lease commitment at 31 December 2018	8,993,493	74,414	58,298	<b>9,126,205</b>
Impact of discounting	-19,127	-471	-1,680	-21,278
Overstatement in prior year	-6,464,360	-37,572	5,022	-6,496,910
<b>IFRS 16 opening lease liability at 1 January 2019</b>	<b>2,510,006</b>	<b>36,371</b>	<b>61,640</b>	<b>2,608,017</b>

# **JONAS COMPUTING (UK) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Judgement in applying accounting policies and key sources of estimation uncertainty**

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

##### **Key Sources of Estimation Uncertainty**

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount of values may vary in certain instances from the assumption and estimates made. Changes will be recorded, with corresponding effect in the statement of comprehensive income, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

##### *Impairment reviews*

In recognising provisions, the Group evaluates the extent to which it is possible that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgement used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in use calculations using a discount rate of 20%. These calculations require the use of estimates.

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 17 for the net carrying amount of the receivables.

The impairment analysis of goodwill and tangible and other intangible assets requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated. Estimation of the value in use for goodwill is primarily based on future revenue and profitability forecasts over the following 5 years, which is re-assessed on a quarterly basis. Revenue growth is forecasted based on the specific contracts, pipeline and industry knowledge of each business unit. The Group has a history of profitability and projections are based on mature pipelines and historic data at a business unit level. There are no significant assumptions required for the review of this cash-generating unit.

##### *Valuation of deferred consideration*

Deferred consideration for companies acquired is initially accounted for based on forecasted performance relevant to the specific metrics outlined in the relevant share purchase agreement, as at the date of purchase. Subsequent to this, these liabilities are re-valued based on the latest forecasts and knowledge of the opening net assets, as at the balance sheet date.

##### **Critical Accounting Judgements**

##### *Deferred tax assets*

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the Group's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes to the measurement of deferred tax assets.



## **JONAS COMPUTING (UK) LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1 Judgement in applying accounting policies and key sources of estimation uncertainty (continued)**

**Critical Accounting Judgements (continued)**

*Useful economic lives*

The annual amortisation charge for other intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation.

See note 13 for the carrying amount of the other intangible assets and the accounting policies for the useful economic lives for each class of assets.

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property, plant and equipment and the accounting policies for the useful economic lives for each class of assets.

*Provisions*

In recognising provisions, the Company evaluates the extent to which it is possible that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

*Write-down of inventories*

Management estimate that net realisable values of inventory, 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.

*IFRS 16 – discount rate*

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

The Group determines its incremental borrowing rate with reference to its existing and historical cost of borrowing adjusted for the term and security against such borrowing.

*Valuation of intangible assets*

Discount rates used to calculate the valuation of intangible assets such as customer relationships and intellectual property are based on the cashflows of the individual assets and the IRR of the transaction, and are in between 15-30%, which is reflective of traditional vertical market software.

The useful economic life of customer assets is calculated based on when the annual accumulated present value of cashflows as a proportion of the total present value of the cashflows is over 85%.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****2 Revenue**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Continuing Operations</b>		
Revenue from contracts with customers	70,344,285	60,161,797
Intra-group revenue	7,096,672	3,070,750
	<u>77,440,957</u>	<u>63,232,547</u>

<b>Revenue by geographical location</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
United Kingdom	54,029,445	49,045,032
Rest of Europe	10,078,706	12,628,522
Rest of the world	13,332,806	1,558,993
	<u>77,440,957</u>	<u>63,232,547</u>

<b>Revenue by type of service</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Software licenses	2,246,637	2,742,086
Hardware and other revenue	7,652,462	6,223,143
Professional services	60,267,062	13,653,127
Maintenance and other recurring revenue	7,274,796	40,614,191
	<u>77,440,957</u>	<u>63,232,547</u>

In the prior year £917,688 was previously shown in contract assets which are now split between contract costs and contract liabilities, these have been amended following changes to account mappings.

The following tables provides information about contract liabilities.

<b>Deferred Revenue:</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>As restated £</b>
At January 1 2019	14,534,425	12,913,352
Increase from IFRS 15 opening balance sheet adjustments	-	2,566,931
Increase from business combinations	2,970,613	1,590,949
Decrease from revenue recognised that was included in the deferred revenue balance at the beginning of the period	(12,883,633)	(12,685,619)
Decrease from revenue recognised that arose from acquired deferred revenue balances in the current year	-	-
Increase due to cash received, excluding amounts recognised as revenue during the period	14,840,810	10,103,645
Foreign exchange and other movements	1,130,072	45,167
At December 31 2019	<u>20,592,287</u>	<u>14,534,425</u>

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2 Revenue (continued)**

Deferred revenue classified as a currently liability	18,894,120	14,006,415
Deferred revenue classified as an other non-current liability	1,698,167	528,010

The amount of revenue recognised in the year ended 31 December 2019 from performance obligations satisfied in previous periods was £nil (31 December 2018 - £nil).

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognised ("contracted not yet recognised") and includes unearned revenue and amounts that will be invoiced and recognised as revenue in future periods. Contracted not yet recognised was approximately £31,292,898 as of 31 December 2019 (2018 - £32,235,133), of which we expect to recognise an estimated 86% (2018 - 89%) of the revenue over the next 12 months and the remainder thereafter.

**Costs to obtain a contract with a customer:**

The group has capitalised and amortised incremental commission costs on a systematic basis, consistent with the pattern of transfer of the good(s) or services(s) to which the commission relates as the group believes these costs are recoverable. The total capitalised commission costs as of 31 December 2019 is £448,375 (2018 - £558,970). The amount of amortisation expense for the year ended 31 December 2019 was £197,938 (2018 - £732,927) and there was no impairment loss in relation to the costs capitalised.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****3 Analysis of expenses by nature**

The breakdown by nature of cost of sales, distribution costs and other administrative expenses is as follows:

	2019 £	2018 £
<b>Employee remuneration (Note 6)</b>	37,277,017	28,200,833
<b>Intangible assets (Notes 12 and 13)</b>		
Impairment of goodwill	319,292	-
Amortisation of other intangible assets	7,129,490	8,177,538
<b>Property, plant and equipment (Note 11)</b>		
Depreciation of property, plant and equipment	1,825,551	476,360
Leasing costs	216,944	277,135
Foreign exchange (gain)/loss	1,063,031	209,735
Loss on disposal of property, plant and equipment	384,228	-
Consumables and raw materials used	5,426,806	4,591,852
Telecommunications	463,321	398,042
Hosting and supporting costs	3,614,684	2,767,292
Small equipment purchases	729,058	380,513
Travel	2,015,099	1,572,403
Advertising	1,247,337	1,171,648
Bad debt expense	438,631	118,831
Royalty costs	2,184,642	2,367,766
Release of earnout liability on acquisition	1,438,537	-
Other expenses	5,987,225	5,021,850
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>70,322,357</b>	<b>55,737,258</b>

**4 Other operating income**

	2019 £	2018 £
Customer settlements	-	31,686
Management recharges	132,124	-

The Group has recognised other operating income in relation to management recharges in the current year. In the prior year recharges of £2,719,878 were net against administrative expenses.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5 Auditor's remuneration**

Fees payable to Grant Thornton UK LLP and its associates in respect of both audit and non-audit services are as follows:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Audit services – statutory audit of the parent and consolidated accounts	6,459	12,885
Audit services – statutory audit of the associates of the Company in respect of the current year	133,972	63,462
Audit services – statutory audit of the associates of the Company in respect of the prior year	60,312	-
Taxation compliance services	71,361	43,258
All other non-audit services	6,969	-
	<hr/> 279,073 <hr/>	<hr/> 119,605 <hr/>

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****6 Employees and directors**

The average number of persons (including directors) employed by the Group during the year was:

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
Professional services	167	95
Maintenance	184	160
Research and development	138	99
Sales and marketing	87	68
Management, general and administration	75	83
Event works	5	-
	<u>656</u>	<u>505</u>

The employee costs for the persons above:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	32,353,200	25,600,981
Social security costs	4,108,291	2,087,665
Defined contribution costs	815,526	512,187
	<u>37,277,017</u>	<u>28,200,833</u>

**Directors**

In respect of the Directors of Jonas Computing (UK) Limited:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Emoluments	188,439	491,319
Company contributions to money purchase pension schemes	3,563	7,047
	<u>192,002</u>	<u>498,366</u>

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
The number of Directors to whom retirement benefits are accruing under money purchase schemes was:	<u>2</u>	<u>2</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Emoluments	137,122	209,898
Company contributions to money purchase pension schemes	<u>3,563</u>	<u>5,917</u>

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****6 Employees and directors (continued)**

A number of the directors are also paid by other group entities for services provided to the wider group.

