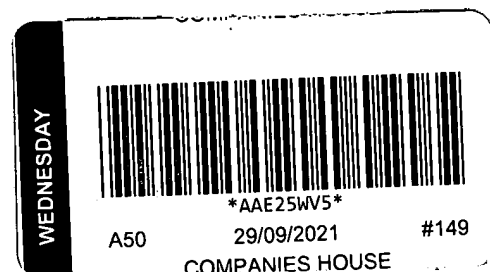


UCS Systems Limited
Report and Financial Statements
Year ended 31 December 2020

Registered number: 04258232



UCS Systems Limited
Year Ended 31 December 2020

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UCS Systems Limited
Year Ended 31 December 2020

Officers and professional advisers

Directors

N T Barras
R D Burnett
J S Cherry
W T Daughters II
S A Robinson

Secretary

J S Cherry

Auditor

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers

National Westminster Bank plc
1 Town Hall Buildings
Bridge Street
Banbury
OX16 8JS

Registered Office

1200 Bristol Road South
Northfield
Birmingham
B31 2RW

UCS Systems Limited

Strategic Report for the year ended 31 December 2020

The directors present their Strategic Report on the performance of the Group for the year ended 31 December 2020.

The principal activity of the group is the supply of computer systems specifically for the retail motor trade.

The principal activity of the company is that of a holding company.

BUSINESS REVIEW AND FUTURE PROSPECTS

The Group's key financial performance indicators are as follows:

	2020 £'000	2019 £'000
Turnover	38,139	56,127
Operating profit before depreciation, amortisation and other operating income	7,921	9,476
Operating profit	7,520	6,696
Cash	41,746	35,616
Shareholder's funds	39,771	32,684

The Group's turnover arises from its businesses' trading activities in UK, France, Germany and Benelux. Group turnover decreased by 32% in 2020 compared to 2019, but this is mainly due to the disposal of Reynolds & Reynolds (Canada) Limited in the prior year. Excluding Canada, Group turnover decreased by only 0.6% which the directors consider to be a successful achievement in light of the turmoil and disruption caused by the global COVID-19 pandemic.

Year-on-year revenue growth of 4.8% and 1.3% was achieved in France and Germany respectively, but revenues decreased in both the UK (2.5%) and Benelux (4.2%). The movements in revenue were not unexpected and in the opinion of the directors reflect the impact of COVID-19 on local markets and the direct consequences on our Group companies and their operations.

Overall the Group traded profitably again in 2020, reporting a profit before tax of £7.4m (2019: £5.2m, excluding Canada), a like-for-like increase of over 42%. The substantial majority of this profit was gain generated in France and Germany, but the UK was also profitable this year mainly due to a significant decrease in goodwill amortisation charges. Across the Group tight cost control measures are implemented to ensure profitability can be achieved despite fluctuations in revenues.

The Group's key non-financial KPIs are headcount and customer store base. Employee numbers are disclosed in note 5.

The Group balance sheet remains healthy and highly liquid, with net current assets in excess of £40m, cash balances of over £41m and no external debt. This underlines the continued strength of the Group to commit to further product development, to capitalise on suitable acquisition opportunities and to absorb any unforeseen external 'shocks' to the market, particularly in relation to COVID-19.

In common with many other businesses, the ongoing impact of the COVID-19 pandemic on the Group remains uncertain. However, the Group is in a very strong position to continue trading due to the strength of its balance sheet and access, if required, to additional financial support from across the global UCS group. In all countries we worked closely with our customers during 2020 to support them wherever possible and our employees demonstrated outstanding commitment, dedication and adaptability to enable our business to operate smoothly while our offices have been closed. In the longer-term, we will make whatever changes are necessary to our normal working practices to safeguard our business, to trade profitably and to continue to provide a high quality service to our customers and to invest in product development.

UCS Systems Limited

Strategic Report for the year ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The directors continually review and evaluate the risks that the Group is facing. The principal risks and uncertainties facing the Group are broadly grouped as follows:

- **Competitive risks**

Largely owing to the nature of the niche market in which the Group operates, the Group has faced strong competition in recent years. The Group puts strong emphasis on its excellent service levels and quality of its product to maintain its position within the market.

- **Financial instruments risks**

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

- **Exposure to price, credit and liquidity risk**

The Group is exposed to the financial risks of changes in foreign currency exchange rates. The Group aims to limit its exposure by the continual review of exchange rates to ensure appropriate financial decisions can be made.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that material deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Group's debtors are shown in the notes to the financial statements. The Group limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets.

- **Technology and cyber-attack risk**

The Group has established a series of robust and formal information technology security and governance processes in order to combat the threat posed from both technology risk and cyber-attacks. These measures include business continuity plans for all major systems and applications, regular review of controls over and access to sensitive data, and cyber insurance cover.

