

## **j2 Global UK Limited**

Report and Financial Statements

Year Ended

31 December 2017

Company Number 03721601



# **j2 Global UK Limited**

## **Report and financial statements for the year ended 31 December 2017**

---

### **Contents**

#### **Page:**

1	Strategic report
2	Report of the directors
4	Independent auditor's report
7	Statement of comprehensive income
8	Balance sheet
9	Statement of changes in equity
10	Notes forming part of the financial statements

---

### **Directors**

J Eikenberry  
J Rossen

### **Secretary and registered office**

J Rossen, 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

## Strategic report for the year ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

### Results and dividends

The statement of comprehensive income is set out on page 7 and shows the loss 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 £7.0m (2016 - £Nil).

### 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 fully impaired the investment in Keepitsafe Backup Limited, a subsidiary investment. The value of the impairment expense posted through the statement of comprehensive income was £3,042,024 (2016 - £Nil). 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 £9,427,974 (2016 - £Nil) 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.

### 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 27 September 2018

J Rossen

Director

# **j2 Global UK Limited**

## **Report of the directors for the year ended 31 December 2017**

---

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

### **Directors**

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

J Eikenberry  
J Rossen

### **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;
- 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.

## j2 Global UK Limited

### Report of the directors for the year ended 31 December 2017 (*continued*)

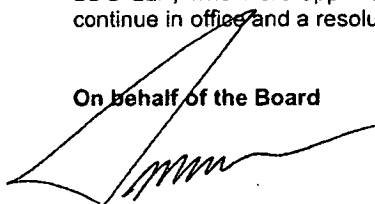
---

#### 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.

On behalf of the Board



J. Rossen

Director

27 September 2018  
Date

# **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 2017 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 2017 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 (*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 (*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

Date 28 September 2018

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 2017

	Note	2017 £	2016 £
<b>Turnover</b>	3	<b>1,038,136</b>	1,330,144
Cost of sales		<b>(281,590)</b>	(457,818)
<b>Gross profit</b>		<b>756,546</b>	872,326
Administrative expenses		<b>(3,554,391)</b>	(669,977)
Other operating income	11	<b>9,427,974</b>	-
<b>Operating profit</b>	6	<b>6,630,129</b>	202,349
Interest receivable and similar income	8	-	891
Interest payable and similar charges	9	<b>(266,328)</b>	(259,731)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>6,363,801</b>	(56,491)
Taxation credit/(charge)	10	<b>38,478</b>	(128,339)
<b>Profit/(loss) on ordinary activities after taxation and total comprehensive income/(loss) for the year</b>		<b>6,402,279</b>	(184,830)

All amounts relate to continuing activities.

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

The notes on pages 10 to 20 form part of these financial statements.

# j2 Global UK Limited

Company number 03721601

Balance sheet  
at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Intangible assets	12		79,270		197,592
Tangible assets	13		306,903		286,908
Investments	14		58,079,642		61,121,666
			<u>58,465,815</u>		<u>61,606,166</u>
<b>Current assets</b>					
Debtors	15	2,237,845		8,034,249	
Cash at bank and in hand		1,372,483		795,102	
		<u>3,610,328</u>		<u>8,829,351</u>	
<b>Creditors: amounts falling due within one year</b>	16	(1,060,990)		(9,085,822)	
<b>Net current assets/(liabilities)</b>			<u>2,549,338</u>		<u>(256,471)</u>
<b>Total assets less current liabilities</b>			<u>61,015,153</u>		<u>61,349,695</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(7,546,456)		(7,280,890)
<b>Provisions for liabilities</b>	18		-		(2,387)
<b>Net assets</b>			<u>53,468,697</u>		<u>54,066,418</u>
<b>Capital and reserves</b>					
Called up share capital	20		1,002		1,002
Share premium account			4,679,458		4,679,458
Capital contribution reserve			43,547,517		43,547,517
Retained earnings			5,240,720		5,838,441
<b>Shareholders' funds</b>			<u>53,468,697</u>		<u>54,066,418</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2018

J Rossen  
Director

The notes on pages 10 to 20 form part of these financial statements.

