

## **j2 Global UK Limited**

Report and Financial Statements

Year Ended

31 December 2015

Company Number 03721601

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**j2 Global UK Limited**  
**Report and financial statements**  
**for the year ended 31 December 2015**

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**Contents**

**Page:**

|   |  |
|---|--|
| 1 | Report of the directors                        |
| 3 | Independent auditor's report                   |
| 5 | Statement of comprehensive income              |
| 6 | Balance sheet                                  |
| 7 | Statement of changes in equity                 |
| 8 | Notes forming part of the financial statements |

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**Directors**

J Eikenberry  
J Rossen

**Registered office**

Ground and 1<sup>st</sup> Floor Mezzanine, The Battleship Building, 179 Harrow Road, London, W2 6NB

**Company number**

03721601

**Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **j2 Global UK Limited**

## **Report of the directors for the year ended 31 December 2015**

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The directors present their report together with the audited financial statements for the year ended 31 December 2015.

### **Results and dividends**

The statement of comprehensive income is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a final ordinary dividend, making a total dividend for the year including interim payments of £6,475,000 (2014 - £nil).

A dividend was received within the period of £1,200,000 from a subsidiary. At the time the dividend was received this company's directors were unaware that there were insufficient distributable reserves available. Once identified, the directors have initiated a remediation process. This commenced after the period end and as such is not reflected in these financial statements. See note 16.

### **Principal activities and review of business**

The principal activity of the company is the provision of services to fellow group companies.

### **Future developments**

No change is anticipated in the nature of the company's activities for the foreseeable future.

### **Directors**

The directors of the company during the year and after the year end were as follows:

|                   |  |
|-------------------|--|
| J Eikenberry      | (appointed 20 July 2016)                               |
| C Busst           | (resigned 20 July 2016)                                |
| J Van Der Weijden | (resigned 12 January 2016)                             |
| Z Maul            | (appointed 15 January 2015, resigned 24 November 2015) |
| J Adelman         | (resigned 10 January 2016)                             |
| J Rossen          | (appointed 24 November 2015)                           |

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## j2 Global UK Limited

### Report of the directors for the year ended 31 December 2015 (*continued*)

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#### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP, who were appointed auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The report of the directors has been prepared in accordance with the special provisions relating to companies subject to the small companies regime.

On behalf of the Board

  
J Rossen

Director

Date 30 September 2016

# **j2 Global UK Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF J2 GLOBAL UK LIMITED**

We have audited the financial statements of J2 Global UK Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit we have identified no material misstatements in the directors' report.

## j2 Global UK Limited

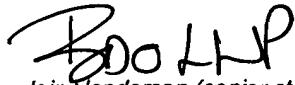
### Independent auditor's report (*continued*)

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and from the requirement to prepare a strategic report.



Iain Henderson (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date 30<sup>th</sup> September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## j2 Global UK Limited

### Statement of comprehensive income for the year ended 31 December 2015

|  | Note | 2015<br>£         | 2014<br>£        |
|--|------|-------------------|------------------|
| Turnover   | 3    | 1,247,682         | 1,051,706        |
| Cost of sales  |      | (415,934)         | (464,517)        |
| <b>Gross profit</b>                                  |      | <b>831,748</b>    | <b>587,189</b>   |
| Administrative expenses                              |      | (640,560)         | (357,396)        |
| Other operating income                               | 11   | 11,481,928        | 1,020,099        |
| <b>Operating profit</b>                              | 6    | <b>11,673,116</b> | <b>1,249,892</b> |
| Other interest receivable and similar income         | 8    | 4,700             | 5,367            |
| Interest payable and similar charges                 | 9    | (42,105)          | (36,714)         |
| <b>Profit on ordinary activities before taxation</b> |      | <b>11,635,711</b> | <b>1,218,545</b> |
| Taxation   | 10   | (121,471)         | (97,177)         |
| <b>Profit on ordinary activities after taxation</b>  |      | <b>11,514,240</b> | <b>1,121,368</b> |

All amounts relate to continuing activities.  
All gains and losses are recognised in the statement of comprehensive income.

