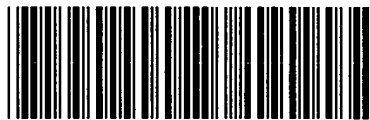


**SALESFORCE.COM EMEA LIMITED
(FORMERLY SFDC UK LTD)**

**Annual Report and Financial statements
for the year ended 31 January 2015**

Registered number: 05094083

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SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Company Information

DIRECTORS

Jose Luiz Moura Neto
Joe Allanson (resigned 11 June 2014)
Joachim Wettermark (appointed 11 June 2014)

COMPANY SECRETARY

Jose Luiz Moura Neto (Brazil)

REGISTERED NUMBER

05094083

REGISTERED OFFICE

Floor 26 Salesforce Tower
110 Bishopsgate
London
EC2N 4AY
United Kingdom

INDEPENDENT AUDITORS

Ernst & Young
Chartered Accountants
The Atrium
Maritana Gate
Canada street
Waterford
Ireland

BANKERS

Deutsche Bank AG
6 Bishopsgate
London
EC2N 4DA
United Kingdom

SOLICITORS

Baker & McKenzie London
100 New Bridge Street
London
EC4V 6JA
United Kingdom

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Contents

	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	5
Independent auditors' report	6
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Strategic report

The Directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006.

The immediate parent company of salesforce.com EMEA Limited, formerly SFDC UK LTD, (the "Company") is salesforce.com Sàrl, a company incorporated in Switzerland. The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up is salesforce.com, inc., a company incorporated in the United States of America. The Company is a member of the salesforce.com group of companies (the "Group").

REVIEW OF BUSINESS

The Company provides software as a service (SaaS) and other consulting and support services to assist organisations in the easy distribution of information to customers. The Company engages in ongoing research and development on behalf of another group entity. Up to 31 August 2014, the Company assisted other parties in the sale of similar products and services via the provision of sales support. As from 1 September 2014, the Company acts as a contracting party with third party customers in the EMEA region for subscriptions and renewals, reselling the solutions of another group entity SFDC Ireland Limited.

As of 28 August 2014, the Company name is salesforce.com EMEA Limited (formerly SFDC UK LTD). The Company's key financial and other performance indicators during the year were as follows:

	2015	2014	Variation
	£000	£000	%
Turnover	232,209	102,522	126
Total operating expenses	(226,009)	(97,070)	133
Operating profit	6,200	5,452	14
Profit before taxation	6,024	5,441	11
Shareholders' funds	48,247	31,180	55
Average number of employees	659	409	61

The statement of comprehensive income for the year ended 31 January 2015 and the balance sheet as at that date are set out on pages 8 and 9, respectively. The profit on ordinary activities before taxation for the year amounted to £6,024,097 (2014 – profit £5,440,672). The full year result demonstrates that the movement to Cloud Computing is driving growth for the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Under UK Company Law (Section 417 – Companies Act 2006), the Company is required to give a description of the principal risks and uncertainties faced:

- The Company has policies in place, such that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The Company benefits from the Group's comprehensive credit insurance coverage.
- The Company aims to mitigate liquidity risk by managing cash generation via its operations and the continuing support of the ultimate parent company, salesforce.com, inc.
- The Company manages its cash flow risk, where significant, by the use of derivatives and other financial instruments.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Strategic report

THE COMPANY AND THE ENVIRONMENT

The Company is committed to conducting its activities with due care and regard for the environment and to continual improvement to achieve a high standard of environmental performance. The Company is committed to managing and reducing its greenhouse gas emissions and their contribution to climate change and to managing and reducing its water consumption and ensuring that all its wastewater is treated to the highest environmental standards. The Company is committed to reducing quantities of waste produced and actively uses recyclable products.

This report was approved by the board on *20 October 2015* and signed on its behalf.



José Luiz Moura Neto
Director

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Directors' Report

The Directors present their annual report and the audited financial statements of salesforce.com EMEA Limited for the year ended 31 January 2015.

RESULTS FOR THE YEAR, DIVIDEND AND STATE OF AFFAIRS

The statement of comprehensive income, balance sheet and related notes for the year ended 31 January 2015 are set out on pages 8 to 25.

The Directors do not propose a dividend and therefore the profit after taxation for the year of £15,290,085 (2014 - £5,440,672) is credited to reserves.

