

Company Registration No. 02766106

Fair Isaac Software Holdings Limited

Annual Report and Financial Statements

For the year ended 30 September 2019



Fair Isaac Software Holdings Limited

Annual report and financial statements 2019

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Fair Isaac Software Holdings Limited

Officers and professional advisers

Directors

M Pung resigned 31 October 2019
M Scadina
D Sanderson
R Deal
S Weber appointed 31 October 2019

Company secretary

M Scadina

Registered office

Cottons Centre
5th Floor
Hays Lane
London SE1 2QP

Bankers

HSBC
130 New Street
Birmingham
B2 4JU

Solicitors

Faegre Drinker Biddle & Reath LLP
7 Pilgrim Street
London EC4V 6LB

Auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham B1 2HZ
United Kingdom

Fair Isaac Software Holdings Limited

Strategic Report

The directors present their strategic report for the year ended 30 September 2019.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary and operates as an intermediary holding and investment company for trading operations in both Europe and Asia.

As shown in the company's profit and loss account on page 9, the company has made an operating loss of £418,115 (2018: £12,891,243 loss), which was mainly due to foreign exchange movement. The company did not receive any income from shares from its subsidiaries in the current year (2018: £22,658,458 of which £27,385,560 (equivalent to \$36,600,800) related to a settlement of a loan with Fair Isaac Adepra Limited). Interest was received on intercompany loans of £1,800,536 (2018: £1,799,135). This all resulted in a profit after taxation of £1,120,261 (2018: £11,002,007). This information is used by the company as its Key Performance Indicators to monitor the business.

Long term debtors decreased to £45,090,701 (2018: £45,502,870), due to the foreign exchange movements relating to a loan denominated in euro of £45,090,701 (equivalent to €50,609,000), further details can be seen in note 8. Short term creditors reduced to £799,624 (2018: £907,321) due to a reduction in corporation tax liability.

Future developments

The directors consider that the company will continue with its principal activities for the foreseeable future.

Principal risks and uncertainties

Due to intercompany balances with overseas affiliates, the company is at risk from foreign exchange fluctuations. All exchange gains and losses are taken to the profit and loss account; however, the foreign exchange risk is managed by hedging exposure, by the US ultimate parent company. There are no hedging contracts in the name of Fair Isaac Software Holdings Limited.

Coronavirus ("Covid 19") was declared a global pandemic in March 2020. The impact of Covid 19 on the business and the risks associated with its impact on future trading performance is discussed in more detail in the going concern.

Brexit

The company has considered its subsidiaries customers and their locations, foreign exchange and workforce. There will be some foreign exchange risk, but this will be mitigated by the foreign exchange risk policy explained above. The company is not expecting any further impact from Brexit.

Approved by the Board of Directors
and signed on behalf of the Board



S Weber
Director

Date: 26 June 2020.

Fair Isaac Software Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2019. The financial results are discussed in the Business Review section of the Strategic Report and information relating to subsequent events and future developments can be found in the Strategic Report and form part of this report by cross reference.

Financial risk management objectives and policies

The company is exposed to cash flow risk. In order to ensure the company has sufficient funds for its ongoing operations and future activities, the financing and liquidity of the company is monitored and managed by management of the business and in conjunction with the group treasury function. The group provides financial support if needed, to the company. Due to intercompany balances with overseas affiliates, the company is at risk from foreign exchange fluctuations. All exchange gains and losses are taken to the profit and loss account.

Going concern

The company is a non-trading investment holding company. The directors therefore consider the impact of Covid 19 on the company and the wider economy to have limited impact on the operations of the company.

Net current liabilities at the year end were £783,124 (2018: £1,351,143 net current assets). As detailed in note 9, £537,263 of intercompany balances were payable by the company on demand at the year end. This was offset by £45,090,701 due from other group companies to the company (note 8). Intercompany balances are settled regularly. The company had a cash balance of £16,800 at the year end (2018: £2,258,464). As at 26 June 2020, the cash balance was £4,999,650.

