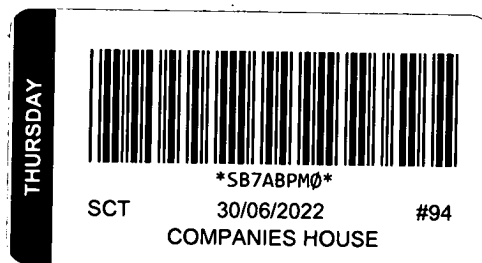


Company No: 02634586 (England and Wales)

Amended



**PARAGON SOFTWARE SYSTEMS LIMITED**  
**Annual Report and Unaudited Financial Statements**  
**For the financial year ended 31 December 2020**



**PARAGON SOFTWARE SYSTEMS LIMITED**  
**Annual Report and Unaudited Financial Statements**  
**For the financial year ended 31 December 2020**

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**PARAGON SOFTWARE SYSTEMS LIMITED**

**COMPANY INFORMATION**

**For the financial year ended 31 December 2020**

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**DIRECTORS**

N Marrison

H M Stein

**REGISTERED OFFICE**

Sanderson House

Poplar Way

Sheffield

South Yorkshire

S60 5TR

United Kingdom

**COMPANY NUMBER**

02634586 (England and Wales)

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**STRATEGIC REPORT**  
**For the financial year ended 31 December 2020**

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The directors present their Strategic Report for the year ended 31 December 2020.

**REVIEW OF THE BUSINESS**

The Company remains sound and continues its policy of profitable trading and maintaining significant cash reserves. The Company's objectives are to maintain the quality of its software, its reputation and its profitability. The Company's underlying philosophy is to provide an excellent service to its clients and to make sure they achieve the benefits that they anticipate from the software. In a very competitive marketplace, Paragon continues to be the choice of many leading companies such as Tesco, Sainsbury, Morrisons, Waitrose, Bidfood, Calor, B&Q, Travis Perkins, XPO, CEVA, DHL, Wincanton and KNDL. In addition Paragon is also the choice of major companies in North America such as Martin Brower, Reyes, National Food Corporation, Toyota, Air Liquide and Convenience Transportation.

As the entity does not trade externally to the Group, the directors do not utilise key performance indicators to monitor and assess the performance of the business.

A fuller description of the activities, strategy and business review of the wider Group is provided in the consolidated financial statements prepared by Gator Intermediate Holdco (UK) Limited. These consolidated financial statements also provide a full description of all the risks that the wider Group is subject to.


**STRATEGY**

The Company will remain as an intermediate holding company for the foreseeable future. The directors are satisfied that the outlook for the Group remains positive as discussed in the financial statements of Gator Intermediate Holdco (UK) Limited.

**PRINCIPAL RISKS AND UNCERTAINTIES**

As the entity is an intermediate holding company, its principal risk relates to the carrying value of its investments. As noted above, the main risks affecting the performance of these investments are included in the financial statements of Gator Intermediate Holdco (UK) Limited, which are publicly available. These principal risks and uncertainties and financial risk management objectives and policies of the Company are managed as part of Group wide policies. Paragon Software Systems Limited does not use derivative financial instruments for speculative purposes.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:  
  
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N Morrison  
Director  
Sanderson House  
Poplar Way  
Sheffield  
South Yorkshire  
S60 5TR  
United Kingdom

Date: 29th June 2022

**PARAGON SOFTWARE SYSTEMS LIMITED**

**DIRECTORS' REPORT**

**For the financial year ended 31 December 2020**

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The directors present their Annual Report and the unaudited financial statements of the Company for the financial year ended 31 December 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of Paragon Software Systems Limited ("the Company") is that of an intermediate holding company within the Gaytor Parent Limited group of companies ('the Group').

**GOING CONCERN**

After reviewing the Company's and Group's forecast and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The impact of the COVID-19 situation continues to be assessed by the business, with management still expecting that there will be no significant impact on the results or going concern.

**REVIEW OF THE BUSINESS**

Turnover for the financial year amounted to £11,532,355 (2019: £16,301,101). The Company earned a profit after taxation totalling £3,123,767 (2019: £2,189,390).