The notes on pages 8 to 18 form part of these financial statements.

## J2 Global UK Limited

### Balance sheet at 31 December 2015

| <b>Company number 03721601</b>                                 | <b>Note</b> | <b>2015<br/>£</b> | <b>2015<br/>£</b> | <b>2014<br/>£</b> | <b>2014<br/>£</b>  |
|--|-------------|-------------------|-------------------|-------------------|--------------------|
| <b>Fixed assets</b>  |             |                   |                   |                   |                    |
| Intangible assets  | 12          |                   | 392,539           |                   | 644,282            |
| Tangible assets  | 13          |                   | 181,926           |                   | 270,311            |
| Investments  | 14          |                   | 44,807,352        |                   | 40,614,275         |
|  |             |                   | <u>45,381,817</u> |                   | <u>41,528,868</u>  |
| <b>Current assets</b>  |             |                   |                   |                   |                    |
| Debtors  | 15          | 5,179,587         |                   | 3,900,694         |                    |
| Cash at bank and in hand                                       |             | 13,274,365        |                   | 4,285,827         |                    |
|  |             | <u>18,453,952</u> |                   | <u>8,186,521</u>  |                    |
| <b>Creditors: amounts falling due within one year</b>          | 16          | (9,032,816)       |                   | (10,556,929)      |                    |
| <b>Net current assets/(liabilities)</b>                        |             |                   | <u>9,421,136</u>  |                   | <u>(2,370,408)</u> |
| <b>Total assets less current liabilities</b>                   |             |                   | <u>54,802,953</u> |                   | <u>39,158,460</u>  |
| <b>Creditors: amounts falling due after more than one year</b> | 17          |                   | (7,021,193)       |                   | (275,000)          |
| <b>Provisions for liabilities</b>                              | 18          |                   | (5,512)           |                   | (14,529)           |
| <b>Net assets</b>  |             |                   | <u>47,776,248</u> |                   | <u>38,868,931</u>  |
| <b>Capital and reserves</b>                                    |             |                   |                   |                   |                    |
| Called up share capital  | 19          |                   | 1,002             |                   | 1,002              |
| Share premium account  |             |                   | 4,679,458         |                   | 4,679,458          |
| Capital contribution reserve                                   |             |                   | 37,072,517        |                   | 33,204,440         |
| Retained earnings  |             |                   | 6,023,271         |                   | 984,031            |
| <b>Shareholders' funds</b>                                     |             |                   | <u>47,776,248</u> |                   | <u>38,868,931</u>  |

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A Small Entities.

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2016

J Rossen  
Director

The notes on pages 8 to 18 form part of these financial statements.



## J2 Global UK Limited

### Statement of changes in equity at 31 December 2015

|   | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£      | Capital<br>contribution<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|---|------------------------------------|---------------------------------------|---|---------------------------|----------------------|
| At 1 January 2015   | 1,002                              | 4,679,458                             | 33,204,440                              | 984,031                   | 38,868,931           |
| <b>Comprehensive income for the year</b>                  |                                    |                                       |   |                           |                      |
| Profit for the year                                       | -                                  | -                                     | -                                       | 11,514,240                | 11,514,240           |
| <b>Total comprehensive income for the year</b>            | -                                  | -                                     | -                                       | 11,514,240                | 11,514,240           |
| <b>Contributions by and distributions to owners</b>       |                                    |                                       |   |                           |                      |
| Dividends   | -                                  | -                                     | -                                       | (6,475,000)               | (6,475,000)          |
| Capital contribution                                      | -                                  | -                                     | 3,868,077                               | -                         | 3,868,077            |
| <b>Total contributions by and distributions to owners</b> | -                                  | -                                     | 3,868,077                               | (6,475,000)               | (2,606,923)          |
| <b>31 December 2015</b>                                   | <b>1,002</b>                       | <b>4,679,458</b>                      | <b>37,072,517</b>                       | <b>6,023,271</b>          | <b>47,776,248</b>    |
|   | Called up<br>share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Capital<br>contribution<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
| At 1 January 2014   | 1,002                              | 4,679,458                             | -                                       | (137,337)                 | 4,543,123            |
| <b>Comprehensive income for the year</b>                  |                                    |                                       |   |                           |                      |
| Profit for the year                                       | -                                  | -                                     | -                                       | 1,121,368                 | 1,121,368            |
| <b>Total comprehensive income for the year</b>            | -                                  | -                                     | -                                       | 1,121,368                 | 1,121,368            |
| <b>Contributions by and distributions to owners</b>       |                                    |                                       |   |                           |                      |
| Capital contribution                                      | -                                  | -                                     | 33,204,440                              | -                         | 33,204,440           |
| <b>Total contributions by and distributions to owners</b> | -                                  | -                                     | 33,204,440                              | -                         | 33,204,440           |
| <b>31 December 2014</b>                                   | <b>1,002</b>                       | <b>4,679,458</b>                      | <b>33,204,440</b>                       | <b>984,031</b>            | <b>38,868,931</b>    |

