

Company Registration No. 05490314 (England and Wales)

ACTIAN EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

ACTIAN EUROPE LIMITED

COMPANY INFORMATION

Directors	S Padgett M D Monahan M C Ribeiro
Company number	05490314
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

ACTIAN EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Principal activities and business review

The principal activity of the company during the year was the provision of business e-database management software and support services.

The directors are pleased to report another successful year of trading for the company. The company considers its key performance indicators to be revenue, net profits and cash. Revenue for the year is comparable to last year with a slight decrease of 0.6% to £22,751,581 (2019 restated: £22,898,449). Administrative expenses were relatively flat during the year with a slight decrease of 1.1%. Net profit for the year was £166,865, an improvement on the previous years restated profits of £43,798. Cash at the year end was £4,276,193 (2019: £1,895,488).

During the previous year the parent company, Actian Corporation, adopted a revised US GAAP revenue accounting policy for the group in accordance with ASC606 Revenue from contracts with customers, which has been applied by all subsidiary companies of Actian Corporation.

In adopting this revenue recognition policy in the current year, it was identified that revenue relating to term licenses had previously been incorrectly recognised in Actian Europe Limited. Previously, revenue relating to term licenses was recognised rateably over the contract term. However, it was determined that revenues relating to term licenses should have been recognised upon the later of (i) delivery of the software license to the customer or (ii) the beginning of the period during which the customer is able to use and benefit from the license i.e. the start of the license term. Therefore, a prior period error has been recognised in these financial statements and further details of this error and its impact on previously reported comparative figures can be found in Note 3.

The company operates in a dynamic, high-technology industry and believes that changes in any of the following areas could have a material adverse effect on the company's future financial position, results of operations and cash flows: ability to obtain additional financing; economic and/or political conditions or regulations; fundamental changes in the technology underlying the company's software products; market acceptance of the company's products under development; loss of significant customers; changes in the overall demand for products offered by the company; changes in certain strategic relationships or customer relationships; successful and timely completion of product development efforts; competitive pressures in the form of new product introductions by competitors or price reductions on current products; development of sales channels; failure to adequately protect the company's intellectual property; and the hiring, training, and retention of key employees.

The company sells the products developed by Actian Corporation, its parent company, and is dependent on access to these products to continue trading.

In order to mitigate the risk of fundamental changes in technologies underlying the company's products and to sustain its position within the market place, Actian Corporation continues to invest significantly in research and development to ensure that Actian Corporation and its subsidiaries, which includes Actian Europe Limited, are up to date with technological changes. Actian Corporation's ongoing research and development will result in continued enhancements to current versions of software products as well as the introduction of new versions of software that will be offered to current and potential new customers.

The directors will continue to investigate and invest in new technology, and see this as an important safeguard for the future success of the company and expect the level of activity to continue.

In addition to this, the directors believe that the quality of the products offered and customer service will help mitigate further risks.

The company continues to be positive in its outlook for 2021.

ACTIAN EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Strategy, business model and future developments

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continue to be implemented across the globe for the whole of the Actian Group. The directors of Actian Europe Limited in the UK and those of the parent company are paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. While the company experienced minimal impact from COVID-19 during 2020; given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the company's financial position, cash flows and operating results at the date on which these financial statements are authorized for issue. However, given the intragroup transfer pricing arrangement in place between the company and Actian Corporation, the directors have sought confirmation of ongoing support from the parent company and based upon the Group's most recent statement of financial position and current trading do not believe COVID-19 will impact the Group's and therefore the company's ability to continue as a going concern.

Financial risk management objectives and policies

The company's overall risk management programme aims to minimise the potential unfavourable impact of external factors on its financial performance. The company does not engage in speculative transactions or transactions which are not related to its principal activity.

Management's financial risk management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day-to-day obligations as they fall due while maximising returns on surplus funds. Management closely monitors performance and expected cash flows and takes a conservative planning approach; and
- Minimise the company's exposure to fluctuating exchange rates arising from the company's day-to-day operations. Exposure to exchange rate risk results primarily from international sales denominated in Euro and the United States dollar. Although the company does not currently engage in hedging transactions, there is some natural hedge resulting from international expenses.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company finances through a mixture of retained profits and, where necessary, through intra group funding. Liquidity is closely monitored by management to ensure ongoing support for operations and adequate capital reserves. The company has no external borrowing.

