

Registered Number: 04037250

BIS Limited

Report and Financial Statements

31 March 2015

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Report and Financial Statements 2015

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BIS Limited

Company information

Directors	A R Mills R W Smith A T Howe (appointed 17 August 2015)
Secretary	A A Booth
Auditors	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU
Bankers	HSBC Bank plc 2nd Floor, 62/76 Park Street London SE1 9DZ
Solicitors	Squire Patton Boggs (UK) LLP 2 Park Lane Leeds LS3 1ES
Registered office	Commodity Quay St Katharine Docks London E1W 1AZ
Registered number	04037250

BIS Limited

Strategic report

The directors present their report together with the audited financial statements for the year ended 31 March 2015.

Principal activities

The principal activity of the company in the period under review was that of the provision of managed data services including global network connectivity, online data backup, managed hosting and co-location services.

Business review

The profit and loss account is set out on page 8 and shows a profit for the period of £238,000 (2014: £115,000).

The company's preferred financial metrics are shown in the following table:

	Year to 31 March 2015 £000's	Percentage of turnover %	Year to 31 March 2014 £000's	Percentage of turnover %
Turnover	12,492	-	14,255	-
Gross profit	4,940	40	5,035	35
EBITDA	3,385	27	2,866	20

Future developments

It is the intention of the directors to consolidate the businesses making up the Six Degrees Group of companies. It is envisaged that the economies of scale offered and the potential cross-selling within the customer base of the Group will assist the BIS Limited to become more efficient and more profitable.

Risk management policies

Economic environment

The directors and senior management of BIS Limited monitor the economic conditions and the data management market in particular with the intention of being in a position to negate any adverse economic factors to which the company is subject. Regular contact is kept with funders and credit limits of customers are regularly reviewed.

Financial risks and going concern

The directors regularly perform forecasting and cash flow exercises, based on past experience and current / future economic conditions. The majority of the company's revenue streams are contracted and / or recurring, giving the business stability and certainty in forecasting.

As a consequence of these factors the directors believe that it is appropriate to prepare the financial statements of the company on a going concern basis.

BIS Limited

Strategic report (continued)

Liquidity risk

The directors of the company seek to mitigate financial risk by ensuring that regular reviews of cash needs are made and any funding requirements are addressed in a timely manner.

Interest rate risk

The company finances its operations through a combination of cash balances and inter-company loans. The group to which the company belongs manages its exposure to interest rate fluctuations by entering into fixed rate agreements with the lender where possible.

Credit risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises from trade debtors. The company manages credit risk by setting limits for customers based on a combination of payment history and third party credit references. Credit limits, debtor ageing and collection history are reviewed by the credit department on a regular basis.

Currency risk

The company has limited exposure to translation and transaction foreign exchange risk.

Approved by the Board of Directors and signed on behalf of the Board on 18 / 12 / 2015



Ronnie Smith
Director

BIS Limited

Directors' report

Directors

The following directors have held office since 1 April 2014:

A R Mills

R W Smith

A T Howe (appointed 17 August 2015)

Going concern

The Company's business activities, together with the factors likely to affect its future development, principal risks, performance and position in the current economic climate are set out in the Strategic Report. Based on the available information on the future, the directors consider that the Company has the plans and resources to manage its business risks successfully.

The ultimate parent undertaking, Six Degrees Holdings Limited, has expressed its willingness to provide financial support to BIS Limited in order to assist them in meeting their liabilities.

As a consequence, the directors have a reasonable expectation that the Company have adequate resources to continue their operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors

Ernst & Young LLP were auditors of the company during the year and have expressed their willingness to continue in office as auditors. In accordance with section 485 of the Companies Act 2006, a resolution that they be re-appointed will be put at the forthcoming Annual General Meeting.

Provision of information to auditors

Each of the directors of the company at the date of approval of this report confirms that:

- (a) as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

Ernst & Young LLP were appointed as first auditors of the company during the period and have expressed their willingness to continue in office as auditors. A resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 18 / 12 / 2015



Bonnie Smith
Director

BIS Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 BIS Limited

We have audited the financial statements of BIS Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. 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).

