

Financial Statements Gladstone Limited

For the Year Ended 31 December 2015



Registered number: 03327360

Gladstone Limited
Registered number:03327360

Company Information

Directors	B A Symons J R MacKinnon (appointed 18 December 2015) A Morris (appointed 18 December 2015)
Company secretary	Stephen McNally
Registered number	03327360
Registered office	C/O Gladstone MRM Hithercroft Road Wallingford Oxfordshire OX10 9BT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford Oxfordshire OX4 2WB

Gladstone Limited
Registered number:03327360

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Strategic Report

For the Year Ended 31 December 2015

Introduction

The Directors present the Strategic Report and Financial Statements for the period ended 31 December 2015.

Business review

Gladstone 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 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, Continuing Education, Hotel & Hospitality, Camps, Event Management, Radiology/Laboratory Information Systems, Consumer Product Licensing, Payment Processing and Retail industries. Within these 17 vertical markets, Jonas boasts 65 distinct brands, all of which are respected and longstanding leaders within their own domain.

Principal risks and uncertainties

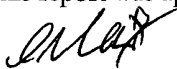
The principle risk of the company is the valuation of investments in trading subsidiaries, the largest of which by far is Gladstone MRM Limited. Gladstone MRM Limited's trading performance continues to strengthen year on year and continues to make advancements into its products on the UK leisure market.

Financial key performance indicators

Gladstone Limited has made a profit before tax of £2,298,838 for the year (2014 - £552,248)

In addition to the above KPIs, the Company also pays close attention to its net current asset 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 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 Inc.

This report was approved by the board on July 21 2016 and signed on its behalf.


A Morris
Director

Directors' Report

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The principle activity of the Company during the year was that of a holding company, owning the entire share capital of Gladstone MRM Limited. The Group of companies which are either dormant or provide computer software and consultancy services in connection with the supply of membership facilities management systems. The Company also owns the intellectual property associated with the Plus2 software and receives royalty income for the use of this product by the group.

Directors

The directors who served during the year were:

J Baksh (resigned 18 December 2015)
B A Symons
J R MacKinnon (appointed 18 December 2015)
S Saklad (resigned 18 December 2015)
A Morris (appointed 18 December 2015)
F Noble (resigned 18 December 2015)

Results and dividends

The profit for the year, after taxation, amounted to £1,973,650 (2014 - £96,719).

Details on dividends paid during the year are disclosed in note 10.

Future developments

The company will continue to operate as a holding company.

Post balance sheet events

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

Directors' Report

For the Year Ended 31 December 2015

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Disclosure of information to auditor

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

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

Auditors

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

This report was approved by the board on July 21 2016 and signed on its behalf.



A Morris
Director



Independent Auditor's Report to the Members of Gladstone Limited

We have audited the financial statements of Gladstone Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. 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), including FRS 101 'Reduced Disclosure Framework'.

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 explained more fully in the Directors' responsibilities statement, 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 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 2015 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Gladstone Limited

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.

Grant Thornton UK LLP

Tracey James (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Oxford
Date: 21 July 2016

Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		2,504,615	2,277,427
Gross profit		2,504,615	2,277,427
Administrative expenses		(311,024)	(1,558,689)
Other operating income		105,000	105,000
Operating profit		2,298,591	823,738
Profit/(loss) on disposal of investments		-	(271,749)
Interest receivable and similar income	8	247	259
Profit before tax		2,298,838	552,248
Tax on profit	9	(325,188)	(455,529)
Profit for the year		1,973,650	96,719
Total comprehensive income for the year		1,973,650	96,719

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

The notes on pages 10 to 26 form part of these financial statements.

Balance Sheet

As at 31 December 2015

	Note	2015 £	2014 Restated £
Fixed assets			
Intangible assets	11	1	1
Investments	13	11,686,613	11,686,613
		<u>11,686,614</u>	<u>11,686,614</u>
Current assets			
Debtors: amounts falling due within one year	14	6,001,719	6,061,588
Cash at bank and in hand	15	209,665	99,383
		<u>6,211,384</u>	<u>6,160,971</u>
Creditors: amounts falling due within one year	16	(6,530,591)	(6,091,866)
Net current assets		<u>(319,207)</u>	<u>69,105</u>
Total assets less current liabilities		<u>11,367,407</u>	<u>11,755,719</u>
Net assets		<u><u>11,367,407</u></u>	<u><u>11,755,719</u></u>
Capital and reserves			
Called up share capital	20	4,297,039	4,297,039
Share premium account	19	1,373,026	1,373,026
Other reserves	19	3,685,258	3,685,258
Profit and loss account	19	2,012,084	2,400,396
		<u>11,367,407</u>	<u>11,755,719</u>