The net current asset position of the Company as at the financial year end amounted to £6,893,577 (2019: net current asset £3,909,649).

The net asset position of the Company as at the financial year end amounted to £11,144,776 (2019: net asset £8,018,351).

No dividend was paid for the current financial year (2019: £Nil).

**DIRECTORS**

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

G M Cooper	(Resigned 21 July 2020)
D W Holmes	(Appointed , Resigned 11 March 2020)
P J Ingham	(Appointed , Resigned 11 March 2020)
N Marrison	(Appointed 11 March 2020)
K J McAdams	(Appointed 11 March 2020, Resigned 09 June 2022)
H G Royles	(Resigned 11 March 2020)
W B Salter	(Resigned 11 March 2020)
H M Stein	

**DIRECTORS' INDEMNITIES**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the financial year and remain in force at the date of this report.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 31 December 2020**

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**DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES AND DEBENTURES**

The directors and secretary of the Company who held office at 31 December 2020 had no beneficial interest in the shares of the Company at 31 December 2020 or at 01 January 2020.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:  
*Nicki Marrison*  
F520C941B88B487...

N Marrison  
Director  
Sanderson House  
Poplar Way  
Sheffield  
South Yorkshire  
S60 5TR  
United Kingdom

Date: 29th June 2022

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**For the financial year ended 31 December 2020**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FR5 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 financial period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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. The directors 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.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
For the financial year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	11,532,355	16,301,101
Cost of sales		(1,032,454)	-
<b>Gross profit</b>		<b>10,499,901</b>	<b>16,301,101</b>
Administrative expenses		(6,558,922)	(14,144,418)
<b>Operating profit</b>		<b>3,940,979</b>	<b>2,156,683</b>
Other non-operating income		-	328,882
<b>Profit before interest and taxation</b>		<b>3,940,979</b>	<b>2,485,565</b>
Finance income	4	19,750	17,658
<b>Profit before taxation</b>	5	<b>3,960,729</b>	<b>2,503,223</b>
Tax on profit	8	(836,962)	(313,833)
<b>Profit for the financial year</b>		<b>3,123,767</b>	<b>2,189,390</b>

## PARAGON SOFTWARE SYSTEMS LIMITED

## BALANCE SHEET

As at 31 December 2020,


	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	9	234,559	-
Tangible assets	10	12,579	104,641
Investments	11	4,004,061	4,004,061
		<u>4,251,199</u>	<u>4,108,702</u>
<b>Current assets</b>			
Debtors	12	14,705,939	4,245,194
Investments		-	3,637,390
Cash at bank and in hand		141,275	2,410,959
		<u>14,847,214</u>	<u>10,293,543</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(7,953,637)	(6,383,894)
<b>Net current assets</b>		<u>6,893,577</u>	<u>3,909,649</u>
<b>Total assets less current liabilities</b>		<u>11,144,776</u>	<u>8,018,351</u>
<b>Net assets</b>		<u>11,144,776</u>	<u>8,018,351</u>
<b>Capital and reserves</b>			
	14		
Called-up share capital		70,658	68,000
Share premium account		132,900	132,900
Capital redemption reserve		(9,530)	(9,530)
Profit and loss account		10,950,748	7,826,981
<b>Total shareholders' funds</b>		<u>11,144,776</u>	<u>8,018,351</u>

For the financial year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

## Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the financial year in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements of Paragon Software Systems Limited (registered number: 02634586) were approved and authorised for issue by the Board of Directors on 29th June 2022. They were signed on its behalf by:

DocuSigned by:  
  
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N Marrison  
 Director

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2020**

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**1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year.

**General information and basis of accounting**

Paragon Software Systems Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is Sanderson House, Poplar Way, Sheffield, South Yorkshire, S60 5TR, United Kingdom.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The functional currency of Paragon Software Systems Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Paragon Software Systems Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Paragon Software Systems Limited is consolidated in the financial statements of Gator Intermediate Holdco (UK) Limited which may be obtained from the address in note 20. Exemptions have been taken in these separate company financial statements in relation to financial instruments, related party transactions, presentation of a Cash Flow Statement and remuneration of key management personnel.

