

Company Registration Number 07619797

Skyscape Cloud Services Ltd

Financial Statements

For the year ended 31 March 2015

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REPORT AND FINANCIAL STATEMENTS 2015

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SKYSCAPE CLOUD SERVICES LTD

Officers and professional advisors

Directors	J R Sanders S J Hansford P M Dawson S Brittan W T Ginn
Company Secretary	J R Sanders
Registered Office	Hartham Park Hartham Corsham Wiltshire SN13 0RP
Independent Auditors	Grant Thornton UK LLP Hartwell House 55-61 Victoria Street Bristol BS1 6FT

Strategic Report for the year ended 31 March 2015

The directors present their Strategic Report for the year ended 31 March 2015.

Business Review and future developments

The annual market for ICT services in the UK Public Sector is estimated to be between £15bn and £20bn, which includes approximately £5bn relating to ICT infrastructure. Historically, ICT Services have been contracted through protracted procurement processes, which have favoured larger organisations. This has led to a highly-concentrated supplier base with long-term contracts dominating government ICT provision. These contracts not only represent poor value for money, they inherently do not take advantage of the continuing innovation in technology which facilitates delivering greener, smarter, agile and cost efficient services. However, against a backdrop of austerity and a drive for a "Digital by Default" delivery of services, the UK government has been determined to change the environment by encouraging new entrants, including SMEs, to develop a market place around cloud services. Key to the UK government's actions for change has been the introduction of the G-Cloud framework, convergence of the Public Services Network (PSN) services, establishment of the Digital by Default policy, and development of a "Cloud First" mandate across central government policy.

Skyscape Cloud Services Ltd ("Skyscape") was established to align with the UK government's ICT and digital strategies and to deliver a portfolio of assured, agile, highly-automated cloud services that offer improved performance and better value for money, and hence make a real difference to the delivery of ICT services in the public sector. Cloud computing delivers significant cost benefits through the combination of economies of scale on the supply side (large scale data centres, storage, computing and network platforms as well as protective monitoring services), improved asset utilisation through aggregation of multiple tenants' demand patterns, and above all automation. Through an aligned supply chain of world-class companies (QinetiQ, VMware, Cisco, EMC, and Ark Data Centres), Skyscape brings an agnostic, transparent approach to the delivery of utility cloud services that are easy to adopt, easy to use and easy to leave: where customers and partners only pay for what they consume.

Key to Skyscape's differentiation is information assurance compliance supported by delivery of service from UK sovereign, accredited data centres. All its services are Pan Government Accredited (PGA) up to IL3, so suitable for all data at OFFICIAL (including OFFICIAL-SENSITIVE), and connected to government networks including the Public Services Network (PSN) and the N3 health network.

Skyscape is a leading supplier of Infrastructure as a Service (IaaS) on the UK government's G-Cloud framework with a market share of around 25%. The company has won a large number of high profile contracts via the G-Cloud framework including:

- Government Digital Service (GDS): Skyscape hosts the single domain website GOV.UK — by hosting this website on a cloud platform, GDS has been able to reduce its hosting costs by 90%
- The Driver and Vehicle Licensing Agency (DVLA): due to innovative approaches including cloud hosting, the DVLA has managed to save 66% against the original cost estimate
- The Ministry of Defence (MoD): an improved secure staff engagement scheme for the worldwide defence community that is hosted on the Skyscape platform has delivered more than 90% cost savings

In addition, Skyscape provides services to an extensive network of over 150 channel partner organisations who deliver services to numerous government departments as well as local authorities, police services and healthcare organisations. The combination of Skyscape's assured cloud platform and the value-added services offered by its channel partner organisations presents a compelling proposition for the UK public sector as it rapidly adopts cloud solutions to deliver digital services to citizens. Skyscape's partner community includes major System Integrators (SIs), Managed Service Providers (MSPs), Independent Software Vendors (ISVs), developers and consultancies, including companies such as CACI, Capgemini, Lockheed Martin, Kainos, MDS, Steria and Taser.

Strategic Report for the year ended 31 March 2015 (continued)

Business Review and future developments (continued)

Skyscape has won numerous awards including recognition from Gartner as the Cool Vendor in European Cloud Computing 2014, and from the British Computer Society at the UK IT Awards as the Cloud Vendor of the Year 2014.