The directors note that the operations of the group headed by Fair Isaac Corporation, of which this company is a member, have considerable financial resources and long-term contracts with customers across different geographic areas and industries. The ultimate parent has provided a signed letter of support stating that the Group will provide financial support to the company, if needed, for at least a period of 12 months from the date of signing the financial statements.

The directors of the company have also received confirmation that the intercompany balances due to the parent company at the year end will, if necessary, not be recalled for a period of at least 12 months from the date of signing the financial statements.

The directors have assessed whether the parent company would be able to provide sufficient support if required. The group has considerable financial resources and operates long-term contracts with customers across different geographic areas and industries. The Group business model has a high percentage of recurring revenue and generates a substantial amount of free cash flow each quarter. The group generated £212 million (equivalent to \$260 million) of cash during 2019. The parent has performed a cashflow projection up to end of FY21 (considering the impact of Covid 19) and projects that free cash flow will not fall below \$190 Million during this period. The directors are therefore confident of group financial support if needed.

The directors believe both the company and the group are well placed to manage business risks successfully despite the current uncertain economic outlook and will continue in operational existence for at least 12 months from the date of signing the financial statements. Accordingly, the going concern basis is adopted in preparing the annual report and financial statements.

Dividends

The directors recommended a final dividend of £3,666,697 (2018: £13,843,048) in the year. No additional dividends were declared or paid up to the date of these financial statements.

Directors

The directors, all of whom served throughout the year and subsequently to the date of this report, are as follows:

M Scadina

M Pung resigned 31 October 2019

D Sanderson

R Deal

S Weber appointed 31 October 2019

Fair Isaac Software Holdings Limited

Directors' report (continued)

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross reference.

Subsequent events

There has been a dividend received from Fair Isaac (ASPAC) Pte Ltd for SGD 9,909,238 (£5,516,165) in December 2019.

In England, its people and companies, along with other countries around the world, has been impacted by Covid 19. The directors of the company have considered the impact of Covid 19 on the company. Covid 19 is a non adjusting post balance sheet event for the company and therefore no adjustments have been made to the 30 September 2019 financial results.

Other information

Company made no political contributions in the period and was not involved in any research and development activities in the period and to the date. The company had no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK. The company has made no indemnity provisions in the reporting year and since the balance sheet date.

Auditor

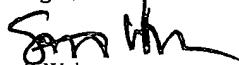
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 s418 of the Companies Act 2006.

A resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and
signed on behalf of the Board by:



S Weber
Director

Date: 26 June 2020

Fair Isaac Software Holdings Limited

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- 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 Fair Isaac Software Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fair Isaac Software Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial reporting council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Fair Isaac Software Holdings Limited (continued)

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 respect of these matters.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Fair Isaac Software Holdings Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

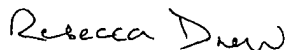
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Rebecca Drew (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Date 26 June 2020

Fair Isaac Software Holdings Limited

Profit and loss account

For the year ended 30 September 2019

	Note	2019 £	2018 £
Administrative expenses	5	(418,115)	(12,891,243)
Operating loss		(418,115)	(12,891,243)
Income from shares in group undertakings	4	-	22,658,458
Interest receivable	4	1,800,536	1,799,135
Loss on disposal of investment		-	(26,555)
Profit before taxation		1,382,421	11,539,795
Tax charge on profit	6	(262,160)	(537,788)
Profit after taxation		1,120,261	11,002,007

All activities are derived from continuing operations in the current and preceding year.

There are no recognised gains or losses in the current financial year or in the preceding year other than those disclosed in the profit and loss account. Accordingly, no separate statement of other comprehensive income is presented.