- **COVID-19**

Throughout 2020 COVID-19 had a broad and unprecedented impact on the global economy. The directors recognise that risk is present not only to our business, but to all businesses. As part of a global group, the directors believe the Company and Group would have access if necessary to adequate liquid financial resources to enable it to continue as a going concern. As the financial markets continue to evolve, the directors closely monitor the latest official government advice and guidance, reviewing available financial support measures to ensure that risk is mitigated as facts and circumstances change.

At the time of approving the financial statements, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. Following the uncertainty presented by COVID-19, management has reassessed the going concern assumption and confirms that it remains appropriate based on the very strong cash and net asset position of the Group which enables it to sustain its business and meet its liabilities as they fall due.

UCS Systems Limited
Strategic Report for the year ended 31 December 2020

SECTION 172(1) STATEMENT

The Board of Directors consider that they have acted in a suitable manner to satisfy the requirements of Section 172(1) (a-f) of the Companies Act 2006 during the year ended 31 December 2020. The Directors fulfil their duties through a governance framework and reporting structure that includes delegation of certain day-to-day decision making to senior employees.

a) Likely consequences of any decision in the long term

The Group's long-term success is dependent on the effective identification, evaluation, management and mitigation of the risks that it faces and the Directors regularly consider and review the approach taken to each of the Principal Risks and Uncertainties outlined above. When making strategic decisions the Directors take into account the likely consequences of these decisions in the long term.

b) Interests of employees

During the year the Group continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

c) The need to foster business relationships with customers, suppliers and others

The Group is committed to acting ethically and with integrity in all business dealings and relationships with key stakeholders, customers and suppliers. Strong business relationships are integral to the Group's success and a large number of these relationships have been well-established over many years. The Group is committed to fair payment practices for all our valued suppliers.

d) Impact of business operations on the community and the environment

The Group is fully committed to doing whatever is possible to reduce its impact on the environment and it continues to reassess its actions and set appropriate objectives and targets that enable it to achieve its environmental goals and meet any legislative requirements both now and in the future. The Group considers selected charities to be key stakeholders and makes numerous donations to help support their work. It is also very conscious of its relationship with local communities and positive engagement is actively encouraged on matters where it is appropriate to do so.

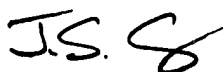
e) Desirability of maintaining a reputation for high standards of business conduct

The Group maintains a reputation for high standards of business conduct through its values of integrity, continuous improvement, ethics and human dignity. The Group has established clear policies on diversity, modern slavery and compliance with tax laws, and these are publicly available to read on the corporate website.

f) The need to act fairly between members

The Company is wholly owned by a corporate shareholder and consequently the Directors do not consider this to be a key stakeholder relationship in the context of Section 172.

By order of the Board



J S Cherry

Secretary

Approved by the board on 28 September 2021

UCS Systems Limited

Report of the directors for the year ended 31 December 2020

The directors present their report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2020.

DIRECTORS

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

N T Barras
R T Brockman (resigned 20 November 2020)
R D Burnett
J S Cherry (appointed 22 December 2020)
W T Daughters II (appointed 22 December 2020)
R M Nalley (resigned 9 November 2020)
S A Robinson (appointed 22 December 2020)

GOING CONCERN

In the opinion of the directors there are adequate resources within the UK and European subsidiaries to enable both the Group and Company to continue to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The financial statements have therefore been prepared on a going concern basis.

EMPLOYEES

During the year the Group continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's trading position and of any significant organisational changes.

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the Group as well as generally through training and career development.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through briefing meetings, Group newsletters and training sessions.

RESEARCH AND DEVELOPMENT

The research and development activities support the development of both the US group's and European software solutions.

ENERGY AND CARBON REPORTING

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities. The wider group is not required to disclose its carbon reporting due to its size.

UCS Systems Limited
Report of the directors for the year ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and the Report of the Directors 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 Group and the company and of the profit and loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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 Group and the Company will continue in business.

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

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

STRATEGIC REPORT

Information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report. This includes principal risks and uncertainties.

