
SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2014

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SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

COMPANY INFORMATION

DIRECTORS	Rafael Brown (resigned 30 September 2013) Jose Luiz Moura Neto Joe Allanson (appointed 30 September 2013 & resigned 11 June 2014) Sam Fleischmann (appointed 30 September 2013 & resigned 31 October 2013) Joachim Wettermark (appointed 11 June 2014)
COMPANY SECRETARY	Jose Luiz Moura Neto (Brazil)
REGISTERED NUMBER	5094083
REGISTERED OFFICE	Floor 26 Salesforce tower 110 Bishopsgate London United Kingdom EC2N 4AY
INDEPENDENT AUDITORS	Ernst & Young Chartered Accountants Annville House Newtown 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)

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SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2014**

The Directors present their report and the financial statements of Salesforce.com EMEA Limited, formerly SFDC UK LTD (the "Company") for the year ended 31 January 2014.

RESULTS FOR THE YEAR, DIVIDEND AND STATE OF AFFAIRS

The profit and loss account, balance sheet and related notes for the year ended 31 January 2014 are set out on pages 8 to 20.

The directors do not propose a dividend and therefore the profit after taxation for the year of £5,440,672 (2013 - £4,475,287) is credited to reserves.

EVENTS SINCE THE BALANCE SHEET DATE

There are no events requiring comment.

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:

Rafael Brown (resigned 30 September 2013)

Jose Luiz Moura Neto

Joe Allanson (appointed 30 September 2013 & resigned 11 June 2014)

Sam Fleischmann (appointed 30 September 2013 & resigned 31 October 2013)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no contributions to political parties during the year. Charitable contributions amounted to £207,906.

RESEARCH AND DEVELOPMENT

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

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 419 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.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2014**

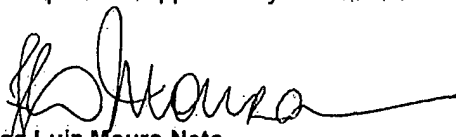
REAPPOINTMENT OF AUDITORS

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office as auditor and in accordance with S.425 of the Companies Act 2006, a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

This report was approved by the board on

24. Oct. 14

and signed on its behalf.



Jose Luiz Moura Neto
Director

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2014**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2014

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 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. In addition, the Company assists other parties in the sale of similar products and services via the provision of sales support, marketing, technical support and other support services.

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:

	2014	2013
	£000	£000
Turnover	102,522	80,394
Total operating expenses	(97,070)	(76,009)
Operating profit	5,452	4,385
Profit before taxation	5,441	4,475
Shareholders' funds	31,180	25,052
Average number of employees	409	327

The profit and loss account for the year ended 31 January 2014 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 £5,440,672 (2013 – profit £4,475,287).

The full year result demonstrates that the movement to Cloud Computing is driving growth for the Company. The Sales Cloud, Service Cloud, and Custom Cloud businesses have delivered outstanding results.

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:

- In the short term, in light of illiquidity in the financial markets, the cost of funds may increase.
- 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 (continued)
FOR THE YEAR ENDED 31 JANUARY 2014**

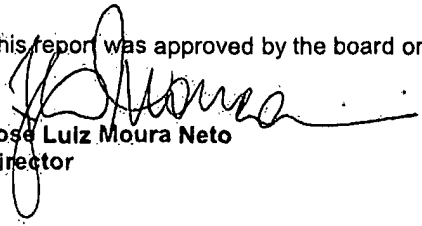
THE COMPANY AND THE ENVIRONMENT

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

24. Oct. 14

and signed on its behalf.


Jose Luiz Moura Neto
Director



Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

We have audited the financial statements of Salesforce.com EMEA Limited (Formerly SFDC UK Ltd) for the year ended 31 January 2014 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. 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 on pages 3, 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 Director's Report to identify material inconsistencies with the audited financial statements. 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report (continued)
to the members of Salesforce.com EMEA Limited (formerly SFDC UK Ltd)

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'Keefe
for and on behalf of Ernst & Young