EVENTS SINCE THE BALANCE SHEET DATE

As from 1 August 2015, all renewals of Foundation sales and sales to new Foundation customers will be handled by Salesforce.org. Salesforce.com org is a newly established company under UK law and is unrelated to the Group.

FUTURE DEVELOPMENTS

There are no developments requiring comment.

GOING CONCERN

On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis.

DIRECTORS

The Directors who served during the year were:

Jose Luiz Moura Neto

Joe Allanson (resigned 11 June 2014)

Joachim Wettermark (appointed 11 June 2014)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no contribution to political parties during the year. Charitable contributions amounted to £623,869 (2014 - £207,906).

RESEARCH AND DEVELOPMENT

The Company engages in ongoing research and development on behalf of another group entity.

PRINCIPAL RISKS AND UNCERTAINTIES

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. We seek to minimize the impact of certain foreign currency fluctuations by hedging certain balance sheet exposures with foreign currency forward contracts. Any gain or loss from settling these contracts is offset by the loss or gain derived from the underlying balance sheet exposures. In accordance with our policy, the hedging contracts we enter into have maturities of less than three months. Additionally, by policy, we do not enter into any hedging contracts for trading or speculative purposes.

The Company aims to mitigate liquidity risk by managing cash generation via its operations and the continuing support of the ultimate parent company salesforce.com, inc.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Directors' Report

DISCLOSURE OF INFORMATION TO AUDITORS

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

REAPPOINTMENT OF AUDITORS

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office as auditor and in accordance with Section 485 of the Companies Act 2006, a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

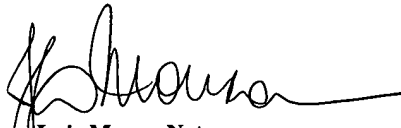
DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible be identical to that of other employees.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Company, through its ultimate parent, salesforce.com, inc., operates a number of share option plans (the "Option Plans"). Some employees are entitled to a grant of options or other share awards once they commence employment. Employees are also entitled to participate in a stock purchase plan.

This report was approved by the board on 20 October 2015 and signed on its behalf.



Jose Luiz Moura Neto
Director

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK 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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework has 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 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 SALESFORCE.COM EMEA LIMITED

We have audited the financial statements of salesforce.com EMEA Limited for the year ended 31 January 2015 which comprise the Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit 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 Strategic Report and the Directors' 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.

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 January 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALESFORCE.COM EMEA LIMITED

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.



Tom O'Keeffe (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Waterford, Ireland

20 October 2015

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Statement of Comprehensive Income
For the year ended 31 January 2015

	Note	Total 2015 £	Total 2014 £
Turnover	3	232,208,985	102,521,844
Distribution expenses		(150,149,042)	(57,852,675)
Administrative expenses		(75,859,875)	(39,216,804)
Operating profit		<u>6,200,068</u>	<u>5,452,365</u>
Interest payable and similar charges	4	(184,591)	(13,990)
Interest receivable and similar income	5	8,620	2,297
Profit on ordinary activities before taxation	6	<u>6,024,097</u>	<u>5,440,672</u>
Tax on profit on ordinary activities	10	9,265,988	-
Profit for the year		<u>15,290,085</u>	<u>5,440,672</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>15,290,085</u></u>	<u><u>5,440,672</u></u>

The notes on pages 11 to 25 form part of these financial statements.

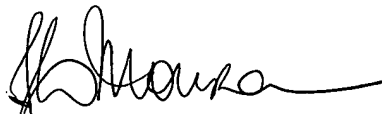
SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Balance sheet

At 31 January 2015

	Note	2015 £	2014 £
Tangible assets	11	6,055,353	3,691,506
Investments	12	2,747	2,747
Total Fixed Assets		6,058,100	3,694,253
Debtors	13	406,713,619	58,262,981
Investments	15	3,939,794	17,154
Cash at bank		70,043,981	-
Total Current Assets		480,697,394	58,280,135
Creditors due within one year	14	(435,373,267)	(30,794,295)
Net Current Assets		45,324,127	27,485,840
Total Assets less Current Liabilities		51,382,227	31,180,093
Creditors due after more than one year	16	(3,135,146)	-
Net Assets		48,247,081	31,180,093
Called-up share capital	17	1	1
Profit and loss account		48,247,080	31,180,092
Shareholders' funds		48,247,081	31,180,093