The notes on pages 10 to 26 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 July 2016



A Morris
Director

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2015	4,297,039	1,373,026	3,685,258	2,400,396	11,755,719
Comprehensive income for the year					
Profit for the year	-	-	-	1,973,650	1,973,650
Total comprehensive income for the year	-	-	-	1,973,650	1,973,650
Dividends: Equity capital	-	-	-	(2,361,962)	(2,361,962)
Total transactions with owners	-	-	-	(2,361,962)	(2,361,962)
At 31 December 2015	4,297,039	1,373,026	3,685,258	2,012,084	11,367,407

The notes on pages 10 to 26 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2014

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2014 (as previously stated)	4,297,039	1,373,026	3,685,258	941,673	10,296,996
Prior year adjustment	-	-	-	1,362,004	1,362,004
At 1 January 2014 (as restated)	4,297,039	1,373,026	3,685,258	2,303,677	11,659,000
Comprehensive income for the year					
Profit for the year	-	-	-	96,719	96,719
Total comprehensive income for the year	-	-	-	96,719	96,719
At 31 December 2014	4,297,039	1,373,026	3,685,258	2,400,396	11,755,719

The notes on pages 9 to 25 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

Gladstone Limited is a limited liability company incorporated in the United Kingdom. Its registered office is C/O Gladstone MRM, Hithercroft Road, Wallingford, Oxfordshire, OX10 9BT.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 25.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

1.2 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
- disclosure of key management personnel compensation
- capital management disclosures
- the effect of future accounting standards not adopted

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.3 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.

1.4 Revenue

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

Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant underlying agreements.

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

1.6 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 the Statement of comprehensive income during the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

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

Depreciation is provided on the following basis:

Office equipment	- 25%
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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 within 'other operating income' in the Statement of comprehensive income.

1.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 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.

1.10 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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

1.12 Creditors

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

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

1.14 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.16 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 change 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 balance sheet 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 balance sheet 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 balance sheet date.

Notes to the Financial Statements

For the Year Ended 31 December 2015

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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 or values may vary in certain instances from the assumptions 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 a significant risk of resulting in a material adjustment within the next financial year are included below.

Critical judgments that management have made in the process of applying accounting policies disclosed herein, and that have a significant effect on the amounts recognised in the financial statements, relates to the following:

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 of 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 probable 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 overtime, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

3. Analysis of turnover

All turnover arose within the United Kingdom.

Notes to the Financial Statements

For the Year Ended 31 December 2015

4. Other operating income

	2015 £	2014 £
Net rents receivable	105,000	105,000
	<u>105,000</u>	<u>105,000</u>

5. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Exchange differences	50,308	13,549
Operating lease rental	<u>105,000</u>	<u>105,000</u>

During the year, no director received any emoluments (2014 - £NIL).

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:

	2015 £	2014 £
Fees for the audit and preparation of the financial statements of the Company	5,745	2,395
Fees for tax compliance services	<u>1,400</u>	<u>-</u>
	<u>7,145</u>	<u>2,395</u>

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2014 - £NIL).

Notes to the Financial Statements

For the Year Ended 31 December 2015

8. Interest receivable

	2015 £	2014 £
Other interest receivable	247	259
	<u>247</u>	<u>259</u>

9. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	451,192	454,824
Adjustments in respect of previous periods	(126,845)	-
	<u>324,347</u>	<u>454,824</u>
Total current tax	<u>324,347</u>	<u>454,824</u>
Deferred tax		
Origination and reversal of timing differences	841	705
Total deferred tax	<u>841</u>	<u>705</u>
Taxation on profit on ordinary activities	<u>325,188</u>	<u>455,529</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>2,298,838</u>	<u>552,248</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	451,777	118,695
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	319,415
Adjustments to tax charge in respect of prior periods	(126,845)	17,470
Other differences leading to an increase (decrease) in the tax charge	256	(51)
Total tax charge for the year	<u><u>325,188</u></u>	<u><u>455,529</u></u>

10. Dividends

	2015 £	2014 £
Dividends	<u><u>2,361,962</u></u>	<u><u>-</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Intangible assets

	Intellectual property £
Cost	
At 1 January 2015	1
At 31 December 2015	<u>1</u>
At 31 December 2015	<u>-</u>
Net book value	
At 31 December 2015	<u>1</u>
At 31 December 2014	<u>1</u>

12. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2015	36,621
At 31 December 2015	<u>36,621</u>
Depreciation	
At 1 January 2015	36,621
At 31 December 2015	<u>36,621</u>
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	24,930,937
At 31 December 2015	24,930,937
Impairment	
At 1 January 2015	13,244,324
At 31 December 2015	13,244,324
Net book value	
At 31 December 2015	11,686,613
At 31 December 2014	11,686,613