Annaville House
Newtown
Waterford
Ireland

24 October 2014

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2014**

	Note	2014 £	2013 £
TURNOVER - CONTINUING ACTIVITIES	1,2	102,521,844	80,394,169
Distribution costs		(57,852,675)	(44,602,032)
Administrative expenses		(39,216,804)	(31,407,267)
OPERATING PROFIT - CONTINUING OPERATIONS	4	5,452,365	4,384,870
Interest (payable)/receivable and similar charges	5	(11,693)	90,417
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,440,672	4,475,287
Tax on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR		5,440,672	4,475,287

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

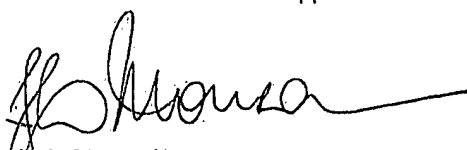
The notes on pages 10 to 20 form part of these financial statements.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)
REGISTERED NUMBER: 5094083

BALANCE SHEET
AS AT 31 JANUARY 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible fixed assets	7		3,691,506		989,729
Financial assets	8		2,747		2,747
			<u>3,694,253</u>		<u>992,476</u>
CURRENT ASSETS					
Debtors	9	58,280,135		41,869,884	
Cash at bank		-		193,415	
		<u>58,280,135</u>		<u>42,063,299</u>	
CREDITORS (amounts falling due within one year)	10	<u>(30,794,295)</u>		<u>(18,003,676)</u>	
NET CURRENT ASSETS			<u>27,485,840</u>		<u>24,059,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,180,093</u>		<u>25,052,099</u>
CAPITAL AND RESERVES					
Called up share capital	11		1		1
Profit and loss account			<u>31,180,092</u>		<u>25,052,098</u>
SHAREHOLDERS' FUNDS	12		<u>31,180,093</u>		<u>25,052,099</u>

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


Jose Luiz Moura Neto
 Director

The notes on pages 10 to 20 form part of these financial statements.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable UK accounting standards.

1.2 Foreign currencies

The financial statements are expressed in Sterling (£).

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

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.3 Cash flow statement

Financial Reporting Standard Number 1 (Revised 1996), "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The Company has availed of this exemption.

1.4 Revenue recognition

The Company derives its revenue from Services Agreements in place with salesforce.com Sàrl, the Switzerland based immediate parent company. The Company invoices salesforce.com Sàrl for all expenses incurred in representing salesforce.com in the UK and South Africa. Revenue is not deferred and is recognised in the period to which it refers.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated to write off the cost of tangible fixed assets over their useful lives by equal annual instalments. The estimated useful life of tangible fixed assets by reference to which depreciation has been calculated is as follows:

Leasehold improvements	-	10 years
Fixtures & fittings	-	5 years
Computer hardware	-	3 years
Computer software	-	3 years

1.6 Operating leases

Rentals in respect of assets held under operating leases are charged to the profit and loss account in the period to which the rentals relate.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

1. ACCOUNTING POLICIES (continued)

1.7 Pension costs

The Company provides pension arrangements to the majority of employees through a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.8 Taxation

Current taxation is recognized based on tax laws and rates enacted during the year.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred that will result in an obligation to pay more, or a right to pay less, tax, with the exception that deferred tax assets are recognized only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates, and laws enacted or substantively enacted at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

1. ACCOUNTING POLICIES (continued)

1.9 Share-based payments - Equity-settled transactions

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.

2. TURNOVER

Turnover, which is stated net of sales tax, represents revenues earned under cost plus arrangements with salesforce.com Sàrl, a Swiss registered company, and salesforce.com Inc., a US registered company.

Turnover by class of business and geographical market is not relevant due to the nature of the revenue.

All turnover arose within the United Kingdom.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

3. EMPLOYEES AND REMUNERATION

Staff costs were as follows:

	2014 £	2013 Restated £
Wages and salaries	54,583,655	45,537,125
Social welfare costs	7,102,135	6,468,887
Pension costs	2,450,743	1,891,005
Share-based payments	12,040,331	9,281,018
	<u>76,176,864</u>	<u>63,178,035</u>

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

	2014 No.	2013 No.
Management	1	1
Administration	155	116
Sales	253	210
	<u>409</u>	<u>327</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation		
- owned by the company	739,403	466,639
Auditors' remuneration	38,935	30,368
Operating lease rentals:		
- other	7,988	57,413
- land and buildings	1,724,152	891,962
Loss on disposal of fixed assets	<u>62,051</u>	<u>-</u>

During the year, emoluments received by directors totalled £490,494 (2013 - £201,021).

