

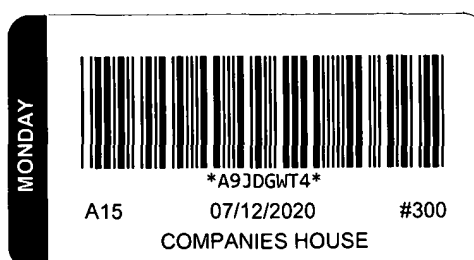
J2 Global UK Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 03721601



J2 Global UK Limited

Report and Financial Statements for the Year Ended 31 December 2019

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Directors	J D Eikenberry J D Rossen
Company secretary	J D Rossen
Registered number	03721601
Registered office	18 Mansell Street Level 3 London E1 8AA
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

J2 Global UK Limited

Strategic Report For the Year Ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

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 £10.4m (2018 - £12.0m)

Principal activities

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

Review of the business

The company made no acquisitions or disposals of investments during the current year. During 2018, the company acquired an investment in The Communicator Corporation Limited, a trading subsidiary operating in digital communications.

The company's 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, each entity remains profitable and cash generative and forecasts indicate that this will remain the case in future periods.

The impact of COVID-19 is a non-adjusting balance sheet event and as such the directors have not taken this into account when assessing potential indicators of impairment of investments, although the impact has been assessed for the purposes of review of the going concern assumption, and for future impairment reviews.

The company received dividends of £8,409,595 (2018 - £26,164,103) during they 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.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors have reviewed the company's going concern position taking into account its current business activities, budgeted performance and factors likely to affect its future performance. Based on the information contained within the accounts and including specific consideration with the risks associated with the COVID-19 situation, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

As at 31 December 2019, the company had cash resources of £138k (2018 - £1.6m), current assets of £8.0m (2018 - £13.2m), net current liabilities of £660k (net current assets 2018 - £9.4m) and net assets of £65.3m (2018 - £67.6m). In the year to 31 December 2019 the company made an operating profit of £8.3m (2018 - £26.3m).

J2 Global UK Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Going concern (continued)

In January 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions, causing disruption to some businesses. The COVID-19 pandemic has had wide-ranging implications for the economy as a whole, but to date, limited impact on the company. The directors have not observed any significant impacts to the industry, and as such there has been minimal impact on customer attrition, supplier disruption, pricing and cash flows. The directors continue to monitor the impacts on the company and industry, and 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. The directors are comfortable a scenario that would result in the business not having sufficient cash reserves is extremely remote.

The directors consider that the group has access to sufficient funding to meet its financial obligations as they fall due. In forming this decision the directors have taken into account 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 signing of the 2019 financial statements. The company is expected to continue to generate positive cash flows via dividends from its subsidiary undertakings. The subsidiary undertakings are forecast to continue to be profitable and cash generative.

These financial statements do not include any adjustments that would be required if this basis was not appropriate.

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 risks threatening full recovery.

This report was approved by the board on 30 Nov 2020

and signed on its behalf.



J D Eikenberry
Director

J2 Global UK Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Directors

The directors who served during the year and subsequent to year-end were:

J D Eikenberry
J D Rossen

Going concern

For further details on going concern see note 2.2.

Post balance sheet events

For details on post balance sheet events see note 27.

Directors' responsibilities statement

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 period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

J2 Global UK Limited

Directors' Report (continued) For the Year Ended 31 December 2019


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 auditors, 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 Nov 2020 and signed on its behalf.



J D Eikenberry
Director

J2 Global UK Limited

Independent Auditors' 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 2019 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 2019 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 Auditors' 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 Auditors' Report to the Members of J2 Global UK Limited (continued)

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 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 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
1 December 2020

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 2019

	Note	2019 £	2018 £
Turnover	4	228,387	858,593
Cost of sales		(87,011)	(259,072)
Gross profit		141,376	599,521
Administrative expenses		(215,783)	(434,938)
Other operating income		8,409,595	26,164,103
Operating profit	7	8,335,188	26,328,686
Interest receivable and similar income	9	192,263	61,850
Interest payable and similar charges	10	(394,328)	(280,104)
Profit before tax		8,133,123	26,110,432
Taxation	11	5,026	16,650
Profit for the financial year		8,138,149	26,127,082

All amounts relate to continuing activities.