Focused exclusively on the UK Public Sector and structured around assurance, process compliance and service delivery, Skyscape has an experienced team with the capability and capacity to grow the business well beyond its current scale. Skyscape's Directors are committed to a range of policies to ensure that the Company maintains the highest standards of governance, and active management of social and environmental issues including certifications such as ISO9001, ISO20000, ISO27001 and Cyber Essentials Plus accreditation.

Corporate and social responsibility is an integral part of the Skyscape strategy, culture and operations. Skyscape is a CarbonNeutral company and is committed to a program of resource reduction and energy efficiency.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered by the Directors as:

- Securing and maintaining sufficient demand to support the incumbent technology investments and on-going overhead. Key to this will be the extent and speed with which the UK Public Sector transitions from a traditional procurement approach to sourcing assured cloud solutions. We believe that the benefits of cloud computing are sufficiently compelling and the G-Cloud procurement framework increasingly understood, that this trend will continue unabated and on a scale that will enable Skyscape to meet its business plan targets.
- The risk that one or more aspects of our technology platform fails to deliver to the service levels that we are committing to our customers. The company has mitigated this risk not only through the use of proven technologies from world class technology vendors, who are committed to supporting our new model of operation, but also by developing a robust management, compliance and assurance regime accredited by recognised bodies (Lloyds Registry and CESG).
- Bidding and winning large scale contracts requires appropriate risk management in order to ensure that onerous contract terms and services, which do not fit our technology or service model and could lead to the loss of a material contract or potential contractual penalties, are avoided. Robust risk management, a formal bid review process and certified service delivery processes are in place to mitigate these risks along with the adoption of simple terms and conditions aligned to the G-Cloud programme.
- Our ability to continue to recruit and retain appropriate technical, operational, commercial and leadership talent to build Skyscape into the leading provider of assured cloud services to the UK Public Sector. Skyscape has a comprehensive recruitment and human resource management program to identify, recruit, develop, motivate and retain talent. Employees participate in an approved Enterprise Management Incentive share option scheme.

In addition, we continuously monitor and refine our cost base against our service model to ensure that this remains aligned and optimised at all times. Our reporting processes and internal systems are managed by experienced, qualified professionals who ensure that we contract, deliver and administer each service correctly.

Approved by the Board and signed on its behalf by



William Ginn
Director
22 May 2015

Directors Report for the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Directors of the company

The directors who held office during the period were as follows:

S Brittan

P M Dawson

W T Ginn

S J Hansford

J R Sanders

Principal activity

The principal activity of the company is the provision of assured ICT cloud computing services to the UK Public Sector exclusively from UK sovereign facilities.

Charitable donations

No charitable donations were made during this period.

Political contributions

No political contributions were made during the period.

Research and development

Our markets have a unique set of requirements and are rapidly evolving. Skyscape continues to invest in the use of new technology and service development to enhance the quality of its products and in order to remain competitive and respond to the changing needs of customers, the company makes significant investments in talented people and research and development.

The company will continue to invest in people and emerging standards, and is working collaboratively with partners to develop new pioneering products and assured service levels.

Dividend

The directors cannot recommend a dividend.

Going Concern

In April 2014, the Company's parent, Virtual Infrastructure Group Limited, raised £4,000,000 of investment from the Business Growth Fund (BGF), structured partly as share capital and partly as loan notes (with the first repayment due in 2019). These additional cash resources are being made available to the Company in order to support the Company's continuing growth.

In addition, the Company secured a £4,000,000 revolving credit facility from Barclays Bank plc during the year in order to support the working capital requirements of the Company as it grows.

Given the funding available via its parent and via the revolving credit facility, the directors have a reasonable expectation that the company has sufficient resources to continue to trade for at least 12 months from the date of signing this report. The directors have therefore adopted the going concern basis in preparing the financial statements.

Directors Report for the year ended 31 March 2015 (continued)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors Report for the year ended 31 March 2015 (continued)

Independent auditors

Grant Thornton UK LLP having expressed their willingness to continue in office as auditor will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



William Ginn
Director
22 May 2015

Independent auditors report to members of Skyscape Cloud Service Ltd

We have audited the financial statements of Skyscape Cloud Services Ltd for the year ended 31 March 2015 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 page 7, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors report to members of Skyscape Cloud Service Ltd (continued)

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime

A handwritten signature in black ink, appearing to read 'James Morter' followed by a stylized flourish.

