

Company Registration No. 03909745 (England and Wales)

**EBIX EUROPE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



# **EBIX EUROPE LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Mr R Raina  
Mr G J Prior

**Company number**

03909745

**Registered office**

4th Floor  
Dashwood House  
69 Old Broad Street  
London  
EC2M 1QS

**Auditor**

Carter Backer Winter LLP  
66 Prescott Street  
London  
E1 8NN

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# **EBIX EUROPE LIMITED**

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## **EBIX EUROPE LIMITED**

### **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present the strategic report and financial statements for the year ended 31 December 2017.

#### **Principal Activities**

The principal activity of the company continues to be the provision of professional and consulting services, design, development, maintenance and marketing of an electronic trading service for the global insurance and reinsurance industries.

The company is a wholly owned subsidiary of Ebix Singapore PTE Limited, a company incorporated in Singapore, and Ebix Inc., a company incorporated in the United States is the ultimate parent company.

#### **Review of the business**

Turnover for the year increased to £13.2m from £12.7m in the previous year and profit before tax also increased to £2.5m from £2.2m in 2016. The increase in turnover is attributable to the contract for the implementation of an electronic insurance placing platform for the London Insurance Market. This high-profile project will help maintain Ebix Europe's position as the premier vendor of electronic trading services to the global insurance and reinsurance industries. The company continues to invest and develop the placing platform allowing modernisation of the placement process.

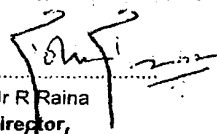
#### **Risks and Uncertainties**

The directors are not aware of any significant developments or factors which will have a major impact on the future success and growth of the business.

#### **Key Performance Indicators**

The performance and results for Ebix Europe Limited are continually analysed at a business level by the UK management and at a group level by Ebix Inc.

#### **On behalf of the board**

  
Mr R Raina  
Director  
27/9/18

# **EBIX EUROPE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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

### **Principal activities**

The principal activity of the company in the year under review was that of the provision of professional and consulting services, design, development, maintenance and marketing of electronic trading service of the global insurance and reinsurance industries.

### **Results and dividends**

The results for the year are set out on page 6.

No dividends will be distributed for the year ended 31 December 2017.

### **Directors**

The directors, who served throughout the year except as noted, were as follows:

Mr R Raina

Mr G J Prior

### **Auditor**

The auditors, Carter Backer Winter LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

### **Statement of directors' responsibilities**

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

**EBIX EUROPE LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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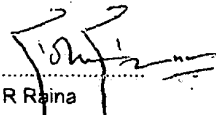
**Statement of disclosure to auditor**

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

  
.....  
Mr R Raina  
Director  
27/9/18

# **EBIX EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF EBIX EUROPE LIMITED**

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#### **Opinion**

We have audited the financial statements of Ebix Europe Limited (the 'company') for the year ended 31 December 2017 which comprise the income statement, the statement of financial position, the statement of changes in equity, the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

## EBIX EUROPE LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EBIX EUROPE LIMITED

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### Responsibilities of directors

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

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

#### 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.

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.

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.



Mr Jonathan Cross (Senior Statutory Auditor)  
for and on behalf of Carter Backer Winter LLP

Chartered Accountants  
Statutory Auditor

27/9/18

66 Prescott Street  
London  
E1 8NN



# EBIX EUROPE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Revenue	4	13,247	12,685
Cost of sales		(530)	(622)
<b>Gross profit</b>		<b>12,717</b>	<b>12,063</b>
Other operating income		349	321
Administrative expenses		(11,190)	(10,194)
<b>Operating profit</b>	<b>5</b>	<b>1,876</b>	<b>2,190</b>
Investment revenues	7	635	5
<b>Profit before taxation</b>		<b>2,511</b>	<b>2,195</b>
Income tax income/(expense)	8	2,945	(1)
<b>Profit and total comprehensive income for the year</b>	<b>17</b>	<b>5,456</b>	<b>2,194</b>

The income statement has been prepared on the basis that all operations are continuing operations.