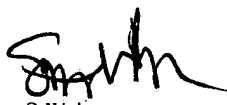
Fair Isaac Software Holdings Limited

Balance sheet As at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	7	184,941,025	184,941,025
Debtors: due after one year	8	45,090,701	45,502,870
		<u>230,031,726</u>	<u>230,443,895</u>
Current assets			
Cash at bank and in hand		16,800	2,258,464
		<u>16,800</u>	<u>2,258,464</u>
Creditors: amounts falling due within one year	9	<u>(799,924)</u>	<u>(907,321)</u>
Net current (liabilities)/assets		<u>(783,124)</u>	<u>1,351,143</u>
Total assets less current liabilities		<u>229,248,602</u>	<u>231,795,038</u>
Net assets		<u>229,248,602</u>	<u>231,795,038</u>
Capital and reserves			
Called up share capital	10	3,921,543	3,921,543
Share premium		45,244,718	45,244,718
Revaluation reserve		8,806,884	8,806,884
Profit and loss account		<u>171,275,457</u>	<u>173,821,893</u>
Shareholders' funds		<u>229,248,602</u>	<u>231,795,038</u>

The financial statements of Fair Isaac Software Holdings (registered number 02766106), were approved and authorised for issue by the Board of Directors on 26 June 2020.

Signed on behalf of the Board of Directors


S Weber
Director

Fair Isaac Software Holdings Limited

Statement of changes in equity Year ended 30 September 2019

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
As at 1 October 2017		3,921,543	45,244,718	50,935,000	176,662,934	276,764,195
Profit for financial year		-	-	-	11,002,007	11,002,007
Total comprehensive income		3,921,543	45,244,718	50,935,000	187,664,941	287,766,202
Dividends paid on equity shares	3	-	-	-	(13,843,048)	(13,843,048)
Reduction in revaluation reserve		-	-	(42,128,116)	-	(42,128,116)
As at 30 September 2018		3,921,543	45,244,718	8,806,884	173,821,893	231,795,038
Profit for financial year		-	-	-	1,120,261	1,120,261
Total comprehensive income		3,921,543	45,244,718	8,806,884	174,942,154	232,915,299
Dividends paid on equity shares	3	-	-	-	(3,666,697)	(3,666,697)
As at 30 September 2019		3,921,543	45,244,718	8,806,884	171,275,457	229,248,602

Revaluation reserve reflects the changes in fair value of investments recognised in other comprehensive income in the previous years. During 2018 management recognised an impairment loss of £42,128,116 in the revaluation reserve.

Fair Isaac Software Holdings Limited

Notes to the financial statements Year ended 30 September 2019

1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and applicable law, including FRS 102 “The financial reporting standard applicable in the UK and The Republic of Ireland”. The particular accounting policies adopted are described below. The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006 on the grounds that it is itself a wholly owned subsidiary undertaking of a company registered in England and Wales. These financial statements, therefore, present information about individual undertaking and not about its group. These financial statements are separate financial statements.

Going concern

The circumstances surrounding the directors’ assessment of the appropriateness of the going concern assumption is set out in the directors’ report. The ultimate parent has provided a signed letter of support. The directors continue to adopt the going concern basis in preparing the financial statements.

The company is a non-trading investment holding company. The directors therefore consider the impact of Covid 19 on the company and the wider economy to have limited impact on the operations of the company.

Net current liabilities at the year end were £783,124 (2018: £1,351,143 net current assets). As detailed in 9, £537,263 of intercompany balances were payable by the company on demand at the year end. This was offset by £45,090,701 due from other group companies to the company (note 8). Intercompany balances are settled regularly. The company had a cash balance of £16,800 at the year end (2018: £2,258,464). As at 26 June 2020, the cash balance was £4,999,650.

The directors note that the operations of the group headed by Fair Isaac Corporation, of which this company is a member, have considerable financial resources and long-term contracts with customers across different geographic areas and industries. The ultimate parent has provided a signed letter of support stating that the Group will provide financial support to the company, if needed, for at least a period of 12 months from the date of signing the financial statements.

The directors of the company have also received confirmation that the intercompany balances due to the parent company at the year end will, if necessary, not be recalled for a period of at least 12 months from the date of signing the financial statements.