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 Report and Financial Statements 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 the 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 March 2015 and of the company's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report
to the members of BIS Limited (continued)**

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 period 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 by the company 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.

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Alastair John Richard Nuttall (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Luton

22/12/15

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BIS Limited**Profit and loss account**
for the year ended 31 March 2015

	Notes	2015 £000	2014 £000
Turnover	2	12,492	14,255
Cost of sales		(7,552)	(9,220)
Gross profit		<u>4,940</u>	<u>5,035</u>
Administrative expenses		(3,062)	(4,134)
Operating profit	3	<u>1,878</u>	<u>901</u>
Finance costs	7	(786)	(904)
Profit / (loss) on ordinary activities before taxation		<u>1,092</u>	<u>(3)</u>
Tax on profit / (loss) on ordinary activities	8	(854)	118
Profit for the year	17	<u><u>238</u></u>	<u><u>115</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing

There are no recognised gains or losses other than those attributable to the shareholders of the company of £238,000 profit (2014: £115,000 profit).

BIS Limited

Balance sheet
at 31 March 2015

	Notes	2015 £000	2014 £000
Fixed Assets			
Tangible assets	9	9,484	10,913
Investments		<u>1,402</u>	<u>1,402</u>
		10,886	12,315
Current assets			
Debtors	11	7,238	6,524
Cash at bank and in hand		<u>151</u>	<u>752</u>
		7,389	7,276
Creditors: amounts falling due within one year	13	(5,812)	(6,672)
Net current assets		<u>1,577</u>	<u>604</u>
Total assets less current liabilities		12,463	12,919
Creditors: amounts falling due after more than one year	14	(11,199)	(11,893)
Net assets		<u><u>1,264</u></u>	<u><u>1,026</u></u>
Capital and reserves			
Called up share capital	16	415	415
Share premium account		6,248	6,248
Profit and loss account	17	(5,399)	(5,637)
Shareholders' funds		<u><u>1,264</u></u>	<u><u>1,026</u></u>

Approved by the Board for issue on 18 / 12 / 2015


Ronnie Smith
Director

Registered Number: 04037250

BIS Limited

Notes to the financial statements at 31 March 2015

1 Accounting policies

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the provisions of the Companies Act 2006. The primary accounting policies adopted by the directors, which have been consistently applied, are described below.

The financial statements contain information about BIS Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included in the consolidated financial statements of its ultimate parent undertaking, Six Degrees Holdings Limited.

Going concern

The Company's business activities, together with the factors likely to affect its future development, principal risks, performance and position in the current economic climate are set out in the Strategic Report. Based on the available information on the future, the directors consider that the Company has the plans and resources to manage its business risks successfully.

The ultimate parent undertaking, Six Degrees Holdings Limited, has expressed its willingness to provide financial support to BIS Limited in order to assist them in meeting their liabilities.

As a consequence, the directors have a reasonable expectation that the Company have adequate resources to continue their operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the accounts.

Cash flow statement

The company has taken advantage of the group exemption from preparing a cash flow statement under the terms of FRS1. The company's cash flows are included within the cash flow statement of the ultimate parent company Six Degrees Holdings Limited.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for services provided. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at costs less any provision for permanent impairment.

BIS Limited

Notes to the financial statements at 31 March 2015

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings (short leasehold)	Over the lease term
Network equipment	3 to 5 years
Fixtures and fittings	3 years
Software licences	1 to 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The Company's depreciation policies are reviewed on a regular basis against the background of rapidly changing technology.

Debtors

Debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debts. Provisions are made specifically against debts where there is evidence of dispute or an inability to pay.

Leases

Assets acquired under finance lease are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes and brought forward tax losses. The deferred tax balance has not been discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

BIS Limited

Notes to the financial statements as 31 March 2015

2 Segmental Information

No segmental information has been presented as the directors believe that the Company operates within one class of business, which is based substantially in the United Kingdom.