The notes on pages 8 to 18 form part of these financial statements.

## j2 Global UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2015

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 Section 1A Small Entities.

Information on the impact of first-time adoption of section 1A *Small Entities* in FRS 102 is given in note 24.

##### *Basis of measurement*

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The financial statements contain information about j2 Global UK Limited as an individual company and do not contain consolidated financial information. The Company is exempt from the requirement to prepare consolidated financial statements by virtue of the fact that j2 Global, Inc, the company's ultimate parent prepares consolidated accounts which are publicly available.

The following principal accounting policies have been applied:

##### *Going concern*

The directors have prepared detailed financial projections and reviewed the company's financial position to ensure that it has adequate resources to continue in operational existence in the foreseeable future. Having considered these factors together with the fact that the ultimate parent undertaking has provided a letter confirming it will provide the necessary financial assistance as required for a period of at least 12 months from the date of signing of these financial statements, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would be required if this basis was not appropriate.

##### *Turnover*

Turnover represents amounts earned and earnable during the year on the sale of services to fellow group companies.

##### *Intangible assets and amortisation*

Intangible assets arising on an acquisition are capitalised, classified as an asset and amortised on a straight line basis over their useful economic life.

Intangible asset are reviewed for impairment at the end of the first financial year following acquisition and in other periods if events of changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                    |                     |
|--------------------|---------------------|
| Trade marks        | - 10% straight line |
| Purchased goodwill | - 20% straight line |

## j2 Global UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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#### 1 Accounting policies (*continued*)

##### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment, fixtures and fittings - 24 to 60 months on a straight line basis

##### *Investments*

Fixed asset investments are stated at cost less provision for diminution in value.

##### *Operating leases*

Rental applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### *Taxation*

The charge for taxation is based on the profit for the year and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

##### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### *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.

## j2 Global UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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#### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether there are indicators of impairment of the company's investments. Factors taken into consideration in reaching such a decision include the financial performance of the investment and the expected future performance.

##### *Other key sources of estimation uncertainty*

- *Tangible fixed assets (note 13)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Intangible fixed assets (note 12)*

Intangible fixed assets are amortised on a straight line basis over their useful economic lives taking into account residual values, where appropriate. Further intangible assets are reviewed for impairment at the end of the first financial year following acquisition and in other periods if events of changes in circumstances indicate that the carrying value may not be recoverable

#### 3 Turnover

Turnover is wholly attributable to the principal activity of the company and arises primarily within the United Kingdom.

#### 4 Employees

There were no direct employees, excluding directors during 2015 (2014 - Nil) and consequently staff costs for 2015 were £Nil (2014 - £Nil).

#### 5 Directors remuneration

There were 2 directors in office during the year. Directors remuneration is borne by a fellow group company.