The directors have assessed whether the parent company would be able to provide sufficient support if required. The group has considerable financial resources and operates long-term contracts with customers across different geographic areas and industries. The Group business model has a high percentage of recurring revenue and generates a substantial amount of free cash flow each quarter. The group generated £212 million (equivalent to \$260 million) of cash during 2019. The parent has performed a cashflow projection up to end of FY21 (considering the impact of Covid 19) and projects that free cash flow will not fall below \$190 Million during this period. The directors are therefore confident of group financial support if needed.

The directors believe both the company and the group are well placed to manage business risks successfully despite the current uncertain economic outlook and will continue in operational existence for at least 12 months from the date of signing the financial statements. Accordingly, the going concern basis is adopted in preparing the annual report and financial statements.

General information and basis of accounting

The company is incorporated in United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the company’s registered office is shown on page 1.

The company meets the definition of a qualifying entity under FRS 102 and has therefore has taken advantage of the disclosure exemptions available in respect of its separate financial statements, as it is a wholly-owned subsidiary undertaking of Fair Isaac Corporation, a company incorporated in the State of Delaware, United States of America, whose consolidated financial statements include the results of the company and are publicly available as detailed in note 12. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transactions, remuneration of key management personnel, financial instruments and share based payments.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

1. Accounting policies (continued)

Revenue

The company recognises revenue from foreign exchange gains in administrative income, Income from shares in group undertakings and Interest receivable. The functional currency of the company is Great British pound sterling. Foreign currency transactions are converted into pounds sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates ruling on the balance sheet date. These translation differences are taken to the profit and loss account. Income from dividends is decided by the Ultimate parent company and are recognised when the cash is transferred up through the group's subsidiaries. Interest receivable is credited to the profit and loss account in the period in which it is earned.

Investments

Investments are included in the financial statements at cost, but reviewed for impairment, by management. Any permanent diminutions in value, which are not reversing a previous revaluation increase, are taken to the profit and loss account.

Although best judgement is used in determining the value of these investments, there are inherent limitations in any valuation technique. Therefore the values presented herein are not necessarily indicative of the amount that the company could realise in future transactions.

Foreign currencies

The functional currency of the company is Great British pounds sterling. Foreign currency transactions are converted into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the balance sheet date. These translation differences are taken to the profit and loss account and can be seen as administrative income or expense.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 102, deferred taxation is recognised in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax, at a future date have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of items of gains and losses in tax assessments in periods different from those in which they are included in financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash

Cash in hand includes cash and deposits with banks.

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss (held for trading), and loans and receivables. The classification depends on the purpose for which the financial assets were acquired and is determined at point of initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity is greater than twelve months when they are included in non-current assets, and comprise receivables and cash.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

1. Accounting policies (continued)

Recognition and measurement

Financial assets held at fair value through profit and loss are initially recognised at fair value. Subsequent changes in fair value are presented in the income statement within interest income or expense in the period in which they arise, unless designated as part of a hedge. Loans and receivables are carried at amortised cost. Financial assets are de-recognised when the rights to receive cash flows have expired.

Financial liabilities

Classification

The company classifies its financial liabilities as other financial liabilities measured at amortised cost using the Effective Interest Rate (EIR) method.

Recognition and measurement

Other financial liabilities are recognised as the amount advanced net of any directly attributable transaction cost. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement.

Creditors

Obligations to pay for goods and services are recognised initially at fair value and subsequently measured at amortised cost.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

There were no critical judgements, apart from those using estimations (which are dealt with separately below) that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

Assets other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account. An impairment is recognised when the carrying value of the investment is less than the value in use of the investment. Value in use is calculated by discounting the estimated future cash flows of business in which the investment is held. The impact of Covid 19 on the wider economy means that future business performance may not be as originally planned. If future cashflows are significantly below forecast, an impairment loss may be recognised in future periods. A 1% increase in the discount rate from 13.1% to 14.1% would lead to £7.1m impairment charge.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

2. Staff cost

The average number of persons employed is calculated based on a monthly weighted average number of employees (including directors) during the year and is as follows:

	2019 No.	2018 No.
Management	4	4

The emoluments of the directors are paid by the company that employs them, being the ultimate parent company or a fellow subsidiary, as their services to Fair Isaac Software Holdings Limited are incidental to their services provided to other group companies. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors.

