

j2 Global UK Limited

Report and Financial Statements

Year Ended

31 December 2018

Company Number 03721601



j2 Global UK Limited

Report and Financial Statements for the Year Ended 31 December 2018

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Directors	J D Eikenberry J D Rossen
Company secretary	J D Rossen
Registered number	03721601
Registered office	Ground and 1st Floor Mezzanine The Battleship Building 179 Harrow Road London W2 6NB
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

j2 Global UK Limited

Strategic Report For the Year Ended 31 December 2018

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The statement of comprehensive income is set out on page 7 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 £12.0m (2017: £7.0m).

Principal activities

The principal activities of the company is a holding company and the provision of services to fellow group companies.

Review of the business

There have been no changes to the company's operations during the year. During the year, the company acquired an investment in The Communicator Corporation Limited, a trading subsidiary operating in digital communications. The company's other investments continued to perform well during the current period, and the directors do not consider that any further provision for impairment is required to the investment values of the shares in group undertakings.

The company received dividends of £26,164,103 (2017: £9,427,974) during the year, which was evidence of the continued strong performance of the subsidiary investments.

Future developments

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

Key performance indicators

As an intermediate holding company the company's principal key performance indicator is the profitability of its investments and the recoverability of the amounts due from group undertakings. These matters are addressed above and below.

Principal risks and uncertainties

As an intermediate holding company, the principal risks for the company are that either the investment value of the shares in group undertakings, or the amounts owed by group undertakings might not be fully recoverable.

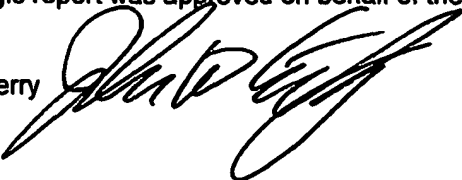
The directors regularly review the performance of the company's subsidiaries to ascertain whether there are any indicators which might indicate any risks threatening full recovery.

Approval

This strategic report was approved on behalf of the Board on 30 Sep 19 and signed on its behalf.

J D Eikenberry

Director



j2 Global UK Limited

Directors' Report For the Year Ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Directors

The directors of the company during the year and subsequent to the year-end were:

J D Eikenberry
J D Rossen

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

j2 Global UK Limited

Directors' Report For the Year Ended 31 December 2018 *(continued)*

Directors' indemnity insurance

The company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company. The indemnity policy subsisted throughout the period and remains in place at the date of their report.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 Sep 19

and signed on its behalf.



J D Eikenberry
Director

j2 Global UK Limited

Independent Auditor's Report to the Members of j2 Global UK Limited

Opinion

We have audited the financial statements of j2 Global UK Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

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.

j2 Global UK Limited

Independent Auditor's Report to the Members of j2 Global UK Limited (*continued*)

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 the audit:

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

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 directors' report.

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

- adequate accounting records have not been kept, 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.

j2 Global UK Limited

Independent Auditor's Report to the Members of j2 Global UK Limited (*continued*)

Responsibilities of Directors

As explained more fully in the directors' report, 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 determines 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of the 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.

BDO LLP

Andrew Gandell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

30/09/2019

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 2018

	Note	2018 £	2017 £
Turnover	4	858,593	1,038,136
Cost of sales		(259,072)	(281,590)
Gross profit		599,521	756,546
Administrative expenses		(434,938)	(3,554,391)
Other operating income	12	26,164,103	9,427,974
Operating profit	7	26,328,686	6,630,129
Interest receivable and similar income	9	61,850	-
Interest payable and similar charges	10	(280,104)	(266,328)
Profit on ordinary activities before taxation		26,110,432	6,363,801
Taxation credit	11	16,650	38,478
Profit on ordinary activities after taxation and total comprehensive income for the year		26,127,082	6,402,279

All amounts relate to continuing activities.

All gains and losses are recognised in the statement of comprehensive income.

The notes on pages 10 to 19 form part of these financial statements.

j2 Global UK Limited
Registered Number: 03721601
Balance sheet
As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	13		11,237		79,270
Tangible assets	14		175,293		306,903
Investments	15		65,837,671		58,079,642
			<hr/>		<hr/>
			66,024,201		58,465,815
Current assets					
Debtors: amounts falling due within one year	16	11,615,617		2,233,255	
Cash at bank and in hand		1,560,183		1,372,483	
		<hr/>		<hr/>	
		13,175,800		3,605,738	
Creditors: amounts falling due within one year	17	(3,792,463)		(1,060,990)	
		<hr/>		<hr/>	
Net current assets			9,383,337		2,544,748
			<hr/>		<hr/>
Total assets less current liabilities			75,407,538		61,010,563
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	18		(7,826,561)		(7,546,456)
Deferred tax asset	19		14,802		4,590
			<hr/>		<hr/>
Net assets			67,595,779		53,468,697
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	21		1,002		1,002
Share premium account	21		4,679,458		4,679,458
Capital contribution reserve	21		43,547,517		43,547,517
Retained earnings	21		19,367,802		5,240,720
			<hr/>		<hr/>
Shareholders' funds			67,595,779		53,468,697
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


