

Dimension Data Cloud Solutions, United Kingdom Limited

Directors' report and
financial statements

Year ended 30 September 2016

Registered number: 04935017

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Dimension Data Cloud Solutions, United Kingdom Limited

Directors' report and financial statements

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Dimension Data Cloud Solutions, United Kingdom Limited

Directors and other information

Directors

S. Wessels
J.D. Rowell

Registered office

Dimension Data House
Waterfront Business Park
Fleet Road
Fleet
Hampshire
GU51 3QT
United Kingdom

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Bankers

HSBC Bank Plc
RMS Department Level 2
2nd Floor
62-76 Park Street
London
SE1 9DZ

Company number

04935017

Dimension Data Cloud Solutions, United Kingdom Limited

Directors' report

The directors present their report and the financial statements for the year ended 30 September 2016.

Principal activity

The principal activity of the company during the year was to generate revenue from its newly operational cloud data centres and to provide support to its parent undertaking, Dimension Data Cloud Solutions, Inc. The increase in the cost base in 2016 reflects the cost of operating the newly operational data centres. It is anticipated that revenue will increase over the coming years as data centre usage increases.

Directors

The directors who served during the period were:

J.D. Rowell
S. Wessels

The directors held no shares or other instruments in the company at any time during the financial year.

In accordance with Section 270(1) of the Companies Act 2006, the company has availed of the provision not requiring the company to have a secretary.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

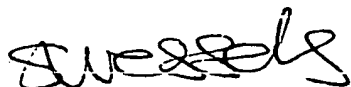
Strategic report: exemption

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

By order of the board



S. Wessels
Director

2017 June 27th

Dimension Data House
Waterfront Business Park
Fleet Road
Fleet, Hampshire
GU51 3QT
United Kingdom

Dimension Data Cloud Solutions, United Kingdom Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

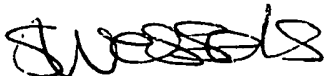
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



S. Wessels
Director



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Dimension Data Cloud Solutions, United Kingdom Limited

We have audited the financial statements of Dimension Data Cloud Solutions, United Kingdom Limited for the year ended 30 September 2016 set out on pages 6 to 19 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit has been conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 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.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small company's exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.



Independent auditor's report to the members of Dimension Data Cloud Solutions, United Kingdom Limited *(continued)*

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

Maurice McCann
for and on behalf of
KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2.

4 September 2017

Dimension Data Cloud Solutions, United Kingdom Limited

Profit and loss account and other comprehensive income for the year ended 30 September 2016

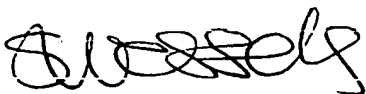
	Note	2016 £	2015 £
Turnover	2	2,307,865	1,342,405
Cost of sales		(1,943,613)	(1,364,504)
		<hr/>	<hr/>
Gross profit/(loss)		364,252	(22,099)
Administrative expenses		(1,240,648)	(1,031,305)
		<hr/>	<hr/>
Loss on ordinary activities before interest	4	(876,396)	(1,053,404)
Interest receivable and similar income	5	3,329	4,697
Interest payable and similar charges	5	(126,810)	(99,838)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(999,877)	(1,148,545)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Loss for the financial year		(999,877)	(1,148,545)
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for the year other than those stated above and accordingly, no separate statement of comprehensive income is presented.

The notes on pages 9 to 15 form part of these financial statements.

On behalf of the board



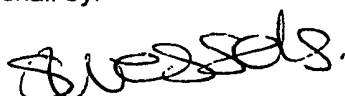
S. Wessels
Director

Dimension Data Cloud Solutions, United Kingdom Limited

Balance sheet as at 30 September 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	<u>2,781,915</u>	<u>2,873,781</u>
Current assets			
Debtors	9	1,393,125	715,479
Creditors: amounts falling due within one year	11	<u>(7,402,652)</u>	<u>(5,816,995)</u>
Net current liabilities		<u>(6,009,527)</u>	<u>(5,101,516)</u>
Net liabilities		<u>(3,227,612)</u>	<u>(2,227,735)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		<u>(3,227,613)</u>	<u>(2,227,736)</u>
Shareholders' deficit		<u>(3,227,612)</u>	<u>(2,227,735)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



S. Wessels
Director

Dimension Data Cloud Solutions, United Kingdom Limited

Statement of changes in equity for the year ended 30 September 2016

	Share capital £	Retained earnings £	Total £
At 1 October 2014	1	(1,079,191)	(1,079,190)
Loss for the year	-	(1,148,545)	(1,148,545)
At 30 September 2015	1	(2,227,736)	(2,227,735)
Loss for the year	-	(999,877)	(999,877)
Balance at 30 September 2016	1	(3,227,613)	(3,227,612)

The accompanying notes form an integral part of the financial statements.

Dimension Data Cloud Solutions, United Kingdom Limited

Notes

forming part of the financial statements

1 Accounting policies

Dimension Data Cloud Solutions, United Kingdom Limited (the "company") is a company limited by shares and incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The presentation currency of these financial statements is Sterling.

In the transition to FRS 102 from old UK GAAP, the company has made no measurement and recognition adjustments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of exemptions available to it, these include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of financial instruments;
- disclosures in respect of capital management; and
- certain comparative information.

The Financial Statements have been prepared on the going concern basis and in accordance with the historical cost convention. The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year, as explained in the accounting policies below:

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents.