**EBIX EUROPE LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the year	5,456	2,194
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>5,456</u>	<u>2,194</u>

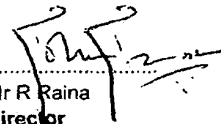
**EBIX EUROPE LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
<b>Non-current assets</b>			
Intangible assets	9	1,120	1,493
Property, plant and equipment	10	174	232
		<u>1,294</u>	<u>1,725</u>
<b>Current assets</b>			
Trade and other receivables	11	12,530	7,399
Cash and cash equivalents		1,430	9,740
		<u>13,960</u>	<u>17,139</u>
<b>Total assets</b>		<u>15,254</u>	<u>18,864</u>
<b>Current liabilities</b>			
Trade and other payables	13	2,148	11,245
Current tax liabilities		32	1
		<u>2,180</u>	<u>11,246</u>
<b>Net current assets</b>		<u>11,780</u>	<u>5,893</u>
<b>Total liabilities</b>		<u>2,180</u>	<u>11,246</u>
<b>Net assets</b>		<u>13,074</u>	<u>7,618</u>
<b>Equity</b>			
Called up share capital	15	29,917	29,917
Share premium account	16	8,393	8,393
Retained earnings	17	(25,236)	(30,692)
<b>Total equity</b>		<u>13,074</u>	<u>7,618</u>

The financial statements were approved by the board of directors and authorised for issue on 27/9/18 and are signed on its behalf by:

  
 Mr R Raina  
 Director

Company Registration No. 03909745

# EBIX EUROPE LIMITED

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

		Share capital	Share premium account	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2016</b>		27,829	8,393	(32,886)	3,336
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	2,194	2,194
Issue of share capital	15	2,088	-	-	2,088
<b>Balance at 31 December 2016</b>		29,917	8,393	(30,692)	7,618
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	5,456	5,456
<b>Balance at 31 December 2017</b>		29,917	8,393	(25,236)	13,074

# EBIX EUROPE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash (absorbed by)/generated from operations	23	(11,917)	6,046
Tax refunded/(paid)		2,976	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(8,941)</b>	<b>6,046</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(4)	(11)
Interest received		635	5
<b>Net cash generated from/(used in) investing activities</b>		<b>631</b>	<b>(6)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		-	2,088
<b>Net cash (used in)/generated from financing activities</b>			<b>2,088</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,310)</b>	<b>8,128</b>
Cash and cash equivalents at beginning of year		9,740	1,612
Cash and cash equivalents at end of year		1,430	9,740

# **EBIX EUROPE LIMITED**

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

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The company is a private company, limited by shares. It is domiciled in England and is incorporated in England and Wales.

The financial statements have been prepared on the historical cost basis.

#### **Functional and presentational currency**

The financial statements are presented in GB pounds (£), which is the company's functional currency and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

#### **1.2 Revenue**

The revenue from membership and licence fees invoiced in advance is initially deferred and then recognised in the period to which it relates. Revenue from transaction fees crystallise upon the earlier of the inception date of the contract to which it relates, or the date of acceptance, and is recognised when invoiced retrospectively. Revenue from development project fees invoiced in advance is recognised over the anticipated period of delivery, whilst the balance is invoiced and recognised upon completion of the project.

#### **1.3 Property, plant and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of material and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvement	Over the period of the lease
Furniture and fixtures	3 years straight line
Office and computer equipment	3 years straight line

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 the income statement.

#### **1.4 Intangible assets**

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs:	5 years straight line
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# **EBIX EUROPE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 Accounting policies**

**(Continued)**

#### **1.5 Impairment of tangible and intangible assets**

At each reporting end date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

#### **1.6 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

#### **1.7 Cash and cash equivalents**

Cash and cash equivalents 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 current liabilities.

# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, 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 of the investment have been affected.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### *Derecognition of financial liabilities*

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



# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.10 Equity instruments

Equity instruments issued by the company 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 company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's scheme are charged to the income statement in the period to which they relate.

