

Company Registration No. 05490314 (England and Wales)

ACTIAN EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

FRIDAY



A64 *A5GLABT6* 30/09/2016 #602
COMPANIES HOUSE

ACTIAN EUROPE LIMITED

COMPANY INFORMATION

Directors	M Bockle S Padgett S Springsteel
Company number	05490314
Registered office	125 London Wall London England EC2Y 5AL
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU
Business address	217 Bath Road Slough SL1 4AA

ACTION EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report for the year ended 31 December 2015.

Principal activities and business review

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

The directors are pleased to report another successful year of trading for the company despite the difficult economic environment. The company considers its key performance indicators to be revenue, net profits/losses and cash. Revenue for the year decreased by 2.46% to £16,936,668 primarily due to reduction in licensing revenues in 2015 compared to 2014. Net profit for the year decreased 64.8% primarily as a result of increase in cost of sales and higher tax expense. Cash decreased by 44.5% to £1,233,079.

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.

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 2016.

As disclosed further in note 1, the financial statements have been prepared on the going concern basis.

ACTION EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Financial risk management objectives and policies

The company's overall risk management programme aims to minimize the potential unfavorable 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



.....
S Springsteel
Director

September 28, 2016

ACTIAN EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Directors

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

M Bockle	(Appointed 7 May 2015)
S Padgett	(Appointed 7 May 2015)
S Springsteel	(Appointed 7 May 2015)
M Monahan	(Resigned 7 May 2015)

Results and dividends

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

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 were appointed auditor to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

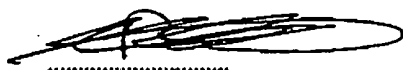
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors 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 business activities, risk and future developments as the directors consider these are of strategic importance to the company.

On behalf of the board



S Springsteel

Director

September 28, 2016

ACTION EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

We have audited the financial statements on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As more fully explained 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

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
...30/09/2016

ACTION EUROPE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	16,936,668	17,363,169
Cost of sales		(11,726,966)	(11,212,876)
Gross profit		5,209,702	6,150,293
Administrative expenses		(6,531,545)	(7,453,539)
Other operating income	3	1,611,640	1,682,440
Operating profit	4	289,797	379,194
Interest receivable and similar income	6	147,513	231,941
Interest payable and similar charges	7	-	(22)
Profit on ordinary activities before taxation		437,310	611,113
Taxation	8	(148,765)	209,597
Profit for the financial year		288,545	820,710
Total comprehensive income for the year		288,545	820,710
Retained earnings at 1 January 2015		1,418,094	597,384
Retained earnings at 31 December 2015		1,706,639	1,418,094

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 2015**

	Notes	2015 £	£	2014 £	£
Fixed assets					
Intangible assets	9		9,393		13,456
Tangible assets	10		373,312		232,552
			<u>382,705</u>		<u>246,008</u>
Current assets					
Debtors	11	12,113,744		13,088,562	
Cash at bank and in hand		<u>1,233,079</u>		<u>2,223,451</u>	
		13,346,823		15,312,013	
Creditors: amounts falling due within one year	12	<u>(9,984,570)</u>		<u>(10,650,448)</u>	
Net current assets			<u>3,362,253</u>		<u>4,661,565</u>
Total assets less current liabilities			<u>3,744,958</u>		<u>4,907,573</u>
Creditors: amounts falling due after more than one year	13		(2,035,455)		(3,489,478)
Provisions for liabilities	15		<u>(2,863)</u>		<u>-</u>
Net assets			<u><u>1,706,640</u></u>		<u><u>1,418,095</u></u>
Capital and reserves					
Called up share capital	19		1		1
Profit and loss reserves	20		<u>1,706,639</u>		<u>1,418,094</u>
Total equity			<u><u>1,706,640</u></u>		<u><u>1,418,095</u></u>

The financial statements were approved by the board of directors and authorised for issue on September 28, 2016 and are signed on its behalf by:



.....
S Springsteel

Director

September 28, 2016

ACTION EUROPE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(707,292)	962,698	
Interest paid			-	(22)	
Income taxes paid			(171,326)	(189,108)	
Net cash (outflow)/inflow from operating activities			(878,618)	773,568	
Investing activities					
Purchase of intangible assets		(3,898)		-	
Purchase of tangible fixed assets		(255,369)		(103,467)	
Interest received		147,513		231,941	
Net cash (used in)/generated from investing activities			(111,754)	128,474	
Net cash used in financing activities			-	-	
Net (decrease)/increase in cash and cash equivalents			(990,372)	902,042	
Cash and cash equivalents at beginning of year			2,223,451	1,321,409	
Cash and cash equivalents at end of year			<u>1,233,079</u>	<u>2,223,451</u>	

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Action Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is 125 London Wall, London, England, EC2Y 5AL.