On behalf of the board



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M D Monahan

Director

Date: May 21, 2021

ACTIAN EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Padgett
M D Monahan
M C Ribeiro

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Matters of strategic importance

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the strategic report information in respect of business activities, risk and future developments as the directors consider these are of strategic importance to the company.

On behalf of the board



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M D Monahan
Director

Date: May 21, 2021.....

ACTIAN EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report and 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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN EUROPE LIMITED

Opinion

We have audited the financial statements of Actian Europe Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN EUROPE LIMITED (CONTINUED)

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 or the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN EUROPE LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing a sample of transactions either side of the year end to ensure that revenue had been recognized in the correct accounting period.

A further description of our responsibilities for the audit of the financial statements is located on 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.

RSM UK Audit LLP

Mayulee Pinkerton CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire, RG1 3EU
25 May 2021

ACTIAN EUROPE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	as restated £
Turnover	4	22,721,581	22,898,449
Cost of sales		(20,129,599)	(20,202,775)
Gross profit		2,591,982	2,695,674
Administrative expenses		(3,748,959)	(3,791,904)
Other operating income		1,399,119	1,261,269
Operating profit	6	242,142	165,039
Interest receivable and similar income	7	1	8,779
Interest payable and similar expenses	8	(18,749)	(65,962)
Profit before taxation		223,394	107,856
Tax on profit	9	(56,529)	(64,058)
Profit for the financial year		166,865	43,798
Retained earnings brought forward as previously reported			497,321
Correction of prior period material error	3		221,984
Retained earnings brought forward as restated		763,103	719,305
Retained earnings carried forward		929,968	763,103

The income statement has been prepared on the basis that all operations are continuing operations.

ACTIAN EUROPE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020		2019 as restated	
		£	£	£	£
Fixed assets					
Intangible assets	10		620		1,550
Tangible assets	11		168,528		224,632
			<u>169,148</u>		<u>226,182</u>
Current assets					
Debtors	12	5,234,172		8,504,753	
Cash at bank and in hand		4,276,193		1,895,488	
			<u>9,510,365</u>	<u>10,400,241</u>	
Creditors: amounts falling due within one year	13	(8,002,564)		(9,483,877)	
Net current assets			<u>1,507,801</u>		<u>916,364</u>
Total assets less current liabilities			<u>1,676,949</u>		<u>1,142,546</u>
Creditors: amounts falling due after more than one year	14		(649,698)		(379,442)
Provisions for liabilities	15		(97,282)		-
Net assets			<u>929,969</u>		<u>763,104</u>
Capital and reserves					
Called up share capital	18		1		1
Profit and loss reserves	19		929,968		763,103
Total equity			<u>929,969</u>		<u>763,104</u>

The financial statements were approved by the board of directors and authorised for issue on May 21, 2021 and are signed on its behalf by:



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M D Monahan
Director

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Actian Europe Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The company's principal activities are set out in the Strategic Report on page 1.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Actian Corporation. These consolidated financial statements are available from its registered office, 2300 Geng Road, Suite 150, Palo Alto, California, 94303, United States of America.

Going concern

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis which has been used in the preparation of these financial statements. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Furthermore, the amounts due to creditors are stated in note 13 of these financial statements.

The current economic conditions including the recent events surrounding COVID-19 do create uncertainty but the directors believe that the continued profitability of the company will be sustained.

In making this assessment the directors have considered the company's interaction with its parent company, Actian Corporation and in particular, Actian Corporation has confirmed its intention to continue to provide commercial and financial support, including access to products developed by Actian Corporation, and to provide sufficient funds to ensure that the company is able to meet normal trading liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements.

As a result, the directors have prepared the financial statements under the going concern basis.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company derives its revenue primarily from two sources:

(i) annual or multi-year subscriptions; and

(ii) fees for professional services, which include services performed in connection with time-and-materials based or fixed price consulting agreements and training.

Subscription revenue, also known as term-based licences, consists of access rights to the software (the licence) for a specific term and the customer support service over that specific term. The licence revenue is recognised upon the later of (i) delivery of the software license to the customer or (ii) the beginning of the period during which the customer is able to use and benefit from the license i.e. the start of the license term.

License revenue related to the renewal of its software license is recognised at the start of the renewal period.

The customer support service revenue is recognised on a straight-line basis over the service contract term.

Professional services and training revenues are recognised as the services are performed.

The company recognises other income on a comparable profit method recharge arrangement relating to engineers salaries and associated overheads who are employed by the company to work solely for, and at the direction of, Actian Corporation.