There was no other comprehensive income in the current or prior year.

There were no recognised gains or losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 11 to 24 form part of these financial statements.

J2 Global UK Limited

Registered number: 03721601

Balance Sheet As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	2,558	11,237
Tangible assets	14	110,060	175,293
Investments	15	65,837,671	65,837,671
		<u>65,950,289</u>	<u>66,024,201</u>
Current assets			
Debtors: amounts falling due within one year	16	7,884,858	11,630,419
Cash at bank and in hand		138,507	1,560,183
		<u>8,023,365</u>	<u>13,190,602</u>
Creditors: amounts falling due within one year	17	(8,684,211)	(3,792,463)
Net current (liabilities)/assets		<u>(660,846)</u>	<u>9,398,139</u>
Total assets less current liabilities		<u>65,289,443</u>	<u>75,422,340</u>
Creditors: amounts falling due after more than one year	18	-	(7,826,561)
Net assets		<u><u>65,289,443</u></u>	<u><u>67,595,779</u></u>
Capital and reserves			
Called up share capital	21	1,002	1,002
Share premium account	22	4,679,458	4,679,458
Capital redemption reserve	22	43,547,517	43,547,517
Retained earnings	22	17,061,466	19,367,802
Total equity		<u><u>65,289,443</u></u>	<u><u>67,595,779</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

30 Nov 2020



J D Eikenberry
Director

The notes on pages 11 to 24 form part of these financial statements.

J2 Global UK Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2019	1,002	4,679,458	43,547,517	19,367,802	67,595,779
Comprehensive income for the year					
Profit for the year	-	-	-	8,138,149	8,138,149
Total comprehensive income for the year	-	-	-	8,138,149	8,138,149
Distributions to owners					
Dividends paid	-	-	-	(10,444,485)	(10,444,485)
At 31 December 2019	1,002	4,679,458	43,547,517	17,061,466	65,289,443

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

	Called up share capital £	Share premium account £	Capital redemption 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)
At 31 December 2018	1,002	4,679,458	43,547,517	19,367,802	67,595,779

The notes on pages 11 to 24 form part of these financial statements.

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

J2 Global UK Limited is a private company limited by shares and incorporated in England and 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 company's 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 financial statements have been prepared using the going concern basis of accounting. The directors have reviewed the company's going concern position taking into account its current business activities, budgeted performance and factors likely to affect its future performance. Based on the information contained within the accounts and including specific consideration with the risks associated with the COVID-19 situation, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

As at 31 December 2019, the company had cash resources of £138k (2018 - £1.6m), current assets of £8.0m (2018 - £13.2m), net current liabilities of £660k (net current assets 2018 - £9.4m) and net assets of £65.3m (2018 - £67.6m). In the year to 31 December 2019 the company made an operating profit of £8.3m (2018 - £26.3m).

In January 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions, causing disruption to some businesses. The COVID-19 pandemic has had wide-ranging implications for the economy as a whole, but to date, limited impact on the company. The directors have not observed any significant impacts to the industry, and as such there has been minimal impact on customer attrition, supplier disruption, pricing and cash flows. The directors continue to monitor the impacts on the company and industry, and 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. The directors are comfortable a scenario that would result in the business not having sufficient cash reserves is extremely remote.

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.2 Going concern (continued)

The directors consider that the group has access to sufficient funding to meet its financial obligations as they fall due. In forming this decision the directors have taken into account 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 signing of the 2019 financial statements. The company is expected to continue to generate positive cash flows via dividends from its subsidiary undertakings. The subsidiary undertakings are forecast to continue to be profitable and cash generative.

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 Other operating income

Other operating income represents dividends declared during the year by group undertakings.

2.5 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 or change 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

2.6 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 values, over the useful economic life of that asset as follow:

Computer equipment, fixtures and fittings	-	24 to 60 month on a straight line basis
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2.7 Investments

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

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provision 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.