By order of the Board



J S Cherry

Secretary

Approved by the board on 28 September 2021

Independent auditor's report to the members of UCS Systems Limited

Opinion

We have audited the financial statements of UCS Systems Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent auditor's report to the members of UCS Systems Limited

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Independent auditor's report to the members of UCS Systems Limited

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to compliance with General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing significant accounting estimates and judgements used in the preparation of the financial statements.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

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

RSM UK Audit LLP

Richard Eccles FCA (Senior Statutory Auditor)
For and on behalf of
RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

29 September 2021

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UCS Systems Limited
Consolidated statement of comprehensive income for the year ended 31 December
2020

		2020			2019		
	Notes	Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Turnover	2	38,139	-	38,139	38,374	17,753	56,127
Cost of sales		(3,754)	-	(3,754)	(4,075)	(12,862)	(16,937)
Gross profit		34,385	-	34,385	34,299	4,891	39,190
Administrative expenses (exc. depreciation and amortisation)		(26,464)	-	(26,464)	(26,358)	(3,356)	(29,714)
Depreciation		(364)	-	(364)	(361)	(60)	(421)
Amortisation		(190)	-	(190)	(2,466)	-	(2,466)
Other operating income		153	-	153	101	6	107
Operating profit		7,520	-	7,520	5,215	1,481	6,696
Interest receivable and similar income	6	6	-	6	90	30	120
Interest payable and similar expenses	7	(101)	-	(101)	(105)	-	(105)
Profit before taxation	3	7,425	-	7,425	5,200	1,511	6,711
Taxation	8	(1,864)	-	(1,864)	(1,939)	(464)	(2,403)
Profit for the financial year		5,561	-	5,561	3,261	1,047	4,308
Other comprehensive income							
Actuarial losses on defined benefit plans	19	(266)	-	(266)	(363)	-	(363)
Deferred tax in respect of defined benefit pension scheme	8	140	-	140	48	-	48
Currency translation differences		1,652	-	1,652	(1,533)	-	(1,533)
		1,526	-	1,526	(1,848)	-	(1,848)
Total comprehensive income for the year		7,087	-	7,087	1,413	1,047	2,460
Operating profit before depreciation, amortisation and other operating income		7,921	-	7,921	7,941	1,535	9,476

Total comprehensive income for the year is fully attributable to the owners of the parent company.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own statement of comprehensive income.

UCS Systems Limited (04258232)
Consolidated Statement of Financial Position as at 31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Goodwill	9	759	949
Other intangible assets	9	-	-
Tangible assets	10	2,545	2,437
		<hr/>	<hr/>
		3,304	3,386
CURRENT ASSETS			
Stocks	12	90	148
Debtors	13	7,033	5,425
Cash at bank and in hand	14	41,746	35,616
		<hr/>	<hr/>
		48,869	41,189
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	(8,218)	(8,115)
		<hr/>	<hr/>
NET CURRENT ASSETS		40,651	33,074
		<hr/>	<hr/>
NET ASSETS EXCLUDING PENSION LIABILITY		43,955	36,460
PENSION LIABILITY	19	(4,184)	(3,776)
		<hr/>	<hr/>
NET ASSETS INCLUDING PENSION LIABILITY		39,771	32,684
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	1,500	1,500
Share premium account	17	75,815	75,815
Capital contribution reserve	17	2,683	2,683
Merger reserve	17	(9,814)	(9,814)
Profit and loss reserve	17	(30,413)	(37,500)
		<hr/>	<hr/>
TOTAL EQUITY		39,771	32,684
		<hr/>	<hr/>

The financial statements on pages 9 to 36 were approved by the board of directors and authorised for issue on

28 September 2021and were signed on its behalf by:


N T Barras
Director

UCS Systems Limited (04258232)

Company Statement of Financial Position as at 31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	11	95,848	95,848
CURRENT ASSETS			
Debtors	13	9	-
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	(264)	(216)
NET CURRENT LIABILITIES		(255)	(216)
NET ASSETS		95,593	95,632
CAPITAL AND RESERVES			
Called up share capital	16	1,500	1,500
Share premium account	17	75,815	75,815
Capital contribution reserve	17	2,683	2,683
Profit and loss reserve	17	15,595	15,634
TOTAL EQUITY		95,593	95,632

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year and total comprehensive expense for the year was £39,000 (2019 – £47,000).

The financial statements on pages 9 to 36 were approved by the board of directors and authorised for issue on

28 September 2021.....and were signed on its behalf by:



N T Barras
Director

UCS Systems Limited
Consolidated statement of changes in equity for the year ended 31 December 2020