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

## **EBIX EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **2 Adoption of new and revised standards and changes in accounting policies**

##### **Standards which are in issue but not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts
Amendments to IFRS 2	Classification and measurement of share-based payment transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 40	Transfers of investment property
Amendments to IFRS 15	Clarifications to IFRS 15
Amendments to IFRS 9	Prepayment features with negative compensation
Amendments to IAS 28	Long-term interests in associates and joint ventures
IFRIC Interpretation 22	Foreign currency transactions and advance consideration
IFRIC Interpretation 23	Uncertainty over income tax treatments

For all of the amendments to standards listed above, the directors do not expect any material impact.

The adoption of IFRS 9 will require reassessment of the company's classification and measurement of financial instruments but this is not expected to give rise to significant changes aside from presentation. The area requiring further review is the accounting for impairment losses, where there is a move from the IAS 39 incurred loss model to the new IFRS 9 expected loss model. This could affect levels of bad debt provisions. If, for instance, all debts over 90 days were provided for, this would have created a bad debt provision in the current year which wasn't necessary under the current model. Detailed work has not yet been performed to quantify this or apply the expected loss model more precisely; the directors will review it more closely as the effective date of the standard approaches.

IFRS 15 is not expected to have a material effect as the company has a simple revenue model which recognises income based on the amount of the contract which has elapsed.

IFRS 16, the new standard on leases, removes the distinction between operating and finance leases. The company currently has operating leases so these will need to be brought onto the Statement of Financial Position where they are not of low value.

# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Critical accounting estimates and judgements

In the application of the company'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 outlined below.

The costs of developing a new software were capitalised in 2015. The directors need to estimate the useful economic life of this asset, over which the costs will be amortised. They originally decided to amortise the cost of development over a five year period on a straight line basis and, having reviewed this, they still believe this to be appropriate.

The directors have also considered whether the intangible asset is impaired. The method they have employed is to compare the carrying value of the asset with the present value of future cash flows generated by the asset. Based on this review, the directors are satisfied that the asset is not impaired.

Similarly, the directors need to estimate the useful economic life of tangible assets and the appropriate level of depreciation. Based on past experience, the bases used are considered to be reasonable.

### 4 Revenue

An analysis of the company's revenue is as follows:

	2017 £'000	2016 £'000
Professional and consulting services	13,247	12,685
	<u>13,247</u>	<u>12,685</u>
<b>Other income</b>		
	2017 £'000	2016 £'000
Other operating income	349	321
Interest income	635	5
	<u>984</u>	<u>326</u>

Other operating income arises from the sub-lease of the rented property. Since this is not considered to be part of the main revenue generating activities, the company presents this income separately from normal revenue.

# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Operating profit

	2017 £'000	2016 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	580	151
Fees payable to the company's auditor for the audit of the company's financial statements	18	18
Depreciation of property, plant and equipment	62	55
Amortisation of intangible assets	373	373

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2017 Number	2016 Number
37	33

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	2,532	2,311
Social security costs	310	274
Pension costs	23	22
	2,865	2,607

### 7 Investment income

	2017 £'000	2016 £'000
Interest income		
Bank deposits	3	5
Other interest income	632	-
Total interest revenue	635	5

Total interest income for financial assets that are not held at fair value through profit or loss is £3,061 (2016 - £4,642).

## EBIX EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 8 Income tax expense

	2017 £'000	2016 £'000
<b>Current tax</b>		
Current year taxation	126	1
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(3,071)	-
<b>Total tax charge/(credit)</b>	<b>(2,945)</b>	<b>1</b>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 £'000	2016 £'000
Profit before taxation	2,511	2,195
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	477	439
Utilisation of tax losses	(351)	(438)
Deferred tax movement	(3,071)	-
<b>Tax charge/(credit) for the year</b>	<b>(2,945)</b>	<b>1</b>

The company has trading losses of £19,810,112 (2016: £21,412,635) to be carried forward against profits in future years.