<b>7 Finance income</b>	<b>2019 £</b>	<b>2018 £</b>
Other interest receivable	234	328
Interest of bank deposits	10	-
	<u>244</u>	<u>328</u>

<b>8 Finance costs</b>	<b>2019 £</b>	<b>2018 £</b>
Interest on bank overdrafts and loans	-	70
Interest on finance leases and hire purchase contracts	-	4,615
Loans from Group undertakings	503,954	505,280
Interest on lease liabilities	62,817	-
	<u>566,771</u>	<u>509,965</u>

<b>9 Income tax expense</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Current tax</b>		
UK Corporation tax on profits of year	1,912,293	535,234
Adjustments recognised in the year for current tax of prior periods	(491,329)	44,836
Double tax relief	(721)	
Total UK current tax	<u>1,420,243</u>	<u>580,070</u>
Foreign current tax on profits for the current period	<u>1,625,328</u>	<u>1,141,499</u>
Total current tax	<u>3,045,471</u>	<u>1,721,569</u>
<b>Deferred tax</b>		
Origination and reversal of timing difference	(1,495,148)	(25,228)
Change in tax rates	2,054	-
Adjustment in respect of prior periods	685,401	-
Total deferred tax	<u>(807,693)</u>	<u>(25,228)</u>
Total tax charge	<u>2,237,878</u>	<u>1,696,341</u>

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****9 Income tax expense (continued)****Tax expense reconciliation**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Profit before income tax	6,552,073	6,985,652
Corporation tax charge thereon at 19% (2018 – 19%)	1,244,894	1,327,275
Effects of:		
Expenses not deductible for tax purposes	1,393,252	1,389,510
Utilisation of tax losses not previously recognised	(10,971)	-
Amounts relating to change in tax rates	318,962	-
Non-taxable income	-	(342,727)
Tax losses not recognised as a deferred tax asset	(1,041,357)	(3,393)
Capital allowances for year in excess of depreciation	(39,335)	(62,147)
Adjustments to tax in respect of prior periods	704,137	(144,077)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(11,885)	(19,718)
Group relief	(453,871)	-
Short term timing difference	(13,842)	(5,872)
Double tax relief	7,513	-
Other timing differences leading to a decrease in taxation	140,381	(600,800)
Other differences	-	158,290
	<u>2,237,878</u>	<u>1,696,341</u>

The effective tax rate for 2019 was 19% (19% in 2018). The theoretical income taxes are determined by applying the domestic corporate tax rate in The United Kingdom, where the parent is domiciled. The effective tax rate is calculated including the share of post-tax results of associates. This calculation is consistent with that used in prior years.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the year end date, its effects are not included in these financial statements

**10 Dividends on equity shares**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Interim dividends paid £16,688,225 (2018 - £12,044,309) per share	16,688,225	12,044,309
	<u>16,688,225</u>	<u>12,044,309</u>



**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****11 Property, plant and equipment**

	Freehold buildings £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
As at 1 January 2018	-	723,979	927,378	2,380,897	1,136,387	5,168,641
Exchange differences	-	4,506	394	3,460	-	8,360
Additions	-	138,041	65,489	119,987	82,536	406,053
Business combinations	1,850,373	712,300	19,875	45,771	-	2,628,319
Disposals	-	(23,378)	(25,700)	(10,541)	(265,888)	(325,507)
As at 1 January 2019 – as previously reported	1,850,373	1,555,448	987,436	2,539,574	953,035	7,885,866
Aggregate adjustments on application of IFRS 16 (Note 18)	-	2,453,452	-	36,371	69,927	2,559,750
As at 1 January 2019 – as restated	1,850,373	4,008,900	987,436	2,575,945	1,022,962	10,445,616
Exchange differences	783	19,695	(41,242)	(46,333)	-	(67,097)
Additions – owned assets	-	304,536	307,463	536,866	238,571	1,387,436
Additions – leased assets	-	2,915,104	-	-	103,653	3,018,757
Business combinations	-	14,661	46,087	49,052	-	109,800
Disposals	(1,851,156)	(770,736)	(197,355)	(621,299)	(124,035)	(3,564,581)
As at 31 December 2019	-	6,492,160	1,102,389	2,494,231	1,241,151	11,329,931

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****11 Property, plant and equipment (continued)**

	Freehold buildings £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Depreciation</b>						
As at 1 January 2018	-	(260,235)	(589,418)	(2,180,245)	(808,214)	(3,838,142)
Exchange differences	-	(1,731)	(344)	(3,232)	-	(5,307)
Charge for the period	(737)	(104,695)	(110,721)	(141,578)	(118,629)	(476,360)
Disposals	-	23,378	25,361	10,541	228,563	287,843
As at 1 January 2019	(737)	(343,313)	(675,122)	(2,314,514)	(698,280)	(4,031,966)
Exchange differences	-	31,137	17,350	42,421	-	90,908
Charge for the period	(7,223)	(844,133)	(395,385)	(371,608)	(207,202)	(1,825,551)
Disposals	7,960	8,515	142,744	621,161	105,789	886,169
As at 31 December 2019	-	(1,147,794)	(910,413)	(2,022,540)	(799,693)	(4,880,440)
<b>Net book value</b>						
As at 31 December 2019	-	5,344,366	191,976	471,691	441,458	6,449,491
As at 31 December 2018	1,849,636	1,212,135	312,314	225,060	254,755	3,853,900

# **JONAS COMPUTING (UK) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **11 Property, plant and equipment (continued)**

##### **Carrying value of assets held under finance leases**

As at 31 December 2019	-	-	-	-	194,276	194,276
As at 31 December 2018	-	-	-	-	44,586	44,586

##### **Carrying value of right-of-use assets**

As at 31 December 2019	-	4,673,539	1,176	19,903	102,655	4,797,273
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Depreciation on tangible fixed assets is charged to Administrative expenses

**JONAS COMPUTING (UK) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>12 Goodwill</b>	<b>Goodwill £</b>
<b>Cost</b>	
As at 1 January 2018	6,662,908
Business combinations	361,663
	<hr/>
As at 1 January 2019	7,024,571
Business combinations	1,050,811
Exchange differences	(51,826)
	<hr/>
As at 31 December 2019	8,023,556
	<hr/>
<b>Impairment</b>	
As at 1 January 2018 and 1 January 2019	-
Impairment losses for the year	319,292
	<hr/>
As at 31 December 2019	319,292
	<hr/>
<b>Carrying amount:</b>	
As at 31 December 2019	7,704,264
	<hr/>
As at 31 December 2018	7,024,571
	<hr/>

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	<b>2019 £</b>	<b>2018 £</b>
MCR Systems Limited	1,589,663	1,589,663
Cash Registers (Buccleuch) Limited	1,371,945	1,371,945
Vela Software Spain, S.L.U	1,077,288	1,077,288
Card Management Services Limited	767,586	767,586
Cunningham Cash Registers Limited	712,162	712,162
Motion Software Limited	444,000	-
Jonas Event Technology Limited	325,856	325,856
Havenstar MMS Limited	-	305,989
Fitronics Limited	270,955	270,955
Uniware Systems Limited	270,000	-
Retail and sport systems	241,110	-
Other cash-generating units	633,699	603,127
	<hr/>	<hr/>
	7,704,264	7,024,571

