

Company Registration No. 03909745 (England and Wales)

EBIX EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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EBIX EUROPE LIMITED

COMPANY INFORMATION

Directors

Mr R Raina
Mr G J Prior

Company number

03909745

Registered office

4th Floor
Dashwood House
69 Old Broad Street
London
EC2M 1QS

Auditor

Carter Backer Winter LLP
66 Prescott Street
London
E1 8NN

EBIX EUROPE LIMITED

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EBIX EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Principal Activities

The principal activity of the company continues to be the provision of professional and consulting services, design, development, maintenance and marketing of electronic trading services for the global insurance and reinsurance industries.

The company is a wholly owned subsidiary of Ebix Singapore PTE Limited, a company incorporated in Singapore, and Ebix Inc., a company incorporated in the United States is the ultimate parent company.

Review of the business

Turnover for the year was £11.5m from £13.2m in the previous year with profit before tax of £1.5m. The turnover fell during the year as expected mainly due to existing contracts switching to the placing platform and the billing profile of the platform project. This high-profile project is establishing well and continues to strengthen Ebix Europe's position as the premier vendor of electronic trading services to the global insurance and reinsurance industries. The company continues to invest and develop the placing platform allowing modernisation of the placement process along with investment into new technologies and products for the insurance market.

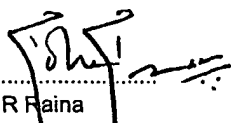
Risks and Uncertainties

The directors are not aware of any significant developments or factors which will have a major impact on the future success and growth of the business.

Key Performance Indicators

The performance and results for Ebix Europe Limited are continually analysed at a business unit level by the UK Management and at group level by Ebix Inc.

On behalf of the board


.....
Mr R Raina
Director
16/12/2019

EBIX EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company in the year under review was that of the provision of professional and consulting services, design, development, maintenance and marketing of electronic trading service of the global insurance and reinsurance industries.

Results and dividends

The results for the year are set out on page 6.

No dividends will be distributed for the year ended 31 December 2018.

Directors

The directors, who served throughout the year except as noted, were as follows:

Mr R Raina

Mr G J Prior

Auditor

The auditors, Carter Backer Winter LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

EBIX EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

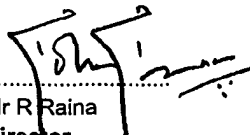
Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board


Mr R Raina
Director
16/7/2019

EBIX EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EBIX EUROPE LIMITED

Opinion

We have audited the financial statements of Ebix Europe Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

EBIX EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EBIX EUROPE LIMITED

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, 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.

Mr Jonathan Cross (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP

16 July 2019

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

EBIX EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	4	11,533,265	13,246,436
Cost of sales		(665,316)	(529,974)
Gross profit		10,867,949	12,716,462
Other operating income		354,534	348,670
Administrative expenses		(10,203,363)	(11,187,567)
Operating profit	5	1,019,120	1,877,565
Investment revenues	8	1,321,057	634,859
Finance costs	9	(783,856)	-
Profit before taxation		1,556,321	2,512,424
Income tax (expense)/income	10	(385,008)	2,944,164
Profit and total comprehensive income for the year	20	1,171,313	5,456,588

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

EBIX EUROPE LIMITED

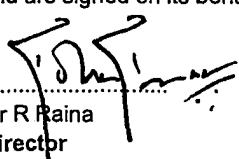
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Profit for the year	1,171,313	5,456,588
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,171,313</u>	<u>5,456,588</u>

EBIX EUROPE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Non-current assets			
Intangible assets	11	746,557	1,119,835
Property, plant and equipment	12	192,030	175,422
		<u>938,587</u>	<u>1,295,257</u>
Current assets			
Trade and other receivables	13	48,739,939	12,527,150
Current tax recoverable		200,606	-
Cash and cash equivalents		2,517,122	1,430,523
		<u>51,457,667</u>	<u>13,957,673</u>
Total assets		<u>52,396,254</u>	<u>15,252,930</u>
Current liabilities			
Trade and other payables	16	2,264,905	2,146,952
Current tax liabilities		11,739	31,590
Borrowings	15	35,873,909	-
		<u>38,150,553</u>	<u>2,178,542</u>
Net current assets		<u>13,307,114</u>	<u>11,779,131</u>
Total liabilities		<u>38,150,553</u>	<u>2,178,542</u>
Net assets		<u>14,245,701</u>	<u>13,074,388</u>
Equity			
Called up share capital	18	29,916,903	29,916,903
Share premium account	19	8,393,140	8,393,140
Retained earnings	20	(24,064,342)	(25,235,655)
Total equity		<u>14,245,701</u>	<u>13,074,388</u>