J D Eikenberry
 Director

30/09/19

The notes on pages 10 to 19 form part of these financial statements.

j2 Global UK Limited

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £	Share premium account £	Capital contribution reserve £	Retained earnings £	Total equity £
At 1 January 2018	1,002	4,679,458	43,547,517	5,240,720	53,468,697
Comprehensive income for the year					
Profit for the year	-	-	-	26,127,082	26,127,082
Total comprehensive income for the year	-	-	-	26,127,082	26,127,082
Distributions to owners					
Dividends paid	-	-	-	(12,000,000)	(12,000,000)
31 December 2018	1,002	4,679,458	43,547,517	19,367,802	67,595,779

Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital £	Share premium account £	Capital contribution reserve £	Retained earnings £	Total equity £
At 1 January 2017	1,002	4,679,458	43,547,517	5,838,441	54,066,418
Comprehensive income for the year					
Profit for the year	-	-	-	6,402,279	6,402,279
Total comprehensive income for the year	-	-	-	6,402,279	6,402,279
Distributions to owners					
Dividends paid	-	-	-	(7,000,000)	(7,000,000)
31 December 2017	1,002	4,679,458	43,547,517	5,240,720	53,468,697

The notes on pages 10 to 19 form part of these financial statements.

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

j2 Global UK Limited is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies (see note 3).

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:

2.2 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.

2.3 Turnover

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

2.4 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 to the Financial Statements For the Year Ended 31 December 2018 (continued)

2. Accounting policies (continued)

2.5 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

2.6 Investments

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

2.7 Operating leases

Rental charges 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.

2.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

2.9 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.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (*continued*)

2. Accounting policies (*continued*)

2.10 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.

3. 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 14)*

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 13)*

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.

4. Turnover

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

5. Employees

There were no direct employees, excluding directors during 2018 (2017: Nil) and consequently staff costs for 2018 were £Nil (2017: £Nil).

6. Directors' remuneration

There were 2 directors in office during the year. Directors' remuneration has been borne by a fellow group company in both the current and prior years.

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (continued)

7. Operating profit

	2018 £	2017 £
This has been arrived at after charging:		
Depreciation	99,429	120,276
Amortisation	68,033	118,322
Impairment of investment	-	3,042,024
Auditor's remuneration		
- audit services	8,700	8,600
- tax services	1,530	1,450
- other non-audit services	2,500	2,375

The Company retains an operating lease commitment (see note 22), the expense for which has been recharged to other Group undertakings in the current and prior periods.

8. Dividends

	2018 £	2017 £
Ordinary interim paid of £11,976 per ordinary share (2017: £6,986 per ordinary share)	12,000,000	7,000,000

9. Interest receivable and similar income

	2018 £	2017 £
Intercompany interest receivable	61,850	-

10. Interest payable and similar charges

	2018 £	2017 £
Intercompany interest payable (see note 18)	280,104	266,328

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (continued)

11. Taxation

	2018 £	2017 £
<i>Current tax</i>		
UK corporation tax for the year	24,424	65,096
Adjustments for prior periods	(30,862)	(96,597)
	<hr/>	<hr/>
Total current tax	(6,438)	(31,501)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 19)	(10,106)	(6,977)
Adjustments for prior periods	(106)	-
	<hr/>	<hr/>
Taxation credit on ordinary activities	(16,650)	(38,478)
	<hr/>	<hr/>

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	26,110,432	6,363,801
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	4,960,982	1,225,032
Effects of:		
Fixed asset differences	12,894	45,659
Expense not deductible for tax purposes	10,433	601,055
Dividend income not taxable	(4,971,180)	(1,814,562)
Adjustments in respect of prior periods	(30,862)	(96,597)
Adjustments in respect of prior periods – deferred tax	(106)	-
Effect of rate changes	-	935
Other differences	1,189	-
	<hr/>	<hr/>
Total tax credit for year	(16,650)	(38,478)
	<hr/>	<hr/>

12. Other operating income

	2018 £	2017 £
Dividend received – Livedrive Internet Limited	16,756,103	5,400,266
Dividend received – Callstream Group Limited	4,600,000	-
Dividend received – Callstream Limited	-	2,658,341
Dividend received – City Numbers Limited	1,000,000	1,369,367
Dividend received – Keepitsafe Backup Limited	737,000	-
Dividend received – Vipre Security Limited	3,071,000	-
	<hr/>	<hr/>
	26,164,103	9,427,974
	<hr/>	<hr/>

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (*continued*)