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation for all cash-generating units.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>13 Other intangible assets</b>	<b>Customer relationships £</b>	<b>Intellectual property £</b>	<b>Total £</b>
<b>Cost or valuation:</b>			
As at 1 January 2018	11,839,132	18,496,566	30,335,698
Exchange differences	11,358	63,893	75,251
Business combinations	4,991,720	11,290,821	16,282,541
As at 1 January 2019	16,842,210	29,851,280	46,693,490
Exchange differences	(50,399)	(283,516)	(333,915)
Business combinations	6,594,340	9,261,060	15,855,400
Disposals	(24,445)	(269,819)	(294,264)
As at 31 December 2019	23,361,706	38,559,005	61,920,711
<b>Amortisation and impairment:</b>			
As at 1 January 2018	(2,732,249)	(7,964,252)	(10,696,501)
Exchange differences	68,452	553,096	621,548
Amortisation for the year	(2,294,496)	(5,883,042)	(8,177,538)
As at 1 January 2019	(4,958,293)	(13,294,198)	(18,252,491)
Exchange differences	35,088	283,516	318,604
Amortisation for the year	(2,837,053)	(4,292,437)	(7,129,490)
Disposals	24,445	92,671	117,116
As at 31 December 2019	(7,735,813)	(17,210,448)	(24,946,261)
<b>Carrying amount:</b>			
As at 31 December 2019	15,625,893	21,348,557	36,974,450
As at 31 December 2018	11,883,917	16,557,082	28,440,999
As at 1 January 2018	9,106,883	10,532,314	19,639,197

Amortisation on intangible fixed assets is charged to Administrative expenses

**JONAS COMPUTING (UK) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**14 Acquisition of business**

On 6 March 2019 the parent entity acquired 100% of the issued share capital of Green 4 Solutions Limited.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Book value £	Adjustments £	Fair value £
Property, plant and equipment	154,647	-	154,647
Other intangibles assets	-	3,048,210	3,048,210
Cash and cash equivalents	97,734	-	97,734
Trade receivables	302,116	-	302,116
Other receivables	15,966	-	15,966
Trade payables	(163,146)	-	(163,146)
Deferred income	(70,199)	-	(70,199)
Current tax liability	(66,525)	-	(66,525)
Other tax and social security	(95,951)	-	(95,951)
Accrued liabilities	(52,635)	-	(52,635)
Lease liabilities	(154,647)	-	(154,647)
Deferred tax liability	-	(518,196)	(518,196)
Net identifiable assets acquired	<u>(32,640)</u>	<u>2,530,014</u>	<u>2,497,374</u>
Goodwill			<u>32,557</u>
Total consideration			<u>2,529,931</u>
Consideration was satisfied by			£
Cash paid			1,850,000
Net tangible assets adjustment			(32,640)
Deferred consideration			600,000
Contingent liability			112,571
Total consideration			<u>2,529,931</u>

The acquired business contributed revenues of £1,638,424 and net loss of £282,900 to the Group for the period from 6 March to 31 December 2019.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****14 Acquisition of business (continued)**

On 21 June 2019 the parent entity acquired 100% of the issued share capital of Corvid Paygate Limited (now trading as Paygate Solutions Limited).

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	Book value £	Adjustments £	Fair value £
Property, plant and equipment	279,201	-	279,201
Other intangibles assets	-	2,024,190	2,024,190
Cash and cash equivalents	-	-	-
Inventories	9,659	-	9,659
Trade receivables	465,863	-	465,863
Other receivables	73,313	-	73,313
Trade payables	(137,955)	-	(137,955)
Deferred income	(1,144,015)	-	(1,144,015)
Other tax and social security	(41,842)	-	(41,842)
Accrued liabilities	(153,862)	-	(153,862)
Lease liabilities	(273,425)	-	(273,425)
Deferred tax liability	-	(344,112)	(344,112)
Net identifiable assets acquired	(923,063)	1,680,073	757,015
Goodwill			63,144
Total consideration			820,159
Consideration was satisfied by			£
Cash paid			1,000,000
Net tangible assets adjustment			(279,841)
Contingent liability			100,000
Total consideration			820,159

The acquired business contributed revenues of £960,169 and net loss of £62,398 to the Group for the period from 21 June to 31 December 2019.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****14 Acquisition of business (continued)**

On 29 August 2019 the parent entity acquired 100% of the issued share capital of Uniware Systems Limited, through this acquisition the group also gained control of Upay Limited.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	<b>Book value</b> £	<b>Adjustments</b> £	<b>Fair value</b> £
Property, plant and equipment	183,397	-	183,397
Other intangibles assets	-	6,500,000	6,500,000
Cash and cash equivalents	4,687,480	-	4,687,480
Inventories	58,185	-	58,185
Trade receivables	797,333	-	797,333
Other receivables	372,544	-	372,544
Trade payables	(550,411)	-	(550,411)
Deferred income	(1,245,472)	-	(1,245,472)
Current tax liability	(23,752)	-	(23,752)
Other tax and social security	(311,024)	-	(311,024)
Accrued liabilities	(156,510)	-	(156,510)
Lease liabilities	(143,863)	-	(143,863)
Deferred tax liability	-	(1,170,000)	(1,170,000)
Net identifiable assets acquired	<u>3,667,907</u>	<u>5,330,000</u>	<u>8,997,907</u>
Goodwill			<u>270,000</u>
Total consideration			<u><u>9,267,907</u></u>
Consideration was satisfied by			
Cash paid			£ 7,800,000
Net tangible assets adjustment			667,908
Deferred consideration			<u>800,000</u>
Total consideration			<u><u>9,267,908</u></u>

The acquired business contributed revenues of £1,295,702 and net profit of £239,897 to the Group for the period from 12 July to 31 December 2019.



**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****14 Acquisition of business (continued)**

On 29 November 2019 the parent entity acquired 100% of the issued share capital of Motion Software Limited.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	Book value £	Adjustments £	Fair value £
Property, plant and equipment	412,981	-	412,981
Other intangibles assets	-	3,200,000	3,200,000
Cash and cash equivalents	1,305,817	-	1,305,817
Inventories	969	-	969
Trade receivables	443,113	-	443,113
Other receivables	14,441	-	14,441
Trade payables	(7,268)	-	(7,268)
Deferred income	(510,927)	-	(510,927)
Current tax recoverable	7,185	-	7,185
Other tax and social security	(201,729)	-	(201,729)
Lease liabilities	(360,239)	-	(360,239)
Deferred tax liability	-	(544,000)	(544,000)
Net identifiable assets acquired	1,104,343	2,656,000	3,760,343
Goodwill			444,000
Total consideration			4,204,343
Consideration was satisfied by			£
Cash paid			2,325,000
Net tangible assets adjustment			1,104,343
Deferred consideration			775,000
Total consideration			4,204,343

The acquired business contributed revenues of £143,499 and net loss of £28,883 to the Group for the period from 29 November to 31 December 2019.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****14 Acquisition of business (continued)**

On 3 December 2019 the parent entity acquired 100% of the issued share capital of Retail & Sports Systems Limited.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	Book value £	Adjustments £	Fair value £
Property, plant and equipment	10,395	-	10,395
Other intangibles assets	-	1,083,000	1,083,000
Cash and cash equivalents	573,969	-	573,969
Trade receivables	111,521	-	111,521
Other receivables	37,109	-	37,109
Trade payables	(12,005)	-	(12,005)
Current tax liability	(10)	-	(10)
Other tax and social security	(31,702)	-	(31,702)
Deferred tax liability	-	(184,110)	(184,110)
Net identifiable assets acquired	689,277	898,890	1,588,167
Goodwill			241,110
Total consideration			1,829,277
Consideration was satisfied by			
Cash paid			850,000
Net tangible assets adjustment			629,277
Deferred consideration			350,000
Total consideration			1,829,277

The acquired business contributed revenues of £70,174 and net profit of £22,251 to the Group for the period from 3 December to 31 December 2019.

**JONAS COMPUTING (UK) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>15 Inventories</b>	<b>2019 £</b>	<b>2018 £</b>
Work in progress	433,726	317,151
Finished goods and goods for resale	969,951	817,047
	<u>1,403,677</u>	<u>1,134,198</u>

The cost of inventories recognised as an expense during the year in respect of continuing operations was £5,426,806 (2018: £4,591,852).

