

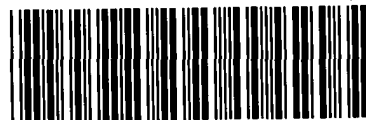
Registered number: 02648289

METALOGIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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METALOGIC LIMITED

COMPANY INFORMATION

Directors

B Symons
J MacKinnon
D Boxall
L Harrison

Company secretary

L Orme

Registered number

02648289

Registered office

Gladstone House
Hithercroft Road
Wallingford
Oxfordshire
OX10 9BT

Independent auditors

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
OX4 2WB

METALOGIC LIMITED

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METALOGIC LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Directors present the Strategic Report and Financial Statements for the year ended 31 December 2017.

Business review

Metalogic Limited ("the Company") is a wholly owned subsidiary of Constellation Software Inc. a Canadian company listed on the Toronto Stock Exchange ("TSX").

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 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, Hotel & Hospitality, Camps, Event Management, Radiology/Laboratory Information Systems, Consumer Product Licensing, Payment Processing, Dynamic Case Management and Retail industries.

Principal risks and uncertainties

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.

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.

	2017	2016	2015
Growth in Gross Profit	(3)%	19%	17%
Profit before tax	1,308,405	1,415,469	912,475

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 which allows the group to centrally manage its liquidity and financial risks whilst ensuring capital is deployed globally in the most effective manner. However, this can mean that locally the financial strength of the Company is not necessarily conveyed by the 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..

Pleased with the results from Metalogic with continued strong performance following previously strong results in 2015 and 2016. Metalogic have invested in it's core products for the USA and international markets, maintaining vertical specific solutions but broadening the market geography.

This report was approved by the board on 28th SEPTEMBER 2018 and signed on its behalf.

D Boxall
Director



METALOGIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors' responsibilities statement

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

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

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

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

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

Principal activity

The principal activity of the Company continued to be that of the development, sale and support of computer software for the metal distribution sector and provision of related consultancy services.

Results and dividends

The profit for the year, after taxation, amounted to £1,056,624 (2016 - £1,146,107).

Details on dividends received and paid during the year are disclosed further on in the notes to the financial statements.

Directors

The Directors who served during the year were:

B Symons
J MacKinnon
D Boxall
L Harrison

Future developments

The 7% improvement in distributed steel consumption has lead to much higher activity in this market and currently we are seeing a high level of interest in the companies products in the USA. We have also seen enquires from rest of world countries and this falls in line with our plans to develop this market as a sustainable growth sector.

METALOGIC LIMITED

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

Disclosure of information to auditors

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

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

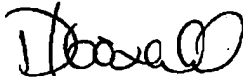
Post balance sheet events

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

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **25TH SEPTEMBER 2018** and signed on its behalf.



D Boxall
Director

METALOGIC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF METALOGIC LIMITED

Opinion

We have audited the financial statements of Metalogic Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditors' 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.

METALOGIC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF METALOGIC LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

METALOGIC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF METALOGIC LIMITED (CONTINUED)

Who we are reporting to

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 Auditors' 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.

Grant Thornton UK LLP

James Rogers BA FCA (Senior Statutory Auditor)

For and on behalf of
Grant Thornton UK LLP

Oxford
Date: *28 September 2018*

METALOGIC LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	3,445,016	3,528,183
Cost of sales		(322,708)	(320,814)
Gross profit		3,122,308	3,207,369
Administrative expenses		(1,800,278)	(1,791,900)
Operating profit	5	1,322,030	1,415,469
Income from shares in group undertakings		(13,625)	-
Profit before tax		1,308,405	1,415,469
Tax on profit	9	(251,781)	(269,362)
Profit for the financial year		1,056,624	1,146,107

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

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

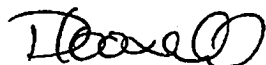
The notes on pages 10 to 22 form part of these financial statements.