This gives rise to a deferred tax asset of 3,070,524 (2016: 4,282,527) which has been recognised in the accounts.

## EBIX EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9 Intangible assets

	Development costs £'000
<b>Cost</b>	
At 1 January 2016	1,866
At 31 December 2016	1,866
At 31 December 2017	1,866
<b>Amortisation and impairment</b>	
Charge for the year	373
At 31 December 2016	373
Charge for the year	373
At 31 December 2017	746
<b>Carrying amount</b>	
At 31 December 2017	1,120
At 31 December 2016	1,493
At 31 December 2015	1,866

These development costs are in relation to software that was developed during 2015 which has been licensed on an agreement commencing in 2016 and expected to last 5 years or more.

At the end of 2015, the development costs were being carried at historic cost. Amortisation commenced in 2016 with the licence coming into effect. Amortisation will be charged over five years, on a straight line basis. The charge is included in administration expenses in the Statement of Comprehensive Income.

The development costs of the product that have been charged to the Statement of Comprehensive Income total £2,020,496 (2016: £995,386).

# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Property, plant and equipment

	Leasehold improvement	Furniture and fixtures	Office and computer equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2016	514	148	127	789
Additions	-	3	8	11
	<u>514</u>	<u>151</u>	<u>135</u>	<u>800</u>
At 31 December 2016	514	151	135	800
Additions	-	1	3	4
	<u>514</u>	<u>152</u>	<u>138</u>	<u>804</u>
At 31 December 2017	514	152	138	804
<b>Accumulated depreciation and impairment</b>				
At 1 January 2016	242	146	125	513
Charge for the year	52	1	2	55
	<u>294</u>	<u>147</u>	<u>127</u>	<u>568</u>
At 31 December 2016	294	147	127	568
Charge for the year	56	2	4	62
	<u>350</u>	<u>149</u>	<u>131</u>	<u>630</u>
At 31 December 2017	350	149	131	630
<b>Carrying amount</b>				
At 31 December 2017	<u>164</u>	<u>3</u>	<u>7</u>	<u>174</u>
At 31 December 2016	<u>220</u>	<u>4</u>	<u>8</u>	<u>232</u>
At 31 December 2015	<u>272</u>	<u>2</u>	<u>2</u>	<u>276</u>

## EBIX EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 11 Trade and other receivables

	Current 2017 £'000	2016 £'000
Trade receivables	760	1,068
Other receivables	3,424	346
VAT recoverable	193	-
Amounts due from fellow group undertakings	7,795	5,630
Prepayments and accrued income	358	355
	<u>12,530</u>	<u>7,399</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

#### 12 Trade receivables - credit risk

##### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

#### 13 Trade and other payables

	Current 2017 £'000	2016 £'000
Trade payables	738	772
Amount due to group undertakings	-	8,936
Accruals	1,317	1,433
Other payables	93	104
	<u>2,148</u>	<u>11,245</u>

#### 14 Retirement benefit schemes

##### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £22,831 (2016 - £21,570).



# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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<b>15</b>	<b>Share capital</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	<i>Issued and fully paid</i>		
	29,916,903 Ordinary shares of £1 each	29,917	29,917

Each share is entitled to one vote and ranks pari passu in case of distribution and repayment of capital.  
The share capital is non redeemable.

<b>16</b>	<b>Share premium account</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	At beginning and end of year	<u>8,393</u>	<u>8,393</u>

<b>17</b>	<b>Retained earnings</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	At the beginning of the year	(30,692)	(32,886)
	Profit for the year	<u>5,456</u>	<u>2,194</u>
	At the end of the year	<u>(25,236)</u>	<u>(30,692)</u>

# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Operating leases commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2017 £'000	2016 £'000
Within one year	519	519
Between two and five years	1,081	1,560
In over five years	-	74
	<u>1,600</u>	<u>2,153</u>

At the reporting end date the company had contracted with tenants for the following minimum lease sublease payments:

	2017 £'000	2016 £'000
Within one year	216	216
Between two and five years	450	648
In over five years	-	31
	<u>666</u>	<u>895</u>

## EBIX EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Capital risk management

The company's activities expose it to a variety of financial risk including credit risk, liquidity risk and market risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the senior management under policies approved by the Board of Directors. The Board provides principle for overall risk management, as well as policies covering specific areas, such as credit risk, liquidity risk, foreign exchange risk and interest rate risk.