<b>16 Trade and other receivables</b>	<b>2019 £</b>	<b>2018 As restated £</b>
<b>Current portion</b>		
Trade receivables	11,030,409	10,527,336
Amounts due from fellow group undertakings	27,555,538	42,140,679
Prepayments	3,501,514	2,091,887
Other receivables	1,065,859	7,255,123
	<u>43,153,320</u>	<u>62,015,025</u>

In the prior year £5,711,858 was previously shown in amounts due from fellow group undertakings which are now shown within other receivables, these have been amended following changes to account mappings.

The amounts due from fellow Group undertakings are unsecured and are repayable on demand.

The average credit period on sales of goods is 60 days (2018: 60). No interest is charged on outstanding trade receivables.

The Group has recognised total expected credit losses against trade receivables of £674,659 (2018: £396,005). Amounts written off as uncollectable during the year total £483,640 (2018: £55,843).

<b>17 Cash and cash equivalents</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Current portion</b>		
Cash in hand	6,715,671	4,635,879
Balance as stated in the statement of financial position at 31 December	6,715,671	4,635,879
Less bank overdrafts shown as liabilities in the statement of financial position	(2,148,901)	(613,334)
Balance as state in the statement of cash flows at 31 December	<u>4,566,770</u>	<u>4,022,545</u>

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>18</b>	<b>Leases</b>	<b>2019</b>
		<b>£</b>
	<b>Right-of-use assets</b>	
	At 1 January 2019	2,559,750
	Additions	3,018,757
	At 31 December 2019	<u>5,578,507</u>
	<b>Lease liabilities</b>	
	At 1 January 2019	2,617,247
	Lease additions	2,942,261
	Interest expense	63,238
	Lease payments	(766,681)
	At 31 December 2019	<u>4,856,065</u>
		<b>2019</b>
		<b>£</b>
	Amounts due:	
	Within one year	1,005,040
	More than one year	3,851,025
		<u>4,856,065</u>
	<b>Effect of leases on cash flows:</b>	<b>£</b>
	Total cash outflow for leases in the year:	<u>(851,197)</u>

The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

<b>19</b>	<b>Borrowings</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Current portion</b>		
	Bank loans and overdrafts	2,148,901	613,334
	Lease liabilities	170,058	64,080
	Balance at 31 December	<u>2,318,959</u>	<u>677,414</u>
	<b>Non-Current portion</b>		
	Loans from fellow Group undertakings	4,680,384	4,680,384
	Lease liabilities	-	46,903
	Balance at 31 December	<u>4,680,384</u>	<u>4,727,287</u>

The bank overdrafts are unsecured and repayable on demand.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****19 Borrowings (continued)**

During January 2015 Jonas Computing (UK) Ltd entered in to 3 loan agreements with CSI Luxembourg for; £1,824,840, £1,875,000 and £950,160. The loans were later assigned from CSI Luxembourg to Constellation Software Holdco Ltd, however Jonas Computing (UK) Ltd is still required to remit interest at 8% to Constellation Software UK Holdco Limited, in line with the agreements. Repayment is due on 1st October 2021, 14th August 2021 and 10th December 2021, respectively.

<b>20 Trade and other payables</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Current portion</b>		
Trade payables	1,308,605	778,626
Amounts due to fellow Group undertakings	27,852,159	40,752,978
Other tax and social security	3,769,936	2,358,949
Accrued liabilities	7,419,648	12,445,001
Other payables – Earnout liability	8,412,460	12,921,944
Other payables	638,736	88,554
	<u>49,401,544</u>	<u>69,346,052</u>

The amounts due from fellow Group undertakings are unsecured and are repayable on demand.

During the year £60,327 was charged to the statement of comprehensive income in relation to the purchase of shares to employees as part of their annual performance bonus entitlement. There are no vesting requirements attached to these shares, and the commitment is settled through the purchase of shares on the open market, reflecting a cash-settled share based payment. As at the year end there was a liability of £60,327 which was used to purchase shares post year end based at the current market value.

**21 Financial instruments and financial risks****Financial instruments**

The Group's principal financial instruments, from which financial risk arises, comprise of the following:

- Trade and other receivables
- Cash and cash equivalents
- Borrowings
- Trade and other payables

The Group does not issue or use financial instruments of a speculative nature.

The totals for each category of financial instruments, measured in accordance with IFRS 9 Financial Instruments ("IFRS 9") as detailed in the accounting policies to these consolidated financial statements, are as follows:

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****21 Financial instruments and financial risks (continued)**

	<b>Loans and receivables held at amortised cost</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current assets</b>		
Trade and other receivables	39,382,231	59,214,264
Cash and cash equivalents	6,715,671	4,635,879
<b>Total financial assets</b>	<b>46,097,904</b>	<b>63,850,143</b>

	<b>Financial liabilities held at amortised cost</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current liabilities</b>		
Borrowings	2,318,959	677,414
Trade and other payables	37,219,148	54,791,444
<b>Total current liabilities</b>	<b>39,538,107</b>	<b>55,468,858</b>
<b>Non-current liabilities</b>		
Borrowings	4,680,384	4,727,287
<b>Total financial liabilities</b>	<b>44,218,491</b>	<b>60,196,145</b>

**Financial risks***Overview*

The Group is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Group's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Group is exposed are described below.

*Market risk*

The Group operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates which impact sales and purchases that are denominated in a currency other than the respective functional currencies of certain of its subsidiaries. The Group currently does not typically use derivative instruments to hedge its exposure to those risks. Most of the Group's businesses are organised geographically so that many of its expenses are incurred in the same currency as its revenues thus mitigating some of its exposure to currency fluctuations. As the Group's exposure to market risk is considered to be immaterial no sensitivity analysis has been performed.

*Liquidity risk*

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Group manages liquidity risk through the management of its capital structure and financial leverage.

The majority of the Group's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days.

Given the Group's available liquid resources and credit capacity as compared to the timing of the payments of liabilities, the Group assesses its liquidity risk to be low.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****21 Financial instruments and financial risks (continued)***Credit risk*

Credit risk represents the financial loss that the Group would experience if a counterparty to a financial instrument, in which the Group has an amount owing from the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Group. The carrying amount of the Group's financial assets, including receivables from customers, represents the Group's maximum credit exposure.

The majority of the accounts receivable balance relates to maintenance invoices to customers that have a history of payment.

As a response to Covid-19, amendments to short term credit agreements with customers have been granted on a customer by customer basis, dependent on their historic payment habits and their financial position. However, these short-term requirements are now tapering off as businesses start to open, day to day communications resume and cash flow starts to normalise.

The maximum exposure to credit risk for trade and other receivable at the reporting date was:

	2019 £	2018 £
<b>Current assets</b>		
Trade receivables	11,030,409	10,527,336

Movements in the allowance for expected credit losses in respect of accounts receivable are as follows:

	£
Balance at 31 December 2018	396,005
Impairment loss recognised	1,232,793
Impairment loss reversed	(378,567)
Amounts written off	(483,640)
Other movements	(91,933)
Balance at 31 December 2019	674,658

There is no concentration of credit risk because of the Group's diverse and disparate number of customers with individual receivables that are not significant to the Group on a consolidated basis. In addition, the Group typically requires up front deposits from customers to protect against credit risk.

The Group manages credit risk related to cash by maintaining the majority of the Group's bank accounts with Schedule 1 banks.