	Notes	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Merger reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 1 January 2019		1,500	75,815	2,683	(85,629)	47,099	41,468
Year ended 31 December 2019:							
Profit for the year		-	-	-	-	4,308	4,308
Other comprehensive income:							
Actuarial losses on defined benefit plans	19	-	-	-	-	(363)	(363)
Currency translation differences		-	-	-	-	(1,533)	(1,533)
Deferred tax relating to other comprehensive income	8	-	-	-	-	48	48
Total comprehensive income for the year		-	-	-	-	2,460	2,460
Transactions with owners:							
Dividends payable		-	-	-	-	(26,113)	(26,113)
Group reorganisation		-	-	-	14,869	-	14,869
Merger reserve transfer		-	-	-	60,946	(60,946)	-
Total transactions with owners		-	-	-	75,815	(87,059)	(11,244)
Balance at 31 December 2019		1,500	75,815	2,683	(9,814)	(37,500)	32,684
Year ended 31 December 2020:							
Profit for the year		-	-	-	-	5,561	5,561
Other comprehensive income:							
Actuarial losses on defined benefit plans	19	-	-	-	-	(266)	(266)
Currency translation differences		-	-	-	-	1,652	1,652
Deferred tax relating to other comprehensive income	8	-	-	-	-	140	140
Total comprehensive income for the year		-	-	-	-	7,087	7,087
Balance at 31 December 2020		1,500	75,815	2,683	(9,814)	(30,413)	39,771

UCS Systems Limited
Company statement of changes in equity for the year ended 31 December 2020

	Notes	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 1 January 2019		1,500	75,815	2,683	41,794	121,792
Year ended 31 December 2019:						
Loss and total comprehensive expense for the year		-	-	-	(47)	(47)
Transactions with owners:						
Dividends payable		-	-	-	(26,113)	(26,113)
Balance at 31 December 2019		1,500	75,815	2,683	15,634	95,632
Year ended 31 December 2020:						
Loss and total comprehensive expense for the year		-	-	-	(39)	(39)
Balance at 31 December 2020		1,500	75,815	2,683	15,595	95,593

UCS Systems Limited
Consolidated statement of cash flows for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Operating activities			
Cash generated from operations	18	6,756	9,017
Interest paid		(71)	(47)
Taxation paid		(1,996)	(2,349)
Net cash from operating activities		4,689	6,621
Investing activities			
Purchase of tangible fixed assets		(433)	(186)
Decrease in cash from disposal of subsidiary		-	(11,312)
Proceeds from disposal of tangible fixed assets		-	3
Interest received		6	120
Deferred consideration paid		-	(1,863)
Net cash used in investing activities		(427)	(13,238)
Net increase/(decrease) in cash and cash equivalents		4,262	(6,617)
Cash and cash equivalents at the beginning of the year		35,616	43,873
Net foreign exchange difference		1,868	(1,640)
Cash and cash equivalents at the end of the year	14	41,746	35,616

UCS Systems Limited

Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES

Company information

UCS Systems Limited ("the Company") is a private company limited by shares domiciled and incorporated in England. The Company registration number is 04258232.

The address of the Company's registered office and principal place of business is 1200 Bristol Road South, Northfield, Birmingham, B31 2RW.

The Group consists of UCS Systems Limited and all of its subsidiaries.

The Company's and the Group's principal activities and operations are set out in the Strategic Report.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The principal accounting policies adopted are set out below.

Functional and presentational currencies

The financial statements are presented in sterling which is the functional currency of the Company.

Reduced disclosures (Company only)

The Company is a qualifying entity as defined by FRS 102. In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' - Presentation of a Company Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are included in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all its subsidiary undertakings made up to 31 December 2020, using the acquisition and merger method of accounting. Intra-group sales and profits are eliminated fully on consolidation.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off in accordance with the goodwill and amortisation accounting policies. The results of the companies acquired or disposed of are included in the Group statement of comprehensive income after or up to the date that control passes.

In the Group financial statements, subsidiary undertakings that are merged as part of an internal group reorganisation are treated as if they had always been a member of the Group. The results of such a subsidiary are consolidated for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

When entities are removed from the group as part of a group reorganisation, the difference between the consideration received and net assets disposed is credited to the merger reserve and the balance remaining on the merger reserve relating to the entity transferred is transferred to the profit and loss reserve.

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

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

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Due to the continued uncertainty presented by the global COVID-19 pandemic, management has reassessed the going concern assumption and confirms that it remains appropriate based on the very strong cash and net asset position of the group which enables it to sustain its business and meet its liabilities as they fall due.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance and is measured at the fair value of consideration received or receivable for sale of goods and services, taking into account discounts allowed, to external customers in the ordinary nature of the business. Revenue is shown net of Value Added Tax.

Revenue on third party product sales is recognised on shipment. Revenue from software licences is recognised following delivery to customer. Revenue from contracts for maintenance and support is recognised by spreading the total expected revenue over the life of the contract on a straight-line basis over that period of the contract which is non-cancellable. Revenue from installation, consultancy and other services is recognised when the service has been provided.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit.