**Going concern**

After reviewing the Company's and Group's forecast and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The impact of the COVID-19 situation continues to be assessed by the business, with management still expecting that there will be no significant impact on the results or going concern.

**Group accounts exemption**

***Group accounts exemption s400***

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its Group.

The results of Paragon Software Systems Limited are included in the consolidated financial statements of Gator Intermediate Holdco (UK) Limited which are available from Sanderson House, Poplar Way, Sheffield, South Yorkshire, S60 5TR.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in the Statement of Comprehensive Income.

**Turnover**

Turnover represents the total invoice value, excluding value added tax, of licences sold and services rendered during the year. The amounts included and their treatment in the financial statements are as follows:

Annual support income is credited to the Profit and Loss Account pro-rata to the period to which it relates.

Licensing fees are usually invoiced as follows:

- (i) 50% on order
- (ii) 50% on installation

These amounts are credited to the Profit and Loss Account on delivery of the software.

Training, implementation and rental income is credited to the Profit and Loss Account in the period provided.

**Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Employee benefits**

**Short term benefits**

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

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

**Annual bonus plan**

The Group operates a number of annual bonus plans for employees. An expense is recognised in the Profit and Loss Account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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***Defined contribution schemes***

For defined contribution schemes the amounts charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits are the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

**Share-based payment**

The Company issues equity-settled share options and cash-settled share appreciation rights to certain employees within the Company. Equity-settled share based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the appropriate pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at and remeasured to the current fair value determined at each Balance Sheet date for cash-settled share appreciation rights, with any changes in fair value recognised in the Profit and Loss Account.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in the Statement of Comprehensive Income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Intangible assets**

Intangible assets relate to computer software and are initially measured at cost. After initial recognition, intangible assets are stated at cost less accumulated amortisation.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Company's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life. Goodwill is taken as having no residual value. The finite useful life of goodwill is estimated by the Company to be 10 years.

**Research and development**

Research expenditure is recognised as an expense when incurred. Development expenditure is also recognised as an expense, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. The directors have assessed the useful life of the intangible assets and determined that [number] years is a reasonable estimate.

An impairment review is performed whenever there is an indication that the recoverable value is below the carrying value of the intangible asset. If the impairment review indicates that the asset is impaired, an allowance is made for impairment.

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment property and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Land and building leasehold improvements - straight line over the lease term  
Computer equipment - 50%  
Motor vehicles - 25%  
Fixtures and fittings - 25%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Leases**

**The Company as lessee**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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***Non-financial assets***

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

***Financial assets***

If at the end of the reporting period, there is objective evidence of impairment (including observable data about loss events), the Company recognises an impairment loss in the Profit and Loss Account immediately. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

***Fixed asset investments***

Investments in subsidiaries and associated undertakings are measured at cost less accumulated impairment.

***Current asset investments***

Investments in cash held as fixed term deposits are initially recognised at transaction price, and subsequently carried at amortised cost.

Investments in unlisted company shares are initially measured at transaction price, and subsequently remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period.

***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and Loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through the Profit and Loss Account.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carryings amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experiences 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 year in which the estimate is revised affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The directors have not identified any areas of critical judgements, estimates or assumptions that have been made in the process of applying the Company's accounting policies and that have a significant effect on the financial statements.

**3. Turnover**

Turnover represents the fair value of goods/services provided to customers during the financial year excluding value added tax.

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

**4. Finance income**

	2020	2019
	£	£
Interest receivable and similar income	19,750	17,658

**5. Profit before taxation**

Profit before taxation is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets (note 10)	29,833	458,386
Amortisation of intangible assets (note 9)	17,567	-
Operating lease rentals	73,061	-
Loss on disposal of fixed assets	6,804	-

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

**6. Staff number and costs**

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The average monthly number of employees (including directors) was:		
Management and technical	<u>57</u>	<u>71</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,146,502	6,275,243
Social security costs	608,635	936,211
Other retirement benefit costs	159,658	283,781
	<u><b>4,914,795</b></u>	<u><b>7,495,235</b></u>

**7. Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Emoluments	619,413	2,279,154
Amounts receivable (other than shares and share options) under long-term incentive schemes	20,120	33,709
	<u><b>639,533</b></u>	<u><b>2,312,863</b></u>

During the year retirement benefits were accruing to 5 directors (2019: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £249,558 (2019: £495,045).