*Fair values versus carrying amounts*

The carrying values of cash, trade receivables, trade payables, accrued liabilities, and borrowings and other payables, approximate their fair values due to the short-term nature of these instruments. Bank debt is subject to market interest rates.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****22 Deferred tax**

The movement on the deferred income tax account is as shown below:

	<b>Liabilities</b> £	<b>Assets</b> £
As at 1 January 2018	(2,058,702)	333,637
Debit/(credit) to profit and loss	373,483	70,457
Recognised on business combination	(3,087,133)	-
As at 31 December 2018	(4,772,352)	404,094
Debit/(credit) to profit and loss	1,536,273	588,346
Recognised on business combination	(2,760,418)	-
As at 31 December 2019	(5,996,497)	992,440

The deferred tax asset is made up as follows:

	<b>2019</b> £	<b>2018</b> £
Decelerated capital allowances	984,326	326,245
Tax losses carried forward	-	77,849
Share based payments	2,040	-
Other short-term timing differences	6,074	-
	992,440	404,094

The deferred tax liability is made up as follows:

	<b>2019</b> £	<b>2018</b> £
Accelerated capital allowances	(37,659)	-
Recognised in relation to acquired intangible assets	(5,960,475)	(4,751,794)
Other short-term timing differences	(31)	(19,024)
Retirement benefit obligations	1,668	(1,534)
	(5,996,497)	(4,772,352)



**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****23 Share capital and reserves****Share capital**

	2019 £	2018 £
<b>Allotted, issued and fully paid</b>		
1 Ordinary shares of £1 each	1	1

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**Reserves***Share premium account*

The 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.

*Capital contribution*

The capital contribution reserve includes additional capital received on existing issue of share capital.

*Retained earnings*

Retained earnings include cumulative profit and loss net of distributions to owners.

**24 Capital risk management**

The Group's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Group manages its capital with the objective of ensuring that there are adequate capital resources while maximising the return to shareholders.

The Board of Directors determine if and when dividends should be declared and paid based on all relevant circumstances, including the desirability of financing further growth of the Group and its financial position at the relevant time.

The Group makes adjustments to its capital structure in light of general economic conditions, the risk characteristics of the underlying assets and the Group's working capital requirements. In order to maintain or adjust its capital structure, the Group, upon approval from its Board of Directors, may increase or decrease dividends, take out a line of credit or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business, as well as significant acquisitions and other major investments above pre-determined quantitative thresholds.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****25 Notes to the statement of cash flows*****Reconciliation of profit to cash flows generated from operations***

	2019 £	2018 £
Profit before tax	6,552,073	6,985,652
Adjustments for:		
Finance costs	566,771	509,965
Finance income	(244)	(328)
Unrealised foreign exchange movements	384,483	(654,038)
Loss on disposal of property, plant and equipment	384,228	37,664
Depreciation of property, plant and equipment	1,825,551	476,360
Amortisation of intangible assets	7,448,782	8,177,538
(Increase)/Decrease in inventories	(200,666)	293,042
Decrease/(Increase) in receivables	21,605,619	(18,563,730)
(Decrease)/Increase in payables	(22,377,656)	27,045,268
Cash generated from operations	<u>16,188,941</u>	<u>24,307,393</u>

**26 Contingent liabilities**

In the event that bank indebtedness arises in the ultimate parent undertaking, Constellation Software Inc., it is secured by means of an unlimited guarantee and debenture over the assets of the Group and Company.

**27 Retirement benefits**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £818,929 (2018: £538,027). Contributions totalling £9,061 (2018: £nil) were payable to the fund at the year end.

**28 Related party transactions****Key management compensation**

	2019 £	2018 £
Wages, salaries and short-term benefits	1,263,154	1,054,368
Post-employment benefits	33,750	8,814
Share-based payments	203,524	192,420
	<u>1,500,428</u>	<u>1,255,602</u>

## **JONAS COMPUTING (UK) LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **28 Related party transactions (continued)**

Key management personnel include all directors across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group.

During the year the Group paid £130,139 (2018: £16,193) to Arrow Business Communications Ltd, a Company of which some shares are owned by the wife of a Director. £366 (2018: £nil) was owing from Arrow Business Communications Ltd as at the year end. No amounts repayable carry interest.

During the year the Group paid £6,491 (2018: £Nil) to Neterian Ltd, a Company of which some shares are owned by a Director. £109 (2018: £nil) was owing from Neterian Ltd as at the year end. No amounts repayable carry interest.

Purchases were made at market price discounted to reflect the quality of goods purchased and the relationships between the parties.

#### **29 Ultimate parent Company**

The immediate parent undertaking is Constellation Software UK Holdco Ltd, a Company incorporated in England and Wales.

Constellation Software Inc. heads the largest Group which prepares consolidated financial statements in which the results of the Company and the Group are included. The financial statements of Constellation Software Inc. are available to the public and may be obtained from Gary Jonas computing Ltd, 8133 Warden Ave, Suite 400, Markham, Ontario, Canada, L6G 1B3.

## **JONAS COMPUTING (UK) LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **30 Events after the reporting date**

Since the balance sheet date, the COVID-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact. This has had a significant impact on Jonas UK, as facilities such as gyms, leisure clubs, schools, and retail facilities have been closed for a number of months as part of these measures.

Key concerns at the beginning of the Pandemic were in relation to reduction in ad hoc revenue, renewal of maintenance contracts and also cashflow.

2020 revenue and EBITA has not been as negatively affected as first thought, with net revenue of £55m, 17% lower than forecasted as at the end of 2019, and EBITA of £16m, 5% lower than forecasted at the end of 2019. Forecasts have been built on a detailed bottom up approach; revenue based on pipeline, contracts and customer and market knowledge, and costs based on historic data, future plans and knowledge of the industry.

The Group has suffered from a reduction in cashflow for the first half of 2020. Due to this issue, more focus and better cashflow management has taken place and the government programmes to defer VAT and Furlough employees have been taken up. In addition to this, Jonas had support from the wider group to help fund its payroll commitments. Since facilities and schools re-opened after the first lockdown the Group has seen a significant increase in cash coming in for August and for the months to date. The second lockdown is having a significantly reduced effect on the Group compared to the first lockdown. This is due to the Group gaining benefits of the new features and strategies they have developed within the first half of 2020. The Group will continue to use the Furlough scheme where required.

On 2 April 2020 Jonas Computing (UK) Ltd purchased Contronics (Holdings) Limited who subsequently own Contronics Ltd and Fordman Systems Limited for an initial consideration of £600,000 plus other contingent considerations.

On 23 December 2020 Jonas Computing (UK) Ltd purchased Bluestar Software Limited for an initial consideration of £1,330,000 plus other contingent considerations.

On 1 February 2021 Jonas Computing (UK) Ltd purchased Corporate Software and Asset Management Limited for an initial consideration of £200,000 plus other contingent considerations.

On 1 December 2020 Jonas Computing (UK) Ltd sold its investment in Vela Software Spain S.L. to its parent company, Constellation Software UK HoldCo Ltd for £5,708,920. This investment represented revenue of £16,356,800 and a profit of £3,708,590 in the 2019 consolidated results

On 24<sup>th</sup> September 2020, the Group paid dividends of £ 9,572,500 to its parent company.

**JONAS COMPUTING (UK) LIMITED**

Company Registration No. 05301607

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>Non-current assets</b>			
Property, plant and equipment	2	-	-
Other intangible assets	3	-	-
Investments in subsidiaries	4	68,505,717	69,300,917
Contract costs		51,769	65,453
		<u>68,557,486</u>	<u>69,366,370</u>
<b>Current assets</b>			
Inventories	6	16,042	19,050
Trade and other receivables	7	22,209,895	39,067,945
Cash and cash equivalents	8	2,037,541	797,563
		<u>24,263,478</u>	<u>39,884,558</u>
Trade and other payables: amounts falling due within one year	9	(61,627,892)	(72,774,230)
Contract liabilities		(156,347)	-
Deferred income		(489,788)	(742,034)
		<u>(38,010,549)</u>	<u>(33,631,706)</u>
<b>Net current liabilities</b>			
		<u>(38,010,549)</u>	<u>(33,631,706)</u>
<b>Total assets less current liabilities</b>		<u>30,546,937</u>	<u>35,734,664</u>
Trade and other payables: amounts falling due after more than one year	10	(4,680,384)	(4,680,384)
Non-current deferred income		(95,354)	(81,153)
		<u>(4,775,738)</u>	<u>(4,761,537)</u>
<b>Net assets</b>		<u>25,771,199</u>	<u>30,973,127</u>

**JONAS COMPUTING (UK) LIMITED**

Company Registration No. 05301607

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>EQUITY</b>			
Called-up share capital	12	1	1
Share premium account		16,859,737	16,859,737
Capital contribution reserve		27,590,070	12,655,000
Retained earnings		(18,678,609)	1,458,389
<b>Total equity</b>		<b>25,771,199</b>	<b>30,973,127</b>

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement, nor a statement of comprehensive income, and related notes. The Company's loss for the year was £3,448,773 (2018: profit of £11,986,629).