##### (i) Credit risk

With respect to credit risk arising from the financial assets of the Company, including bank balances, the company's exposure to credit risk arising from default of the counterpart, with a maximum exposure equal to the carrying amount of these instruments credit control procedures and account reconciliations are used to manage the trade and other receivables, and bank balance.

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	£'000	£'000
Trade receivables	758	1,071
Other receivables	2,745	346
Bank balances	1,431	9,740

The ageing of trade receivables at the reporting date was:

	2017	2016
	£'000	£'000
Not past due	515	704
Past due 0 – 30 days	80	227
Past due 31 – 90 days	53	48
Over 90 days	108	92

##### Impairment losses

There was no impairment in other receivables.

##### (ii) Liquidity risk

Trade payables are normally settled within 50 days or agreed terms from the date of purchase.

All financial liabilities will mature within 12 months from the end of the reporting period.

## **EBIX EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **19 Capital risk management**

**(Continued)**

##### **(iii) Market risk**

###### **a) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company's foreign currency denominated receivables and payables are mainly denominated in USD and EUR. The total of the bank balances at 31 December 2017 was USD 66,655 and EUR 37,567.

The currency risk is mitigated by holding USD in a USD denominated bank account and converting to GBP when the exchange rate is favourable.

###### **b) Interest rate risk**

Interest rate risk reflects risk of a change in interest rates, which might affect future earnings. At 31 December 2017, the company did not have interest rate sensitive liabilities in the form of an interest bearing loan.

##### **(iv) Equity price risk**

The company is not exposed to equity risk since it does not hold any investment in equity instruments.

##### **(v) Fair values**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair value of financial assets and liabilities is not materially different from their carrying values at the reporting date.

The company is not subject to any externally imposed capital requirements.

# EBIX EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Related party transactions

#### Other transactions with related parties

Related parties represent Ebix Singapore Pte Limited, the parent company, as well as Ebix Inc., the ultimate parent company. Ebix Latin America and Ebix Dubai are sister companies of Ebix Europe Limited. In addition, the directors and key management personnel of the group are also considered to be related parties. Pricing policies of these transactions are approved by the group's management.

#### Transactions with related parties

	Management charges paid		Development fees paid	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other related parties	3,697	4,413	1,946	935

#### Amounts owed to related parties

	2017	2016
	£'000	£'000
Parent company	-	5,630
Other related parties	-	3,307
	-	8,937

#### Amounts owed by related parties

	2017	2016
	£'000	£'000
Parent company	4	-
Other related parties	7,886	5,630
	7,890	5,630

## EBIX EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

#### 21 Controlling party

The company is a wholly owned subsidiary of Ebix Singapore Pte Limited, a company incorporated in Singapore, which is a wholly owned subsidiary of Ebix Inc, a company incorporated in United States. Therefore Ebix Inc is the ultimate parent company.

There is no ultimate controlling party.

#### 22 Capital Management

The company manages its capital structure and makes adjustments to it in light of changes in business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the year ended 31 December 2017.

#### 23 Cash generated from operations

	2017 £'000	2016 £'000
Profit for the year after tax	5,456	2,194
<b>Adjustments for:</b>		
Taxation (credited)/charged	(2,945)	1
Investment income	(635)	(5)
Amortisation and impairment of intangible assets	373	373
Depreciation and impairment of property, plant and equipment	62	55
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(5,131)	(4,575)
(Decrease)/increase in trade and other payables	(9,097)	8,003
<b>Cash (absorbed by)/generated from operations</b>	<b>(11,917)</b>	<b>6,046</b>