# J2 Global UK Limited

## Statement of changes in equity at 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
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	6,402,279	6,402,279
<b>Total comprehensive loss for the year</b>	-	-	-	6,402,279	6,402,279
<b>Distributions to owners</b>					
Dividends	-	-	-	(7,000,000)	(7,000,000)
<b>31 December 2017</b>	<b>1,002</b>	<b>4,679,458</b>	<b>43,547,517</b>	<b>5,240,720</b>	<b>53,468,697</b>
	Called up share capital £	Capital redemption reserve £	Capital contribution reserve £	Retained earnings £	Total equity £
At 1 January 2016	1,002	4,679,458	37,072,517	6,023,271	47,776,248
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(184,830)	(184,830)
<b>Total comprehensive loss for the year</b>	-	-	-	(184,830)	(184,830)
<b>Contributions by owners</b>					
Capital contribution	-	-	6,475,000	-	6,475,000
<b>Total contributions by owners</b>	-	-	6,475,000	-	6,475,000
<b>31 December 2016</b>	<b>1,002</b>	<b>4,679,458</b>	<b>43,547,517</b>	<b>5,838,441</b>	<b>54,066,418</b>

The notes on pages 10 to 20 form part of these financial statements.

# j2 Global UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2017

---

### 1 Accounting policies

j2 Global UK Limited is a company incorporated in England & Wales under the Companies Act. 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. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

#### *Basis of measurement*

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 2 for further information.

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 2017 *(continued)*

---

### 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:

- 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 2017 (*continued*)

---

### 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 2017 (2016 - Nil) and consequently staff costs for 2017 were £Nil (2016 - £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 2017 (continued)

### 6 Operating profit

	2017 £	2016 £
This has been arrived at after charging:		
Depreciation	120,276	76,630
Amortisation	118,322	194,947
Impairment of investment	3,042,024	-
Auditors' remuneration - audit services		
- audit services	99,400	74,800
- tax services	26,850	21,150

In the current and prior year j2 Global UK have incurred the cost of audit services for subsidiary companies.

### 7 Dividends

	2017 £	2016 £
Ordinary interim paid of £6,986 per ordinary share (2016 - £Nil per ordinary share)	7,000,000	-

### 8 Interest receivable and similar income

	2017 £	2016 £
Interest receivable	-	891

### 9 Interest payable and similar charges

	2017 £	2016 £
Interest payable (see note 17)	266,328	259,731

# j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 10 Taxation

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax for the year	65,096	78,183
Adjustments for prior periods	(96,597)	53,281
	<hr/>	<hr/>
Total current tax	(31,501)	131,464
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 18)	(6,977)	(3,125)
	<hr/>	<hr/>
Taxation on ordinary activities	(38,478)	128,339
	<hr/>	<hr/>

The tax assessed for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK.  
The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	6,363,801	(56,491)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	1,225,032	(11,298)
Effects of:		
Fixed asset differences	45,659	36,556
Expense not deductible for tax purposes	601,055	49,800
Dividend income not taxable	(1,814,562)	-
Adjustment in respect of prior periods	(96,597)	53,281
Effect of rate changes	935	-
	<hr/>	<hr/>
Total tax (credit)/charge for year	(38,478)	128,339
	<hr/>	<hr/>



# j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 *(continued)*

## 11 Other operating income

	2017 £	2016 £
Dividend received - Livedrive Internet Limited	5,400,266	-
Dividend received – Callstream Limited	2,658,341	-
Dividend received - City Numbers Limited	1,369,367	-
	<u>9,427,974</u>	<u>-</u>

## 12 Intangible assets

	Trade marks £	Purchased goodwill £	Total £
<i>Cost</i>			
At 1 January 2017 and at 31 December 2017	<u>130,194</u>	<u>917,503</u>	<u>1,047,697</u>
<i>Amortisation</i>			
At 1 January 2017	101,599	748,506	850,105
Charge for year	8,680	109,642	118,322
	<u>110,279</u>	<u>858,148</u>	<u>968,427</u>
At 31 December 2017			
<i>Net book value</i>			
At 31 December 2017	<u>19,915</u>	<u>59,355</u>	<u>79,270</u>
At 31 December 2016	<u>28,595</u>	<u>168,997</u>	<u>197,592</u>