3 Operating profit	2015 £000	2014 £000
Operating profit is stated after charging:		
Depreciation of owned assets	281	355
Depreciation of assets under finance leases	1,197	1,225
Exceptional costs (see note 4)	29	385
Operating lease rentals	12	12
- other	-	-
- land and buildings	-	236
Auditor's remuneration	28	25

4 Exceptional costs	2015 £000	2014 £000
Exceptional costs	29	385

Exceptional costs relate to the integration of BIS Limited into the Six Degrees Group of companies.

5 Directors' emoluments	2015 £000	2014 £000
Emoluments	-	-

BIS Limited had directors who held office during the year that were also directors of fellow subsidiaries. Total remuneration including company pension contributions received by these directors totalled £370,000 (2014: £367,000); paid by the ultimate parent undertaking or other subsidiaries. The directors do not believe that it is practical to apportion the amount between services as directors of the company and services as directors of other group companies.

During the period amounts payable to directors in relation to retirement benefits was £nil (2014 £nil).

6 Staff costs	2015 £000	2014 £000
Wages and salaries	1,285	1,670
Social security costs	179	182
	1,464	1,852

BIS Limited**Notes to the financial statements at 31 March 2015****6 Staff costs (continued)**

The average number of employees during the period was as follows:

	2015	2014
Administration	3	5
Sales and marketing	3	5
Operations	17	18
	<u>23</u>	<u>28</u>

7 Finance costs

	2015 £000	2014 £000
Finance charges payable under finance leases	786	902
Bank interest payable	-	2
	<u>786</u>	<u>904</u>

8 Taxation**a) Tax on profit / (loss) on ordinary activities**

The tax charge is made up as follows:

Analysis of charge in period

Current tax:

UK corporation tax on profit for the period at 21% (2014: 23%)

Losses brought forward

Total current tax charge**Deferred tax**

Origination of timing differences

Losses in prior periods

Deferred tax

Tax charge / (credit) for the year

	2015 £000	2014 £000
	141	-
	(141)	-
	<u>-</u>	<u>-</u>
	1,021	(118)
	(167)	-
	<u>854</u>	<u>(118)</u>
	<u>854</u>	<u>(118)</u>

BIS Limited

Notes to the financial statements at 31 March 2015

8 Taxation (continued)

b) Factors affecting tax charge for year

	2015	2014
	£000	£000
The differences between the tax assessed for the year and the standard rate of corporation tax of 21% (2014: 23%) are explained as follows:		
Profit / (loss) on ordinary activities before tax	<u>1,092</u>	<u>(3)</u>
Standard rate of corporation tax in the UK	21%	23%
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax	229	(1)
Effects of:		
Capital allowances for period in excess of depreciation	(88)	1
Utilisation of tax losses	<u>(141)</u>	<u>-</u>
Current tax charge for period	<u><u>-</u></u>	<u><u>-</u></u>

c) Deferred tax

The deferred tax asset included in the balance sheet consists of :

Difference between accumulated depreciation and capital allowances	344	1,365
Tax losses	167	-
	<u><u>511</u></u>	<u><u>1,365</u></u>

d) Factors affecting future tax

At the balance sheet date the UK government has substantially enacted a 1% reduction per annum to 20% from 1 April 2015. The legislation has been substantively enacted at the Balance Sheet date, but is not considered material and so is not reflected in these financial statements.

BIS Limited

Notes to the financial statements at 31 March 2015

9 Tangible fixed assets

	Land and buildings £000	Network equipment £000	Fixtures and fittings £000	Software licences £000	Total £000
Cost					
At 1 April 2014	16,234	7,978	602	673	25,487
Additions	-	49	-	-	49
Disposals	-	-	-	(21)	(21)
At 31 March 2015	<u>16,234</u>	<u>8,027</u>	<u>602</u>	<u>652</u>	<u>25,515</u>
Depreciation					
At 1 April 2014	5,916	7,479	513	666	14,574
Charge for the period	1,170	229	75	4	1,478
On disposals	-	-	-	(21)	(21)
At 31 March 2015	<u>7,086</u>	<u>7,708</u>	<u>588</u>	<u>649</u>	<u>16,031</u>
Net book value					
At 31 March 2015	<u>9,148</u>	<u>319</u>	<u>14</u>	<u>3</u>	<u>9,484</u>
At 1 April 2014	<u>10,318</u>	<u>499</u>	<u>89</u>	<u>7</u>	<u>10,913</u>