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Gladstone MRM Limited	United Kingdom	Ordinary	100 %	Membership and facilities management
Gladstone Education Limited	United Kingdom	Ordinary	100 %	E-registration and cashless payments for the education market
Membertrack Limited	United Kingdom	Ordinary	100 %	Dormant
The Fit Club Limited	United Kingdom	Ordinary	100 %	Dormant
GE.Clear Limited	United Kingdom	Ordinary	100 %	Dormant
The Electronic Club Limited	United Kingdom	Ordinary	100 %	Dormant
In4mation.Net Limited	United Kingdom	Ordinary	100 %	Dormant
Cascade Management Consultants Limited	United Kingdom	Ordinary	100 %	Dormant
Torstar Limited	United Kingdom	Ordinary	100 %	Dormant

Gladstone Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

13. Fixed asset investments (continued)

Microcache (Scotland) Limited	United Kingdom	Ordinary	100 % Dormant
Job4life.Net Limited	United Kingdom	Ordinary	100 % Dormant
Like4like.Net Limited	United Kingdom	Ordinary	100 % Dormant
Global Technology (Software) Limited	United Kingdom	Ordinary	100 % Dormant

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the trading subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Gladstone MRM Limited	2,112,059	134,487
Gladstone Education Limited	(1,443,919)	156,935

14. Debtors

	2015 £	2014 £
Amounts owed by group undertakings	5,901,380	6,023,445
Other debtors	97,968	-
Prepayments and accrued income	2	34,933
Deferred taxation	2,369	3,210
	<u>6,001,719</u>	<u>6,061,588</u>

15. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	209,665	99,383
	<u>209,665</u>	<u>99,383</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

16. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	31,500	-
Amounts owed to group undertakings	6,013,640	5,630,415
Corporation tax	381,137	437,358
Taxation and social security	7,165	13,396
Other creditors	45,711	1,285
Accruals and deferred income	51,438	9,412
	<u>6,530,591</u>	<u>6,091,866</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.

17. Financial instruments

	2015 £	2014 £
Financial assets		
Cash at bank and in hand	209,665	99,383
Amounts owed by group undertakings	5,901,380	6,023,445
Other debtors	97,968	-
Accrued income	2	1,200
	<u>6,209,015</u>	<u>6,124,028</u>
Financial liabilities		
Trade creditors	(31,500)	-
Amounts owed to group undertakings	(6,013,640)	(5,630,415)
Other creditors	(45,711)	(1,284)
Accruals	(51,438)	(9,412)
	<u>(6,142,289)</u>	<u>(5,641,111)</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Deferred taxation

	Deferred tax £
At 1 January 2015	3,210
Charged to the profit or loss	(841)
At 31 December 2015	<u>2,369</u>

In respect of prior year:

	Deferred tax £
At 1 January 2014	3,210
At 31 December 2014	<u>3,210</u>

The deferred tax asset is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	2,369	3,210
	<u>2,369</u>	<u>3,210</u>

19. Reserves

Called-up share capital

Represents the nominal value of shares that have been issued.

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

The special reserve arose as a result of the de-merger of Ge.world UK and its subsidiaries in 2001.

Profit and loss account

Includes all current and prior period retained profits and losses.

Notes to the Financial Statements

For the Year Ended 31 December 2015

20. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
59,650,933 (2014 - 59,650,900) Ordinary shares of £0.01 each	596,509	596,509
41,116,996 (2014 - 41,117,000) Non-voting deferred shares of £0.09 each	3,700,530	3,700,530
	<u>4,297,039</u>	<u>4,297,039</u>

21. Prior year adjustment

In 2013 the company erroneously acquired a subsidiary company's intercompany debt. The error has been corrected by restating each of the affected financial statements line items for each period as follows:

	31 December 2014 (as previously stated) £	Increase/ (Decrease) £	31 December 2014 (Restated) £
Creditors	7,453,870	(1,362,004)	6,091,866
Profit and loss account	1,038,392	1,362,004	2,400,396

22. 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.

23. Capital commitments

There were no capital commitments as at 31 December 2015 nor 31 December 2014.

24. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	105,000	105,000
Later than 1 year and not later than 5 years	131,250	236,250
Total	<u>236,250</u>	<u>341,250</u>



Gladstone Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

25. Related party transactions

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

26. Controlling party

The immediate parent company is Constellation Software UK Holdco Limited, a company incorporated in England and Wales, which is the parent of the smallest group of which the company is a member.

Constellation Software UK Holdco Limited is a subsidiary of Constellation Software Inc, a company in Canada, which is the ultimate parent company as at the date of signing these financial statements.

Copies of the consolidated financial statements of Constellation Software Inc. are publically available.

27. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.