The revenue recognition policy has been revised in the current year as it was previously incorrect, with further details provided in note 3.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets over their useful lives on the following bases:

Software	3 years straight line
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ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets over their useful lives on the following bases:

Leasehold property	Over the term of the lease
Fixtures, fittings and equipment	Over the term of the lease
Computer equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors have considered whether any critical estimates of judgements have been made in the preparation of these financial statements and they believe there are none to note.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Prior period adjustment

During the previous year Actian Corporation, the immediate parent company of Actian Europe Limited, adopted the new US GAAP revenue accounting standard ASC 606. In consideration of this new revenue recognition policy, it was identified in the current year that revenues in Actian Europe Limited relating to term licenses should previously have been recognised in line with this policy under FRS 102 and that the income had been recognised incorrectly under the previous accounting policy.

The correction has resulted in an acceleration of recognised revenue for term licenses which is now recognised upon the later of (i) delivery of the software license to the customer or (ii) the beginning of the period during which the customer is able to use and benefit from the license i.e. the start of the license term. License revenue related to the renewal of its software license is recognised at the start of the renewal period. Previously, the company recognised revenue rateably over the contract term. This acceleration of recognised revenue has also reduced the deferred income held on the balance sheet at the year end, and increased the accrued income for contracts where the software has been delivered but not yet invoiced.

This error has been corrected as follows:

- a) acceleration of revenue and corresponding decrease / increase in deferred revenues / accrued revenues;
- b) additional cost of sales recognised resulting from transfer pricing adjustments and an increase to administrative expenses relating to foreign exchange movements and the corresponding increase to amounts owed to group undertakings;
- c) increased corporation tax charge as a result of the above adjustments.

These changes are quantified as follows:

Changes to the statement of financial position

		As previously reported	Adjustment	As restated
		£	£	£
Corporation tax recoverable	(c)	27,774	(27,774)	-
Amounts owed by group undertakings	(b)	5,655,517	(5,655,517)	-
Prepayments & accrued income	(a)	136,737	1,257,909	1,394,646
Corporation tax payable	(c)	-	(341)	(341)
Amounts owed to group undertakings	(b)	(42,676)	(2,043,549)	(2,086,225)
Short term deferred income	(a)	(12,940,861)	6,412,769	(6,528,092)
Long term deferred income	(a)	(550,121)	170,679	(379,442)
Net assets		648,928	114,176	763,104

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Prior period adjustment (Continued)

Changes to the income statement

		As previously reported £	Adjustment £	As restated £
Turnover	(a)	23,331,014	(432,565)	22,898,449
Cost of sales	(b)	(20,526,250)	323,475	(20,202,775)
Administrative expenses	(b)	(3,821,301)	29,397	(3,791,904)
Taxation	(c)	(35,943)	(28,115)	(64,058)
Profit for the financial year		<u>151,606</u>	<u>(107,808)</u>	<u>43,798</u>

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 as restated £
Turnover analysed by class of business		
Subscriptions	20,111,955	15,472,812
Professional services	2,609,626	7,425,637
	<u>22,721,581</u>	<u>22,898,449</u>
Other revenue		
Interest income	1	8,779
Intercompany revenues	986,767	1,261,269
	<u>986,768</u>	<u>1,270,048</u>
Turnover analysed by geographical market		
United Kingdom	12,720,852	13,476,502
Europe	7,245,259	7,112,100
Rest of the world	2,755,470	2,309,847
	<u>22,721,581</u>	<u>22,898,449</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Support and services	13	13
Research and development	2	1
Sales and marketing	5	4
General and administrative	3	3
	<u>23</u>	<u>21</u>

Their aggregate remuneration comprised:

	2020	2019
	£	as restated £
Wages and salaries	2,417,035	2,156,500
Social security costs	264,463	252,188
Pension costs	120,676	100,650
	<u>2,802,174</u>	<u>2,509,338</u>

Directors' remuneration in both years was borne by a parent undertaking, Actian Corporation. No amounts were received in respect of their services provided to this company.

