

Company Registration No. 02648289 (England and Wales)

METALOGIC LIMITED
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014

WEDNESDAY



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METALOGIC LIMITED

COMPANY INFORMATION

Directors	B A Symons L Harrison J R MacKinnon
Company number	02648289
Registered office	c/o Jonas Software Hithercroft Road Wallingford Oxfordshire OX10 9BT
Auditors	Baker Tilly UK Audit LLP St Philips Point Temple Row Birmingham West Midlands B2 5AF

METALOGIC LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present the strategic report and financial statements for the year ended 31 December 2014.

Review of the business

Metalogic Limited ("the Company") is a wholly owned subsidiary of Constellation Software Inc., a Canadian company listed on the Toronto Stock Exchange ("TSX"). Further information about the group can be found at www.csisoftware.com/investor-relations/shareholder-reports/. Constellation Software Inc. operates on a successful multi-brand strategy and acquires software companies with a buy to hold strategy for all of its businesses.

As a wholly owned subsidiary, the Company benefits from the operational and financial support of its ultimate parent and intermediate parent company, Gary Jonas Computing ("Jonas"). Jonas Software is the leading provider of enterprise management software solutions to the Club, Leisure Fitness & Sports, Salon & Spa, Foodservice, Construction, Attractions, Metal Service Centres, Moving & Storage, Education, Radiology/ Laboratory Information Systems, Consumer Product Licensing and Retail industries. Within these 12 vertical markets, Jonas boasts 52 distinct brands, all of which are respected and longstanding leaders within their own domain.

Key Performance Indicators

In alignment with group policy, the Company considers its Key Performance Indicators ("KPIs") to be those which drive shareholder value, namely Growth in Gross Profit ("GGP") and Profitability.

	2014	2013
Growth in Gross Profit	25.4%	2.0%
Profit Before Taxation	619,322	245,077

Since Metalogic limited was acquired by Jonas in May 2013, the company has grown significantly, and management expect this growth to continue.

In addition to the above KPIs, the Company also pays close attention to its net current assets position. Jonas requires that the Company is party to a central corporate treasury function. This allows the group to centrally manage its liquidity and financial risks whilst ensuring capital is deployed worldwide in the most effective manner. However, this can mean that locally the financial strength of the Company is not necessarily conveyed by the net current asset position of any individual group company. The Directors believe that to fully understand the size and strength of the corporate group of which the Company is a part, these financial statements should be read in conjunction with those of Constellation Software.

On behalf of the board



J.R. MacKinnon

Director

29 September 2015

METALOGIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company during the year was that of the development, sale and support of computer software for the metal distribution sector and the provision of related consultancy services.

Results and dividends

The company's trading profit for the year, after taxation, was £481,984 (2013 profit £185,970).

Directors

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

B A Symons

L Harrison

J R MacKinnon

F Noble

(Appointed 1 October 2014)

(Resigned 1 October 2014)

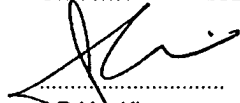
Auditors

Baker Tilly UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

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.

On behalf of the board


.....
J R MacKinnon
Director
29 September 2015
.....

METALOGIC LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALOGIC LIMITED

We have audited the financial statements set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

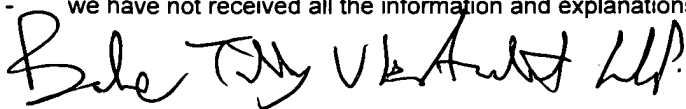
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Stephen Newman (Senior Statutory Auditor)
for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands

B2 5AF

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30th September 2015

METALOGIC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	2,646,436	2,171,348
Cost of sales		(342,249)	(334,130)
Gross profit		2,304,187	1,837,218
Administrative expenses		(1,684,866)	(1,592,369)
Operating profit		619,321	244,849
Interest receivable and similar income	3	1	228
Profit on ordinary activities before taxation	4	619,322	245,077
Tax on profit on ordinary activities	7	(137,338)	(59,107)
Profit for the financial year	16	481,984	185,970