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

5. INTEREST (EXPENSES)/INCOME

	2014 £	2013 £
Interest receivable from parent undertaking	2,297	92,123
Bank overdraft and other interest	(13,990)	(1,706)
	<u>(11,693)</u>	<u>90,417</u>

6. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2013 - *higher than*) the standard rate of corporation tax in the UK of 24% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>5,440,672</u>	<u>4,475,287</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2013 - 24%)	1,260,149	1,088,742
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,950,968	2,333,962
Depreciation for year in excess of capital allowances	175,027	111,566
Short term timing difference leading to an increase (decrease) in taxation	29,307	(58,994)
Share option timing differences leading to a decrease in taxation	(3,018,896)	(2,900,198)
Utilisation of tax losses	(1,396,555)	(575,078)
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The March 2013 Budget announced that the UK corporation rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in December 2012 Autumn Statement.

The company has an unrecognised deferred tax asset of £2,053,533 (2013: £3,924,049) which relates principally to unutilised tax losses. The company has not recognised the deferred tax asset as it has not yet established a pattern of taxable profit. The unrecognised asset in the prior year was restated (reduction of £1,058,000) as a result of a revised interpretation of the tax legislation by the Directors following an inquiry opened by the HMRC. This inquiry is ongoing and the outcome uncertain.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

7. TANGIBLE FIXED ASSETS

	Leasehold improvement £	Fixtures and furniture £	Hardware and Software £	Total £
Cost				
At 1 February 2013	1,408,288	470,444	914,191	2,792,923
Additions	2,130,500	388,606	984,125	3,503,231
Disposals	(215,473)	(66,862)	(160,706)	(443,041)
At 31 January 2014	3,323,315	792,188	1,737,610	5,853,113
Depreciation				
At 1 February 2013	824,927	464,113	514,154	1,803,194
Charge for the year	267,031	94,636	377,736	739,403
On disposals	(214,231)	(66,696)	(100,063)	(380,990)
At 31 January 2014	877,727	492,053	791,827	2,161,607
Net book value				
At 31 January 2014	2,445,588	300,135	945,783	3,691,506
At 31 January 2013	583,361	6,331	400,037	989,729

8. FINANCIAL FIXED ASSETS

	Shares in group company £
Unlisted investments at cost:	
At 1 February 2013 and 31 January 2014	2,747
Net book value	
At 31 January 2014	2,747
At 31 January 2013	2,747

In the opinion of the Directors, the value of the unlisted investment is not less than the book amount shown above.

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

9. DEBTORS
(amounts falling due within one year)

	2014 £	2013 £
Amounts owed by group companies	57,484,262	39,487,414
Group notes receivable	-	1,602,814
Other	584,952	132,058
Group interest receivable	-	131,155
Prepayments and accrued income	210,921	213,475
VAT	-	302,968
	<u>58,280,135</u>	<u>41,869,884</u>

10. CREDITORS
(amounts falling due within one year)

	2014 £	2013 £
Bank overdraft	92,017	-
Trade creditors	414,061	485,422
Amounts owed to group undertakings	9,499,593	2,591,505
PAYE and NI	8,959,214	7,909,542
Pension	577,384	284,735
Accruals	11,252,026	6,732,472
	<u>30,794,295</u>	<u>18,003,676</u>

11. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	25,052,099	20,047,780
Profit for the financial year	5,440,672	4,475,287
Stock-based compensation	687,322	529,032
Closing shareholders' funds	<u>31,180,093</u>	<u>25,052,099</u>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

13. SHARE-BASED PAYMENTS

The Company, through its ultimate parent, salesforce.com, inc., operates a number of share option plans (the "Option Plans"). Most employees are entitled to a grant of options once they commence employment. Options granted under the Option Plans generally vest 25% after the first year of service and rateably each month over the remaining 36-month period contingent upon employment with the Company or Group on the date of vest.

The expense recognised for share-based payments in respect of employee services received during the year to 31 January 2014, is £12,040,331 (2013 - £9,281,018).

