

Company No: 02634586 (England and Wales)

PARAGON SOFTWARE SYSTEMS LIMITED
Annual Report and Unaudited Financial Statements
For the financial year ended 31 December 2022



PARAGON SOFTWARE SYSTEMS LIMITED
Annual Report and Unaudited Financial Statements
For the financial year ended 31 December 2022

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PARAGON SOFTWARE SYSTEMS LIMITED

COMPANY INFORMATION

For the financial year ended 31 December 2022

DIRECTORS

Nicola Marrison
Hellen Maria Stein

REGISTERED OFFICE

Lincoln House
Wellington Crescent
Fradley Park
WS13 8RZ
United Kingdom

COMPANY NUMBER

02634586 (England and Wales)

BANKERS

Barclays Bank plc
One Snowhill Queensway
Birmingham
B4 6GN
United Kingdom

Bank of America, N.A.
2 King Edward Street
London
EC1A 1HQ
United Kingdom

PARAGON SOFTWARE SYSTEMS LIMITED
STRATEGIC REPORT
For the financial year ended 31 December 2022

The directors present their Strategic Report for the financial year ended 31 December 2022.

REVIEW OF THE BUSINESS

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.

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.

KEY PERFORMANCE INDICATORS ('KPIS')

The Company monitors a number of key performance indicators on an ongoing basis. Detailed cost reviews are used to identify areas of improvement to ensure optimal business performance.

Key performance indicators that are used to monitor and manage the business are primarily:

	2022	2021
	£	£
Turnover	16,524,515	12,180,779

The gross margin for current year is 93.09% (2021: 87.98%).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates in a highly competitive market which is a continuing risk to the Company and could result in losing revenue to its key competitors. The Company manages this risk at group level by providing value added services to its customers, responding promptly to customer requests and by maintaining strong relationships with its customers.

The Company does not have external borrowing requirements.

Credit risks arises on financial instruments such as trade debtors. Policies and procedures exist at group level to ensure that the trade debtors have an appropriate credit history. Debtors are stated net of provision.

PARAGON SOFTWARE SYSTEMS LIMITED
STRATEGIC REPORT (continued)
For the financial year ended 31 December 2022

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

DocuSigned by:

F520C941B98B4R7

Nicola Marrison
Director

Lincoln House
Wellington Crescent
Fradley Park
WS13 8RZ
United Kingdom

Date: 9/28/2023

PARAGON SOFTWARE SYSTEMS LIMITED

DIRECTORS' REPORT

For the financial year ended 31 December 2022

The directors present their annual report and the unaudited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was information technology consultancy activities.

GOING CONCERN

After reviewing the Company's and Group's forecast and projections, the directors have a reasonable expectation that the Company had adequate resources to continue in operational existence for the foreseeable future and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

REVIEW OF THE BUSINESS

Turnover for the financial year amounted to £16,524,515 (2021: £12,180,779). The Company earned a profit after taxation totalling £5,830,622 (2021: £4,461,984).

The net current asset position of the Company as at the financial year end amounted to £17,435,994 (2021: net current asset £11,640,496).

The net asset position of the Company as at the financial year end amounted to £21,437,382 (2021: net asset £15,606,760).

DIVIDENDS

No dividend was paid for the current financial year (2021: £Nil).

DIRECTORS

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

Nicola Marrison

Kevin James Mcadams

(Resigned 09 June 2022)

Hellen Maria 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.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES AND DEBENTURES

The directors and secretary of the Company who held office at 31 December 2022 had no beneficial interest in the shares of the Company at 31 December 2022 or at 01 January 2022.

PARAGON SOFTWARE SYSTEMS LIMITED
DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2022

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

DocuSigned by:

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Nicola Marrison
Director

Lincoln House
Wellington Crescent
Fradley Park
WS13 8RZ
United Kingdom

Date: 9/28/2023

PARAGON SOFTWARE SYSTEMS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
For the financial year ended 31 December 2022

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 FRS 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 2022

	Note	2022 £	2021 £
Turnover	3	16,524,515	12,180,779
Cost of sales		(1,140,983)	(1,464,002)
Gross profit		15,383,532	10,716,777
Administrative expenses		(8,118,409)	(4,233,337)
Exceptional costs		-	(679,076)
Operating profit		7,265,123	5,804,364
Finance (costs)/income (net)	4	(32,261)	21,839
Profit before taxation	5	7,232,862	5,826,203
Tax on profit	8	(1,402,240)	(1,364,219)
Profit for the financial year		5,830,622	4,461,984