## j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

### 6 Operating profit

|  | 2015<br>£ | 2014<br>£ |
|--|-----------|-----------|
| This has been arrived at after charging: |           |           |
| Depreciation                             | 75,936    | 63,641    |
| Amortisation                             | 251,743   | 251,743   |
| Auditors' remuneration - audit services  | 61,680    | 11,056    |

In the current year j2 Global UK have incurred the cost of audit services for subsidiary companies (prior years cost incurred directly by subsidiary companies).

### 7 Dividends

|  | 2015<br>£ | 2014<br>£ |
|--|-----------|-----------|
| Ordinary interim paid (at £6,462 per ordinary share) | 6,475,000 | -         |

### 8 Interest receivable and similar income

|                     | 2015<br>£ | 2014<br>£ |
|---------------------|-----------|-----------|
| Interest receivable | 4,700     | 5,367     |

### 9 Interest payable and similar charges

|                  | 2015<br>£ | 2014<br>£ |
|------------------|-----------|-----------|
| Interest payable | 42,105    | 36,714    |

## j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

### 10 Taxation

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| <i>Current tax</i>                        |           |           |
| UK corporation tax for the year           | 95,197    | 77,331    |
| Adjustments for prior periods             | 35,291    | -         |
| Deferred tax (note 18)                    | (9,017)   | 19,846    |
|   | <hr/>     | <hr/>     |
| Taxation on profit on ordinary activities | 121,471   | 97,177    |
|   | <hr/>     | <hr/>     |

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

|  | 2015<br>£   | 2014<br>£ |
|--|-------------|-----------|
| Profit on ordinary activities before tax   | 11,635,711  | 1,218,545 |
|  | <hr/>       | <hr/>     |
| Profit on ordinary activities at the standard rate<br>of corporation tax in the UK of 20.25% (2014 - 21.49%) | 2,355,833   | 261,865   |
| Effects of:  |             |           |
| Capital allowances for year in excess of depreciation  | 51,197      | 56,013    |
| Dividend income not taxable  | (2,324,697) | (219,219) |
| Other timing differences   | 39,138      | (1,482)   |
|  | <hr/>       | <hr/>     |
| Total tax charge for year  | 121,471     | 97,177    |
|  | <hr/>       | <hr/>     |

#### *Factors that may affect future tax charges*

The standard rate of corporation tax was reduced to 21% from 1 April 2014. From 1 April 2015 the standard rate is unified with the small company rate at 20%.

## j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

### 11 Other operating income

|   | 2015<br>£         | 2014<br>£        |
|---|-------------------|------------------|
| Dividend received - Livedrive Internet Limited            | 7,975,000         | 1,020,099        |
| Dividend received - KeepItSafe Backup Limited             | 300,000           | -                |
| Dividend received - FuseMail UK Limited                   | 750,000           | -                |
| Dividend received - City Numbers Limited                  | 1,400,000         | -                |
| Distribution from subsidiary - Livedrive Internet Limited | 1,056,928         | -                |
|   | <u>11,481,928</u> | <u>1,020,099</u> |

The distribution from subsidiary relates to fair value adjustment to the loan payable to Livedrive Internet Limited (see note 17) as necessary under FRS 102 Section 1A Small Entities.

### 12 Intangible assets

|   | Trade marks<br>£ | Purchased<br>goodwill<br>£ | Total<br>£     |
|---|------------------|----------------------------|----------------|
| <i>Cost</i>                               |                  |                            |                |
| At 1 January 2015 and at 31 December 2015 | 130,194          | 917,503                    | 1,047,697      |
| <i>Amortisation</i>                       |                  |                            |                |
| At 1 January 2015                         | 75,559           | 327,856                    | 403,415        |
| Charge for year                           | 13,020           | 238,723                    | 251,743        |
|   | <u>88,579</u>    | <u>566,579</u>             | <u>655,158</u> |
| At 31 December 2015                       | 88,579           | 566,579                    | 655,158        |
| <i>Net book value</i>                     |                  |                            |                |
| At 31 December 2015                       | 41,615           | 350,924                    | 392,539        |
|   | <u>54,635</u>    | <u>589,647</u>             | <u>644,282</u> |
| At 31 December 2014                       | 54,635           | 589,647                    | 644,282        |