The financial statements on pages 58 to 79 were approved by the Board of Directors and authorised for issue on 16/5/2021 and are signed on its behalf by:



**S R Saklad**  
Director

The accompanying accounting policies and notes on pages 61 to 79 form an integral part of the financial statements.

**JONAS COMPUTING (UK) LIMITED****PARENT COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £	Share premium £	Capital contribution reserve	Retained earnings £	Total £
Balance at 1 January 2018	1	16,859,737	5,800,000	1,593,146	24,252,884
Adjustment for IFRS 15	-	-	-	(77,077)	(77,077)
Profit and total comprehensive income for the year	-	-	-	11,986,629	11,986,629
Transactions with owners in their capacity as owners:					
Capital contribution	-	-	6,855,000	-	6,855,000
Dividends	-	-	-	(12,044,309)	(12,044,309)
Balance at 31 December 2018	1	16,859,737	12,655,000	1,458,389	30,973,127
Total comprehensive loss for the year	-	-	-	(3,448,773)	(3,448,773)
Transactions with owners in their capacity as owners:					
Capital contribution	-	-	14,935,070	-	14,935,070
Dividends	-	-	-	(16,688,225)	(16,688,225)
Balance at 31 December 2019	1	16,859,737	27,590,070	(18,678,609)	25,771,199

The accompanying accounting policies and notes on pages 61 to 79 form an integral part of the financial statements.

## **JONAS COMPUTING (UK) LIMITED**

### **PARENT COMPANY ACCOUNTING POLICIES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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##### **General information**

Jonas Computing (UK) Limited is a limited liability Company incorporated in the United Kingdom. Its registered office is Gladstone House, Hithercroft Road, Wallingford, Oxfordshire, OX10 9BT.

The principal activity of the Company is the provision of software solutions and services to the club market, including golf courses, city clubs and yacht clubs, trading under the Jonas, Clubminder and Spinger Miller brands.

##### **Basis of preparation**

The parent Company financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies (see note 1).

The following principal accounting policies have been applied:

##### **Going concern**

The Company's forecasts for the period of 12 months following the approval of the financial statements has been reviewed, and accordingly the Company continues to adopt the going concern basis in preparing its financial statements.

The majority of Jonas Computing (UK) Limited's client base was forced to shut down due to COVID-19, and this has caused higher attrition rates, module reductions and support discounts than normally seen, as a result of this, the Company has needed to review head count and increase their focus on expenses. Clubs and hotels reopened after the first lockdown with a reduced social distancing environment and they have seen a positive impact and rise in memberships due to this, however, food, beverage, event hosting and guest/visitor spending is still low. New name sales / prospects have been delayed, postponed or shelved as Clubs stop any capital projects given the uncertainty. Add on sales remain somewhat fairly consistent, aided by functionality that facilitated COVID-19 requirements. Forecasts are prepared at a business unit level, therefore quantification of the impact of Covid-19 on Jonas Computing (UK) Limited as a single entity is not possible. The Group position of Jonas UK is seen as a suitable guide.

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of IAS 16 Property, Plant and Equipment to present a comparative reconciliation
- the requirements in IAS 24, 'Related party disclosures' (key management compensation)



## **JONAS COMPUTING-(UK) LIMITED**

### **PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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##### **Financial reporting standard 101 -reduced disclosure exemptions (continued)**

- the requirements of paragraphs 134-136 of IAS 1 Presentation of Financial Statements for capital management disclosures
- the requirements of paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.
- the effect of future accounting standards not adopted
- presentation of comparative recognition of the number of shares outstanding at the beginning and end of the period

##### **Foreign currency translation**

###### *Functional and presentation currency*

The Company's functional and presentational currency is GBP.

###### *Transactions and balances*

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive Income.

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

##### **Revenue**

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and VAT. The Company recognises revenue under four revenue categories being, License, Hardware and other, Professional services, and Maintenance and other recurring revenue. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. Hardware and other revenue includes the resale of third party hardware as part of customised solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services, and hosted products.

**JONAS COMPUTING (UK) LIMITED**  
**PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Revenue (continued)**

*Contracts with multiple products or services*

Typically, the Company enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Where contract consists of more than one performance obligation, revenue is allocated to each based on their estimated standalone selling price (SSP).

*Nature of products and services*

The Company sells on-premise software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognised at the time that both the right-to-use the software has commenced and the software has been made available to the customer. Certain of the Company's contracts with customers contain provisions that require the customer to renew optional support and maintenance in order to maintain the active right to use a perpetual or term license. The renewal payments after the initial bundled support and maintenance term in these cases apply to both the continued right-to-use the license and the support and maintenance renewal. Where the fees payable for the initial term are incremental to the fees for the renewal terms, the excess is treated as a prepayment for expected renewals and allocated (amortised) evenly over the expected customer renewals, up to the estimated life of the software that is typically 4-6 years. Revenue from the license of software that involves complex implementation or customisation that is not distinct, and/or includes sales of hardware that is not distinct, is recognised as a combined performance obligation using the percentage-of-completion method based either on the achievement of contractually defined milestones or based on labour hours.

A portion of the Company's sales, categorised as hardware and other revenue, are accounted for as product revenue. Product revenue is recognised when control of the product has transferred under the terms of an enforceable contract.

Revenue related to the customer reimbursement of travel related expenses incurred during a project implementation where the Company is the principal in the arrangement is included in the hardware and other revenue category. Revenue is recognised as costs are incurred which is consistent with the period in which the costs are invoiced. Reimbursable travel expenses incurred for which an invoice has not been issued, are recorded as part of unbilled revenue on the statement of financial position.

Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes, to a lesser extent, recurring fees derived from software licenses that are not distinct from maintenance, transaction revenues, managed services, and hosted products.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription, which includes the hosted software and maintenance is recognised rateably over the term of the subscription. Significant incremental payments for SaaS in an initial term are recognised rateably over the expected renewal periods, up to the estimated life of the software.

**JONAS COMPUTING (UK) LIMITED**  
**PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Revenue (continued)**

Professional services revenue including installation, implementation, training and customization of software is recognised by the stage of completion of the performance obligation determined using the percentage of completion method noted above or as such services are performed as appropriate in the circumstances. The revenue and profit of fixed price contracts is recognised on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

**Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

To date, no material development expenditures have been capitalised.

**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.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognised immediately in profit or loss.

**JONAS COMPUTING (UK) LIMITED**  
**PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial instruments (continued)**

*Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

*Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each end of reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The Company recognises an allowance for expected credit losses, or an "ECL", for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

# **JONAS COMPUTING (UK) LIMITED**

## **PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Reclassification of financial assets*

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

#### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

#### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**JONAS COMPUTING (UK) LIMITED**  
**PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial instruments (continued)**

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

*Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method 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 net carrying amount on initial recognition.

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Pensions**

*Defined contribution pension plan*

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

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

## **JONAS COMPUTING (UK) LIMITED**

### **PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **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.

#### **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.

#### **Property, plant and equipment**

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

The Company adds to the carrying amount of an item of property, plant and equipment 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.

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

Depreciation is provided on the following basis:

Office equipment	- 20-25%
Computer equipment	- 20-25%
Other fixed assets	- 33%

## **JONAS COMPUTING (UK) LIMITED**

### **PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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##### **Property, plant and equipment (continued)**

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.

##### **Impairment of non-financial assets**

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

##### **Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **Inventories**

Inventories 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, inventories are assessed for impairment. If inventory 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.