The financial statements of salesforce.com EMEA Limited (registered number 05094083) were approved by the Board of Directors and authorised for issue on 20 October 15. They were signed on its behalf by:


Jose Luiz Moura Neto
 Director

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Statement of Changes in Equity

For the year ended 31 January 2015

	Called-up share capital (Note 17) £	Profit and loss account £	Total £
Balance at 1 February 2013	1	25,052,098	25,052,099
Profit for the period	-	5,440,672	5,440,672
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	5,440,672	5,440,672
Capital contribution for equity-settled share based payments	-	687,322	687,322
Balance at 31 January 2014	1	31,180,092	31,180,093
Profit for the period	-	15,290,085	15,290,085
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	15,290,085	15,290,085
Capital contribution for equity-settled share based payments	-	687,794	687,794
Share based payment transactions (Note 10)	-	1,089,109	1,089,109
Balance at 31 January 2015	1	48,247,080	48,247,081

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements

For the year ended 31 January 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. The financial statements have been authorised and approved for issuance on 20 October 2015.

The Company's financial statements are presented in Sterling. The amounts disclosed in the financial statements are not rounded off, except where otherwise indicated.

Basis of accounting

salesforce.com EMEA Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the Company information page. The nature of the Company's operations and its principal activities are set out in the review of business on page 1.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 January 2015 the Company has changed its accounting framework from UK GAAP to the Financial Reporting Standards 101 'Reduced Disclosures Framework' (FRS 101) as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements including the comparative figures were prepared in accordance with FRS 101 as issued by the Financial Reporting Council. FRS 101 is being applied for all periods presented. The early adoption of FRS 101 is permitted under the standard.

The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 January 2014 and the date of transition to FRS 101 was therefore 1 February 2013. This transition to FRS 101 is not considered to have had a material effect on the financial statements.

The financial statements have been prepared on the historical cost basis, except where otherwise indicated. The principal accounting policies adopted are set out below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- (b) the requirements of paragraphs 6 and 21 of IFRS 1 First-time Adoption of International Financial Reporting Standards;
- (c) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (d) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (g) the requirements of IAS 7 Statement of Cash Flows;
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group accounts of salesforce.com, inc. The group accounts of salesforce.com, inc. are available to the public and can be obtained as set out in note 20.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

Going concern

On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	10 years
Fixtures and Fittings	5 years
Computer hardware	3 years

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Taxation

Current tax, including UK corporation tax and foreign tax, 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Revenue recognition

The Company derives its revenues from three sources:

- (1) subscription revenues, which are comprised of subscription fees from customers accessing salesforce.com's enterprise cloud computing services ("the SaaS Services") and from customers paying for additional support beyond the standard support that is included in the basic subscription fees;
- (2) consulting and professional services such as process mapping, project management, implementation services and other revenue. "Other revenue" consists primarily of training fees; and
- (3) the provision of services to related parties under cost plus arrangements.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The Company commences revenue recognition when all of the following conditions are satisfied:

- there is persuasive evidence of an arrangement;
- the service has been or is being provided to the customer;
- the collection of the fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

The Company's subscription service arrangements are non-cancelable and do not contain refund-type provisions.

Subscription and support revenues

Subscription and support revenues are recognized rateably over the contract term beginning on the commencement date of each contract, which is the date the SaaS Services are made available to the customer.

Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met.

Professional services and other revenues

The Company's professional services contracts are on a time and material basis or fixed price basis. When these services are not combined with subscription revenues as a single unit of accounting, as discussed above, these revenues are recognized as the services are rendered for time and material contracts, and when the milestones are achieved and accepted by the customer for fixed price contracts. Training revenues are recognized as the services are performed.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

Multiple deliverable arrangements

The Company enters into arrangements with multiple deliverables that generally include multiple subscriptions, premium support and professional services. If the deliverables have standalone value upon delivery, the Company accounts for each deliverable separately. Subscription services have standalone value as such services are often sold separately. In determining whether professional services have standalone value, the Company considers the following factors for each professional services agreement: availability of the services from other vendors, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the subscription service start date and the contractual dependence of the subscription service on the customer's satisfaction with the professional services work.