James Morter
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
22 May 2015

SKYSCAPE CLOUD SERVICES LTD

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2015

	Note	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
TURNOVER	1	16,208	3,663
Cost of sales		<u>(5,735)</u>	<u>(2,974)</u>
GROSS PROFIT		10,473	689
Administrative expenses		<u>(12,411)</u>	<u>(8,023)</u>
OPERATING LOSS		(1,938)	(7,334)
Interest receivable	2	-	-
Interest payable and similar charges	3	<u>(472)</u>	<u>(1,277)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(2,410)	(8,611)
Tax on loss on ordinary activities	5	<u>2,713</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	<u>303</u>	<u>(8,611)</u>

The above results relate entirely to continuing activities.

There were no gains or losses in the current period other than the loss for the period. Accordingly, no separate statement of total recognised gains and losses is presented.

SKYSCAPE CLOUD SERVICES LTD

BALANCE SHEET

At 31 March 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	7	8,635	6,099
CURRENT ASSETS			
Debtors	8	6,663	1,659
Cash at bank and in hand		1,290	157
		<u>7,953</u>	<u>1,816</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(24,725)</u>	<u>(21,681)</u>
NET CURRENT LIABILITIES		<u>(16,772)</u>	<u>(19,865)</u>
CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	10	<u>(3,475)</u>	<u>-</u>
TOTAL LIABILITIES		<u>(11,612)</u>	<u>(13,766)</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Capital Contribution Reserve	18	3,060	1,209
Profit and loss account		<u>(14,673)</u>	<u>(14,976)</u>
SHAREHOLDERS' DEFICIT	12	<u>(11,612)</u>	<u>(13,766)</u>

These financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of Skyscape Cloud Services Ltd (registered number 07619797) were approved by the board of directors and authorised for issue on 22 May 2015

They were signed on its behalf by:



William Ginn
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and prior financial periods are described below.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) under the historical cost convention.

Turnover

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due, excluding Value Added Tax. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. The rates of depreciation are as follows:

Computer equipment	20% per annum on straight line basis
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Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Taxation

Current taxation, including UK corporation 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.

In accordance with FRS 19 deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

Leases

Rental costs under contractual operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow statement

The company has not prepared a cash flow statement as it takes advantage of exemptions available to small companies.

Pensions

Payments to defined contribution retirement benefit schemes are charged to the income statement as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share-Based Payment

The Company applies the principles of FRS20 "Share-Based Payment" in relation to the accounting for share-based payments. Share-based compensation is measured at the grant date, based on the estimated fair value of the award, and is recognised as an expense over the employee's service period. The fair value of options granted is measured by the use of a Black-Scholes model, taking into account the terms and conditions under which the options were granted. The expected life used in the model has been adjusted, based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural conditions. The volatility used in the model is based on comparable companies as the shares of the Company's parent (over which the options are granted) are not publicly traded.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Going concern

The directors have prepared cash flow forecasts for a period exceeding 12 months from the date of approval of these financial statements, and additionally the directors have applied sensitivity analysis to these forecasts.

Given the funding available via its parent, Virtual Infrastructure Group Limited, and via a revolving credit facility provided by Barclays Bank plc which was taken out after the balance sheet date, the directors have a reasonable expectation that the company has sufficient resources to continue to trade for at least 12 months from the date of signing this report. The directors have therefore adopted the going concern basis in preparing the financial statements.

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. INTEREST RECEIVABLE	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Bank interest received	-	-
	<u>-</u>	<u>-</u>
3. INTEREST PAYABLE AND SIMILAR CHARGES	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest Payable to Group Companies	310	-
Loan interest	147	932
Amortisation of Loan issue costs	15	345
	<u>472</u>	<u>1,277</u>
4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Loss on ordinary activities before taxation is after charging:		
Rental charges	1,592	1,367
Depreciation	2,129	1,530
Share Based Payment Charges	1,851	952
Foreign Exchange	-	14
Auditors remuneration – audit of the company	24	20
Auditors remuneration – audit of group companies	4	3
Auditors remuneration – non-audit services	11	-
	<u>11</u>	<u>-</u>

Auditors remuneration – Audit of Group Companies above includes amounts paid on behalf of the Company's parent, Virtual Infrastructure Group Limited.

Note 13 shows Directors' remuneration during the period.