3. Dividend payable

	2019 £	2018 £
Amounts recognised as distributions to equity holders in the year: Final dividend for the year ended 30 September 2019 of 0.94p (2018: 3.53p) per ordinary share.	3,666,697	13,843,048

4. Interest receivable and similar income

	2019 £	2018 £
Dividend receivable from subsidiary undertakings (i)	-	22,658,457
Interest received (ii)	1,800,536	1,799,135

- (i) Dividends of £nil (2018: Fair Isaac Adepra Limited £13,000,000, £5,224,857 from Fair Isaac Services Limited, Fair Isaac Europe Limited in settlement for loan and interest owing of £4,433,600 (\$3,987,241)).
- (ii) Interest on loan from Fair Isaac Germany GmbH of €50,609,000 at an interest rate of 4%, £1,792,088 (2018: £1,785,860). Other interest is £8,448.

5. Profit before taxation

	2019 £	2018 £
Profit before taxation is stated after (charging)/ crediting the following:		
Foreign exchange (loss)/gain	(418,033)	1,072,498
Investment impairment	-	(13,922,433)

Audit fees of £6,000 (2018: £6,000) for auditing the financial statements, were borne by Fair Isaac Services Limited, a fellow subsidiary undertaking and are not recharged. There were no non-audit services in either year.

The directors, who were the only employees of the company, did not receive any remuneration in the current or preceding financial year in respect of their directorships or qualifying services for this company.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

6. Tax on profit

The tax charge comprises:

	2019 £	2018 £
<i>Current tax</i>		
United Kingdom Corporation Tax	262,660	537,762
Adjustment in respect of prior year	(500)	26
Total current tax	<u>262,160</u>	<u>537,788</u>
Total tax on profit	<u>262,160</u>	<u>537,788</u>

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the United Kingdom at 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	<u>1,382,421</u>	<u>11,539,795</u>
Tax on profit at standard UK corporation rate of 19% (2018: 19%)	262,660	2,192,561
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	5,045
Impairment of fixed assets	-	2,645,263
Non-taxable income	-	(4,305,107)
Adjustments in respect of prior years	(500)	26
Total tax charge for the year	<u>262,160</u>	<u>537,788</u>

Factors affecting future tax charge

As per the Finance Bill 2020, following the budget on March 12th 2020, this provided for the corporate tax rate to remain at 19% with effect from 1 April 2020 instead of a reduction, as agreed in the Finance Act 2016, to 17%. As the finance bill has not been enacted the deferred tax will continue to be calculated at 17%. There are no deferred tax balances in the accounts and so will not be impacted by this change.

7. Investments

	2019 £	2018 £
Subsidiary undertakings: Net Book Value	<u>184,941,025</u>	<u>184,941,025</u>

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

7. Investments (continued)

Investments at 30 September 2019 consisted of investments in the following subsidiary undertakings as follows:

	Country of registration or incorporation	% of ordinary share capital and voting rights held	Nature of business
Fair Isaac (ASPAC) Pte Limited	Singapore	100%	Sale, promotion and marketing of FICO products and technical implementation of services to the AsiaPacific market
Fair Isaac (Adepra) Limited	England and Wales	100%	Sale, marketing and distribution, the development and technical implementation, of Adepra's interactive alerting technology to the global corporate market.
Fair Isaac Services Limited	England and Wales	100%	Sale of computer software and services to the credit risk management market and to the customer relationship management market
Fair Isaac Europe Limited	England and Wales	100%	Acting as a marketing agent and professional consulting services for other companies within the group.
Fair Isaac South Africa (Pty) Limited	South Africa	100%	Promotion and marketing of FICO products and the technical implementation of FICO products within Africa.
Fair Isaac Germany GmbH	Germany		Sale, marketing and distribution, the development and technical implementation of Fair Isaac Germany's Money laundering software products Siron.
Fair Isaac Chile Software and Services Limitada	Chile	99.98%	Sale, promotion and marketing of FICO products
Other investments and loans			
Inspire Information Technology	Taiwan	3%	Provision of software development and system integration services
Aspen Grove Inc	USA	10%	Provision of software
Validis Holdings Limited	Channel Islands	3.1%	Commercial Software Development

