

Company Registration No. 05490314 (England and Wales)

ACTIAN EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

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
Business address	Axon Centre Church Road Egham Surrey TW20 9QB

ACTIAN EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

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/losses and cash. Revenue for the year increased by 19.66% to £23,331,014 primarily due to an increase in licensing revenues in 2019 compared to 2018. Part of this increase was due to a non-recurring payment of £280,000 for the over deployment of licenses. Administrative expenses were relatively flat during the year.

On July 17, 2018 ("acquisition date"), the HCL Technologies SEP Holdings, Inc. ("Parent") acquired Actian Corporation for \$300 million and together with its subsidiaries provides software solutions for enterprises. HCL Technologies Limited ("HCL"), a public company in India, has offices in 44 countries with a worldwide network of R&D, "innovation labs" ; delivery centers" ; 120,000+ employees and its customers include 250 of the Fortune 500 and 650 of the Global 2000 companies. It operates across sectors including aerospace and defense, automotive, banking, capital markets, chemical and process industries, consumer goods, energy and utilities, healthcare, hi-tech, industrial manufacturing, insurance, life sciences, manufacturing, media and entertainment, mining and natural resources, oil and gas, retail, telecom, and travel, transportation, logistics & hospitality. HCL is on the Forbes Global 2000 list. It is among the top 20 largest publicly traded companies in India with a market capitalization of \$18.7 billion as of May 2017. As of May 2018, HCL, along with its subsidiaries, reported consolidated revenue of \$7.8billion. Sumeru Equity Partners ("SEP") is a technology-focused, middle-market private equity firm founded in 2014 by an experienced group of investors and operators from Silver Lake Sumeru, a \$1.1 billion fund started in 2007 within Silver Lake. Actian Corporation remains the immediate parent company of Actian Europe Limited.

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. Additionally, Actian Corporation decided in the fourth quarter of 2016 to reverse its decision to discontinue development and support of Vector products and instead continue offering support and new versions of the software on a go-forward basis.

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 2020.

ACTIAN EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 company and Group. 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 cost plus nature of the company 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 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



.....
M D Monahan

Director

May 31, 2020

Date:

ACTIAN EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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

(Appointed 19 September 2019)

Results and dividends

The results for the year are set out on page 7.

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

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

.....
M D Monahan

Director

May 31, 2020

Date:

ACTIAN EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 which comprise the statement of income and retained earnings, the statement of financial position 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 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 2019 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.

Emphasis of matter – impact of COVID-19

We draw attention to note 1 of the financial statements which describes the growing impact of COVID-19 on world stock markets, currencies and general business activities. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on the company's activities. The ultimate outcome of the matter cannot presently be determined, and the financial statements at 31 December 2019 have not been adjusted for the post year-end effects of COVID-19. Our opinion is not modified in respect of this matter.

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.

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. 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.

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

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.

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 the directors' report.

We have nothing to report in respect of the following matters where 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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
2 June 2020

ACTIAN EUROPE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	23,331,014	19,498,086
Cost of sales		(20,526,250)	(16,939,256)
Gross profit		2,804,764	2,558,830
Administrative expenses		(3,821,301)	(3,379,649)
Other operating income		1,261,269	1,442,634
Operating profit	5	244,732	621,815
Interest receivable and similar income	6	8,779	7,217
Interest payable and similar expenses	7	(65,962)	(9,112)
Profit before taxation		187,549	619,920
Tax on profit	8	(35,943)	(124,237)
Profit for the financial year		151,606	495,683
Retained earnings brought forward		497,321	2,001,638
Dividends	9	-	(2,000,000)
Retained earnings carried forward		648,927	497,321

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 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	10		1,550		7,296
Tangible assets	11		224,632		48,542
			<u>226,182</u>		<u>55,838</u>
Current assets					
Debtors	12	12,930,135		11,043,307	
Cash at bank and in hand		1,895,488		1,758,877	
		<u>14,825,623</u>		<u>12,802,184</u>	
Creditors: amounts falling due within one year	13	(13,852,756)		(11,967,581)	
Net current assets			<u>972,867</u>		<u>834,603</u>
Total assets less current liabilities			<u>1,199,049</u>		<u>890,441</u>
Creditors: amounts falling due after more than one year	14		(550,121)		(260,196)
Provisions for liabilities	15		-		(132,923)
Net assets			<u>648,928</u>		<u>497,322</u>
Capital and reserves					
Called up share capital	18		1		1
Profit and loss reserves	19		648,927		497,321
Total equity			<u>648,928</u>		<u>497,322</u>

The financial statements were approved by the board of directors and authorised for issue on May 31, 2020 and are signed on its behalf by:



M D Monahan
Director

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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. The company's forecasts and projections for the years ending 31 December 2020 and beyond, taking account of risk factors and possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

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, which is not legally binding, to continue to provide commercial support including access to products developed by Actian Corporation 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.