Interest income

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

Rental income

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

Intangible assets – goodwill

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Goodwill is capitalised and written off evenly over 5-10 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Contingent consideration

The cost of a business combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date. The consideration payable is dependent on achieving certain medium term revenue targets and the estimate payable is based on current revenue forecasts for the companies acquired and has been discounted at 3%.

Provisional fair values

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Intangible assets – customer relationships

Customer relationships are valued using an earning based valuation model and customer revenue forecasts and are being amortised over 5 years.

Intangible assets – technology

Technology assets acquired are valued using a royalty rate method and amortised over 5 years.

Intangible assets – non-compete contracts

Non-compete agreements included in purchase agreements are valued based on estimated lost revenues were the non-compete agreements not in place and amortised over 5 years.

Tangible fixed assets

All tangible fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value at the year-end, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 10 to 20 years
Leasehold buildings	-	over the term of the lease
Fixtures, fittings and equipment	-	over 3 to 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Stocks

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential, i.e. benefits expected from use or sale of the stock.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade, group and other receivables (including accrued income) and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Basic financial liabilities

Basic financial liabilities, including trade and other payables (including accruals) and amounts due to fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Defined contribution plans

The Group operates several defined contribution pension schemes. Contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

The Group also operates two defined benefit schemes.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

Liability

The defined benefit liability represents the present value of the defined benefit obligation. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Interest cost on the defined benefit obligation

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

Monetary items that are receivable from or payable to overseas Group companies for which settlement is neither planned nor likely to occur in the foreseeable future are accounted for as part of the net investment in those overseas Group companies. Exchange differences arising on such monetary items are recognised in profit or loss in the separate financial statements of the reporting entity, and in other comprehensive income in the consolidated financial statements in which the overseas Group companies are included.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

- Customer revenue forecasts and discount rates used to test impairment of investments, goodwill, other intangible assets and to value contingent consideration;
- Profit forecasts and customer lives used to assess the useful economic life of goodwill and other intangible assets;
- Assessment of the timing and likelihood of recovery of amounts owed by customers, which determines whether any bad debt provisions are required, and that accrued income is appropriately recognised as an asset in the balance sheet;
- Assumptions over discount rates, inflation rates, mortality rates and salaries/pensions used to value pension liabilities, including the degree to which actuarial gains/losses arise from curtailments/settlements, and are therefore recognised in the profit and loss account, or from changes in standard actuarial assumptions, and therefore recognised within other comprehensive income.
- Assessment of the timing and likelihood of settling group loans denominated in foreign currency, which determines whether the foreign exchange gains/losses that arise on those loans are recognised in either profit or loss or other comprehensive income.
- Assessment of the likelihood of forfeiture of tax losses in the future and the extent to which estimated tax liabilities reflect this assessment appropriately.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

2. TURNOVER

Turnover, which is stated net of sales taxes, represents amounts invoiced to third parties and fellow Group companies.

Turnover is attributable to the design and sale of computer systems and hardware maintenance services.

	2020 £'000	2019 £'000
Geographical analysis of Group turnover by destination:		
Continuing operations		
United Kingdom	8,754	9,730
Other European countries	27,346	26,525
Rest of the World	2,039	2,119
	<hr/> 38,139	<hr/> 38,374
Discontinued operations		
Rest of the World	-	17,753
	<hr/> 38,139	<hr/> 56,127
Analysis of turnover by class of business:		
Continuing operations		
Sale of goods	2,241	2,306
Sale of services	35,898	36,068
	<hr/> 38,139	<hr/> 38,374
Discontinued operations		
Sale of goods	-	2,871
Sale of services	-	14,882
	<hr/> -	<hr/> 17,753
	<hr/> 38,139	<hr/> 56,127

3. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2020 £'000	2019 £'000
--	---------------	---------------

Amounts payable to RSM UK Audit LLP and its overseas associates in respect of both audit and non-audit services as follows:

Audit services		
- statutory audit of parent and consolidated accounts	36	36
- statutory audit of UK and overseas subsidiaries	73	70
Taxation services	20	2
Other assurance services	26	25
	<hr/> 155	<hr/> 133

Depreciation of tangible fixed assets	364	421
Amortisation of goodwill and intangible fixed assets	190	2,466
Operating lease rentals - plant and machinery	325	328
- land and buildings	473	643
Stock - impairment losses recognised in cost of sales	28	8
Impairment loss on trade receivables	41	6
Research and development expenditure written off	2,812	2,679
Exchange losses	7	16
	<hr/>	<hr/>

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

4. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration for their services as directors of the Group in either the current or prior year.

Directors' fees of £2,000 (2019 - £4,000) were charged by an intermediate parent company.