The company's principal activities are disclosed in the Strategic Report.

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.

These financial statements are the first financial statements of Action Europe Limited prepared in accordance with FRS 102. The financial statements of Action Europe Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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 12 of these financial statements.

The current economic conditions do create uncertainty but the directors believe that the continued growth and profitability of the company will be sustained through the future period as set out in the Strategic Report.

The company's forecasts and projections for the years ending 31 December 2016, 31 December 2017 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, the expected inter-company revenues it will earn and costs it will incur through this relationship. The company sells the products developed by Actian Corporation and is dependent on access to these products to continue trading. Further, management has considered the recoverability of all inter-company receivables due to the company and concluded that they are presented at cost.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Going concern (continued)

After making inquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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 multiyear 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 or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
----------	-----------------------

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 or valuation of assets less their residual values over their useful lives on the following bases:

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

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

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.

Basic financial assets

Basic financial assets, which include trade and other debtors, loans to fellow group companies 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, 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 direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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 period.

Deferred tax

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.

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

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 stock or fixed 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.

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.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

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 except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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.

Research and development

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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.

3 Turnover and other revenue

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

	2015 £	2014 £
Turnover analysed by class of business		
Subscriptions	14,506,109	15,009,069
Professional services	2,422,416	2,342,019
Other	8,143	12,081
	<u>16,936,668</u>	<u>17,363,169</u>

	2015 £	2014 £
Other revenue		
Interest income	147,513	231,941
Intercompany revenues	<u>1,611,640</u>	<u>1,682,440</u>

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	12,607,356	12,694,685
Europe	3,858,233	4,178,801
Rest of the world	471,079	489,683
	<u>16,936,668</u>	<u>17,363,169</u>

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

4 Operating profit

	2015	2014
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	130,026	67,944
Fees payable to the company's auditors for the audit of the company's financial statements	28,750	35,750
Depreciation of owned tangible fixed assets	114,609	98,526
Loss on disposal of tangible fixed assets	-	114
Amortisation of intangible assets	7,961	8,440
Operating lease charges	113,642	110,735

5 Employees

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

	2015	2014
	Number	Number
Professional services	41	51

Their aggregate remuneration comprised:

	2015	2014
	£	£
Wages and salaries	3,892,703	4,274,794
Social security costs	466,573	495,687
Pension costs	179,337	207,237
Equity-settled share-based payments	169,832	174,712
	4,708,445	5,152,430

Directors' remuneration in both years was borne by the ultimate parent undertaking, Actian Corporation.

6 Interest receivable and similar income

	2015	2014
	£	£
Interest income		
Interest on bank deposits	278	422
Interest receivable from group companies	147,235	231,519
	147,513	231,941

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7 Interest payable and similar charges

	2015 £	2014 £
Other finance costs:		
Other interest	-	22
	<u>-</u>	<u>22</u>

8 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	74,891	150,486
Foreign current tax on profits for the current period	17,877	15,087
Total current tax	<u>92,768</u>	<u>165,573</u>
Deferred tax		
Origination and reversal of timing differences	55,997	(375,170)
	<u>55,997</u>	<u>(375,170)</u>
Total tax charge/(credit)	<u>148,765</u>	<u>(209,597)</u>

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

	2015 £	2014 £
Profit before taxation	<u>437,310</u>	<u>611,113</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.49%)	87,462	131,328
Tax effect of expenses that are not deductible in determining taxable profit	4,798	6,835
Change in unrecognised deferred tax assets	-	(348,697)
Effect of change in corporation tax rate	1,129	1,996
Other permanent differences	2,020	(1,059)
Effect of change in deferred tax rate	53,356	-
Tax expense/(credit) for the year	<u>148,765</u>	<u>(209,597)</u>

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

9 Intangible fixed assets

	Software £
Cost	
At 1 January 2015	35,161
Additions - separately acquired	3,898
	<u>39,059</u>
At 31 December 2015	39,059
Amortisation and impairment	
At 1 January 2015	21,705
Amortisation charged for the year	7,961
	<u>29,666</u>
At 31 December 2015	29,666
Carrying amount	
At 31 December 2015	<u>9,393</u>
At 31 December 2014	<u>13,456</u>

The amortisation charge for the year of £7,961 (2014: £8,440) is included in administrative expenses.