The financial statements were approved by the board of directors and authorised for issue on 16/1/2019 and are signed on its behalf by:


Mr R Raina
Director

Company Registration No. 03909745

EBIX EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
Balance at 1 January 2017	29,916,903	8,393,140	(30,692,243)	7,617,800
Year ended 31 December 2017: Profit and total comprehensive income for the year	-	-	5,456,588	5,456,588
Balance at 31 December 2017	29,916,903	8,393,140	(25,235,655)	13,074,388
Year ended 31 December 2018: Profit and total comprehensive income for the year	-	-	1,171,313	1,171,313
Balance at 31 December 2018	29,916,903	8,393,140	(24,064,342)	14,245,701

EBIX EUROPE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	26	(34,636,076)		(11,913,570)	
Interest paid		(783,856)		-	
Tax (paid)/refunded		(605,465)		2,974,825	
Net cash outflow from operating activities		<u>(36,025,397)</u>		<u>(8,938,745)</u>	
Investing activities					
Purchase of property, plant and equipment		(82,970)		(4,768)	
Interest received		<u>1,321,057</u>		<u>634,859</u>	
Net cash generated from investing activities			1,238,087		630,091
Financing activities					
Proceeds from borrowings		<u>35,873,909</u>		<u>-</u>	
Net cash generated from/(used in) financing activities			35,873,909		-
Net increase/(decrease) in cash and cash equivalents			1,086,599		(8,308,654)
Cash and cash equivalents at beginning of year			<u>1,430,523</u>		<u>9,739,177</u>
Cash and cash equivalents at end of year			<u><u>2,517,122</u></u>		<u><u>1,430,523</u></u>

EBIX EUROPE LIMITED

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

1 Accounting policies

Company information

Ebix Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4th Floor, Dashwood House, 69 Old Broad Street, London, EC2M 1QS.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The company is a private company, limited by shares. It is domiciled in England and is incorporated in England and Wales.

The financial statements have been prepared on the historical cost basis.

Functional and presentational currency

The financial statements are presented in GB pounds (£), which is the company's functional currency. All values are rounded to the nearest £ except where otherwise indicated.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

The revenue from membership and licence fees invoiced in advance is initially deferred and then recognised in the period to which it relates. Revenue from transaction fees crystallise upon the earlier of the inception date of the contract to which it relates, or the date of acceptance, and is recognised when invoiced retrospectively. Revenue from development project fees invoiced in advance is recognised over the anticipated period of delivery, whilst the balance is invoiced and recognised upon completion of the project.

1.4 Intangible assets other than goodwill

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

Development Costs:	5 years straight line
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1.5 Property, plant and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of material and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

Leasehold improvement	Over the period of the lease
Furniture and fixtures	3 years straight line
Office and computer equipment	3 years straight line

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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 recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Adoption of new and revised standards and changes in accounting policies

New standards, adopted by the Company

The Company adopted IFRS 9 (Financial instruments) with effect from 1 January 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Due to the nature of the assets and liabilities held by Ebix Europe Limited, there has been no impact on the classification of financial assets or liabilities.

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under IFRS 9, credit losses are recognised earlier than under IAS 39. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through Statement of Comprehensive Income. The Company's impairment losses for financial assets are not significantly different under the IFRS 9 ECL model.

The Company also adopted IFRS 15 (Revenue from contracts with customers) with effect from 1 January 2018. IFRS 15 establishes a single comprehensive framework for determining when to recognise revenue and how much revenue to recognise. IFRS 15 replaced the former revenue recognition standards IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The core principle of IFRS 15 is that an entity recognises revenue on transfer of control of the promised goods and/or services (performance obligations) in an amount that reflects the consideration to which that entity is entitled.

The Company adopted the new standard using the cumulative effect transition method, where an entity applies the new standard as of the date of initial application, with no restatement of comparative period amounts. Under this method, any cumulative effect of initially applying the new standard would be recorded as an adjustment to the opening balance of equity at the date of initial application. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations.