Related party services revenue

The Company invoices related parties for services provided under the applicable inter-company agreements quarterly in arrears. Revenue is recognised in the period to which it refers and is not deferred.

Deferred revenue

The deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancellable subscription agreements. Deferred revenue primarily consists of billings or payments received in advance of revenue recognition from subscription services described above and is recognized as the revenue recognition criteria are met. The Company generally invoices customers in annual instalments. The deferred revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing, size and new business linearity within the quarter.

Deferred revenue that will be recognized in the statement of comprehensive income during the succeeding twelve month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent.

Deferred commissions

Deferred commissions are the incremental costs that are directly associated with non-cancellable subscription contracts with customers and consist of sales commissions paid to the direct sales force of the Company or related entities. Commissions are deferred and amortized over the noncancellable terms of the related customer contracts.

Pension costs

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits 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 in the balance sheet.

Foreign currency

The financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight line basis over the lease term or, where appropriate, over the period to anticipated termination date. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the statement of comprehensive income within finance costs.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised initially at fair value, and, in case of investments not at fair value, directly attributable transaction costs through profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity investments that are classified or designated as AFS that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each period. The Company's investment in a group company (see Note 12) are stated at cost less impairment given that they are not quoted and fair value cannot be reliably measured.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment can include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Impairment of financial assets (continued)

With the exception of equity instruments that are classified or designated as AFS, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Share-based payment

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date when the relevant employees become fully entitled to the award. Fair value is determined by the Directors using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to the price of the shares of the Company (market conditions). No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated to represent the extent to which the vesting period has expired and also to reflect management's best estimate of the achievement or otherwise of non-market conditions. The movement in cumulative expenses since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 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.

The Directors are of the opinion that there are no critical judgements or key assumptions concerning the future, and other key sources of estimation uncertainty that would have a significant effect on the amounts recognised in financial statements or cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Turnover

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

	2015 £	2014 £
SaaS subscription services	60,690,385	-
Professional consulting and other services	20,720,978	-
Related party services	150,797,622	102,521,844
Turnover	232,208,985	102,521,844
Interest from related parties	8,620	2,297
Total	232,217,605	102,524,141

Up to 31 August 2014, the Company's primary source of revenue was revenue earned under service agreements with salesforce.com Sàrl, a Swiss registered company and salesforce.com, inc., a US registered company (both related parties). As from 1 September 2014, the Company's primary source of revenue is subscription revenue related to sale of salesforce.com services to third party customer and other related services. In addition, the Company continues to provide services to other related parties.

An analysis of the Company's turnover by geographical market is set out below.

	2015 £	2014 £
Turnover		
United Kingdom	55,900,231	2,631,114
Rest of Europe	166,801,280	96,757,930
Rest of world	9,507,474	3,132,800
Total	232,208,985	102,521,844

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

4. Interest payable and similar charges

	2015	2014
	£	£
Bank charges and other interest	<u>184,591</u>	<u>13,990</u>

5. Interest receivable and similar income

	2015	2014
	£	£
Interest receivable from group undertakings	<u>8,620</u>	<u>2,297</u>

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible fixed assets	1,510,963	739,403
Staff costs (see note 8)	81,978,455	76,176,864
Loss on disposal of tangible fixed assets	1,513	62,051
Operating lease rentals	1,700,585	1,732,140
Foreign exchange (gain)/loss	<u>(550,563)</u>	<u>(190,423)</u>

7. Auditor's remuneration

Fees payable to auditor for the audit of the Company's financial statements were £42,689 (2014: £38,935).

8. Staff costs

The average monthly number of employees (including directors) was:

	2015	2014
	Number	Number
Management	1	1
Administration	296	155
Sales	362	253
	<u>659</u>	<u>409</u>

Their aggregate remuneration comprised:

	2015	2014
	£	£
Wages and salaries	54,560,950	54,583,655
Social security costs	12,708,636	7,102,135
Other pension costs	3,745,279	2,450,753
Share-based payments	10,963,590	12,040,331
	<u>81,978,455</u>	<u>76,176,864</u>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)
Notes to the Financial Statements (continued)
For the year ended 31 January 2015