As of February 1, 2010, a Stock Option Reimbursement Agreement was made effective between SFDC International Ltd and Salesforce.com EMEA Limited (formerly SFDC UK LTD), whereby the Company will pay to SFDC International an amount equal to the Company's stock option expense.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

The exercise price disclosures are given in US Dollars (US\$) as this is the currency in which the options are exercisable and the underlying stocks are quoted

	Stock options	Restricted Stock Awards	Restricted Stock Units	Total
Opening balance	138,844	34,995	203,964	377,803
Restated opening balances after 4:1 stock split	555,375	139,980	815,857	1,511,212
Granted	230,272	-	393,652	623,924
Transferred	162,484	35,432	222,813	420,729
Forfeited	(29,108)	(240)	(165,728)	(195,076)
Exercised	(209,176)	-	-	(209,176)
Expired	(835)	(87,716)	(321,168)	(409,719)
Outstanding	<u>709,012</u>	<u>87,456</u>	<u>945,426</u>	<u>1,741,894</u>

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

13. SHARE-BASED PAYMENTS (continued)

The opening and, consequently, the closing number of share options in issue and exercisable are not disclosed for administrative reasons. This information is available for the entire group but not by individual entity. Group accounts are available as disclosed at note 18.

The weighted average remaining contractual life of options outstanding at year end was 3.4 years.

Options are exercised on a regular basis throughout the year.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

The Company estimated its future stock price volatility considering both observed option-implied volatilities and historical volatility calculations for both the Company and a group of peer comparable companies. Management believes this is the best estimate of the expected volatility over the 3.4-year weighted average expected life of its option grants. As of 31 January 2014, the Company's estimate of its future stock price volatility varies between 37 and 43%.

The risk-free rate for periods within the contractual life of the option is based on the rate for a 3.4-year U.S. government security at the time of the option grant.

The following table lists the inputs to the model used for the years ended 31 January 2014, and 31 January 2013.

On March 20, 2013, the certificate of incorporation was amended to increase the number of authorized shares of common stock from 400 million to 1.6 billion in order to provide for a four-for-one stock split of the common stock effected in the form of a stock dividend. The record date for the stock split was April 3, 2013, and the additional shares were distributed on April 17, 2013. Each stockholder of record on the close of business on the record date received three additional shares of common stock for each share held. All per share data presented above reflects the impact of the stock split.

The effect on the comparative weighted average share price would be a decrease from \$105.6855 to \$26.4214.

	2014	2013
Dividend yield (%)	-	-
Expected share price volatility (%)	37 - 43%	43 - 51%
Risk-free interest rate (%)	0.48 - 1.21%	0.43 - 0.77%
Expected life of option (years)	3.4 years	3.7 years
Weighted average share price	\$29.6635	\$105.6855

SALESFORCE.COM EMEA LIMITED (FORMERLY SFDC UK LTD)

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13. SHARE-BASED PAYMENTS (continued)

Employee Stock Purchase Plan

As of 15th December 2011 a new Employee Stock Purchase Plan was launched, giving the employees of Salesforce.com EMEA Limited (formerly SFDC UK LTD) the option to set aside 2 to 15% of their eligible compensation to purchase Salesforce.com stock at a discount.

This withholding account is reported in the Balance Sheet as accruals (Note 10) for an amount at 31 January 2014 of £450,760 (2013: £333,702).

14. DIRECTORS' AND SECRETARY'S INTERESTS IN SHARE CAPITAL

The Directors who served throughout the year had no interest in the share capital of the Company during the year.

15. COMMITMENTS AND CONTINGENCIES

At 31 January 2014 the Company had non-cancellable operating lease commitments which expire as follows:

	Land and buildings	
	2014	2013
	£	£
Expiry date:		
Within one year	-	83,333
Two to five years	607,600	607,600
Over five years	255,305	-

16. PENSIONS

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 £2,450,743 (2013: £1,891,005). Contributions outstanding at year-end amounted to £577,384 (2013: £284,735) payable by the Company.

17. RELATED PARTY TRANSACTIONS

The Company is a member of the salesforce.com group of companies and the financial statements reflect the effect of this membership. The Company is not separately disclosing transactions with other group companies where both parties to the transaction are 100% subsidiaries of the Group as it is availing of the exemption in accordance with Financial Reporting Standard 8, and the consolidated financial statements of the Group are publicly available.

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18. CONTROLLING PARTIES

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 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. 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.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on