5. STAFF COSTS

Group	2020 £'000	2019 £'000
Wages and salaries	17,361	18,397
Social security costs	3,636	3,635
Defined contribution pension cost	390	839
Other pension costs and current service cost (note 19)	83	73
Redundancy costs	147	272
	<hr/>	<hr/>
	21,617	23,216
	<hr/>	<hr/>

The average number of persons employed by the Group during the year was as follows:

	2020 No	2019 No
Sales and marketing	35	51
Administration	146	146
Customer operations	263	292
	<hr/>	<hr/>
	444	489
	<hr/>	<hr/>

The total remuneration (including social security and pension costs) of the key finance staff and the heads of each division, who are considered to be the key management personnel of the Group, was £1,287,000 (2019 - £1,285,000).

Company

Staff costs for the company for the year ended 31 December 2020 were £nil (2019 - £nil). The company had no employees during either the current year or the prior year.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Bank interest receivable	6	119
Other interest receivable	-	1
	<hr/>	<hr/>
	6	120
	<hr/>	<hr/>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Bank interest payable	71	15
Net interest cost on pension scheme	30	53
Unwinding of discount on deferred consideration	-	37
	<hr/>	<hr/>
	101	105
	<hr/>	<hr/>

8. TAXATION

a) Analysis of tax charge for the current year

	2020 £'000	2019 £'000
UK corporation tax:		
Current year corporation tax charge	8	126
Adjustment in respect of prior year	(18)	-
	<hr/>	<hr/>
	(10)	126
Foreign tax:		
Current tax on income for the period	1,962	2,545
Adjustment in respect of prior year	(14)	(13)
	<hr/>	<hr/>
	1,948	2,532
	<hr/>	<hr/>
Total current tax	1,938	2,658
Deferred tax:		
Current year	(74)	(255)
Change in tax rates	(3)	-
Adjustment in respect of prior year	3	-
	<hr/>	<hr/>
Total deferred tax	(74)	(255)
	<hr/>	<hr/>
Tax charge for the current year	1,864	2,403
	<hr/>	<hr/>

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

8. TAXATION (CONTINUED)

b) Factors affecting tax charge for the current year

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	7,425	6,711
Tax thereon at 19%	1,411	1,275
Effects of:		
Expenses not deductible for tax purposes	21	157
Difference in tax rates on overseas earnings	912	1,137
Utilisation of tax losses	(209)	(275)
Other	(242)	122
Adjustment in respect of prior years	(29)	(13)
Tax charge for the year (note 8a)	1,864	2,403

c) Deferred tax

	2020 £'000	2019 £'000
At 1 January	1,201	1,302
Credited to profit or loss	74	255
Foreign exchange	-	(3)
Items recognised in other comprehensive income	140	48
Disposal of subsidiary	-	(401)
At 31 December	1,415	1,201
Deferred tax assets – disclosed in debtors (note 13)	2020 £'000	2019 £'000
Tangible fixed assets and short term timing differences	15	26
Unrelieved tax losses carried forward	107	-
Pension liability	1,293	1,175
	1,415	1,201

The deferred tax assets noted above have been recognised on the grounds that it is more likely than not that the timing differences that give rise to the assets will reverse in the foreseeable future.

	2020 £'000	2019 £'000
Deferred tax assets – unprovided		
Tangible fixed assets and short term timing differences	68	125
Unrelieved tax losses carried forward	1,321	2,174
Pension liability	129	187
	1,518	2,486

The deferred tax assets noted above have not been recognised as the directors are not certain of the timing of the reversal of the differences that give rise to the assets.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

9. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Customer relationships £'000	Technology £'000	Non- compete agreements £'000	Total £'000
Cost:					
At 1 January 2020	27,922	873	1,354	860	31,009
Foreign exchange	44	-	-	-	44
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	27,966	873	1,354	860	31,053
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation:					
At 1 January 2020	26,973	873	1,354	860	30,060
Provided during the year	190	-	-	-	190
Foreign exchange	44	-	-	-	44
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	27,207	873	1,354	860	30,294
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31 December 2020	759	-	-	-	759
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	949	-	-	-	949
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

10. TANGIBLE FIXED ASSETS

Group	<i>Freehold land and buildings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Total £'000</i>
Cost:				
At 1 January 2020	7,772	15	8,089	15,876
Additions	214	-	219	433
Disposals	-	-	(2)	(2)
Foreign exchange	281	-	322	603
At 31 December 2020	8,267	15	8,628	16,910
Depreciation:				
At 1 January 2020	6,211	15	7,213	13,439
Provided during the year	85	-	279	364
Eliminated on disposals	-	-	(2)	(2)
Foreign exchange	257	-	307	564
At 31 December 2020	6,553	15	7,797	14,365
Net book value:				
At 31 December 2020	1,714	-	831	2,545
At 31 December 2019	1,561	-	876	2,437