METALOGIC LIMITED
REGISTERED NUMBER: 02648289

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	12	-	13,625
		<u>-</u>	<u>13,625</u>
Current assets			
Debtors: amounts falling due within one year	13	4,059,039	6,632,320
Cash at bank and in hand	14	2,406	21,657
		<u>4,061,445</u>	<u>6,653,977</u>
Creditors: amounts falling due within one year	15	(1,643,696)	(3,865,769)
Net current assets		<u>2,417,749</u>	<u>2,788,208</u>
Total assets less current liabilities		<u>2,417,749</u>	<u>2,801,833</u>
Net assets		<u><u>2,417,749</u></u>	<u><u>2,801,833</u></u>
 Deferred income		 567,835	 808,543
Capital and reserves			
Called up share capital	17	50,000	50,000
Profit and loss account	18	1,799,914	1,943,290
		<u>2,417,749</u>	<u>2,801,833</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28TH SEPTEMBER 2018



D Boxall
Director

METALOGIC LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	50,000	1,943,290	1,993,290
Comprehensive income for the year			
Profit for the year	-	1,056,624	1,056,624
Total comprehensive income for the year	-	1,056,624	1,056,624
Dividends: Equity capital	-	(1,200,000)	(1,200,000)
Total transactions with shareholders	-	(1,200,000)	(1,200,000)
At 31 December 2017	50,000	1,799,914	1,849,914

The notes on pages 10 to 22 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	50,000	797,183	847,183
Comprehensive income for the year			
Profit for the year	-	1,146,107	1,146,107
Total comprehensive income for the year	-	1,146,107	1,146,107
At 31 December 2016	50,000	1,943,290	1,993,290

The notes on pages 10 to 22 form part of these financial statements.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General Information

Metalogic Limited is a limited liability company incorporated in the United Kingdom, its registered office is Gladstone House, Hithercroft Road, Wallingford, Oxfordshire. OX10 9BT.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 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)
- the requirements of paragraphs 134-136 of IAS 1 Presentation of Financial Statements for capital management disclosures
- the effect of future accounting standards not adopted

2.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors have reviewed the working capital requirements of the group for a period of at least 12 months from the anticipated date of signing of the financial statements and are satisfied that the company will be able to meet its liabilities as they fall due.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 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'.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Software licenses are recognised on delivery of the software license. When delivery of goods is delayed at the customers' request, and the customer specifically acknowledges the deferred delivery instructions and the usual payment terms apply, revenue is recognised when the customer takes title of the goods.

Consultancy and training revenues provided on a time and material basis are recognised when the service has been performed. For services performed on a fixed price basis, revenue is recognised proportionately to the percentage of planned costs incurred.

Maintenance renewals are recognised over the period of which the maintenance contract covers.

Where a contract consists of various components that operate independently of each other, the Company recognises revenue for each component as if it were one individual contract.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 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.

2.8 Pensions

Defined contribution pension plan

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

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

2.9 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.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Motor vehicles	-	25%
Fixtures and fittings	-	20%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Dividends

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

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

The preparation of the financial statements 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.

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:

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.

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.

The company 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 13 for the net carrying amount of the receivables.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

The whole of the turnover is attributable to its principal activity.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	-	141
Exchange differences	8,620	497
Defined contribution pension cost	112,584	110,933
	<u>112,584</u>	<u>110,933</u>

6. Auditors' remuneration

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

	2017 £	2016 £
Fees for assurance services	5,245	5,245
Fees for tax compliance services	1,851	1,851
Other fees payable	251	251
	<u>7,347</u>	<u>7,347</u>

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

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

	2017 £	2016 £
Wages and salaries	1,123,079	1,174,177
Social security costs	127,202	120,028
Cost of defined contribution scheme	112,584	110,933
	<u>1,362,865</u>	<u>1,405,138</u>

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

	2017 No.	2016 No.
General & Administration	2	1
Sales & Marketing	1	1
Research & Development	7	7
Professional Services	5	6
Maintenance	7	8
	<u>22</u>	<u>23</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	159,730	126,466
Directors' pension costs	10,000	9,751
	<u>169,730</u>	<u>136,217</u>