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of charge in the period:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Current tax:		
UK corporation tax on profits of the period	(78)	-
Adjustments in respect of prior periods	(46)	-
	<hr/>	<hr/>
Current tax charge for period	(124)	-
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	(11)	-
Adjustments in respect of prior periods	(2,578)	-
	<hr/>	<hr/>
Total deferred tax (note 6)	(2,589)	-
	<hr/>	<hr/>
Total on profit on ordinary activities	(2,713)	-
	<hr/>	<hr/>

Factors affecting tax charge for the period:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Loss on ordinary activities before tax	2,409	8,611
	<hr/>	<hr/>
Tax on loss at standard rate of tax of 20%	(482)	(1,722)
Effects of:		
Expenses not deductible for tax purposes	423	286
Research and Development tax credit	(138)	-
Depreciation for period in excess of/(less than) capital allowances	(20)	281
Movement in short term timing differences	1	(49)
Loss surrendered for R&D tax credit	108	-
Adjustment to tax charge in respect of prior periods	(46)	-
Current year tax losses carried forward	30	1,204
	<hr/>	<hr/>
Current tax charge for period	(124)	-
	<hr/>	<hr/>

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. DEFERRED TAXATION

Deferred taxation of £2,589,000 (2014: £nil) has been recognised in the period made up as follows:

	Recognised		Not recognised	
	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Accelerated capital allowances	151	-	-	(412)
Short term timing differences	(3)	-	-	(2)
Losses	(2,737)	-	-	(2,223)
	<u>(2,589)</u>	<u>-</u>	<u>-</u>	<u>(2,637)</u>

7. TANGIBLE FIXED ASSETS

	Computer equipment £'000
Cost	
At 1 April 2014	8,279
Additions	4,665
At 31 March 2015	<u>12,944</u>
Accumulated depreciation	
At 1 April 2014	2,180
Charge in period	2,129
At 31 March 2015	<u>4,309</u>
Net book value	
At 31 March 2015	<u>6,099</u>
At 1 April 2014	<u>8,635</u>

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

8. DEBTORS

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Amounts falling due within one year:		
Trade debtors	3,732	1,176
Other debtors	-	79
Current tax assets	124	-
Prepayments and accrued income	218	404
	<u>4,074</u>	<u>1,659</u>
 Amounts falling due in more than one year:		
Deferred tax assets	2,589	-
	<u>2,589</u>	<u>-</u>
	 <u>6,663</u>	 <u>1,659</u>

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Trade creditors	1,753	2,305
Taxation and social security	144	101
VAT	598	39
Deferred income	452	123
Accruals and other creditors	2,621	2,462
Short-term loans	-	1,530
Intragroup creditors	19,157	15,121
	<u>24,725</u>	<u>21,681</u>

The amount shown under Intragroup creditors includes both interest and non-interest bearing loans from the Company's parent, Virtual Infrastructure Group Limited. The interest-bearing loan at the balance sheet date was composed of principal of £3,200,000 and accrued interest of £310,000. The interest on the loan accrues at a rate of 10% per annum.

10. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Revolving Credit Facility	3,475	-
	<u>3,475</u>	<u>-</u>

The Revolving Credit Facility is provided by Barclays Bank plc and has a maturity date of August 2017. At the balance sheet date, the total amount available under the Revolving Credit Facility was £4,000,000. Interest is charged on amounts drawn under the facility at a rate of 7.0% per annum above Barclays Bank Base Rate (currently 0.6%). A Commitment Fee is charged on amounts available under the facility, but undrawn, at a rate of 3.5% per annum. The Revolving Credit Facility is secured by a fixed and floating charge over the Company's assets.

Subsequent to the balance sheet date, the amount available under the facility was increased to £5,000,000 in order further to support the working capital requirements of the Company as it grows.

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. SHARE CAPITAL

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Allotted and fully paid Ordinary shares of 1p	1	1
	<u>1</u>	<u>1</u>

12. STATEMENT OF MOVEMENTS ON RESERVES

	Share Capital £'000	Capital Contribution Reserve £'000	Profit and Loss Account £'000	Total £'000
At the beginning of the period	1	1,209	(14,976)	(13,766)
Recognition of share based payment	-	1,851	-	1,851
Profit for the financial year	-	-	303	303
	<u>1</u>	<u>3,060</u>	<u>(14,673)</u>	<u>(11,612)</u>

13. DIRECTORS REMUNERATION

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Directors' remuneration		
Emoluments	727	282
Long term incentives	410	-
Company contributions to money purchase pension schemes	43	29
	<u>1,180</u>	<u>311</u>
Remuneration of the highest paid director:		
Emoluments	243	122
Long term incentives	150	-
Company contributions to money purchase schemes	14	14
	<u>407</u>	<u>136</u>

Company contributions to money purchase schemes were made on behalf of 3 directors (2014: 2 directors) during the year.