9. Directors' remuneration and transactions

	2015	2014
	£	£
Directors' remuneration		
Emoluments	1,388,896	490,494
	<u>1,388,896</u>	<u>490,494</u>
	2015	2014
	£	£
Remuneration of the highest paid Director:		
Emoluments	1,388,896	490,494
	<u>1,388,896</u>	<u>490,494</u>

10. Taxation

(a) The tax charge comprises:

	2015	2014
	£	£
Current tax		
UK corporation tax	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary timing differences	(9,265,988)	-
Impact of change in tax laws and rates	-	-
	<u>(9,265,988)</u>	<u>-</u>
Total deferred tax	<u>(9,265,988)</u>	<u>-</u>
Tax expense in the income statement	<u>(9,265,988)</u>	<u>-</u>

(b) Tax relating to items charged or (credited) to equity

	2015	2014
	£	£
Deferred tax		
Estimated future tax deduction in excess of cumulative share based payment expense	(1,089,109)	-
	<u>(1,089,109)</u>	<u>-</u>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

10. Taxation (continued)

(c) Reconciliation of tax charge

The tax expense in the statement of comprehensive income for the year is lower than the standard rate of corporation tax in the UK of 21.33% (2014: 23.17%). The difference is reconciled below:

	2015 £	2014 £
Profit on ordinary activities before taxation	6,024,097	5,440,672
Tax calculated at the UK standard rate of corporation tax of 21.33% (2014: 23.17%)	1,284,536	1,260,149
Expenses not deductible for tax purposes	372,688	2,950,968
Depreciation in excess of capital allowances	81,625	175,027
Utilisation of previously unrecognised tax losses	(2,775)	(1,396,555)
Short term timing differences leading to an increase (decrease) in taxation	(4,244)	29,307
Share option timing differences leading to a decrease in taxation	(1,731,830)	(3,018,896)
	-	-

(d) Factors that may affect future tax charges

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 17 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

(e) Deferred tax

The Company had an unrecognised deferred tax asset of £3,924,049 as at 31 January 2013 and £2,053,533 as at 31 January 2014 based on previously extant UK GAAP which related principally to unutilised tax losses. The unrecognised deferred tax asset has been recomputed under FRS101 as £13,778,531 as at 31 January 2013 and £15,724,305 as at 31 January 2014. The increased amount relates primarily to timing differences associated with the tax deduction for share based payments. The Company had not recognised the deferred tax asset as it had not yet established a pattern of taxable profit.

The Company expects to have taxable profits in the year ended 31 January 2016 and future periods. On this basis, a deferred tax asset has been recognised in the financial statements for the current period. To the extent that the future tax deduction associated with share based payments exceeds the cumulative book expense for outstanding unvested, unreleased and/or unexercised share options and awards, the related deferred tax asset has been recognised in equity.

The deferred tax included in the Company's balance sheet is as follows:

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)
Notes to the Financial Statements (continued)
For the year ended 31 January 2015

10. Taxation (continued)

	2015	2014
	£	£
<i>Deferred tax liability</i>	-	-
<i>Deferred tax asset</i>		
Pensions	111,496	-
Tax losses carried forward	2,042,588	-
Book depreciation in excess of capital allowances	19,814	-
Share based payments	7,092,090	-
	<u>9,265,988</u>	<u>-</u>
	2015	2014
	£	£
<i>Additional paid in capital</i>		
Estimated future tax deduction in excess of cumulative share based payment expense	1,089,109	-
	<u>1,089,109</u>	<u>-</u>
<i>Disclosed on the balance sheet</i>		
Deferred tax liability	-	-
Deferred tax asset	9,265,988	-
Additional paid in capital	1,089,109	-
	<u>10,355,097</u>	<u>-</u>
<i>Deferred tax in the statement of comprehensive income</i>		
Pensions	(111,496)	-
Tax losses carried forward	(2,042,588)	-
Book depreciation in excess of capital allowances	(19,814)	-
Share based payments	(7,092,090)	-
Change in tax laws and rates	-	-
Deferred tax (credit)/expense	<u>(9,265,988)</u>	<u>-</u>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)
Notes to the Financial Statements (continued)
For the year ended 31 January 2015