# j2 Global UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 13 Tangible assets

	Computer equipment, furniture and fixtures £
<i>Cost</i>	
At 1 January 2017	611,502
Additions	140,271
	<hr/>
At 31 December 2017	<b>751,773</b>
<i>Depreciation</i>	
At 1 January 2017	324,594
Charge for the year	120,276
	<hr/>
At 31 December 2017	<b>444,870</b>
<i>Net book value</i>	
At 31 December 2017	<b>306,903</b>
	<hr/>
At 31 December 2016	286,908
	<hr/>

## 14 Investments

	Subsidiary undertakings £
<i>Cost and net book value</i>	
At 1 January 2017	61,121,666
Impairment	(3,042,024)
	<hr/>
At 31 December 2017	<b>58,079,642</b>
	<hr/>

During the year, the company has fully impaired the investment held in Keepitsafe Backup Limited, due to the performance of the company diminishing after the year end.

### Subsidiary undertakings

As at 31 December 2017, the company had the following wholly owned subsidiary undertakings:

Company	Country of registration or incorporation	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
Callsteam Group Limited	England and Wales	Ordinary	100.00
Callstream Limited*	England and Wales	Ordinary	100.00
*Held indirectly			

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

# j2 Global UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 15 Debtors

	2017 £	2016 £
Other debtors and prepayments	149,828	63,104
Amounts due from group undertakings	2,073,340	7,971,145
Corporation tax	14,677	-
	<u>2,237,845</u>	<u>8,034,249</u>

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

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

	2017 £	2016 £
Trade creditors	207,062	126,070
Taxation and social security	167,523	175,386
Amounts owed to group undertakings	674,504	8,589,818
Other creditors	4,823	7,906
Accruals and deferred revenue	7,078	26,532
Corporation tax	-	160,110
	<u>1,060,990</u>	<u>9,085,822</u>

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

	2017 £	2016 £
Promissory note and accrued interest	7,546,455	7,280,890

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 £223,965 for the year ended 31 December 2017 (2016 - £217,950). The additional difference in the movement in the liability year on year, of £41,600 (2016 - £41,747) relates to accrued interest on the loan note at 0.52%.

# j2 Global UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 18 Provisions for liabilities

		Deferred taxation £
At 1 January 2017		2,387
Credited to statement of comprehensive income (note 10)		(6,977)
		<hr/>
Deferred tax asset as at 31 December 2017		<b>(4,590)</b>
		<hr/>
<i>Deferred taxation</i>	<b>2017 £</b>	<b>2016 £</b>
Deferred tax (asset)/liability	<b>(4,590)</b>	2,387
	<hr/>	<hr/>

The deferred tax asset is included in other debtors and prepayments within note 15.

### 19 Financial instruments

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

	<b>2017 £</b>	<b>2016 £</b>
<b>Financial assets</b>		
Financial assets measured at amortised cost	<b>3,586,644</b>	8,759,275
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>1,047,241</b>	8,750,326
	<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 and balances due to fellow group companies. Financial liabilities measured at fair value through the profit and loss total £7,546,455 (2016 - £7,280,890) 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.

### 20 Share capital

	<b>Allotted, called up and fully paid</b>			
	<b>2017 Number</b>	<b>2016 Number</b>	<b>2017 £</b>	<b>2016 £</b>
Ordinary shares of £1 each	<b>902</b>	902	<b>902</b>	902
Ordinary 'A' shares of £1 each	<b>100</b>	100	<b>100</b>	100
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,002</b>	1,002	<b>1,002</b>	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 forming part of the financial statements for the year ended 31 December 2017 (continued)

### 20 Share capital (continued)

#### *Share premium accounts*

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 to acquire its subsidiaries.

#### *Retained earnings*

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

### 21 Commitments under operating leases

As at 31 December 2017, the company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2017 £	Land and buildings 2016 £
Within one year	73,640	79,042
In two to five years	128,902	202,542
	<u>202,542</u>	<u>281,584</u>

During the prior year the company has entered into a new lease, for space utilised by its subsidiaries. The rental commitments are paid by the company and recharged through intercompany to these entities.

### 22 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.

### 23 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.

### 24 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.

# **j2 Global UK Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)**

---

## **25 Subsequent events**

On 25 September 2018, j2 Global UK Limited completed the acquisition of 100% of the share capital (being 103,000 equity shares) of The Communicator Corporation Limited, a private company incorporated in United Kingdom, for consideration of \$9.97m (£7.6m).