During the year retirement benefits were accruing to no Directors (2016 - NIL) in respect of defined contribution pension schemes.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	252,189	277,903
Adjustments in respect of previous periods	-	(6,068)
	<u>252,189</u>	<u>271,835</u>
Total current tax	<u>252,189</u>	<u>271,835</u>
Deferred tax		
Origination and reversal of timing differences	(408)	(2,473)
Total deferred tax	<u>(408)</u>	<u>(2,473)</u>
Taxation on profit on ordinary activities	<u>251,781</u>	<u>269,362</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,308,405</u>	<u>1,415,469</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	251,868	283,094
Effects of:		
Capital allowances for year in excess of depreciation	410	143
Adjustments to tax charge in respect of prior periods	-	(6,068)
Short term timing difference leading to an increase (decrease) in taxation	(57)	(2,616)
Adjustment in research and development tax credit leading to an Increase (decrease) in the tax charge	-	(10,981)
Other differences leading to an increase (decrease) in the tax charge	(440)	5,790
Total tax charge for the year	<u>251,781</u>	<u>269,362</u>

Factors that may affect future tax charges

During the year, the UK corporation tax rate decreased, it is also planned to reduce down to 19% from 1 April 2017, and 17% from 1 April 2020.

METALOGIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Dividends

	2017 £	2016 £
Paid during the year (£24 per share (2016: nil per share))	1,200,000	-
	<u>1,200,000</u>	<u>-</u>

11. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2017	31,921	19,950	29,105	80,976
Disposals	(31,921)	-	(18,557)	(50,478)
At 31 December 2017	<u>-</u>	<u>19,950</u>	<u>10,548</u>	<u>30,498</u>
Depreciation				
At 1 January 2017	31,921	19,950	29,105	80,976
Disposals	(31,921)	-	(18,557)	(50,478)
At 31 December 2017	<u>-</u>	<u>19,950</u>	<u>10,548</u>	<u>30,498</u>
Net book value				
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	13,625
Disposals	(13,625)
At 31 December 2017	-
At 31 December 2017	-
At 31 December 2016	13,625

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Caneline Equities Limited	Ordinary	100 %	Dormant
Stockmaster Metals Limited	Ordinary	100 %	Non trading Company

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
Caneline Equities Limited	6
Stockmaster Metals Limited	13,596
	13,602

Caneline Equities Limited was struck off on 20 December 2016.

METALOGIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Debtors

	2017 £	2016 £
Trade debtors	670,510	580,357
Amounts owed by group undertakings	3,307,493	5,932,558
Other debtors	38,814	70,148
Prepayments and accrued income	37,333	44,776
Deferred taxation	4,889	4,481
	<u>4,059,039</u>	<u>6,632,320</u>

14. Cash and cash equivalents

	2017 £	2016 £
Bank current accounts	2,406	21,657
	<u>2,406</u>	<u>21,657</u>

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,063	4,183
Amounts owed to group undertakings	812,558	3,009,344
Corporation tax	238,453	277,903
Other taxation and social security	447,733	460,972
Other creditors	19,875	15,670
Accruals	116,014	97,697
	<u>1,643,696</u>	<u>3,865,769</u>

Jonas requires that the Company is party to a central corporate treasury function which allows the group to centrally manage its liquidity and financial risks whilst ensuring capital is deployed globally in the most effective manner. However, this can mean that locally the financial strength of the Company is not necessarily conveyed by the 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.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

16. Deferred taxation

	2017 £	2016 £
At beginning of year	4,481	2,008
Charged to profit or loss	408	2,473
At end of year	4,889	4,481

The deferred tax asset is made up as follows:

	2017 £	2016 £
Decelerated capital allowances	4,481	1,663
Pension surplus	408	2,818
	4,889	4,481

17. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

18. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

19. 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.

20. Capital commitments

There were no capital commitments as at 31 December 2017 nor December 2016.

METALOGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. 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 £112,584 (2016: £110,932). Contributions totalling £16,748 (2016: £15,656) were payable to the fund at the end of the year end date.

22. Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

23. Related party transactions

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

24. Controlling party

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.