## j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

### 13 Tangible assets

|                       | Computer<br>equipment,<br>furniture<br>and fixtures<br>£ |
|-----------------------|--|
| <i>Cost</i>           |  |
| At 1 January 2015     | 442,339  |
| Disposals             | (12,449)   |
|                       | <hr/>  |
| At 31 December 2015   | 429,890  |
| <i>Depreciation</i>   |  |
| At 1 January 2015     | 172,028  |
| Charge for the year   | 75,936   |
|                       | <hr/>  |
| At 31 December 2015   | 247,964  |
|                       | <hr/>  |
| <i>Net book value</i> |  |
| At 31 December 2015   | 181,926  |
|                       | <hr/>  |
| At 31 December 2014   | 270,311  |
|                       | <hr/>  |

### 14 Investments

|                                | Subsidiary<br>undertakings<br>£ |
|--------------------------------|---------------------------------|
| <i>Cost and net book value</i> |                                 |
| At 1 January 2015              | 40,614,275                      |
| Additions                      | 4,193,077                       |
|                                | <hr/>                           |
| At 31 December 2015            | 44,807,352                      |
|                                | <hr/>                           |

#### Subsidiary undertakings

As at 31 December 2015, the company had the following subsidiary undertakings:

| Company                      | Country of<br>registration or<br>incorporation | Shares held<br>Class | %      |
|------------------------------|--|----------------------|--------|
| Fusemail UK Limited          | England and Wales                              | Ordinary             | 100.00 |
| City Numbers Limited         | England and Wales                              | Ordinary             | 100.00 |
| Critical Software Limited    | England and Wales                              | Ordinary             | 100.00 |
| Keepitsafe Backup Limited    | England and Wales                              | Ordinary             | 100.00 |
| Livedrive Internet Limited * | England and Wales                              | Ordinary             | 100.00 |
| Livedrive Holdings Limited   | British Virgin Islands                         | Ordinary             | 100.00 |

\* Held indirectly



## j2 Global UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

#### 14 Investments (continued)

There have been a number of additions to the investment held by j2 Global UK Limited. The largest increase (£3,868,077) is in relation to an increase in the Livedrive Internet Limited investment, which has occurred through a capital contribution from j2 Global UK in relation to its investment in Livevault Limited. Additionally there has been an increase to the Livedrive Internet Limited investment (£250,000) due to final working capital adjustments which has increased the purchase price.

Further to this there has been an increase to the Keepitsafe Backup Limited investment (£75,000) due to a further capital contribution in relation to its acquisition of the trade and assets of Ondemand Recovery Limited.

The capital and reserves and profit or loss for the year ended 31 December 2015 of those subsidiaries were as follows:

|                            | Capital and<br>reserves<br>£ | Profit for<br>the year<br>£ |
|----------------------------|------------------------------|-----------------------------|
| Fusemail UK Limited        | 92,693                       | 493,261                     |
| City Numbers Limited       | 493,261                      | 839,975                     |
| KeepItSafe Backup Limited  | 986,322                      | 518,962                     |
| Livedrive Internet Limited | 5,542,363                    | 5,028,680                   |
| Critical Software Limited  | (789,676)                    | 994,951                     |
| Livedrive Holdings Limited | -                            | -                           |

#### 15 Debtors

|                                     | 2015<br>£ | 2014<br>£ |
|-------------------------------------|-----------|-----------|
| Other debtors and prepayments       | 93,650    | 71,333    |
| Amounts due from group undertakings | 5,085,937 | 3,829,361 |
|                                     | 5,179,587 | 3,900,694 |

All amounts shown under debtors fall due for payment within one year.