6 Operating profit

	2020	2019
	£	as restated £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	182,709	245,209
Fees payable to the company's auditor for the audit of the company's financial statements	32,500	29,875
Depreciation of owned tangible fixed assets	89,757	32,777
(Profit)/loss on disposal of tangible fixed assets	(4,940)	46
Amortisation of intangible assets	930	5,746
Operating lease charges	248,520	163,318
	<u>248,520</u>	<u>163,318</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	1	8,779
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	18,664	65,962
Other interest	85	-
	<u> </u>	<u> </u>
	18,749	65,962
	<u> </u>	<u> </u>

9 Taxation

	2020	2019
	£	as restated £
Current tax		
UK corporation tax on profits for the current period	44,906	54,807
Adjustments in respect of prior periods	(1,068)	854
Double tax relief	(26,495)	(27,546)
	<u> </u>	<u> </u>
Total UK current tax	17,343	28,115
Foreign current tax on profits for the current period	26,495	27,546
	<u> </u>	<u> </u>
Total current tax	43,838	55,661
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	14,585	8,397
Changes in tax rates	(1,692)	-
Adjustment in respect of prior periods	(202)	-
	<u> </u>	<u> </u>
Total deferred tax	12,691	8,397
	<u> </u>	<u> </u>
Total tax charge	56,529	64,058
	<u> </u>	<u> </u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020	2019
	£	as restated £
Profit before taxation	223,394	107,856
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	42,445	20,493
Tax effect of expenses that are not deductible in determining taxable profit	215	565
Adjustments in respect of prior years	(1,068)	42,379
Permanent capital allowances in excess of depreciation	16,830	126
Under/(over) provided in prior years	-	854
Deferred tax adjustments in respect of prior years	(202)	-
Effect of change in deferred tax rate	(1,691)	(901)
Deferred tax not recognised	-	542
Taxation charge for the year	56,529	64,058

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that the tax rate would remain at 19%, and this rate has been used to measure deferred tax assets and liabilities where applicable. Subsequent to the year end, in March 2021, the Chancellor announced that the corporation tax rate would increase to 25% in the year 2023, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Intangible fixed assets

	Software £
Cost	
At 1 January 2020	57,390
Disposals	(36,919)
	<hr/>
At 31 December 2020	20,471
	<hr/>
Amortisation and impairment	
At 1 January 2020	55,840
Amortisation charged for the year	930
Disposals	(36,919)
	<hr/>
At 31 December 2020	19,851
	<hr/>
Carrying amount	
At 31 December 2020	620
	<hr/> <hr/>
At 31 December 2019	1,550
	<hr/> <hr/>

The amortisation charge for the year is included in administrative expenses.

11 Tangible fixed assets

	Leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2020	3,320	6,306	792,883	802,509
Additions	-	-	33,653	33,653
Disposals	-	-	(201,228)	(201,228)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,320	6,306	625,308	634,934
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 January 2020	775	1,882	575,220	577,877
Depreciation charged in the year	664	1,154	87,939	89,757
Eliminated in respect of disposals	-	-	(201,228)	(201,228)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	1,439	3,036	461,931	466,406
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 December 2020	1,881	3,270	163,377	168,528
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019	2,545	4,424	217,663	224,632
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Debtors

	2020	2019 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	3,558,735	7,092,783
Amounts owed by group undertakings	1,116,773	-
Other debtors	3,150	3,150
Prepayments and accrued income	554,031	1,394,646
	<u>5,232,689</u>	<u>8,490,579</u>
Deferred tax asset (note 16)	1,483	14,174
	<u>5,234,172</u>	<u>8,504,753</u>

Amounts owed by group undertakings above totalling £1,116,773 are stated net of a creditor balance due to the parent company representing advances made to fund the group's ongoing development and working capital needs. Interest was due on the balance at 0.37% (2019: 0.94%). The balance is unsecured and has no fixed repayment schedule. In the prior year, the net creditor balance of £2,086,225 was included within Creditors: amounts falling due within one year, below.

13 Creditors: amounts falling due within one year

	2020	2019 as restated
	£	£
Trade creditors	1,995	52,935
Amounts owed to group undertakings	-	2,086,225
Corporation tax	5,775	341
Other taxation and social security	1,773,845	515,331
Deferred income	5,863,413	6,528,092
Other creditors	-	152
Accruals	357,536	300,801
	<u>8,002,564</u>	<u>9,483,877</u>

14 Creditors: amounts falling due after more than one year

	2020	2019 as restated
	£	£
Deferred income	649,698	379,442
	<u>649,698</u>	<u>379,442</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Provisions for liabilities

	2020 £	2019 £
Onerous lease provision	97,282	-
Movements on provisions:		Onerous lease provision £
Additional provisions in the year		97,282

In December 2020, the company vacated its previous leasehold premises. The lease agreement expires in August 2021 and therefore the onerous lease provision represents the total expected committed costs in relation to the expiry of the lease.