The Company has concluded that given the nature of its revenues there is no significant impact on the timing of revenue recognition.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Adoption of new and revised standards and changes in accounting policies

(Continued)

New standards not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not effective for 31 December 2018 reporting period and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 Leases addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the Statement of Financial Position for lessees. The standard replaces IAS 17, 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, and the Company will implement it from that date using the modified retrospective approach which requires the recognition of the cumulative effect of initially applying IFRS 16, as of January 1, 2019, to the retained earnings and not to restate prior years.

The Company plans to grandfather across the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. The lease liability will initially be measured at the present value of the lease payments that are not paid at the commencement date, discounted using a relevant incremental borrowing rate. As at 31 December 2018 the Company has non-cancellable operating lease commitments of £996,399, see note 20. As at 31 December 2018 the Company has contracted with tenants for the following minimum lease sublease payments of £450,000, see note 20.

There are no other IFRSs or related interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

The accounting policies set out above have, except as described above in respect of new standards adopted in the year, been applied consistently to all periods, presented in these financial statements. Judgements made by the directors, in application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

The costs of developing a new software were capitalised in 2015. The directors need to estimate the useful economic life of this asset, over which the costs will be amortised. They originally decided to amortise the cost of development over a five year period on a straight line basis and, having reviewed this, they still believe this to be appropriate.

The directors have also considered whether the intangible asset is impaired. The method they have employed is to compare the carrying value of the asset with the present value of future cash flows generated by the asset. Based on this review, the directors are satisfied that the asset is not impaired.

Similarly, the directors need to estimate the useful economic life of tangible assets and the appropriate level of depreciation. Based on past experience, the bases used are considered to be reasonable.

4 Revenue

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

	2018 £	2017 £
Revenue analysed by class of business		
Professional and consulting services	11,533,265	13,246,436
	<u> </u>	<u> </u>
	2018 £	2017 £
Other significant revenue		
Interest income	1,321,057	634,859
Other operating income	354,534	348,670
	<u> </u>	<u> </u>

Other operating income arises from the sub-lease of the rented property. Since this is not considered to be part of the main revenue generating activities, the company presents this income separately from normal revenue.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	524,055	579,927
Fees payable to the company's auditor for the audit of the company's financial statements	19,200	18,000
Depreciation of property, plant and equipment	66,362	61,771
Amortisation of intangible assets	373,278	373,278
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	19,200	18,000
Audit of the financial statements of group companies	33,000	-
	<u> </u>	<u> </u>
	52,200	18,000
	<u> </u>	<u> </u>

7 Employees

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

2018 Number	2017 Number
38	37
<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,403,624	2,531,651
Social security costs	329,505	309,849
Pension costs	30,323	22,831
	<u> </u>	<u> </u>
	2,763,452	2,864,331
	<u> </u>	<u> </u>

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

8 Investment income

	2018	2017
	£	£
Interest income		
Bank deposits	8,197	3,061
Other interest income	1,312,860	631,798
	<u>1,321,057</u>	<u>634,859</u>

Total interest income for financial assets that are not held at fair value through profit or loss is £8,197 (2017 - £3,061).

9 Finance costs

	2018	2017
	£	£
Other interest payable	783,856	-
	<u>783,856</u>	<u>-</u>

10 Income tax expense

	2018	2017
	£	£
Current tax		
Current year taxation	97,896	126,360
Adjustments in respect of prior periods	(200,606)	-
	<u>(102,710)</u>	<u>126,360</u>
Deferred tax		
Origination and reversal of temporary differences	487,718	(3,070,524)
	<u>487,718</u>	<u>(3,070,524)</u>
Total tax charge/(credit)	<u>385,008</u>	<u>(2,944,164)</u>

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £	2017 £
Profit before taxation	1,556,321	2,512,424
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	295,701	477,361
Expenses not deductible in determining taxable profit	16,593	16,469
Adjustment in respect of prior years	(200,606)	-
Utilisation of tax losses	(214,398)	(367,470)
Deferred tax movement	487,718	(3,070,524)
Tax charge/(credit) for the year	385,008	(2,944,164)

The company has trading losses of £18,572,904 (2017: £19,810,112) to be carried forward against profits in future years.