2.11 Foreign currencies

The presentational and functional currency of these financial statements is GBP Sterling. Value are rounded to the nearest pound.

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 the transaction. Exchange differences are taken into account in arriving at the operating result.

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Current and deferred 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investment.
- Determine whether there are indicators of impairment of amounts owed to the company by other group undertakings. In doing this, an assessment is made as to the economic viability and expected future financial performance of the group undertaking.

Other key sources of estimation uncertainty

- *Promissory note (see note 18)*

FRS 102 requires 'financing transactions' to be initially recorded at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The promissory note owed to Livedrive Internet Limited by J2 Global UK Limited is not repayable on demand, nor is the interest rate in line with a similar debt instrument. Therefore management are required to assess an appropriate discount rate in order to calculate the fair value of the liability as at year end. Factors taken into consideration in reaching this decision include the term of the transaction, the transaction price, and market rate of interest for comparable debt. The remaining principal amount and accrued interest was settled in February 2020 and as such is disclosed within creditors falling due within one year.

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Turnover

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

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2018 - £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 periods.

7. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation	69,478	99,429
Amortisation	8,679	68,033
Auditor's remuneration		
- audit services	9,675	8,700
- tax services	1,590	1,530
- other non-audit services	3,500	2,500
	<u>10,444,485</u>	<u>12,000,000</u>

The company retains an operating lease commitment (see note 23), the expense for which has been recharged to other group undertakings in the current and prior periods.

8. Dividends

	2019 £	2018 £
Ordinary interim paid of £10,424 per ordinary share (2018 - £11,976 per ordinary share)	<u>10,444,485</u>	<u>12,000,000</u>

9. Interest receivable and similar income

	2019 £	2018 £
Intercompany interest receivable	<u>192,263</u>	<u>61,850</u>

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Interest payable and similar charges

	2019 £	2018 £
Intercompany interest payable	<u>394,328</u>	<u>280,104</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	-	24,424
Adjustments in respect of previous periods	-	(30,862)
Total current tax	<u>-</u>	<u>(6,438)</u>
Deferred tax		
Origination and reversal of timing differences	(5,026)	(10,106)
Adjustment in respect of prior periods	-	(106)
Total deferred tax	<u>(5,026)</u>	<u>(10,212)</u>
Taxation on profit on ordinary activities	<u>(5,026)</u>	<u>(16,650)</u>

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	8,133,123	26,110,432
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,545,293	4,960,982
Effects of:		
Fixed asset difference	1,608	12,894
Expenses not deductible for tax purposes	-	10,433
Dividend income not taxable	(1,597,823)	(4,971,180)
Adjustment in respect of prior periods	-	(30,862)
Adjustment in respect of prior periods - deferred tax	-	(106)
Other differences	-	1,189
Group relief surrendered	45,304	-
Effects of rate changes	592	-
Total tax charge for the year	(5,026)	(16,650)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

The company had no unrecognised tax losses as at 31 December 2019 (2018 - Nil).

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Other operating income

	2019 £	2018 £
Dividend received - Liverdrive Internet Limited	7,728,427	16,756,103
Dividend received - Callstream Group Limited	-	4,600,000
Dividend received - City Numbers Limited	-	1,000,000
Dividend received - Keepitsafe Backup Limited	260,000	737,000
Dividend received - Vipre Security Limited	421,168	3,071,000
	<u>8,409,595</u>	<u>26,164,103</u>

13. Intangible assets

	Trademarks £	Purchased goodwill £	Total £
Cost			
At 1 January 2019 and 31 December 2019	<u>130,194</u>	<u>917,503</u>	<u>1,047,697</u>
Amortisation			
At 1 January 2019	118,957	917,503	1,036,460
Charge for the year	8,679	-	8,679
At 31 December 2019	<u>127,636</u>	<u>917,503</u>	<u>1,045,139</u>
Net book value			
At 31 December 2019	<u>2,558</u>	<u>-</u>	<u>2,558</u>
At 31 December 2018	<u>11,237</u>	<u>-</u>	<u>11,237</u>