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 is recognised rateably over the life of the subscription.

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.

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
----------	-----------------------

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019

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.

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover analysed by class of business		
Subscriptions	20,819,673	17,899,592
Professional services	2,511,341	1,598,494
	<u>23,331,014</u>	<u>19,498,086</u>
	2019	2018
	£	£
Other revenue		
Interest income	8,779	7,217
Intercompany revenues	<u>1,261,269</u>	<u>1,442,634</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	13,728,161	13,443,411
Europe	7,300,900	4,858,009
Rest of the world	2,301,953	1,196,666
	<u>23,331,014</u>	<u>19,498,086</u>

4 Employees

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

	2019	2018
	Number	Number
Support and services	13	7
Research and development	1	6
Sales and marketing	4	4
General and administrative	3	3
	<u>21</u>	<u>20</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,174,094	1,931,662
Social security costs	252,188	346,821
Pension costs	100,650	90,330
	<u>2,526,932</u>	<u>2,368,813</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.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	257,012	(86,908)
Fees payable to the company's auditor for the audit of the company's financial statements	29,875	29,000
Depreciation of owned tangible fixed assets	32,777	101,290
Loss on disposal of tangible fixed assets	46	13,539
Amortisation of intangible assets	5,746	6,073
Operating lease charges	163,318	85,925

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a loss of £257,012 (2018 - a gain of £86,908).

6 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	8,779	6,455
Interest receivable from group companies	-	762
	8,779	7,217

7 Interest payable and similar expenses

	2019 £	2018 £
Interest payable to group undertakings	65,962	9,112

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	27,546	129,195
Adjustments in respect of prior periods	-	(1,771)
Double tax relief	(27,546)	(24,348)
Total UK current tax	-	103,076
Foreign current tax on profits for the current period	27,546	24,348
Total current tax	27,546	127,424

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	8,397	(3,805)
Adjustment in respect of prior periods	-	618
	<u>8,397</u>	<u>(3,187)</u>
Total deferred tax		
	<u>8,397</u>	<u>(3,187)</u>
Total tax charge	35,943	124,237
	<u>35,943</u>	<u>124,237</u>

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:

	2019 £	2018 £
Profit before taxation	187,549	619,920
	<u>187,549</u>	<u>619,920</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	35,634	117,785
Tax effect of expenses that are not deductible in determining taxable profit	565	58,965
Adjustments in respect of prior years	-	(1,771)
Effect of change in corporation tax rate	-	(540)
Permanent capital allowances in excess of depreciation	125	6,555
Deferred tax adjustments in respect of prior years	-	618
Effect of change in deferred tax rate	(923)	(57,375)
Deferred tax not recognised	542	-
	<u>35,943</u>	<u>124,237</u>
Taxation charge for the year		
	<u>35,943</u>	<u>124,237</u>

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

9 Dividends

	2019 £	2018 £
Interim paid	-	2,000,000
	<u>-</u>	<u>2,000,000</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Intangible fixed assets

	Software £
Cost	
At 1 January 2019 and 31 December 2019	57,390
Amortisation and impairment	
At 1 January 2019	50,094
Amortisation charged for the year	5,746
At 31 December 2019	55,840
Carrying amount	
At 31 December 2019	1,550
At 31 December 2018	7,296

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 2019	3,320	6,306	596,076	605,702
Additions	-	-	208,913	208,913
Disposals	-	-	(12,106)	(12,106)
At 31 December 2019	3,320	6,306	792,883	802,509
Depreciation and impairment				
At 1 January 2019	111	726	556,323	557,160
Depreciation charged in the year	664	1,156	30,957	32,777
Eliminated in respect of disposals	-	-	(12,060)	(12,060)
At 31 December 2019	775	1,882	575,220	577,877
Carrying amount				
At 31 December 2019	2,545	4,424	217,663	224,632
At 31 December 2018	3,209	5,580	39,753	48,542

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	7,092,783	5,891,617
Corporation tax recoverable	27,774	-
Amounts owed by group undertakings	5,655,517	4,958,019
Other debtors	3,150	62,293
Prepayments and accrued income	136,737	108,807
	<u>12,915,961</u>	<u>11,020,736</u>
Deferred tax asset (note 16)	14,174	22,571
	<u>12,930,135</u>	<u>11,043,307</u>

Amounts owed by group undertakings above totalling £5,655,517 (2018: £4,958,019) includes 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 0.94% (2018: 1.44%). The balance is unsecured and has no fixed repayment schedule.