11. Tangible fixed assets

	Leasehold improvements £	Fixtures and Fittings £	Computer hardware £	Total £
Cost				
At 1 February 2014	3,323,315	792,188	1,737,610	5,853,113
Additions	2,736,528	575,848	563,947	3,876,323
Disposals	-	-	(4,240)	(4,240)
At 31 January 2015	<u>6,059,843</u>	<u>1,368,036</u>	<u>2,297,317</u>	<u>9,725,196</u>
Depreciation				
At 1 February 2014	877,727	492,053	791,827	2,161,607
Charge for the year	807,639	118,617	584,707	1,510,963
Disposals	-	-	(2,727)	(2,727)
At 31 January 2015	<u>1,685,366</u>	<u>610,670</u>	<u>1,373,807</u>	<u>3,669,843</u>
Net book value				
At 1 February 2014	<u>2,445,588</u>	<u>300,135</u>	<u>945,783</u>	<u>3,691,506</u>
At 31 January 2015	<u>4,374,477</u>	<u>757,366</u>	<u>923,510</u>	<u>6,055,353</u>

Asset retirement obligations (ARO) are included in the leasehold improvements for which the cost at 31 January 2015 amounts £629,661.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)
Notes to the Financial Statements (continued)
For the year ended 31 January 2015

12. Investments

	Shares in group company £
Unlisted investments at Cost	
At 1 February 2014 and 31 January 2015	2,747
Accumulated impairment	-
	<hr/>
Carrying amount	
At 31 January 2015	2,747
	<hr/>
At 31 January 2014	2,747
	<hr/>

The shares included within available-for-sale investments above represent investments in unlisted equities.

13. Debtors

	2015 £	2014 £
Trade debtors	240,166,290	-
Amounts owed by group undertakings	125,255,371	57,484,262
Other debtors	633,071	282,039
Prepayments	1,825,039	496,680
Deferred commissions	28,478,751	-
Deferred tax	10,355,097	-
	<hr/>	<hr/>
	406,713,619	58,262,981
	<hr/>	<hr/>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

Notes to the Financial Statements (continued)

For the year ended 31 January 2015

14. Creditors – amounts falling due within one year

	2015	2014
	£	£
Bank overdrafts	-	92,018
Trade creditors	1,426,901	414,061
Amounts owed to group undertakings	63,622,159	9,499,593
Other taxation and social security	11,428,967	8,959,214
Defined contribution pension scheme accrual	677,942	577,384
Accruals	38,578,930	11,251,530
Deferred revenue	318,455,620	-
Deferred derivative liabilities	1,182,748	495
	<u>435,373,267</u>	<u>30,794,295</u>

15. Derivatives

	2015	2014
	£	£
Derivative assets	3,939,794	17,154
Derivative liabilities (Note 14)	<u>(1,182,748)</u>	<u>(495)</u>

16. Creditors – amounts falling due after more than one year

	2015	2014
	£	£
Deferred revenue	<u>3,135,146</u>	<u>-</u>

17. Called-up share capital

	2015	2014
	£	£
Authorised		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully-paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)
Notes to the Financial Statements (continued)
For the year ended 31 January 2015

18. Financial commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015	2014
	Land and	Land and
	buildings	buildings
	£	£
- within one year	3,341,090	-
- between two and five years	12,720,159	607,600
- after five years	27,620,188	255,305
	<u>43,771,437</u>	<u>862,905</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of 14 years and rentals are fixed for an average of 14 years with no option to extend. Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

19. Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution pension scheme in which the majority of employees participate. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the scheme and amounted to £3,745,279 (2014: £2,450,743). Contributions outstanding at year-end amounted to £677,942 (2014: £577,384) payable by the Company.

20. Controlling party

The Company's immediate parent company is salesforce.com Sàrl, a company incorporated in Switzerland.

The ultimate controlling party and the parent undertaking of both the largest and the smallest group of undertakings of which the Company is a member and for which group financial statements are drawn up is salesforce.com, inc., a company incorporated in the United States of America. Copies of its consolidated financial statements may be obtained from salesforce.com, inc., The Landmark @ One Market Street, Suite 300, San Francisco, CA 94105, United States of America or at the following website: <http://investor.salesforce.com>.

21. Subsequent events

As from 1 August 2015, all renewals of Foundation sales and sales to new Foundation customers will be handled by Salesforce.org. Salesforce.com org is a newly established company under UK law and is unrelated to the Group.