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Tangible fixed assets

	Computer equipment, furniture and fixtures £
Cost or valuation	
At 1 January 2019	719,592
Additions	4,245
At 31 December 2019	<u>723,837</u>
Depreciation	
At 1 January 2019	544,299
Charge for the year	69,478
At 31 December 2019	<u>613,777</u>
Net book value	
At 31 December 2019	<u><u>110,060</u></u>
At 31 December 2018	<u><u>175,293</u></u>

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019 and 31 December 2019	65,837,671

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of registration or incorporation	Class of shares	Holding
Vipre Security Limited	England and Wales	Ordinary	100%
City Numbers Limited	England and Wales	Ordinary	100%
Keepitsafe Backup Limited	England and Wales	Ordinary	100%
Liverdrive Internet Limited	England and Wales	Ordinary	100%
Callstream Group Limited	England and Wales	Ordinary	100%
Callstream Limited	England and Wales	Ordinary	100%
The Communicator Corporation Limited	England and Wales	Ordinary	100%

The registered address of all of subsidiaries is 18 Mansell Street, Level 3, London, England, E1 8AA.

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Debtors: amounts falling due within one year

	2019 £	2018 £
Amounts owed by group undertakings	7,731,139	11,247,948
Other debtors and prepayments	84,254	341,958
Corporation tax	49,637	25,711
Deferred tax asset	19,828	14,802
	<u>7,884,858</u>	<u>11,630,419</u>

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

17. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	3,111,716	-
Trade creditors	275,853	264,181
Amounts owed to group undertakings	1,730,906	2,482,796
Other taxation and social security	655,206	96,349
Other creditors	726	-
Accruals and deferred income	31,642	190,582
Promissory note and accrued interest	2,119,607	-
Deferred consideration	758,555	758,555
	<u>8,684,211</u>	<u>3,792,463</u>

The company, as part of a wider group initiative, has opened a cash pool function to improve the efficiency of cash flow management between group undertakings. As part of this, an overdraft facility has been opened to support short term cash flow management whilst funds are distributed between group undertakings.

The promissory note relates to a loan of £8million, bearing 0.52% interest per annum, owed by J2 Global UK Limited to Livedrive Internet Limited and due for payment 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 4.67%, resulting in a fair value adjustment of £362,940 for the year ended 31 December 2019 (2018 - £238,504). The additional difference is the repayment of £6.1m of the principal in August 2019 and the accrued interest on the loan at 0.52%. The remaining principal amount and accrued interest was settled in February 2020 and as such is disclosed within creditors falling due within one year.

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

	2019 £	2018 £
Promissory note and accrued interest	-	7,826,561

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Deferred taxation

	2019 £
Deferred tax asset at beginning of year	(14,802)
Credited to profit or loss (note 11)	(5,026)
Deferred tax asset at end of year (note 16)	(19,828)

The deferred tax asset is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	(19,828)	(14,802)

20. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	7,953,900	13,172,189
Financial liabilities		
Financial liabilities measured at amortised cost	5,908,672	3,696,114

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 £2,119,607 (2018 - £7,826,561) 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 strategic report.

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
902 ordinary shares of £1.00 each	902	902
100 ordinary 'A' shares of £1.00 each	100	100
	<u>1,002</u>	<u>1,002</u>

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.

22. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

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.

23. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2019 £	Land and buildings 2018 £
Within 1 year	46,630	79,042
In two to five years	35,605	109,245
	<u>82,235</u>	<u>188,287</u>

J2 Global UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

24. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Key management personnel are the directors.

25. 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 cash flow statement J2 Global, Inc. and the financial statements of J2 Global, Inc. are publicly available.

26. Ultimate parent and controlling party

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.

27. Post balance sheet events

On 30 January 2020, the World Health Organisation declared a global pandemic due to the spread of Covid-19. The pandemic has restricted people's movements globally, and caused economic disruption and uncertainty to supply chain and customer stability. The impact of Covid-19 has been considered as part of the companies going concern assessment with a focus on the impact on the companies revenues, working capital and non-current assets. Management have considered the impact a non-adjusting balance sheet event.

No other post balance sheet events have been identified for disclosure in the financial statements.