The value of money of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted of £4,365 (2019: £7,372).

During the year nil directors received shares under the long term incentive schemes (2019: 3).

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

**8. Tax on profit**

	2020	2019
	£	£
<b>Current tax on profit</b>		
UK corporation tax	836,962	355,313
Double tax relief	-	(9,956)
<b>Adjustments in respect of prior years</b>		
UK corporation tax	-	(1,445)
Foreign tax	-	23,052
<b>Total current tax</b>	<b>836,962</b>	<b>366,964</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,349)	(53,131)
Effect of increase in tax rate on opening liability	(2,148)	-
Deferred tax prior year	5,497	-
<b>Total deferred tax</b>	<b>-</b>	<b>(53,131)</b>
<b>Total tax on profit</b>	<b>836,962</b>	<b>313,833</b>

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the corporation tax rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the Balance Sheet date, as result deferred tax balances as at 31 December 2020 continue to be measured at 19%.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

**Tax reconciliation**

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK:

	2020	2019
	£	£
<b>Profit before taxation</b>	<b>3,960,729</b>	<b>2,509,647</b>
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	752,539	476,833
Effects of:		
- Expenses not deductible for tax purposes	26,999	24,501
- Income not taxable in determining taxable profit	-	(46,747)
- Adjustments in respect of prior years	36,267	11,470
- Adjustment in research and development tax credit leading to a (decrease) in the tax charge	-	(165,320)
- Double taxation relief	-	13,096
- Deferred tax prior year	21,157	-
<b>Total tax charge for year</b>	<b>836,962</b>	<b>313,833</b>

**9. Intangible assets**

	Development costs	Total
	£	£
<b>Cost</b>		
At 01 January 2020	-	-
Additions	252,126	252,126
<b>At 31 December 2020</b>	<b>252,126</b>	<b>252,126</b>
<b>Accumulated amortisation</b>		
At 01 January 2020	-	-
Charge for the financial year	17,567	17,567
<b>At 31 December 2020</b>	<b>17,567</b>	<b>17,567</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>234,559</b>	<b>234,559</b>
At 31 December 2019	-	-

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

**10. Tangible assets**

	Leasehold improve- ments	Vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 01 January 2020	296,377	84,858	174,135	682,084	1,237,454
Disposals	-	(84,858)	-	-	(84,858)
<b>At 31 December 2020</b>	<b>296,377</b>	<b>-</b>	<b>174,135</b>	<b>682,084</b>	<b>1,152,596</b>
<b>Accumulated depreciation</b>					
At 01 January 2020	282,333	5,657	170,396	674,427	1,132,813
Charge for the financial year	2,809	16,972	2,395	7,657	29,833
Disposals	-	(22,629)	-	-	(22,629)
<b>At 31 December 2020</b>	<b>285,142</b>	<b>-</b>	<b>172,791</b>	<b>682,084</b>	<b>1,140,017</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>11,235</b>	<b>-</b>	<b>1,344</b>	<b>-</b>	<b>12,579</b>
At 31 December 2019	14,044	79,201	3,739	7,657	104,641

**11. Fixed asset investments**

## Investments in subsidiaries

	2020 £
<b>Cost</b>	
At 01 January 2020	4,004,061
<b>At 31 December 2020</b>	<b>4,004,061</b>
<b>Carrying value at 31 December 2020</b>	<b>4,004,061</b>
Carrying value at 31 December 2019	4,004,061