This gives rise to a deferred tax asset of £2,582,806 (2017: £3,070,524) which has been recognised in the accounts.

11 Intangible assets

Development costs £

Cost

At 1 January 2017	1,866,391
At 31 December 2017	1,866,391
At 31 December 2018	1,866,391

Amortisation and impairment

At 1 January 2017	373,278
Charge for the year	373,278
At 31 December 2017	746,556
Charge for the year	373,278
At 31 December 2018	1,119,834

Carrying amount

At 31 December 2018	746,557
At 31 December 2017	1,119,835
At 31 December 2016	1,493,113

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible assets

(Continued)

These development costs are in relation to software that was developed during 2015 which has been licensed on an agreement commencing in 2016 and expected to last five years or more.

At the end of 2015, the development costs were being carried at historic cost. Amortisation commenced in 2016 with the licence coming into effect. Amortisation will be charged over five years, on a straight line basis. The charge is included in administration expenses in the Statement of Comprehensive Income.

The development costs of the product that have been charged to the Statement of Comprehensive Income total £2,717,459 (2017: £2,002,196).

12 Property, plant and equipment

	Leasehold improvement	Furniture and fixtures	Office and computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	514,394	151,247	135,165	800,806
Additions	-	1,382	3,386	4,768
At 31 December 2017	514,394	152,629	138,551	805,574
Additions	7,636	4,839	70,495	82,970
At 31 December 2018	522,030	157,468	209,046	888,544
Accumulated depreciation and impairment				
At 1 January 2017	294,104	147,442	126,835	568,381
Charge for the year	56,336	1,625	3,810	61,771
At 31 December 2017	350,440	149,067	130,645	630,152
Charge for the year	54,228	2,481	9,653	66,362
At 31 December 2018	404,668	151,548	140,298	696,514
Carrying amount				
At 31 December 2018	117,362	5,920	68,748	192,030
At 31 December 2017	163,954	3,562	7,906	175,422
At 31 December 2016	220,290	2,805	7,330	230,425

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Trade and other receivables

	Current 2018 £	2017 £
Trade receivables	1,027,595	758,116
Provision for bad and doubtful debts	(225,000)	-
	<u>802,595</u>	<u>758,116</u>
Other receivables	2,936,189	3,423,180
Corporation tax recoverable	200,606	-
VAT recoverable	196,502	192,558
Amounts due from fellow group undertakings	44,505,912	7,794,811
Prepayments and accrued income	298,741	358,485
	<u>48,940,545</u>	<u>12,527,150</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

14 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts	2018 £	2017 £
Balance at 1 January 2018 and at 31 December 2018	225,000	-

15 Borrowings

	2018 £	2017 £
Unsecured borrowings at amortised cost		
Loans from fellow group undertakings	35,873,909	-

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018 £	2017 £
Current liabilities	35,873,909	-

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

16 Trade and other payables

	Current 2018 £	2017 £
Trade payables	740,291	737,552
Accruals and deferred income	1,263,688	1,316,751
Social security and other taxation	154,442	-
Other payables	106,484	92,649
	<u>2,264,905</u>	<u>2,146,952</u>

17 Retirement benefit schemes

Defined contribution schemes

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.

The total costs charged to income in respect of defined contribution plans is £30,323 (2017 - £22,831).

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18	Share capital	2018	2017
		£	£
	<i>Issued and fully paid</i>		
	29,916,903 Ordinary shares of £1 each	29,916,903	29,916,903
	Each share is entitled to one vote and ranks pari passu in case of distribution and repayment of capital. The share capital is non redeemable.		
19	Share premium account	2018	2017
		£	£
	At beginning and end of year	8,393,140	8,393,140
		<u> </u>	<u> </u>
20	Retained earnings	2018	2017
		£	£
	At the beginning of the year	(25,235,655)	(30,692,243)
	Profit for the year	1,171,313	5,456,588
		<u> </u>	<u> </u>
	At the end of the year	(24,064,342)	(25,235,655)
		<u> </u>	<u> </u>

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Operating leases commitments

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:

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Within one year	397,590	397,685	1,434	-
Between two and five years	592,596	990,186	4,779	-
	<u>990,186</u>	<u>1,387,871</u>	<u>6,213</u>	<u>-</u>

At the reporting end date the company had contracted with tenants for the following minimum lease sublease payments:

	2018	2017
	£	£
Within one year	216,000	216,000
Between two and five years	234,000	450,000
	<u>450,000</u>	<u>666,000</u>

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Capital risk management

The company's activities expose it to a variety of financial risk including credit risk, liquidity risk and market risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is earned out by the senior management under policies approved by the Board of Directors. The Board provides principle for overall risk management, as well as policies covering specific areas, such as credit risk, liquidity risk, foreign exchange risk and interest rate risk.