The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

METALOGIC LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	8		2,934		14,835
Investments	9		13,625		13,625
			<u>16,559</u>		<u>28,460</u>
Current assets					
Stocks	10	-		1,193	
Debtors	11	1,857,420		1,559,211	
Cash at bank and in hand		159,069		252,058	
		<u>2,016,489</u>		<u>1,812,462</u>	
Creditors: amounts falling due within one year	12	(877,054)		(974,590)	
Net current assets			<u>1,139,435</u>		<u>837,872</u>
Total assets less current liabilities			<u>1,155,994</u>		<u>866,332</u>
Deferred income			50,112		242,434
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		1,055,882		573,898
Shareholder's funds	17		<u>1,105,882</u>		<u>623,898</u>
			<u>1,155,994</u>		<u>866,332</u>

The financial statements on pages 5 to 15 were approved by the board of directors and authorised for issue on 25 September 2015 and are signed on its behalf by:


 J R MacKinnon
 Director

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group and the parent company has prepared publicly available consolidated financial statements which include a consolidated cash flow statement incorporating the company's cash flows.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the accounting period exclusive of Value Added Tax together with the value of work completed but not invoiced at the balance sheet date. Software and associated hardware revenue is recognised on completion of installation. Software and hardware support revenue is recognised evenly over the period supported. Maintenance revenue is recognised on a monthly basis over the course of the maintenance agreement. License revenue is recognised on the delivery of the license.

Research and development

Expenditure on research and development, including the development of software, is written off in the year which it is incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Equipment	Straight line over 3 years
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost

Leasing

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stock

Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on normal levels of activity.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (Continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated by not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Constellation Software Inc., a company incorporated in Canada, and is included in the consolidated accounts of that company.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Interest receivable and similar income

	2014	2013
	£	£
Bank interest	1	228
	<hr/>	<hr/>
	1	228
	<hr/>	<hr/>

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

4 Profit on ordinary activities before taxation	2014	2013
	£	£
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Depreciation of tangible fixed assets		
- owned	14,896	28,434
(Profit) on disposal of tangible assets	(13,250)	-
Operating lease rentals		
- Plant and machinery	4,730	4,730
- Other assets	13,813	14,015
Auditors' remuneration for statutory audit	6,817	6,250
	<u> </u>	<u> </u>

5 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014	2013
	Number	Number
Development, professional services and support staff	22	21
Management	2	2
	<u> </u>	<u> </u>
	24	23
	<u> </u>	<u> </u>

Employment costs

	2014	2013
	£	£
Wages and salaries	1,072,158	1,105,538
Social security costs	117,496	77,511
Other pension costs	93,120	59,342
	<u> </u>	<u> </u>
	1,282,774	1,242,391
	<u> </u>	<u> </u>

6 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	73,240	116,293
Company contributions to money purchase pension schemes	9,364	12,942
	<u> </u>	<u> </u>
	82,604	129,235
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013 - 1).

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

7	Tax on profit on ordinary activities	2014 £	2013 £
	Current tax		
	U.K. corporation tax	133,436	29,598
	Adjustment in respect of prior years	1,240	-
	Total current tax	<u>134,676</u>	<u>29,598</u>
	Deferred tax		
	Origination and reversal of timing differences	3,285	29,509
	Deferred tax adjustments arising in previous periods	(623)	-
	Total deferred tax	<u>2,662</u>	<u>29,509</u>
	Total tax on profit on ordinary activities	<u>137,338</u>	<u>59,107</u>
	Factors affecting the tax charge for the year		
	The tax assessed for the year is higher than the standard rate of corporation tax (21%). The differences are explained below:		
	Profit on ordinary activities before taxation	<u>619,322</u>	<u>245,077</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49% (2013 - 23.25%)	<u>133,112</u>	<u>56,972</u>
	Effects of:		
	Expenses not deductible for tax purposes	3,854	-
	Capital allowances	(1,219)	3,356
	Short term timing differences	(2,311)	339
	Utilisation of tax losses and other deductions	-	(31,069)
	Adjustments to previous periods	1,240	-
		<u>1,564</u>	<u>(27,374)</u>
	Current tax charge for the year	<u>134,676</u>	<u>29,598</u>