PARAGON SOFTWARE SYSTEMS LIMITED

BALANCE SHEET

As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	9	306,285	471,991
Tangible assets	10	5,648	8,825
Investments	11	4,004,061	4,004,061
		4,315,994	4,484,877
Current assets			
Debtors	12	33,217,556	26,304,252
Cash at bank and in hand		10,183	193,854
		33,227,739	26,498,106
Creditors: amounts falling due within one year	13	(15,791,745)	(14,857,610)
Net current assets		17,435,994	11,640,496
Total assets less current liabilities			
		21,751,988	16,125,373
Creditors: amounts falling due after more than one year	14	(314,606)	(455,571)
Provision for liabilities		-	(63,042)
Net assets		21,437,382	15,606,760
Capital and reserves			
	16		
Called-up share capital		70,658	70,658
Share premium account		132,900	132,900
Capital redemption reserve		(9,530)	(9,530)
Profit and loss account		21,243,354	15,412,732
Total shareholder's funds		21,437,382	15,606,760

For the financial year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The member has 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 9/28/2023. They were signed on its behalf by:

DocuSigned by:

 F520C941B98B4B7...
 Nicola Marrison
 Director

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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, unless otherwise stated.

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 Lincoln House, Wellington Crescent, Fradley Park, WS13 8RZ, 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 18. 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 had adequate resources to continue in operational existence for the foreseeable future and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 Lincoln House, Ground Floor Suite, Wellington Crescent, Fradley Park, Lichfield, WS13 8RZ, United Kingdom.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

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 are recognised on the basis of the performance of contractual obligations and to the extent that the right to consideration has been earned. In cases where a single contractual arrangement involves the sale of licences, support, maintenance and services the consideration received is allocated to the components of the arrangement on a relative fair value basis.

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.

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.

Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

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 .

Development costs	10 years straight line
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PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

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 3-6 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:

Leasehold improvements	depreciated over the life of the lease
Fixtures and fittings	4 years straight line
Computer equipment	2 years straight line

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.

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 credited or charged to profit or loss.

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 2022

Non-financial assets

At each balance sheet date, the company reviews 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). The recoverable amount of an asset is the higher of its fair value less costs to sell and its 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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. 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.

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.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

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 are only 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.

Basic financial assets

Basic financial assets, which include debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 (costs)/income (net)

	2022	2021
	£	£
Interest receivable and similar income	99,798	298,933
Interest payable and similar expenses	(132,059)	(277,094)
	<u>(32,261)</u>	<u>21,839</u>

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

Interest receivable and similar income

	2022	2021
	£	£
Interest from group undertakings	99,798	298,933

Interest payable and similar expenses

	2022	2021
	£	£
Loans from group undertakings	(132,059)	(277,094)

5. Profit before taxation

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

	2022	2021
	£	£
Depreciation of tangible fixed assets (note 10)	3,177	3,754
Amortisation of intangible assets (note 9)	972,499	447,824
Operating lease rentals	-	291,863

6. Staff number and costs

	2022	2021
	Number	Number
The average monthly number of employees (including directors) was:		
Management and technical	37	41

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	3,158,535	2,305,311
Social security costs	407,415	333,060
Other retirement benefit costs	155,432	160,645
	3,721,382	2,799,016

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

7. Directors' remuneration

The directors of the Company are also directors of fellow subsidiaries within the wider group. The directors are remunerated by other group companies and did not receive any emoluments from the Company in the current year (2021: £nil). The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of fellow subsidiary companies. The directors are the only key management personnel of this Company.

During the year no directors received shares under the long term incentive schemes (2021: nil).

8. Tax on profit

	2022	2021
	£	£
Current tax on profit		
UK corporation tax	1,495,627	1,069,239
Adjustments in respect of prior years		
UK corporation tax	(167,915)	194,133
Total current tax	1,327,712	1,263,372
Deferred tax		
Deferred tax current year	70,043	48,189
Adjustment in respect of prior periods	-	52,658
Deferred tax change of rate	4,485	-
Total deferred tax	74,528	100,847
Total tax on profit	1,402,240	1,364,219

Following the Budget announcement on 3 March 2021 the UK Corporation Tax rate (from 1 April 2023) will be 25% (for companies with profits over £250,000) and continue to be 19% (for companies with profits of £50,000 or less). Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate. The tax rate change was enacted in Finance Act 2021 on 24 May 2021.