10 Tangible fixed assets

	Leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2015	224,595	19,755	761,232	1,005,582
Additions	-	6,610	248,759	255,369
Disposals	-	-	(212,430)	(212,430)
	<u>224,595</u>	<u>26,365</u>	<u>797,561</u>	<u>1,048,521</u>
At 31 December 2015	224,595	26,365	797,561	1,048,521
Depreciation and impairment				
At 1 January 2015	104,605	11,325	657,100	773,030
Depreciation charged in the year	28,893	4,741	80,975	114,609
Eliminated in respect of disposals	-	-	(212,430)	(212,430)
	<u>133,498</u>	<u>16,066</u>	<u>525,645</u>	<u>675,209</u>
At 31 December 2015	133,498	16,066	525,645	675,209
Carrying amount				
At 31 December 2015	<u>91,097</u>	<u>10,299</u>	<u>271,916</u>	<u>373,312</u>
At 31 December 2014	<u>119,990</u>	<u>8,430</u>	<u>104,132</u>	<u>232,552</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

11 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	2,601,631	3,982,475
Corporation tax recoverable	3,322	-
Amounts due from fellow group undertakings	8,836,172	8,368,851
Other debtors	59,104	59,104
Prepayments and accrued income	130,157	141,640
	<u>11,630,386</u>	<u>12,552,070</u>
Deferred tax asset (note 16)	483,358	536,492
	<u>12,113,744</u>	<u>13,088,562</u>

Amounts owed by group undertakings above totaling £8,836,172 (2014: £8,368,851) represent advances made to fund the group's ongoing development and working capital needs. Interest was earned on the balance at 1.91% and 2.57% for 2015 and 2014, respectively. The balance is unsecured and has no fixed repayment schedule.

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	65,681	49,409
Corporation tax	-	75,236
Other taxation and social security	289,470	228,825
Deferred income	7,477,572	8,176,310
Other creditors	25,596	2,771
Accruals and deferred income	2,126,251	2,117,897
	<u>9,984,570</u>	<u>10,650,448</u>

Deferred income of £7,477,572 (2014: £8,176,310) relates to income deferred on licence agreements.

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

	2015 £	2014 £
Accruals and deferred income	<u>2,035,455</u>	<u>3,489,478</u>

Deferred income of £1,956,553 (2014: £3,349,581) relates to amounts included in long term licence arrangements.

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

14 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	11,496,907	12,410,430
	<u>11,496,907</u>	<u>12,410,430</u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,217,528	2,170,077
	<u>2,217,528</u>	<u>2,170,077</u>

15 Provisions for liabilities

	Notes	2015 £	2014 £
Deferred tax liabilities	16	2,863	-
		<u>2,863</u>	<u>-</u>

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:

	Liabilities 2015 £	Liabilities 2014 £	Assets 2015 £	Assets 2014 £
Balances:				
Excess of depreciation over taxation allowances	2,863	-	-	35,463
Other timing differences	-	-	483,358	501,029
	<u>2,863</u>	<u>-</u>	<u>483,358</u>	<u>536,492</u>
				2015 £
Movements in the year:				
Liability/(Asset) at 1 January 2015				(536,492)
Charge to profit or loss				55,997
Liability/(Asset) at 31 December 2015				<u>(480,495)</u>

The net deferred tax asset of £480,495 is expected to reverse within 12 months.

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 charge to profit or loss in respect of defined contribution schemes was £179,337 (2014: £207,237).

At the year end, contributions totaling £13,118 (2014: £2,771) were outstanding and are included within creditors due within one year.