Included in freehold land and buildings is land of £1,400,000 (2019 - £1,400,000) which is not depreciated.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

11. FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings £'000
Cost:	
At 1 January and 31 December 2020	95,848
Provision:	
At 1 January and 31 December 2020	-
Net book value:	
At 31 December 2020 and 31 December 2019	95,848

At the year end the company's investments were made up of the following subsidiary undertakings:

Subsidiary undertaking	Country of incorporation	Principal activity	%	Reg'd office
UCS European Holdings Limited	England	Holding company	100	1
Reynolds and Reynolds Limited	England	IT	100	1
Kalamazoo Computer Group (International) BV	Netherlands	Holding company	100	2
Reynolds & Reynolds BV	Netherlands	IT	100	2
Reynolds & Reynolds Vastgoed BV	Netherlands	Property company	100	2
Reynolds & Reynolds NV	Belgium	IT	100	3
Reynolds & Reynolds SAS	France	IT	100	4
Cardis Reynolds GmbH	Germany	IT	100	5
Contact Advantage Limited	Scotland	IT	100	6

All classes of shares held are 'Ordinary'. The shareholding in UCS European Holdings Limited is direct, all other shareholdings are indirect.

IT: provider of information technology solutions

The registered office addresses of subsidiary undertakings are as follows:

- 1 1200 Bristol Road South, Northfield, Birmingham B31 2RW, United Kingdom
- 2 Mercurion 10-12, 6903 PZ Zevenaar, Netherlands
- 3 Rusatiralaan 1, 1083 Brussels, Belgium
- 4 Immeuble Grenat, 3 Avenue Doyen Louis Weil, 38024 Grenoble Cedex 1, France
- 5 Dr.-August-Einsele-Ring 14, 82418 Murnau a. Staffelsee, Germany
- 6 Pavilion 2, 363 Helen Street, Glasgow G51 3AD, United Kingdom

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

12. STOCKS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Held for distribution at no or nominal consideration	90	130	-	-
Work in progress	-	18	-	-
	<u>90</u>	<u>148</u>	<u>-</u>	<u>-</u>

13. DEBTORS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Falling due within one year				
Trade debtors	4,088	2,942	-	-
Amounts owed by group undertakings	144	117	-	-
Prepayments and accrued income	1,193	1,165	-	-
Corporation tax recoverable	47	-	-	-
Deferred taxation	122	26	9	-
	<u>5,594</u>	<u>4,250</u>	<u>9</u>	<u>-</u>
Falling due after one year				
Accrued income	146	-	-	-
Deferred taxation	1,293	1,175	-	-
	<u>1,439</u>	<u>1,175</u>	<u>-</u>	<u>-</u>
Total debtors	<u>7,033</u>	<u>5,425</u>	<u>9</u>	<u>-</u>

14. CASH AT BANK AND IN HAND

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	41,746	35,616	-	-
	<u>41,746</u>	<u>35,616</u>	<u>-</u>	<u>-</u>

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank overdrafts	-	-	216	168
Trade creditors	440	499	-	-
Amounts owed to group undertakings	216	423	-	-
Corporation tax payable	-	56	-	-
Other taxation and social security costs	2,893	2,113	-	-
Accruals	3,330	3,202	48	48
Other creditors	965	922	-	-
Deferred income	374	900	-	-
	<u>8,218</u>	<u>8,115</u>	<u>264</u>	<u>216</u>

16. CALLED UP SHARE CAPITAL

	2020	2019
	£'000	£'000
Issued, called-up and fully paid		
1,500,003 Ordinary shares of £1	<u>1,500</u>	<u>1,500</u>

Each ordinary share carries one vote and all shares have equal voting rights. All shares have equal rights to participate in any distribution by dividend or of capital. The shares can be redeemed at the option of the company at par.

17. RESERVES

Share premium

The share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

Capital contribution

The capital contribution reserve represents non-refundable equity introduced by the owners.

Merger reserve

The merger reserve represents the difference between the nominal value of shares acquired by the Company and those issued by the Company as part of group reconstructions.