This is not expected to have a material impact on our deferred tax assets liabilities.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

Tax reconciliation

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK:

	2022	2021
	£	£
Profit before taxation	7,232,862	5,826,203
Tax on profit at standard UK corporation tax rate of 19.00% (2021: 19.00%)	1,374,244	1,106,979
Effects of:		
- Expenses not deductible for tax purposes	191,425	10,449
- Adjustments in respect of prior years	(167,915)	194,133
- Deferred tax adjustment in respect of prior years	-	52,658
Difference in deferred tax rate	4,486	-
Total tax charge for year	1,402,240	1,364,219

9. Intangible assets

	Development costs	Total
	£	£
Cost		
At 01 January 2022	937,382	937,382
Additions	806,793	806,793
At 31 December 2022	1,744,175	1,744,175
Accumulated amortisation		
At 01 January 2022	465,391	465,391
Charge for the financial year	972,499	972,499
At 31 December 2022	1,437,890	1,437,890
Net book value		
At 31 December 2022	306,285	306,285
At 31 December 2021	471,991	471,991

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

10. Tangible assets

	Leasehold improve- ments	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 01 January 2022	296,377	174,135	682,084	1,152,596
At 31 December 2022	296,377	174,135	682,084	1,152,596
Accumulated depreciation				
At 01 January 2022	287,951	173,736	682,084	1,143,771
Charge for the financial year	2,809	368	-	3,177
At 31 December 2022	290,760	174,104	682,084	1,146,948
Net book value				
At 31 December 2022	5,617	31	-	5,648
At 31 December 2021	8,426	399	-	8,825

11. Fixed asset investments**Investments in subsidiaries**

	2022
	£
Cost	
At 01 January 2022	4,004,061
At 31 December 2022	4,004,061
Carrying value at 31 December 2022	4,004,061
Carrying value at 31 December 2021	4,004,061

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

Investments in shares

Name of entity	Registered office	Nature of business	Class of shares	Ownership 31.12.2022	Ownership 31.12.2021
Paragon Software Systems Inc	2591 Dallas Parkway Suite, 300 Frisco, TX 75034 United States	Sale of software systems	Ordinary	100.00%	100.00%
Axant Limited	Lincoln House, Ground Floor Suite, Wellington Crescent, Fradley Park, Lichfield, WS13 8RZ, United Kingdom	Intermediate holding company	Ordinary	100.00%	100.00%
Paragon HDX Limited*	Lincoln House, Ground Floor Suite, Wellington Crescent, Fradley Park, Lichfield, WS13 8RZ, United Kingdom	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

	2022	2021
	£	£
Trade debtors	4,364,123	4,495,866
Amounts owed by Group undertakings (note 18)	28,664,363	21,299,586
Prepayments	189,070	508,800
	<u>33,217,556</u>	<u>26,304,252</u>

Amounts owed by Group undertakings are subject to interest charges at the greater of 2.5% or LIBOR, unsecured and repayable on demand.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

13. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	181,241	163,757
Amounts owed to Group undertakings (note 18)	6,053,731	6,098,324
Corporation tax	1,596,308	1,196,043
Other taxation and social security	704,501	837,027
Accruals	7,255,964	6,254,384
Other creditors	-	308,075
	<u>15,791,745</u>	<u>14,857,610</u>

Amounts owed by Group undertakings are subject to interest charges at the greater of 2.5% or LIBOR, unsecured and repayable on demand.

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.

14. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Other creditors	<u>314,606</u>	<u>455,571</u>

There are no amounts included above in respect of which any security has been given by the entity.

15. Deferred tax

	2022	2021
	£	£
At the beginning of financial year	(63,042)	37,805
Charged to the Profit and Loss Account	(74,528)	(100,847)
Temporary differences re capital allowances	137,570	-
At the end of financial year	<u>-</u>	<u>(63,042)</u>

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

16. Called-up share capital and reserves

	2022	2021
	£	£
Allotted, called-up and fully-paid		
70,658 Ordinary shares of £1.00 each	70,658	70,658
Presented as follows:		
Called-up share capital presented as equity	70,658	70,658

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

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.

17. Financial commitments**Commitments**

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

	2022	2021
	£	£
within one year	223,656	223,656
between one and five years	459,337	682,993
	682,993	906,649

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 £155,432 (2021: £160,645). Employee and employer contributions of £31,379 (2021: £33,189) were waiting to be paid into the pension scheme at the period end.

18. 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.

PARAGON SOFTWARE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2022

19. Controlling party

The immediate parent undertaking of the Company is Aptean Limited. The ultimate parent undertaking is Beantown Newco Limited, a company incorporated in Jersey, Channel islands. At the year end, the ultimate controlling parties were TA Associates, Charlesbank and Vista Equity Partners by virtue of their voting rights in Beantown Newco 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 Lincoln House, Ground Floor Suite, Wellington Crescent, Fradley Park, Lichfield, WS13 8RZ, United Kingdom. During March 2023 the Aptean Group completed a recapitalization transaction which resulted in a change of control. The ultimate controlling parties at signing are TA Associates, Charlesbank, and Insight Partners by virtue of their voting rights in Beantown Newco Limited.