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

**Investments in shares**

<b>Name of entity</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares</b>	<b>Ownership 31.12.2020</b>	<b>Ownership 31.12.2019</b>
Paragon Software Systems Inc	2591 Dallas Parkway Suite, 300 Frisco, TX 75034 United States	Sale of software systems	Ordinary	100.00%	100.00%
Paragon Software Systems Trustee Limited	35 Ballards Lane, Finchley, London, N3 1XW	Dormant	Ordinary	100.00%	100.00%
Axant Limited	Sanderson House, Poplar Way, Sheffield, South Yorkshire, United Kingdom, S60 5TR	Intermediate holding company	Ordinary	100.00%	100.00%
Paragon HDX Limited*	Sanderson House, Poplar Way, Sheffield, South Yorkshire, United Kingdom, S60 5TR	Sale of software systems	Ordinary	100.00%	100.00%
Paragon Hungarian Kft	9028 Győr, Páva u. 41	Market and distribute software	Ordinary	49.62%	49.62%
Pan Rui Software (Shanghai) Co Ltd	Floor 1-2, Building 4, No. 1628, Lizheng Road, Shuyuan Town, Pudong New District, Shanghai, People's Republic of China	Sale of software systems	Ordinary	100.00%	100.00%

\*The shares of this Company are indirectly held via Axant Limited.

**12. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	5,305,532	(5,462)
Amounts owed by Group undertakings (note 16)	8,874,757	1,272,146
Other debtors	-	2,134,947
Prepayments	487,845	805,758
Deferred tax asset	37,805	37,805
	<b>14,705,939</b>	<b>4,245,194</b>

Amounts owed by Group undertakings are repayable on demand and do not bear interest.

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020.**

**13. Creditors: amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	182,978	72,586
Amounts owed to Group undertakings (note 16)	299,790	79,261
Corporation tax	699,152	227,190
Other taxation and social security	1,724,443	1,567,287
Other creditors	-	13,809
Accruals	5,047,274	4,423,761
	<u>7,953,637</u>	<u>6,383,894</u>

Amounts owed to Group undertakings are repayable on demand and do not bear interest.

**14. Called-up share capital and reserves**

	2020	2019
	£	£
<b>Allotted, called-up and fully-paid</b>		
70,658 Ordinary shares of £1.00 each (2019: 68,000 shares of £1.00 each)	68,000	68,000
2,658 Ordinary shares of £1.00 each (2019: 68,000 shares of £1.00 each)	2,658	68,000
	<u>70,658</u>	<u>136,000</u>

**Presented as follows:**

Called-up share capital presented as equity	<u>70,658</u>	<u>68,000</u>
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The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve represents amounts arising from the purchase of own share capital.

**15. Financial commitments****Commitments**

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

	2020	2019
	£	£
- within one year	361,585	361,585
- between one and five years	391,916	744,294
- after five years	-	9,207
	<u>753,501</u>	<u>1,115,086</u>

**PARAGON SOFTWARE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2020**

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The Company is party to loans by way of a fixed and floating charge over all of the assets of the Company and other Group companies. Details of these loans are included in the parent company's accounts.

**Pensions**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £143,789 (2019: £nil). Employee and employer contributions of £33,390 (2019: £nil) were waiting to be paid into the pension scheme at the period end.

**16. Related party transactions**

The Company has availed of the exemption provided in FRS 102 Section 33 Related Party Disclosures not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the Company is a wholly owned member.

**17. Share-based payments**

In the prior year the Company had share option schemes in place, during the year these options were cancelled. The total charge in respect of the share-based payments in the prior year was £132,900. The charge was treated as an expense in the financial statements with a corresponding increase in equity.

**18. Controlling party**

The immediate parent undertaking of the Company is Apteon Limited. The ultimate parent undertaking is Gaytor Parent Limited, a company incorporated in Jersey, Channel islands. The ultimate controlling parties are TA Associates, Charlesbank and Vista Equity Partners by virtue of their equal shareholding in Gaytor Parent Limited. The largest and smallest group for which consolidated accounts are prepared is that headed by Gator intermediate Holdco (UK) Limited with registered office at Sanderson House, Poplar Way, Sheffield, South Yorkshire, England, S60 5TR.