##### **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.



## **JONAS COMPUTING (UK) LIMITED**

### **PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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##### **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

##### **Impact of new international reporting standards, amendments and interpretations**

During the year, the Company adopted IFRS 16 'Leases' (IFRS 16) for the first time. IFRS 16 replaces IAS 17 'Leases'. The Company previously split leases between 'finance leases' that transferred substantially all the risks and rewards incidental to ownership of the asset to the Company, and 'operating leases'. The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term. The accounting for leases previously accounted for as finance leases under IAS 17 has not changed substantially, except that residual value guarantees are recognised under IFRS 16 at amounts expected to be payable rather than the maximum amount guaranteed, as required by IAS 17. At 31 December 2018 and 2019, the Company has no items of Property, plant and equipment leased under finance leases.

##### **Impact of adoption**

Right-of-use assets and lease obligations were not recorded as the Company has no leases under IFRS 16.

## **JONAS COMPUTING (UK) LIMITED**

### **NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Judgments in applying accounting policies and key sources of estimation uncertainty**

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

##### **Key Sources of Estimation Uncertainty**

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount of values may vary in certain instances from the assumption and estimates made. Changes will be recorded, with corresponding effect in the statement of comprehensive income, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

##### *Impairment reviews*

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the aging profile of receivables and historical experience. See note 7 for the net carrying amount of the receivables.

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

##### **Critical Accounting Judgements**

##### *Deferred tax assets*

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes to the measurement of deferred tax assets.

##### *Provisions*

In recognising provisions, the Company evaluates the extent to which it is possible that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

##### *Write-down of inventories*

Management estimate that net realisable values of inventory, 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.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****2 Property, plant and equipment**

	<b>Computer equipment £</b>	<b>Hardware £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 January 2019 and 31 December 2019	7,020	1,241	8,261
<b>Depreciation</b>			
As at 1 January 2019 and 31 December 2019	7,020	1,241	8,261
<b>Net book value</b>			
As at 31 December 2019	-	-	-
As at 31 December 2018	-	-	-

**3 Other intangible assets**

	<b>Customer relationships £</b>	<b>Development costs £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 January and 31 December 2019	525,444	15,000	540,444
<b>Depreciation</b>			
As at 1 January and 31 December 2019	525,444	15,000	540,444
<b>Net book value</b>			
As at 31 December 2019	-	-	-
As at 31 December 2018	-	-	-

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****4 Investments****Investments in subsidiary entities  
£****Cost**

As at 1 January 2019

69,300,917

Additions

18,651,617

As at 31 December 2019

87,952,534

**Allowances for impairment**

As at 1 January 2019

-

Impairment

(19,446,817)

As at 31 December 2019

(19,446,817)

**Net book value**

As at 31 December 2019

68,505,717

As at 31 December 2018

69,300,917

As a result of COVID-19, some of business units suffered from a reduction in cashflow and net income, and as a result of this a number of Jonas Computing (UK) Limited's investments needed to be impaired during the year. The total value of impairments made during the year was £19,446,817 (2018 - £nil). The recoverable value of Jonas Computing (UK) Limited's investments in aggregate is £164,731,614 which is based on the value in use, calculated using a discount rate of 20%.

**5 Subsidiaries**

All companies listed below are owned by the Company and all interests are in the ordinary share capital, except where otherwise indicated. All subsidiaries have been consolidated.

The Company holds a majority of the voting rights of the following undertakings:

Entity	Country of incorporation	Interest	Holding	Address (see below for full)
XN Leisure Systems Limited	UK	100%	Direct	Warwick Road
Fitronics Limited	UK	100%	Direct	Monmouth Place
WebCreative UK Limited	UK	100%	Direct	Gladstone House
AMI Education Solutions Limited	UK	100%	Direct	Gladstone House
Tucasi Limited	UK	100%	Direct	Wessex House
London & Zurich Limited	UK	100%	Direct	The Courtyard
London & Zurich Finance Limited	UK	100%	Indirect	The Courtyard
Card Management Services Limited	UK	100%	Indirect	The Courtyard
Metalogic Holdings Limited	UK	100%	Direct	Gladstone House
Metalogic Limited	UK	100%	Indirect	Gladstone House
Cash Registers (Buccleuch) Limited	UK	100%	Direct	Dryden Road
C.R.B. Solutions Limited	UK	100%	Indirect	Dryden Road
EZ-Runner Systems Limited	UK	100%	Direct	Gladstone House
PCI Systems Limited	UK	100%	Direct	Pci House
Vela Software Spain, S.L.U.	Spain	100%	Direct	Gremi Fusters
Juniper Consulting, S.L.	Spain	100%	Indirect	Gremi Fusters
Juniper S.A.S	Columbia	100%	Indirect	Carrera
Salon Software Solutions Limited	UK	100%	Direct	Warwick Road

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****5 Subsidiaries (continued)**

Cunningham Cash Registers Limited	UK	100%	Direct	Headley Technology Park
Jonas Event Technology Limited	UK	100%	Direct	Gladstone House
Show Data Systems Limited	UK	100%	Indirect	Gladstone House
Interchange Communications Limited	UK	100%	Indirect	Gladstone House
FashionMaster Limited	UK	100%	Direct	Gladstone House
Invicta Business Machines Limited	UK	100%	Indirect	Gladstone House
ePOS Development Limited	UK	100%	Indirect	Gladstone House
Stockmaster Metals Limited	UK	100%	Indirect	Gladstone House
MCR Enterprise Solutions Limited	UK	100%	Direct	High View Close
MCR Systems Limited	UK	100%	Indirect	Vantage House
Blayhall Marine Limited	UK	100%	Direct	Warwick Road
Havenstar MMS Limited	UK	100%	Indirect	Warwick Road
Havenstar Software Solutions Limited	UK	100%	Indirect	Warwick Road
Greycon Limited	UK	100%	Direct	Calico House
Greycon Software SA	Uruguay	100%	Indirect	Javier de Viana
Greycon Software Support & Development MEPE	Greece	100%	Indirect	Karneadou
Shandong Greycon Software Technology Limited	China	100%	Indirect	Suite 905
Minted Box Education Limited	UK	100%	Direct	Wessex House
Green 4 Solutions Limited	UK	100%	Direct	Gladstone House
Motion Software Limited	UK	100%	Direct	Grandholm Drive
Retail & Sports Systems Limited	UK	100%	Direct	Station Street
Uniware Systems	UK	100%	Direct	Gladstone House
Vesta Merchant Services Limited (formerly Upay Limited)	UK	100%	Direct	Gladstone House
Paygate Solutions Limited	UK	100%	Direct	Meadway Park
4Sight Sport & Leisure Ltd	UK	100%	Direct	Gladstone House

**Address**

Warwick Road

Monmouth Place  
Gladstone House

Wessex House

The Courtyard

Dryden Road

Pci House

Headley Technology Park

High View Close

Vantage House

Calico House

W.Bryn Mawr

**Full address**

Unit 5, 707 Warwick Road Top Floor, Warwick Road, Solihull, B91 3DA.

18 Monmouth Place, Bath, BA1 2AY  
Gladstone House, Hithercroft Road, Wallingford, Oxfordshire, England, OX10 9BT

Wessex House, Upper Market Street, Eastleigh, Hampshire, SO50 9FD

Unit 5, The Courtyard, 707 Warwick Road, Solihull, B91 3DA

32 Dryden Road, Units 1-9, Loanhead, Bilston Glen, EH20 9LZ

Pci House Unit 1 Woodseats Close, Woodseats Close, Sheffield, S. Yorkshire, S8 0TB

Headley Technology Park, Middle Lane Wythall, Birmingham, Warwickshire, B38 0DS

14 High View Close, Leicester, LE4 9LJ

Vantage House, Vantage Park, Leicester, LE4 9LJ

7 Calico House, Plantation Wharf, York Road, London, SW11 3TN

8870 W.Bryn Mawr, Suite 1300. Chicago, IL 60631, United States of America

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019**

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**5 Subsidiaries (continued)**

Javier de Viana	Javier de Viana 2384, Montevideo, Uruguay, CP 11200
Karneadou Suite 905	Karneadou 15, Kolonaki, Athens, 106 75 Suite 905, Financial Center B, East Sheng Cheng Road, Shouguang City, Shandong, 262700, China
Gremi Fusters	Gremi Fusters 33, Oficina 302, 07009 Palma de Mallorca, Spain
Carrera	Carrera 100 # 5-169, Torre Oasis, Piso 7, Oficinas 712 – 713, Cali, Colombia
Grandholm Drive Station Street	Pavilion 3 115 Grandholm Drive, Aberdeen, AB22 8AE Unit 5 Cabourn House Station Street, Bingham, Nottingham, NG 13 8AQ
Meadway Park	7 Meadway Court Meadway Technology Park, Stevenage, SG1 2EF

**Parent Company guarantee**

The following subsidiary companies are exempt from the requirements under the Companies Act 2006 relating to the audit of financial statements under section 479A of that Act. Jonas Computing (UK) Limited has provided a parent Company guarantee over the liabilities of each of these subsidiary companies, pursuant to section 479C of the Companies Act 2006.