Profit and loss reserve

The profit and loss reserve represents cumulative profits and losses, net of distributions to owners, plus cumulative actuarial gains and losses on defined benefit pension schemes.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

18. CASH GENERATED FROM OPERATIONS

	2020 £'000	2019 £'000
Profit after taxation	5,561	4,308
Adjustments for:		
Depreciation and impairment of tangible fixed assets	364	421
Amortisation of intangible assets	190	2,466
Defined benefit pension schemes	(104)	(74)
Profit on disposal of tangible fixed assets and business undertakings	-	(3)
Net foreign exchange differences	57	(180)
Interest receivable	(6)	(120)
Interest payable	101	105
Taxation	1,864	2,403
Operating cash flows before movements in working capital	8,027	9,326
Movement in stock	58	(11)
Movement in debtors	(1,186)	(384)
Movement in creditors	(143)	86
Movements in working capital	(1,271)	(309)
Cash generated from operations	6,756	9,017

CONSOLIDATED ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2020 £'000	Cash flow £'000	Exchange rate movements £'000	31 December 2020 £'000
Cash at bank and in hand	35,616	4,262	1,868	41,746
Total net funds	35,616	4,262	1,868	41,746

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

19. PENSIONS AND OTHER POST RETIREMENT BENEFITS

During the year the Group operated unfunded defined benefit and defined contribution pension plans for the Group's qualifying employees in the UK, Netherlands, Germany and France. These plans have been reviewed by an independent qualified actuary.

Defined Contribution Plan

The Group operates several defined contribution schemes. Contributions are charged to the profit and loss account at a fixed percentage of employees' salary. The pension cost charged to profit and loss for the year was £390,000 (2019 - £839,000).

The value of pension contributions outstanding at the year end was £nil (2019 - £nil).

Defined Benefit Plans

During the year the Group operated two unfunded defined benefit pension schemes. These were:

- France Retirement Indemnity Plan (unfunded scheme)
- Germany Pension Plans (unfunded scheme)

Cash contributions into the schemes for the year ended 31 December 2020 were £187,000 (2019 - £147,000).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	0.50%	0.81%
Inflation rate	1.89%	1.92%
Rate of increase in pensionable salaries	2.00%	2.00%
Rate of increase in pensions in payment	1.75%	1.75%

The mortality assumptions for the Germany scheme use the Heubeck 2018G index which uses a post retirement life expectancy of 20.182 for age 65 now. Mortality assumptions are not applicable for the French scheme which provides a lump sum on retirement.

The assumptions used by the actuary are the best estimates chosen by the Directors of UCS Systems Limited from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

19. PENSIONS AND OTHER POST RETIREMENT BENEFITS (CONTINUED)

	2020 £'000	2019 £'000
Analysis of the amount charged to operating profit:		
Current service cost	83	73
	<hr/>	<hr/>
	83	73
	<hr/>	<hr/>
	2020 £'000	2019 £'000
Analysis of the amount charged to interest payable:		
Interest cost on scheme liabilities	30	53
	<hr/>	<hr/>
	30	53
	<hr/>	<hr/>
	2020 £'000	2019 £'000
Analysis of the amount charged to other comprehensive income:		
Experience losses arising on scheme liabilities	(136)	(19)
Losses on changes in assumptions underlying the present value of scheme liabilities	(130)	(344)
	<hr/>	<hr/>
Actuarial loss	(266)	(363)
	<hr/>	<hr/>
Deferred tax movement in respect of actuarial loss	140	48
Currency (loss)/gain in respect of actuarial loss	(216)	199

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

19. PENSIONS AND OTHER POST RETIREMENT BENEFITS (CONTINUED)

Changes in the fair value of scheme assets are as follows:

	2020 £'000	2019 £'000
Plan assets at 1 January	-	-
Contributions by employer	187	147
Benefits paid	(187)	(147)
	<hr/>	<hr/>
Plan assets at 31 December	-	-
	<hr/>	<hr/>

Changes in the present value of the defined benefit obligation are as follows:

	2020 £'000	2019 £'000
Defined benefit obligation at 1 January	3,776	3,745
Current service cost	83	73
Interest cost	30	53
Exchange difference	216	(199)
Actuarial losses	266	363
Benefits paid	(187)	(147)
Disposal of subsidiary	-	(112)
	<hr/>	<hr/>
Defined benefit obligation at 31 December	4,184	3,776
	<hr/>	<hr/>

Contributions of £nil and benefit payments of £125,000 are expected to be made in the year ended 31 December 2021.

UCS Systems Limited
Notes to the financial statements for the year ended 31 December 2020

20. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

Group	<i>Land and buildings</i>		<i>Other</i>	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts due:				
Within one year	408	359	331	276
Within two to five years	1,249	1,003	426	340
Over five years	917	1,178	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,574	2,540	757	616
	<hr/>	<hr/>	<hr/>	<hr/>

21. ULTIMATE PARENT UNDERTAKING

The immediate parent company is The Reynolds & Reynolds Company, a company incorporated in the United States of America.

The ultimate parent undertaking of UCS Systems Limited, which is also the smallest and largest group undertaking that prepare group accounts is Universal Computer Systems Holding, Inc. incorporated in the United States of America.