18 Share-based payment transactions

Equity-settled share-based payments

Action Corporation, the ultimate parent undertaking, operates an equity-settled share-based compensation plan (the 2005 Stock Plan) for itself and its subsidiaries. The fair value of the employee services received in exchange for the grant of the options are recognised by the company as an expense in their respective income statement with a corresponding credit to intercompany.

Action Corporation established the 2005 Stock Plan ("the 2005 Plan"), which provides for the grant of incentive stock and non-qualified stock options and the direct issuances of the company's stock. The Board of Directors of Action Corporation has the authority to approve grants of options and the issuances of stock to employees and other service providers and approve the terms of each option and issuance, including (i) the number of shares of Common Stock issuable upon exercise of the option; (ii) when the option becomes exercisable; (iii) the option exercise price, which in the case of incentive stock options, must be at least 100% (110% in the case of incentive stock options granted to a shareholder owning in excess of 10% of the company's Common Stock) of the fair market value of the Common Stock as of the date of grant; and (iv) the duration of the option (which, in the case of incentive stock options, may not exceed 10 years). Options granted under the 2005 Plan vest over various periods and expire no later than 10 years from the date of grant.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

18 Share-based payment transactions (Continued)

Details of the number of share options and the weighted average exercise price (WAEP), denominated in US Dollars (\$), outstanding during the year are as follows:

	Number of share options		Weighted average exercise price	
	2015 Number	2014 Number	2015 \$	2014 \$
Outstanding at 1 January	3,194,851	3,211,518	1.60	1.59
Granted in year	-	20,000	-	3.27
Forfeited in year	(61,032)	(32,050)	1.50	1.50
Exercised in year	(4,617)	(4,617)	1.50	1.50
Expired in year	(33,500)	-	1.50	-
Outstanding at 31 December	<u>3,095,702</u>	<u>3,194,851</u>	<u>1.60</u>	<u>1.60</u>
Exercisable at 31 December	<u>2,782,544</u>	<u>2,446,853</u>	<u>1.56</u>	<u>1.53</u>

The weighted average share price at the date of exercise for share options exercised during the year was \$1.50 (2014: \$1.50).

The share options outstanding at the end of the year have the following weighted average contractual lives (years) and exercise prices (\$):

Exercise price	Outstanding Options			Exercisable Options	
	Options outstanding at 31 December 2015	Weighted average remaining contractual life	Weighted average exercise price	Exercisable shared at 31 December 2015	Weighted average exercise price
\$	No	Yrs	\$	No	\$
1.50	2,575,702	3.43	1.50	2,502,544	1.50
2.06	500,000	7.42	2.06	275,000	2.06
3.27	20,000	8.88	3.27	5,000	3.27
Total	<u>3,095,702</u>	<u>4.11</u>	<u>1.60</u>	<u>2,782,544</u>	<u>1.56</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

18 Share-based payment transactions (Continued)

The weighted average fair value of shares granted during the year was \$nil (2014: \$3.33). The fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	2015	2014
Weighted average share price - \$	1.50	1.50
Weighted average exercise price - \$	1.50	1.50
Expected volatility - %	43.90	47.30
Expected life - years	6.50	6.50
Risk free rate - %	2.00	2.10

The company's expected volatility is derived from an average of historical volatilities of comparable companies within the technology sector. The interest rate assumption is based upon the observed Treasury Yield Curve rates appropriate for the company's stock options. The company does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero in the option-pricing model. The company uses historical data to estimate pre-vesting option forfeitures and records stock based compensation expense only for those awards that are expected to vest.

Total expenses of £169,832 (2014: £174,712) related to equity settled share based payment transactions were recognised in the year.

19 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of 1p each	1	1

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

20 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

21 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:

	2015 £	2014 £
Within one year	171,099	171,099
Between two and five years	251,795	422,894
	<u>422,894</u>	<u>593,993</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2015 £	2014 £
Aggregate compensation	<u>709,905</u>	<u>597,213</u>

The company has taken advantage of the exemption available in FRS 102 paragraph 33.1A, whereby it has not disclosed transactions with the ultimate parent company, or any wholly owned subsidiary undertaking of the group.

23 Controlling party

The directors consider the immediate parent company to be Action International, Inc., a company registered in the United States of America and organised under the laws of the state of Delaware.