<b>Company name</b>	<b>Company number</b>
XN Leisure Systems Limited	05961469
Fitronics Limited	04530620
WebCreative UK Limited	03907760
AMI Education Solutions Limited	02613240
Tucasi Limited	05060375
London & Zurich Limited	03279428
Card Management Services Limited	03206476
Metalogic Holdings Limited	06329035
Metalogic Limited	02648289
Cash Registers (Buccleuch) Limited	SC044087
C.R.B. Solutions Limited	SC200096
PCI Systems Limited	03336338
Salon Software Solutions Limited	08930241
Cunningham Cash Registers Limited	01221095
Jonas Event Technology Limited	06565756
Show Data Systems Limited	07864900
Interchange Communications Limited	02581005
FashionMaster Limited	08264830
Invicta Business Machines Limited	01035809
Stockmaster Metals Limited	03943927
MCR Enterprise Solutions Limited	08242670
MCR Systems Limited	01349701
Havenstar MMS Limited	09296184
EZ-Runner Systems Limited	07034097
Minted Box Education Limited	08704772
ePOS Developments Limited	04242142
Greycon Limited	01861647
Blayhall Marine Limited	09314913
Havenstar Software Solutions Limited	08569992
Green 4 Solutions Limited	05515543
4Sight Sport & Leisure Ltd	07702320

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****5 Subsidiaries (continued)**

Uniware Systems Limited	02890249
Vesta Merchant Services Limited (formerly Upay Limited)	07108015
Motion Software Limited	SC218287
Retail & Sports Systems Limited	06762041
Paygate Solutions Limited	FC034203

<b>6 Inventories</b>	<b>2019 £</b>	<b>2018 £</b>
Work in progress	-	5,148
Finished goods and goods for resale	16,042	13,902
	<u>16,042</u>	<u>19,050</u>

<b>7 Trade and other receivables</b>	<b>2019 £</b>	<b>2018 £</b>
Trade receivables	406,332	1,211,526
Amounts due from fellow Group undertakings	21,749,876	36,925,623
Prepayments	30,569	157,699
Other receivables	22,632	769,493
Deferred taxation	486	3,604
	<u>22,209,895</u>	<u>39,067,945</u>

The amounts due from fellow Group undertakings are unsecured and are repayable on demand.

<b>8 Cash and cash equivalents</b>	<b>2019 £</b>	<b>2018 £</b>
Cash at bank and in hand	<u>2,037,541</u>	<u>797,563</u>

<b>9 Trade and other payables: amounts falling due within one year</b>	<b>2019 £</b>	<b>2018 £</b>
Trade payables	2,667	13,267
Amounts due to fellow Group undertakings	53,186,228	60,143,460
Other tax and social security	49,592	25,811
Other payables - Earnout Liability	8,412,460	11,897,639
Accrued liabilities	227,516	694,053
	<u>61,878,463</u>	<u>72,774,230</u>

The amounts due to fellow Group undertakings are unsecured and are repayable on demand.

**JONAS COMPUTING (UK) LIMITED****NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****10 Trade and other payables: amounts falling due after more than one year**

	<b>2019</b> £	<b>2018</b> £
Amounts due to fellow Group undertakings	<u>4,680,384</u>	<u>4,680,384</u>

During January 2015 Jonas Computing (UK) Ltd entered in to 3 loan agreements with CSI Luxembourg for; £1,824,840, £1,875,000 and £950,160. The loans were later assigned from Jonas Computing (UK) Limited to Constellation Software Holdco Ltd, however Jonas Computing (UK) Ltd is still required to remit interest at 8% to Constellation Software Holdco Ltd, in line with the agreements. Repayment is due on 1st October 2021, 14th August 2021 and 10th December 2021, respectively.

**11 Deferred tax**

The movement on the deferred income tax account is as shown below:

	<b>Assets</b> £
As at 1 January 2019	3,604
Debit to profit and loss	(3,118)
As at 31 December 2019	<u>486</u>

The deferred tax asset is made up as follows:

	<b>2019</b> £	<b>2018</b> £
Decelerated capital allowances	486	418
Retirement benefit obligations	-	(622)
Tax losses carried forward	-	3,808
As at 31 December	<u>486</u>	<u>3,604</u>

**12 Share capital**

	<b>2019</b> £	<b>2018</b> £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.



## **JONAS COMPUTING (UK) LIMITED**

### **NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **13 Reserves**

##### *Share premium account*

The 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.

##### *Capital contribution*

The capital contribution reserve includes additional capital received on existing issue of share capital.

##### *Retained earnings*

Retained earnings include cumulative profit and loss net of distributions to owners.

#### **14 Contingent liabilities**

In the event that bank indebtedness arises in the ultimate parent undertaking, Constellation Software Inc., it is secured by means of an unlimited guarantee and debenture over the assets of the Company and other Group undertakings.

#### **15 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 £14,248 (2018: £15,145). No contributions were payable to the fund at the end of the year end date (2018: £nil).

#### **16 Related party transactions**

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

#### **17 Controlling party**

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 part of the Company. The consolidated accounts of Constellation Software Inc. are available to the public and may be obtained from Gary Jonas Computing Ltd, 8133 Warden Ave, Suite 400, Markham, Ontario, Canada, L6G 1R3.

## **JONAS COMPUTING (UK) LIMITED**

### **NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **18 Events after the reporting date**

Since the balance sheet date, the COVID-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact. This has had a significant impact on Jonas UK, as facilities such as gyms, leisure clubs, schools, and retail facilities have been closed for a number of months as part of these measures.

The majority of Jonas Computing (UK) Limited's client base was forced to shut down due to COVID-19, and this has caused higher attrition rates, module reductions and support discounts than normally seen, as a result of this, the Company has needed to review head count and increase their focus on expenses. Clubs and hotels reopened after the first lockdown with a reduced social distancing environment and they have seen a positive impact and rise in memberships due to this, however, food, beverage, event hosting and guest/visitor spending is still low. New name sales / prospects have been delayed, postponed or shelved as Clubs stop any capital projects given the uncertainty. Add on sales remain somewhat fairly consistent, aided by functionality that facilitated COVID-19 requirements. Forecasts are prepared at a business unit level, therefore quantification of the impact of Covid-19 on Jonas Computing (UK) Limited as a single entity is not possible. The Group position of Jonas UK is seen as a suitable guide.

On 2 April 2020 Jonas Computing (UK) Ltd purchased Contronics (Holdings) Limited who subsequently own Contronics Ltd and Fordman Systems Limited for an initial consideration of £600,000 plus other contingent considerations.

On 23 December 2020 Jonas Computing (UK) Ltd purchased Bluestar Software Limited for an initial consideration of £1,330,000 plus other contingent considerations.

On 1 February 2021 Jonas Computing (UK) Ltd purchased Corporate Software and Asset Management Limited for an initial consideration of £200,000 plus other contingent considerations.

On 1 December 2020 Jonas Computing (UK) Ltd sold its investment in Vela Software Spain S.L. to its parent company, Constellation Software UK HoldCo Ltd for £5,708,920. This investment represented revenue of £16,356,800 and a profit of £3,708,590 in the 2019 consolidated results.

On 24<sup>th</sup> September 2020, the Company paid dividends of £ 9,572,500 to its parent company.