All subsidiaries incorporated in the United Kingdom are registered at Cottons Centre, 5th Floor, Hays Lane, London SE1 2QP, United Kingdom.

The registered address of Fair Isaac (ASPAC) Pte Limited is 80 Robinson Road #02-00, Singapore 068898

The registered address of Fair Isaac South Africa (Pty) Limited is Inanda Greens Office Park, Building 6, 1st Floor, 54 Wierda Road West, Wierda Valley, Sandton, 2196 Gauteng, South Africa

The registered address of Fair Isaac Chile Software and Services Limitada is Avenida Andres Bello 2457, Torre Costanera, piso 19, Providencia, Santiago 7510689, Chile

The registered address of Fair Isaac Germany GmbH is Stubenwald Allee 19, 64625 Bensheim, Germany

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

7. Investments (continued)

The movements in investments held as fixed assets during the year were as follows:

	Investments in subsidiary undertakings £	Other investments £	Loans £	Total £
Cost or valuation				
At 1 October 2018	240,241,574	3,962,000	720,000	244,923,574
At 30 September 2019	240,241,574	3,962,000	720,000	244,923,574
Provisions for impairment				
At 1 October 2018	55,300,549	3,962,000	720,000	59,982,549
Provision 2019	-	-	-	-
At 30 September 2019	55,300,549	3,962,000	720,000	59,982,549
Net book value				
At 30 September 2019	184,941,025	-	-	184,941,025
At 30 September 2018	184,941,025	-	-	184,941,025

8. Debtors:

Amounts falling due after one year

	2019 £	2018 £
Amount due from subsidiary undertakings	45,090,701	45,502,870

Loan with Fair Isaac Germany GmbH, £45,090,701 (equivalent to €50,600,000) (2018: £45,502,870) due for repayment on 9 January 2021, incurs interest at a rate of 4%.

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to fellow subsidiary undertakings (i)	537,263	369,559
Corporate tax	262,661	537,762
	799,924	907,321

(i) Non interest bearing and payable on demand

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 September 2019

10. Called up share capital

	2019 £	2018 £
Authorised:		
450,000 ordinary shares of £1	4,500,000	4,500,000
Called up, allotted and fully paid		
392,154,327 ordinary shares of 1p each (2018: 392,154,327 ordinary shares of 1p each)	3,921,543	3,921,543

11. Subsequent events

There has been a dividend received from Fair Isaac (ASPAC) Pte Ltd for SGD 9,909,238 (£5,516,165) in December 2019.

In England, its people and companies, along with other countries around the world, has been impacted by Covid 19. The directors of the company have considered the impact of Covid 19 on the company. Covid 19 is a non adjusting post balance sheet event for the company and therefore no adjustments have been made to the 30 September 2019 financial results.

12. Parent company and ultimate controlling party

The immediate parent company is Fair Isaac UK International Holdings Ltd., a company incorporated in England and Wales. Fair Isaac Corporation, a company incorporated in the state of Delaware, United States of America, with principal executive offices at 181 Metro Drive, San Jose, California 95110 and listed on the New York Stock Exchange, is the company's ultimate controlling party at the balance sheet date and the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the reporting company is a member. The registered address of Fair Isaac Corporation is 251 Little Falls Drive, Wilmington, Delaware 19808.

The company has taken advantage of the exemption granted within FRS 102, which does not require the disclosure of transactions between two or more members of a group, provided that all subsidiaries which are party to the transaction are wholly-owned by the group.