The directors consider the ultimate parent undertaking, and smallest and largest group for which consolidated accounts are prepared, to be Action Corporation, a company incorporated in the United States of America and organised under the laws of state of Delaware.

The directors consider there to be no ultimate controlling party.

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

24 Cash generated from operations

	2015 £	2014 £
Profit for the year after tax	288,545	820,710
Adjustments for:		
Taxation charged/(credited)	148,765	(209,597)
Finance costs	-	22
Investment income	(147,513)	(231,941)
Loss on disposal of tangible fixed assets	-	114
Amortisation and impairment of intangible assets	7,961	8,440
Depreciation and impairment of tangible fixed assets	114,609	98,526
Equity settled share based payment expense	169,832	174,712
Movements in working capital:		
Decrease in debtors	925,006	907,676
Decrease in creditors	(61,736)	(97,655)
Decrease in deferred income	(2,152,761)	(508,309)
Cash (absorbed by)/generated from operations	<u>(707,292)</u>	<u>962,698</u>

ACTION EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

25 Reconciliations on adoption of FRS 102

Reconciliation of equity

	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets						
Other intangibles	-	18,508	18,508	-	13,456	13,456
Tangible assets	249,621	(18,508)	231,113	246,008	(13,456)	232,552
	<u>249,621</u>	<u>-</u>	<u>249,621</u>	<u>246,008</u>	<u>-</u>	<u>246,008</u>
Current assets						
Debtors - deferred tax	161,322	-	161,322	536,492	-	536,492
Debtors - other	13,634,458	-	13,634,458	12,552,070	-	12,552,070
Bank and cash	1,321,409	-	1,321,409	2,223,451	-	2,223,451
	<u>15,117,189</u>	<u>-</u>	<u>15,117,189</u>	<u>15,312,013</u>	<u>-</u>	<u>15,312,013</u>
Creditors due within one year						
Taxation	(443,338)	-	(443,338)	(304,061)	-	(304,061)
Other creditors	(2,151,990)	-	(2,151,990)	(2,170,077)	-	(2,170,077)
Deferred income	(8,147,327)	-	(8,147,327)	(8,176,310)	-	(8,176,310)
	<u>(10,742,655)</u>	<u>-</u>	<u>(10,742,655)</u>	<u>(10,650,448)</u>	<u>-</u>	<u>(10,650,448)</u>
Net current assets	<u>4,374,534</u>	<u>-</u>	<u>4,374,534</u>	<u>4,661,565</u>	<u>-</u>	<u>4,661,565</u>
Total assets less current liabilities	<u>4,624,155</u>	<u>-</u>	<u>4,624,155</u>	<u>4,907,573</u>	<u>-</u>	<u>4,907,573</u>
Creditors due after one year						
Deferred income	(4,026,770)	-	(4,026,770)	(3,489,478)	-	(3,489,478)
Net assets	<u>597,385</u>	<u>-</u>	<u>597,385</u>	<u>1,418,095</u>	<u>-</u>	<u>1,418,095</u>
Capital and reserves						
Share capital	1	-	1	1	-	1
Profit and loss	597,384	-	597,384	1,418,094	-	1,418,094
Total equity	<u>597,385</u>	<u>-</u>	<u>597,385</u>	<u>1,418,095</u>	<u>-</u>	<u>1,418,095</u>

ACTIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

25 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of profit or loss for the year

	Year ended 31 December 2014		
	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£
Turnover	17,363,169	-	17,363,169
Cost of sales	(11,212,876)	-	(11,212,876)
Gross profit	6,150,293	-	6,150,293
Administrative expenses	(7,453,539)	-	(7,453,539)
Other operating income	1,682,440	-	1,682,440
Operating profit	379,194	-	379,194
Interest receivable and similar income	231,941	-	231,941
Interest payable and similar charges	(22)	-	(22)
Profit before taxation	611,113	-	611,113
Taxation	209,597	-	209,597
Profit for the financial year	820,710	-	820,710

Notes to reconciliations on adoption of FRS 102

Capitalised software costs

Under previous UK GAAP the company disclosed capitalised software purchased as part of tangible assets. FRS 102 categorises software costs as intangible assets. Therefore, costs of £35,161 and related accumulated depreciation of £21,705 have been reclassified to intangible assets within these financial statements. There has been no profit or equity impact as a result of this adjustment.