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

8 Tangible fixed assets

	Equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2014	29,105	19,950	86,906	135,961
Additions	-	2,995	-	2,995
Disposals	-	-	(54,985)	(54,985)
At 31 December 2014	29,105	22,945	31,921	83,971
Depreciation				
At 1 January 2014	25,472	19,368	76,286	121,126
On disposals	-	-	(54,985)	(54,985)
Charge for the year	2,946	1,330	10,620	14,896
At 31 December 2014	28,418	20,698	31,921	81,037
Net book value				
At 31 December 2014	687	2,247	-	2,934
At 31 December 2013	3,633	582	10,620	14,835

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2014 & at 31 December 2014	822,000
Provisions for diminution in value	
At 1 January 2014 & at 31 December 2014	808,375
Net book value	
At 31 December 2014	13,625
At 31 December 2013	13,625

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

9 Fixed asset investments (Continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Caneline Equities Limited	United Kingdom	Ordinary shares		100.00
Stockmaster Metals Limited	United Kingdom	Ordinary shares		100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2014 £	Profit/(loss) for the year 2014 £
Caneline Equities Limited	Dormant	6	-
Stockmaster Metals Limited	Dormant	13,596	-

10 Stocks

	2014 £	2013 £
Finished goods and goods for resale	-	1,193

11 Debtors

	2014 £	2013 £
Trade debtors	323,489	480,932
Amounts owed by group undertakings	1,454,375	1,000,460
Other debtors	-	529
Prepayments and accrued income	75,978	71,050
Deferred tax asset (see note 13)	3,578	6,240
	<u>1,857,420</u>	<u>1,559,211</u>

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

12 Creditors: amounts falling due within one year	2014	2013
	£	£
Trade creditors	21,468	87,736
Amounts owed to group undertakings	543,037	749,843
Corporation tax	133,436	29,598
Other taxation and social security costs	84,264	64,161
Other creditors	1,129	11,811
Accruals and deferred income	93,720	31,441
	<u>877,054</u>	<u>974,590</u>

The Company pays close attention to its net current assets position. Jonas requires the Company to be 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. This can mean that locally the financial strength of the Company 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 Company is a part, these financial statements should be read in conjunction with those of Constellation Software Inc. See note 20 for further details.

13 Deferred tax asset

The deferred tax asset (included in debtors, note 11) is made up as follows:

	2014	
	£	
Balance at 1 January 2014	6,240	
Profit and loss account	(2,662)	
Balance at 31 December 2014	<u>3,578</u>	
	2014	2013
	£	£
Decelerated capital allowances	3,352	3,864
Other timing differences	226	2,376
	<u>3,578</u>	<u>6,240</u>

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

14 Retirement benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. As at 31 December 2014 contributions amounting to £1,129 (2013: £11,811) were payable to the fund and are included in creditors due within one year.

	2014 £	2013 £
Contributions payable by the company for the year	93,120	59,342

15 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

16 Profit and loss account

	Profit and loss account £
Balance at 1 January 2014	573,898
Profit for the year	481,984
Balance at 31 December 2014	1,055,882

17 Reconciliation of movements in shareholder's funds

	2014 £	2013 £
Profit for the financial year	481,984	185,970
Opening shareholder's funds	623,898	437,928
Closing shareholder's funds	1,105,882	623,898

18 Contingent liabilities

The company is party to a group unlimited guarantee and debenture. 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.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19 Commitments under operating leases

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Within one year	3,563	7,125	4,730	-
Between two and five years	-	-	-	4,730
	<u>3,563</u>	<u>7,125</u>	<u>4,730</u>	<u>4,730</u>

20 Control

The immediate parent company is Metalogic Holdings Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results are consolidated is that headed by Constellation Software Inc. Constellation Software Inc. is also the ultimate controlling party of the company. The consolidated accounts of Constellation Software Inc. are available to the public and may be obtained from Gary Jonas Computing Ltd., 8133 Warden Ave, Suite 400, Markham, Ontario, Canada, L6G 1B3.

21 Related party relationships and transactions

The company has taken advantage of the exemption contained in FRS 8 and therefore has not disclosed transactions or balances with entities which form part of the group headed by Constellation Software Inc.