13. Intangible assets

	Trade marks £	Purchased goodwill £	Total £
<i>Cost</i>			
At 1 January 2018 and at 31 December 2018	130,194	917,503	1,047,697
<i>Amortisation</i>			
At 1 January 2018	110,279	858,148	968,427
Charge for year	8,678	59,355	68,033
At 31 December 2018	118,957	917,503	1,036,460
<i>Net book value</i>			
At 31 December 2018	11,237	-	11,237
At 31 December 2017	19,915	59,355	79,270

14. Tangible assets

	Computer equipment, furniture and fixtures £
<i>Cost</i>	
At 1 January 2018	751,773
Additions	4,026
Disposals	(36,207)
At 31 December 2018	719,592
<i>Depreciation</i>	
At 1 January 2018	444,870
Charge for the year	99,429
At 31 December 2018	544,299
<i>Net book value</i>	
At 31 December 2018	175,293
At 31 December 2017	306,093

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (continued)

15. Investments

	Subsidiary undertakings £
<i>Cost and net book value</i>	
At 1 January 2018	58,079,642
Acquisition of The Communicator Corporation Limited	7,758,029
	<hr/>
At 31 December 2018	65,837,671
	<hr/>

During the year, the company has acquired an investment in The Communicator Corporation Limited.

Subsidiary undertakings

As at 31 December 2018, the company had the following wholly owned subsidiary undertakings:

Company	Country of registration or incorporation	Class	%
Vipre Security 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
Callstream Group Limited	England and Wales	Ordinary	100.00
Callstream Limited*	England and Wales	Ordinary	100.00
The Communicator Corporation Limited	England and Wales	Ordinary	100.00
*Held indirectly			

The registered address of all of subsidiaries is, The Battleship Building, Ground & 1st floor Mezzanine, 179 Harrow Road, London, W2 6NB.

^ Critical Software Limited's trade and assets were hived across to Vipre Security Limited during the year ended 31 December 2018. As permitted under FRS 102, the value of j2 Global UK Limited's investment in Critical Software Limited followed the transfer to the trade and assets into Vipre Security Limited.

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (continued)

16. Debtors: amounts falling due within one year

	2018 £	2017 £
Other debtors and prepayments	341,958	145,238
Amounts owed by group undertakings	11,247,948	2,073,340
Corporation tax	25,711	14,677
	<u>11,615,617</u>	<u>2,233,255</u>

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

17. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	264,181	207,062
Taxation and social security	96,349	167,523
Amounts owed to group undertakings	2,482,796	674,504
Other creditors	-	4,823
Accruals and deferred revenue	190,582	7,078
Deferred consideration	758,555	-
	<u>3,792,463</u>	<u>1,060,990</u>

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

	2018 £	2017 £
Promissory note and accrued interest	7,826,561	7,546,456

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 2016 which has since been extended with payment was due on or before 19 February 2020. Under FRS 102, 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 £238,504 for the year ended 31 December 2018 (2017: £223,965). The additional difference in the movement in the liability year on year, of £41,600 (2017: £41,600) relates to accrued interest on the loan note at 0.52%.

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (continued)

19. Deferred tax asset

	Deferred taxation £	
At 1 January 2018		4,590
Credited to statement of comprehensive income (note 11)		10,212
		<hr/>
Deferred tax asset as at 31 December 2018		14,802
		<hr/>
The deferred tax asset is made up as follows:		
	2018 £	2017 £
Fixed asset timing differences	14,802	4,590
	<hr/>	<hr/>

20. Financial instruments

The company's financial instruments may be analysed as follows:

	2018 £	2017 £
Financial assets		
Financial assets measured at amortised cost	13,172,189	3,586,644
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	3,696,114	1,047,241
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash, other debtors and balances due from fellow group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, deferred consideration and balances due to fellow group companies. Financial liabilities measured at fair value through the profit and loss total £7,826,561 (2017: £7,546,455) and comprise promissory note and accrued interest.

Information regarding the company's exposure to and management of principal risks and uncertainties is included in the Directors' report.

21. Share capital

	Allotted, called up and fully paid			
	2018 Number	2017 Number	2018 £	2017 £
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.

j2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018 (continued)

21. Share capital (continued)

Share premium account

The share premium account consists of the difference between the purchase price and the nominal value of the shares acquired in j2 Global UK Limited.

Capital contribution reserve

The capital contribution reserve relates to funding which has been provided by the parent company, j2 Global Ireland Limited, in order for j2 Global UK Limited to acquire its subsidiaries.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

22. Commitments under operating leases

As at 31 December 2018, the company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2018 £	Land and buildings 2017 £
Within one year	79,042	73,640
In two to five years	109,245	128,902
	<u>128,865</u>	<u>202,542</u>

The company entered into a lease in a previous period for space utilised by its subsidiaries. The rental commitments continue to be paid by the company and recharged through intercompany to these entities.

23. 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.

24. 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.

25. 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. j2 Global, Inc. is incorporated in the United States of America and listed on NASDAQ.