SKYSCAPE CLOUD SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. PENSIONS

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in funds under the control of Trustees. The total cost recorded in the income statement of £125,000 (2014: £89,000) represents contributions payable to this scheme by the Company at rates specified in the plan and employee contractual arrangements. As at 31 March 2015, contributions of £21,000 (2014: £17,000) due in respect of the current reporting period had not been paid over to the scheme.

15. FINANCIAL COMMITMENTS

Annual financial commitments under non-cancellable operating leases are as follows:

	<u>At 31 March 2015</u>		<u>At 31 March 2014</u>	
	With Related Parties £'000	Other £'000	With Related Parties £'000	Other £'000
Financial Commitments falling due:				
- within one year	-	413	-	-
- between two and five years	-	360	-	578
- after five years	-	-	-	-

16. CAPITAL COMMITMENTS

The Company periodically invests in additional Computer Equipment fixed assets to increase the capacity of its platform as it grows. Prior to the balance sheet date, the Company had committed to purchase equipment of which it expects to take delivery in the year ended 31 March 2016.

The amount contracted for but not yet invoiced at the balance sheet date was £1,782,000 (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. RELATED PARTY TRANSACTIONS

Trading Transactions

The Company incurred £206,000 (2014: £1,048,000) of charges during the year relating to technical and consultancy services provided by MDS Technologies Limited, a company controlled by one of the Company's Directors. The total amount relating to such services payable at the balance sheet date is £50,000 (2013: £128,000). The Company provided services to the value of £2,601,000 (2014: £664,000) to MDS Technologies Limited, a company controlled by one of the Company's Directors. The total amount relating to such services payable at the balance sheet date is £700,000 (2014: £98,000)

The Company incurred £238,000 during the year (2014: £229,000) relating to technical and consultancy services provided by Hadston Limited, a company controlled by one of the Company's Directors. The total amount relating to such services payable at the balance sheet date is £59,000 (2014: £1,172,000).

The Company's parent, Virtual Infrastructure Group Limited, recharges in full the cash costs associated with its operating leases to the Company. An amount of £1,774,000 (2014: £720,000) has been so charged in the period and is shown within Cost of Sales in the Profit and Loss Account.

Loan Relationships

The Company has a non-interest-bearing intra-group loan of £15,648,000 (2014: £15,120,000) from its parent, Virtual Infrastructure Group Limited, at the balance sheet date. This amount is shown within Intragroup creditors in Note 8.

The Company has an interest-bearing intra-group loan of £3,510,000 inclusive of accrued interest (2014: £nil) from its parent, Virtual Infrastructure Group Limited. This amount is shown within Intragroup creditors in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. SHARE OPTIONS

Options to subscribe for B Ordinary Shares in the Company's parent, Virtual Infrastructure Group Limited, have been granted to employees of the Company in the year, pursuant to the Virtual Infrastructure Group Enterprise Management Incentive Scheme. A total of 1,601 options were so granted in the year to a total of 27 employees, at a subscription price per share of 1p.

A total of 19,773 options were in issue at the balance sheet date, held by a total of 55 employees, all at a subscription price per share of 1p.

The options are exercisable on an exit event (which includes a sale or listing of the Company's parent) and vest in equal tranches across the number of years from the grant date until March 2017, subject to performance criteria. The options are equity settled once exercised.

The inputs to the Black Scholes model include an expected life of the number of years from the grant date to March 2017, an average share price of £652 per share (2014: £533), a risk free rate of 3% and a volatility based on the average of comparator companies of 50%.

The Company recognised a total expense of £1,851,000 (2014: £952,000) during the period, correspondingly increasing the Capital Contribution Reserve on the balance sheet by the same amount.

19. ULTIMATE CONTROLLING PARTY

The parent company and ultimate controlling party is Virtual Infrastructure Group Limited, a company incorporated in England and Wales with the registered number 08099285, whose registered office is at Hartham Park, Corsham, Wiltshire, SN13 0RP.

20. POST BALANCE SHEET EVENTS

Following the balance sheet date, the amount available by Barclays Bank plc under the Revolving Credit Facility was increased to £5,000,000, in order further to support the working capital requirements of the Company as it grows.