Data Cloud Solutions, United Kingdom Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Laptops – Over 24 months

Servers – Over 36 months

Network Gear & Storage Equipment – Over 60 months

RAMs, HDDs, Network Cards & Other subsequent Add-ons – 18 months

Furniture & Fixtures – 60 months

Office equipment - Over 36 months

Software – Over 36 months

Leasehold Improvements – Over Life of Associated Lease

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of value added tax.

Expenses

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Data Cloud Solutions, United Kingdom Limited

Notes (continued)

1 Accounting policies (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

The whole of the turnover is attributable to the principal activity of the company in the United Kingdom.

3 Basis of financial statements - going concern

The company made a loss before taxation of £999,877 (2015: £1,148,545) for the year ended 30 September 2016 and had net current liabilities of £6,009,527 (2015: £5,101,516) at that date. All funding of the company to date has been provided by its parent, Dimension Data Cloud Solutions, Inc. The parent company has also indicated that it will not call any amounts owed to it from the company unless alternative funding is put in place. The directors are confident that the continued investment by the company in the development of utility software products for the global software industry will result in the company achieving profitability in the foreseeable future.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the ongoing availability of adequate financial assistance and the future profitability of the company. The directors consider that it is appropriate for the financial statements to be prepared on the going concern basis as they are confident that the company will continue to have adequate financial assistance from its parent.

4 Loss on ordinary activities before taxation

The loss is stated after charging:

	2016 £	2015 £
Auditor's remuneration	5,500	5,500
Foreign currency exchange differences	12,334	16,429
Depreciation	864,288	686,172

Data Cloud Solutions, United Kingdom Limited

Notes (continued)

5 Interest receivable/(payable)	2016 £	2015 £
Interest income on amounts owed by group undertakings	3,329	4,697
Interest payable on bank overdraft	(121,654)	(91,107)
Interest on Intercompany loan	(5,156)	(8,731)
	(126,810)	(99,838)

6 Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	277,614	260,785
Social security costs	32,552	20,349
Other pension costs	13,246	11,531
	323,412	292,665

During the year, no director received any emoluments (2015: £Nil)

The average monthly number of employees, including the directors, during the period was as follows:

	2016 No.	2015 No.
Administration	4	2

Data Cloud Solutions, United Kingdom Limited

Notes (continued)

7 Taxation on loss on ordinary activities

Current tax reconciliation	2016 £	2015 £
Loss on ordinary activities before tax	(999,877)	(1,148,545)
Current tax at 20.5% (2015: 20.5%)	(204,975)	(235,452)
<i>Effects of:</i>		
Losses forward	190,714	304,723
Capital allowances for year in excess of depreciation	14,943	(68,308)
Tax adjustment for imputed interest on non-trade loan	(682)	(963)
Total current tax charge	-	-

At the balance sheet date, the company had an unrecognised deferred tax asset of £1,915,416 (2015: £985,103) relating to tax losses carried forward as the period in which these losses will be utilised is uncertain.

8 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At 1 October 2015	3,945,187	9,455	3,954,642
Additions during year	772,422	-	772,422
At 30 September 2016	4,717,609	9,455	4,727,064
Depreciation			
At 1 October 2015	(1,071,406)	(9,455)	(1,080,861)
Charged in year	(864,288)	-	(864,288)
At 30 September 2016	(1,935,694)	(9,455)	(1,945,149)
Net book values			
At 30 September 2016	2,781,915	-	2,781,915
At 30 September 2015	2,873,781	-	2,873,781

Data Cloud Solutions, United Kingdom Limited

Notes (continued)

9 Debtors	2016	2015
	£	£
Amounts owed by group undertakings	767,482	41,156
VAT recoverable	66,399	458,876
Prepayments and accrued income	559,244	215,447
	<hr/>	<hr/>
	1,393,125	715,479
	<hr/>	<hr/>
10 Cash and cash equivalents	2016	2015
	£	£
Bank overdrafts	(5,730,301)	(4,784,942)
	<hr/>	<hr/>
11 Creditors: amounts falling due within one year	2016	2015
	£	£
Bank overdraft	5,730,301	4,784,942
Trade creditors	24,201	49,972
Amounts owed to group undertakings	1,591,817	928,382
Other creditors	56,333	53,699
	<hr/>	<hr/>
	7,402,652	5,816,995
	<hr/>	<hr/>

The amounts owed to group undertakings are interest free, unsecured and have no fixed repayment date. The bank overdraft arises under a global cash pooling facility which the Dimension Data group has with HSBC, to which the company is a related party (note 14).

12 Related party transactions

The company is availing of exemptions from disclosure of transactions and balances with fellow group companies in accordance with Financial Reporting Standard 102.33 *Related Party Disclosures*.

13 Share capital	2016	2015
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1	1	1
	<hr/>	<hr/>

Data Cloud Solutions, United Kingdom Limited

Notes *(continued)*

14 Parent undertaking

The company's parent undertaking is Dimension Data Cloud Solutions, Inc. (formerly OpSource Inc.) which is incorporated in the USA. The corporate headquarters are located at Suite 120, 5201 Great American Parkway, Santa Clara, CA 95054.

The ultimate parent company at 30 September 2016 is NTT Holdings, a company incorporated in Japan.

The largest group in which the financial statements of the company are consolidated is that headed by NTT Holdings and copies of its consolidated financial statements can be obtained from the NTT Holdings website.

The company has claimed exemptions set out in FRS 102 from the requirement to prepare a cash flow statement and the requirement to disclose details of related party transactions on the basis that the ultimate parent company prepares consolidated financial statements that are available to the public.

15 Approval of financial statements

The board of directors approved these financial statements on 27th June 2017

A handwritten signature in black ink, appearing to read 'D. S. S. S.', is written over a horizontal line.