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	52,935	52,240
Amounts due to group undertakings	42,676	-
Corporation tax	-	43,070
Other taxation and social security	515,331	502,319
Deferred income	12,940,861	10,785,262
Other creditors	152	-
Accruals	300,801	584,690
	<u>13,852,756</u>	<u>11,967,581</u>

14 Deferred income and creditors: amounts falling due after more than one year

	2019 £	2018 £
Accruals and deferred income	<u>550,121</u>	<u>260,196</u>

15 Provisions for liabilities

	2019 £	2018 £
Onerous lease provision	<u>-</u>	<u>132,923</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2019**

15 Provisions for liabilities (Continued)

Movements on provisions:

	Onerous lease provision £
At 1 January 2019	132,923
Utilisation of provision	(132,923)
	<hr/>
At 31 December 2019	-
	<hr/> <hr/>

In November 2018, the company vacated its previous leasehold premises. The lease agreement expired in March 2019 and therefore the onerous lease provision represented 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 2019 £	Assets 2018 £
Balances:		
Excess of depreciation over taxation allowances	14,148	22,029
Other timing differences	26	542
	<hr/>	<hr/>
	14,174	22,571
	<hr/> <hr/>	<hr/> <hr/>
Movements in the year:		2019 £
Liability/(Asset) at 1 January 2019		(22,571)
Charge to profit or loss		8,397
		<hr/>
Liability/(Asset) at 31 December 2019		(14,174)
		<hr/> <hr/>

The deferred tax asset of £14,174 (2018: £22,571) is expected to reverse within 12 months.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	100,650	90,330

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, contributions totaling £152 were outstanding and included within within creditors due within one year (2018: contributions of £3,189 were paid in advance and are included in debtors within one year).

18 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of 1p each	1	1
	<u>1</u>	<u>1</u>

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:

	2019	2018
	£	£
Within one year	101,093	27,075

21 Events after the reporting date

The World Health Organisation (WHO) officially declared the Coronavirus (COVID-19) outbreak a global pandemic on March 11 2020. The impact of COVID-19 on UK and global economies and businesses is expected to be significant. The directors cannot predict the impact on the company (or its customers or suppliers), although as detailed in the Strategic Report they are confident that the company will continue as a going concern.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

22 Related party transactions

Transactions with related parties

	Rent	
	2019	2018
	£	£
Fellow group companies	163,318	-
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2019	2018
	£	£
Fellow group companies	42,676	-
	<u> </u>	<u> </u>

23 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 2019

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 2019

		2019		2018
	£	£	£	£
Turnover				
Provision of services		23,331,014		19,498,086
Cost of sales				
Royalties payable	72,860		75,240	
Intercompany	20,453,094		16,863,667	
Legal and professional fees	296		349	
		<u>(20,526,250)</u>		<u>(16,939,256)</u>
Gross profit	12.02%	2,804,764	13.12%	2,558,830
Other operating income				
Intercompany revenue		1,261,269		1,442,634
Administrative expenses		<u>(3,821,301)</u>		<u>(3,379,649)</u>
Operating profit		244,732		621,815
Investment revenues				
Interest receivable from group companies	-		762	
Bank interest received	8,779		6,455	
		<u>8,779</u>		<u>7,217</u>
Interest payable and similar expenses				
Interest payable to group companies		<u>(65,962)</u>		<u>(9,112)</u>
Profit before taxation	0.80%	<u>187,549</u>	3.18%	<u>619,920</u>

ACTIAN EUROPE LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Administrative expenses		
Wages and salaries	2,174,094	1,931,662
Social security costs	252,188	346,821
Employee insurance	16,352	15,151
Staff welfare	30,123	25,316
Staff recruitment costs	22,000	-
Staff training	22,942	7,222
Staff pension costs defined contribution	100,650	90,330
Rent re operating leases	163,318	85,925
Rates	-	177,585
Repairs and maintenance	127,541	200,396
Insurance	8,967	5,000
Hire of equipment	714	329
Travelling expenses	123,652	106,960
Professional subscriptions	35	1,171
Legal and professional fees	130,391	20,484
Accountancy	24,542	27,512
Audit fees	29,875	29,000
Bank charges	3,824	2,086
Printing and stationery	2,970	22,010
Advertising	254,998	177,387
Telecommunications	30,220	41,321
Entertaining	8,903	-
Sundry expenses	(2,579)	31,987
Amortisation	5,746	6,073
Depreciation	32,777	101,290
Loss on disposal of tangible assets	46	13,539
Loss/(Profit) on foreign exchange	257,012	(86,908)
	<hr/>	<hr/>
	3,821,301	3,379,649
	<hr/>	<hr/>