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020 £	Assets 2019 £
Balances:		
Excess of depreciation over taxation allowances	1,483	14,148
Other timing differences	-	26
	<u>1,483</u>	<u>14,174</u>
Movements in the year:		2020 £
Asset at 1 January 2020		(14,174)
Charge to profit or loss		12,691
Asset at 31 December 2020		<u>(1,483)</u>

The deferred tax asset of £1,483 (2019: £14,174) is expected to reverse within 12 months.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

17 Retirement benefit schemes

	2020	2019
	£	£
Charge to profit or loss in respect of defined contribution schemes	120,676	100,650

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, no contributions were outstanding (2019: £152).

18 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital issued and fully paid				
Ordinary shares of 1p each	100	100	1	1

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

19 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

20 Operating lease commitments

Lessee

The company has a policy of leasing various land and buildings under operating lease agreements.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	98,220	101,093

The company vacated its leasehold premises in December 2020 and has recognised a provision for the total expected committed costs, as shown in note 15.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Related party transactions

Transactions with related parties

	Rent	
	2020	2019
	£	£
Fellow group companies	157,662	163,318
	<u>157,662</u>	<u>163,318</u>
	<u>157,662</u>	<u>163,318</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020	2019
	£	£
Fellow group companies	-	42,676
	<u>-</u>	<u>42,676</u>

22 Ultimate controlling party

The directors consider the immediate parent company to be Actian International, Inc (registered office: 2300 Geng Road, Suite 150, Palo Alto, California, 94303, United States of America).

The smallest group preparing consolidated financial statements including the results of this company is Actian Corporation, a copy incorporated in the United States of America. Group financial statements can be obtained from their registered office: 2300 Geng Road, Suite 150, Palo Alto, California, 94303, United States of America.

The directors consider the ultimate parent undertaking, and largest group for which consolidated financial statements are prepared, to be HCL Technologies Limited, a company incorporated in India. Group financial statements can be obtained from their registered office: 806, Siddharth 96 Nehru Place, New Delhi, 110019, India.

The directors consider there to be no ultimate controlling individual.

ACTIAN EUROPE LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

THE FOLLOWING PAGES DO NOT FORM PART OF THE FINANCIAL STATEMENTS

ACTIAN EUROPE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019
	£	£	£	£
Turnover				
Provision of services		22,721,581		22,898,449
Cost of sales				
Royalties payable	90,912		72,860	
Intercompany	20,038,304		20,129,619	
Legal and professional fees	383		296	
		(20,129,599)		(20,202,775)
Gross profit	11.41%	2,591,982	11.77%	2,695,674
Other operating income				
Other income	960		-	
Intercompany revenue	1,398,159		1,261,269	
		1,399,119		1,261,269
Administrative expenses				
Wages and salaries	2,417,035		2,156,500	
Social security costs	264,463		252,188	
Employee insurance	20,925		16,352	
Staff welfare	28,284		30,123	
Staff recruitment costs	22,000		22,000	
Staff training	86		22,942	
Staff pension costs defined contribution	120,676		100,650	
Rent re operating leases	248,520		163,318	
Repairs and maintenance	97,448		127,541	
Insurance	5,984		8,967	
Hire of equipment	808		714	
Travelling expenses	31,070		123,652	
Professional subscriptions	162		35	
Legal and professional fees	18,325		130,391	
Consultancy fees	4,520		-	
Accountancy	15,464		24,542	
Audit fees	32,500		29,875	
Bank charges	2,903		3,824	
Bad and doubtful debts	22,789		-	
Printing and stationery	4,444		2,970	
Advertising	86,980		254,998	
Telecommunications	31,168		30,220	
Entertaining	1,449		8,903	
Sundry expenses	2,500		(2,579)	
Amortisation	930		5,746	
Depreciation	89,757		32,777	
(Profit)/loss on disposal of tangible assets	(4,940)		46	
Loss on foreign exchange	182,709		245,209	
		(3,748,959)		(3,791,904)

ACTIAN EUROPE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

	£	2020 £	£	2019 £
Operating profit		242,142		165,039
Interest receivable and similar income				
Bank interest received	1		8,779	
		1		8,779
Interest payable and similar expenses				
Interest on overdue taxation - not financial liabilities	85		-	
Interest payable to group companies	18,664		65,962	
		(18,749)		(65,962)
Profit before taxation	0.98%	223,394	0.47%	107,856