(i) Credit risk

With respect to credit risk arising from the financial assets of the Company, including bank balances, the company's exposure to credit risk arising from default of the counterpart, with a maximum exposure equal to the carrying amount of these instruments credit control procedures and account reconciliations are used to manage the trade and other receivables, and bank balance.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018	2017
	£	£
Trade receivables	802,595	758,116
Other receivables	3,059,667	3,423,180
Bank balances	2,517,122	1,430,523

The ageing of trade receivables at the reporting date was:

	2018	2017
	£	£
Not past due	514,808	515,350
Past due 0 – 30 days	28,601	75,056
Past due 31 – 90 days	200,459	127,189
Over 90 days	58,727	108,071

Impairment losses

There was an impairment in trade receivables of £225,000 due to a provision for a bad debt.

There was no impairment in other receivables.

(ii) Liquidity risk

Trade payables are normally settled within 50 days or agreed terms from the date of purchase.

All financial liabilities will mature within 12 months from the end of the reporting period.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

22 Capital risk management

(Continued)

(iii) Market risk

a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company's foreign currency denominated receivables and payables are mainly denominated in USD and EUR. The total of the bank balances at 31 December 2018 was USD 5,056 and EUR 37,497.

The currency risk is mitigated by holding USD in a USD denominated bank account and converting to GBP when the exchange rate is favourable.

b) Interest rate risk

Interest rate risk reflects risk of a change in interest rates, which might affect future earnings. At 31 December 2018, the company did not have interest rate sensitive liabilities in the form of an interest bearing loan.

(iv) Equity price risk

The company is not exposed to equity risk since it does not hold any investment in equity instruments.

(v) Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair value of financial assets and liabilities is not materially different from their carrying values at the reporting date.

The company is not subject to any externally imposed capital requirements.

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Related party transactions

Other transactions with related parties

Related parties represent Ebix Singapore Pte Limited, the parent company, as well as Ebix Inc., the ultimate parent company. Ebix Latin America and Ebix Dubai are sister companies of Ebix Europe Limited. In addition, the directors and key management personnel of the group are also considered to be related parties. Pricing policies of these transactions are approved by the group's management.

Transactions with related parties

	Management charges paid		Development fees paid	
	2018	2017	2018	2017
	£	£	£	£
Other related parties	1,794,417	3,696,632	2,655,685	1,946,336

Amounts owed to related parties

	2018	2017
	£	£
Other related parties	35,873,909	-

Amounts owed by related parties

	2018	2017
	£	£
Parent company	36,025,692	3,705
Other related parties	8,559,748	7,791,106
	44,585,440	7,794,811

EBIX EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

24 Controlling party

The company is a wholly owned subsidiary of Ebix Singapore Pte Limited, a company incorporated in Singapore, which is a wholly owned subsidiary of Ebix Inc, a company incorporated in United States. Therefore Ebix Inc is the ultimate parent company.

There is no ultimate controlling party.

25 Capital Management

The company manages its capital structure and makes adjustments to it in light of changes in business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the year ended 31 December 2018.

26 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,171,313	5,456,588
Adjustments for:		
Taxation charged/(credited)	385,008	(2,944,164)
Finance costs	783,856	-
Investment income	(1,321,057)	(634,859)
Amortisation and impairment of intangible assets	373,278	373,278
Depreciation and impairment of property, plant and equipment	66,362	61,771
Movements in working capital:		
Increase in trade and other receivables	(36,212,789)	(5,124,983)
Increase/(decrease) in trade and other payables	117,953	(9,101,201)
Cash absorbed by operations	<u>(34,636,076)</u>	<u>(11,913,570)</u>