## j2 Global UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

#### 16 Creditors: amounts falling due within one year

|                                    | 2015<br>£        | 2014<br>£         |
|------------------------------------|------------------|-------------------|
| Trade creditors                    | 117,527          | 172,880           |
| Taxation and social security       | 122,881          | 103,939           |
| Amounts owed to group undertakings | 8,333,160        | 10,205,623        |
| Other creditors                    | 277,391          | 23,498            |
| Accruals and deferred revenue      | 62,910           | 59                |
| Corporation tax                    | 118,947          | 50,930            |
|                                    | <u>9,032,816</u> | <u>10,556,929</u> |

Included within 'Amounts owed to group undertakings' is a dividend received from a subsidiary. At the time the dividend was received this company's directors were unaware that there were insufficient distributable reserves available. Once identified, the subsidiary company's directors have initiated a remediation process. This commenced after the period end and as such is not reflected in these financial statements..

#### 17 Creditors: amounts falling due after more than one year

|                                      | 2015<br>£        | 2014<br>£      |
|--------------------------------------|------------------|----------------|
| Promissory note and accrued interest | 7,021,193        | -              |
| Deferred consideration               | -                | 275,000        |
|                                      | <u>7,021,193</u> | <u>275,000</u> |

The promissory note relates to a loan of £8 million, bearing 0.52% interest per annum, made to j2 Global UK Limited by Livedrive Internet Limited on 19 February 2014 and due for payment on or before 19 February 2015 which has since been extended with payment due on or before 19 February 2020. Under FRS 102 Section 1A Small Entities, financing transactions must be measured at the fair value. This loan was discounted at a rate of 4.23%, resulting in fair value adjustment of £1.1 million for the year ended 31 December 2015. This adjustment has been presented as a distribution from Livedrive Internet Limited for the year ended 31 December 2015 (see note 11).

The deferred consideration relates to the acquisition of Critical Software and fell due for payment on 31 March 2016.

## j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

### 18 Provisions for liabilities

|  | Deferred<br>taxation<br>£ |
|--|---------------------------|
| At 1 January 2015                                      | 14,529                    |
| Charged to statement of comprehensive income (note 10) | (9,017)                   |
|  | <hr/>                     |
| At 31 December 2015                                    | 5,512                     |
|  | <hr/>                     |
| <i>Deferred taxation</i>                               |                           |
|  | 2015<br>£                 |
|  | 2014<br>£                 |
| Accelerated capital allowances                         | 5,512                     |
|  | 14,529                    |
|  | <hr/>                     |

### 19 Share capital

|                                | 2015<br>Number | Allotted, called up and fully paid<br>2014<br>Number | 2015<br>£ | 2014<br>£ |
|--------------------------------|----------------|--|-----------|-----------|
| Ordinary shares of £1 each     | 902            | 902  | 902       | 902       |
| Ordinary 'A' shares of £1 each | 100            | 100  | 100       | 100       |
|                                | <hr/>          | <hr/>  | <hr/>     | <hr/>     |
|                                | 1,002          | 1,002  | 1,002     | 1,002     |
|                                | <hr/>          | <hr/>  | <hr/>     | <hr/>     |

Both the Ordinary shares and ordinary 'A' shares rank *pari passu*, with both shares allowing the right to vote at the general meetings of the shareholders.

### 20 Related party transactions

The company has taken advantage of the exemption under FRS 102 Chapter 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

### 21 Cash flow statement

The company has taken advantage of the exemption conferred by FRS 102, "Cash Flow Statements", not to prepare a cash flow statement on the grounds that the cash flows of the company are included in the consolidated group cash flow statement of j2 Global, Inc. and the financial statements of j2 Global, Inc. are publicly available.

## **j2 Global UK Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2015 (continued)**

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### **22 Immediate and ultimate holding company**

The company is a wholly owned subsidiary of j2 Global Ireland Limited. The company's ultimate holding company is j2 Global, Inc.

### **23 Post balance sheet events**

On 3 March 2016 j2 Global UK Limited purchased the entire issued share capital of Callstream Group Limited for £13 million.

### **24 First time adoption of FRS 102**

The directors have considered the impact of converting to FRS 102 and identified no material adjustments to prior year financial statements.