

Registered number: 08066249

**MATRIX SOFTWARE, EUROPE LIMITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



**MATRIX SOFTWARE, EUROPE LIMITED**  
**REGISTERED NUMBER: 08066249**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	4	52,926	42,566
Investments	5	306,717	306,046
		<u>359,643</u>	<u>348,612</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	3,134,344	2,241,938
Cash at bank and in hand		487,656	92,888
		<u>3,622,000</u>	<u>2,334,826</u>
Creditors: amounts falling due within one year	7	(1,401,912)	(930,939)
<b>Net current assets</b>		<u>2,220,088</u>	<u>1,403,887</u>
<b>Total assets less current liabilities</b>		<u>2,579,731</u>	<u>1,752,499</u>
<b>Provisions for liabilities</b>			
Deferred tax		(4,906)	(4,755)
		<u>(4,906)</u>	<u>(4,755)</u>
<b>Net assets</b>		<u><u>2,574,825</u></u>	<u><u>1,747,744</u></u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Equity settled share based payments	8	375,652	210,105
Profit and loss account		2,199,073	1,537,539
<b>Shareholder's funds</b>		<u><u>2,574,825</u></u>	<u><u>1,747,744</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with 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 by:

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**MATRIX SOFTWARE, EUROPE LIMITED**  
**REGISTERED NUMBER: 08066249**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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DocuSigned by:  
*Milan Parikh*  
(EC3A7D92894C)  
**Milan S Parikh**  
Director

Date: 9/30/2019

The notes on pages 3 to 10 form part of these financial statements.

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**MATRIXX SOFTWARE, EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. General information**

Matrixx Software, Europe Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is Carrick House, Lypiatt Road, Cheltenham, Gloucestershire, England, GL50 2QJ, with the principal place of business address being 184 Shepherds Bush Road, London, W6 7NL, UK.

**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 Section 1A of 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 judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

**2.2 Exemption from preparing consolidated financial statements**

The company, and the group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and group are considered eligible for the exemption to prepare consolidated accounts.

**2.3 Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing this report.

The company relies on the continued support from its parent company Matrixx Software, Inc. which has confirmed that it will continue to provide this for the foreseeable future. On that basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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**MATRIX SOFTWARE, EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are converted into the functional currency using the spot exchange rate at the end of the previous month.

At each period end foreign currency monetary items are re-measured using the closing rate. Non-monetary items are measured at historical cost using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the re-measurement at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.5 Revenue recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company is contracted by its parent company, Matrixx Software, Inc. to deliver sales and marketing services under an intercompany agreement. The company is remunerated by its parent for these services.

**2.6 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**MATRIX SOFTWARE, EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.9 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**2.10 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

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**MATRIX SOFTWARE, EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.11 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 reporting 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 Statement of financial position 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 reporting date.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Office equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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**MATRIX SOFTWARE, EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.14 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.16 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.19 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**3. Employees**

The average monthly number of employees, including directors, during the year was 51 (2017 - 37).



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**MATRIX SOFTWARE, EUROPE LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**


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**4. Tangible fixed assets**

	Office equipment £
<b>Cost or valuation</b>	
At 1 January 2018	80,446
Additions	38,101
Disposals	(12,322)
At 31 December 2018	<u>106,225</u>
<b>Depreciation</b>	
At 1 January 2018	37,880
Charge for the year on owned assets	25,192
Transfers intra group	451
Disposals	(10,224)
At 31 December 2018	<u>53,299</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>52,926</u></u>
At 31 December 2017	<u><u>42,566</u></u>

**5. Investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	306,046
Additions	671
At 31 December 2018	<u><u>306,717</u></u>

**6. Debtors**

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**MATRIX SOFTWARE, EUROPE LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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	2018 £	2017 £
Amounts owed by group undertakings	2,865,238	1,936,139
Other debtors	134,514	114,460
Prepayments and accrued income	134,592	191,339
	<u>3,134,344</u>	<u>2,241,938</u>

**7. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	208,650	172,761
Corporation tax	54,596	-
Other taxation and social security	113,184	86,407
Other creditors	24,066	15,785
Accruals and deferred income	1,001,416	655,986
	<u>1,401,912</u>	<u>930,939</u>

**8. Share based payments**

The company participates in a share option scheme for all employees. Options are exercisable on the shares of the ultimate parent company at a price equal to the estimated fair value of the ultimate parent company's shares on the date of the grant.

The vesting period is four years. If the options remain unexercised after a period of ten years or less as required by the local regulations from the date of the grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

**9. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £98,679 (2017 - £50,100). Contributions totalling £24,066 (2017 - £14,597) were payable to the fund at the reporting date and are included in creditors.

**10. Related party transactions**

The company has taken advantage of the exemption available under section 33.1A of Financial Reporting Standard 102, not to disclose transactions with other wholly owned members of this group.

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**MATRIX SOFTWARE, EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Post balance sheet events**

On 30 April 2019 the company made a distribution from the profit and loss account based on the balance as at 31 December 2017 to the shareholder Matrixx Software, Inc. in the amount of £1,537,539 in settlement of the intercompany balance receivable from the shareholder to the equal value against the intercompany balance.

**12. Controlling party**

The company is a wholly owned subsidiary of Matrixx Software, Inc. a company incorporated in the United States of America.

The smallest group in which the results of the company are consolidated is that headed by Matrixx Software, Inc. The registered office address of Matrixx Software, Inc. is 18764 Cox Avenue, Saratoga, California, 95070, United States of America.

**13. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 30/09/19 by Russel Byrd FCA FCCA (Senior statutory auditor) on behalf of Randall & Payne LLP.