Included in the amounts above are the following amounts relating to assets held under finance leases:

	2015 £000	2014 £000
Cost	19,749	19,749
Depreciation	(10,594)	(9,397)
Net book value	<u>9,155</u>	<u>10,352</u>

10 Fixed asset investments

£000

Cost: At 1 April 2014 and 31 March 2015	<u>1,402</u>
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The Company owns 100% of the ordinary share capital of Baltic Internet Services Limited and BIS Datacentres Limited, both companies are incorporated in England and Wales. The principal activity of BIS Datacentres Limited is the supply of telecommunications services.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Baltic Internet Services Limited is a dormant company. The investment in Baltic Internet Services Limited has been accounted for using merger relief. This means that the investment in Baltic Internet Services Limited has been included at the nominal value of shares issued by the Company.

BIS Limited

Notes to the financial statements at 31 March 2015

11 Debtors	2015 £000	2014 £000
Trade debtors	593	1,190
Amounts owed by group undertakings and undertakings in which the company has a participating interest	4,479	2,468
Other debtors	1,116	966
Prepayments and accrued income	539	535
Deferred tax asset (see note 12)	511	1,365
	<u>7,238</u>	<u>6,524</u>

12 Deferred tax	2015 £000	2014 £000
The movement in the deferred tax asset during the period was:		
Asset brought forward	1,365	1,247
Profit and loss account movement during the period	(854)	118
Deferred tax asset carried forward	<u>511</u>	<u>1,365</u>

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2015 £000	2014 £000
Difference between accumulated depreciation and capital allowances	344	1,365
Tax losses	167	-
	<u>511</u>	<u>1,365</u>

Deferred tax assets amounting to £511,000 (2014: £1,365,000) in respect of unrelieved tax losses have not been recognised due to uncertainty that there will be sufficient taxable profits against which these assets will crystallise in the foreseeable future.

13 Creditors: amounts falling due within one year	2015 £000	2014 £000
Obligations under finance leases	1,824	2,079
Trade creditors	642	1,566
Other taxes and social security	115	130
Other creditors	267	154
Accruals and deferred income	2,964	2,743
	<u>5,812</u>	<u>6,672</u>

BIS Limited

Notes to the financial statements at 31 March 2015

14 Creditors: amounts falling due after more than one year	2015 £000	2014 £000
Obligations under finance leases	<u>11,199</u>	<u>11,893</u>

15 Obligations under finance lease liabilities

The maturity of obligations under finance lease contracts is as follows:

	2015 £000	2014 £000
Amounts payable:		
Within one year	1,824	2,079
In the second to fifth years	7,896	7,605
Later than five years	6,085	7,816
	<u>15,805</u>	<u>17,500</u>
Less future finance charges	(2,782)	(3,528)
	<u>13,023</u>	<u>13,972</u>

16 Share capital

	2015 £000	2014 £000
Authorised		
847,380 (2014: 847,380) Ordinary A shares of £0.01 each	847	847
3,000,000 (2014: 3,000,000) Ordinary X shares of £0.01 each	30	30
	<u>877</u>	<u>877</u>
Allotted, called up and fully paid		
408,727 (2014: 408,727) Ordinary A shares of £1.00 each	409	409
581,158 (2014: 581,158) Ordinary X shares of £0.01 each	5	5
	<u>414</u>	<u>414</u>

17 Statement of movements on profit and loss account

	£000
Balance at 1 April 2014	(5,637)
Profit for the period	238
Balance at 31 March 2015	<u>(5,399)</u>

BIS Limited**Notes to the financial statements at 31 March 2015****18 Financial commitments**

At 31 March 2015 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2015	2014	2015	2014
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Related party transactions

The company has taken advantage of the exemption available in accordance with Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

20 Post balance sheet events

Penta Capital was the Ultimate Controlling Party as at 31 March 2015. Post year end, on 7 July 2015, Penta Capital sold 100% of their share capital to Charlesbank Capital Partners who at this point became the Ultimate Controlling Party.