

Dimension Data Visual Communications Limited

Registration Number 03764734



Dimension Data Visual Communications Limited

Directors' report and financial statements

For the year ended 30 September 2016



Company Information

Directors	B Taylor	appointed	10 February 2016
	W Yong	appointed	10 February 2016
	Y Li	appointed	16 February 2016

Company Number 03764734

Registered office Building 2
Waterfront Business Park
Fleet Road
Fleet
Hampshire
GU51 3QT

Auditor KPMG LLP
Arlington Business Park,
Theale,
Reading,
RG7 4SD

Business Address Laser House
132-140 Goswell Road
London
EC1V 7DY

United Kingdom (Registered Office)

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South Africa (Head Office)

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Dimension Data Visual Communications Limited

Directors' report and financial statements

For the twelve months ended 30 September 2016

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Strategic Report

For the year ended 30 September 2016

The strategic report presents the annual report and the audited financial statements for the twelve months ended 30 September 2016.

Principal activities

Dimension Data Visual Communications principal activities is focused on managed video services for client visual communications and telepresence estates, whether that be on-client-premise, private cloud or public cloud environments. These services are sold to Dimension Data clients through other group local subsidiaries and their sales channels. This enables the company to provide services maintain a consistent and cost-effective managed service to enable their adoption for visual communications at the same time.

In 2016 the company has continued to operate the new Managed Service for Visual Communications service (MSVC) that is delivered to Dimension Data's clients through the regional Dimension Data businesses. This newer version of the service has led the business unit to play a significant role in many large client sales as a result of the latest comprehensive managed service offering.

Apart from Managed Service for Visual Communications, the company had acquired the trade, assets, properties and rights from Teliris Limited, a Dimension Data company, as a result of Dimension Data group operational optimisation. Teliris Limited activities include telepresence and videoconferencing products and services supplied directly to the client.

Business review

The directors are satisfied that the financial statements give a fair review of the business of the company for the twelve months, and of its position as at 30 September 2016.

The company is a wholly-owned subsidiary of Margolis Technology Limited and operates as the managed services for IT's visual communications as a Service unit in the group. The ultimate parent company is Nippon Telegraph and Telephone Corporation ('NTT') who acquired all of the ordinary share capital of the company's ultimate parent, Dimension Data Holdings plc. on 14 December 2010.

As shown in the company's profit and loss account on page 9, this year has resulted in a loss of (£2,956,914). (2015: loss of £2,879,410).

The company's financial position at the year-end is shown in the balance sheet on page 10.

The company continued to invest significantly on improving processes throughout the company, specifically:

- The development and enhancement of the VNOC, a cost effective alternative to traditional video deployment held over ISDN with the ability to deliver superior quality, and a much more reliable service, than the public internet.
- Extensive investment in the operations and service teams.

The Dimension Data group manages its operations on a worldwide basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the

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Strategic Report (continued)**Going concern**

Dimension Data Network Services Limited, a group company also under the ultimate control of Nippon Telegraph and Telephone Corporation (NTT), has undertaken to provide financial support to the company to enable it to continue to trade and satisfy its liabilities as they fall due for at least twelve months from the approval of these Financial Statements and for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses intra-group finances and a bank overdraft facility. The credit risk on liquid funds is limited because the counterparties are banks.

Credit risk

The company's principal financial assets are bank balances, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. A majority of credit now comes from the many other Dimension Data entities in the group in the form of payment for their end users' services, thus minimising the level of credit risk. It can also be noted that the company has no significant concentration of credit risk.

Supplier risk

The company has close and mutually beneficial partnerships with leading technology vendors. Termination of a supply or services agreement or a significant change in vendor terms or conditions of sale could negatively impact operating margins. This risk is managed by proactively maintaining sustainable terms of trade with technology partners and ensuring appropriate back-to-back commercial terms are in place with clients on a transactional basis.

Other risks

Professional liability for failure to execute and deliver in accordance with client expectations may increase the risk of litigation. The company manages this risk by monitoring processes to ensure quality in delivery and project management. The company also carries general liability insurance coverage.

Failure to retain and recruit key personnel could harm the company's ability to meet key objectives. The company has implemented structured induction, career development, reward and recognition programmes.

Approved by the Board of Directors on 28 June 2017 and signed on behalf of the Board by:

Y Li

Director of Finance

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Directors' Report

For the year ended 30 September 2016

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 September 2016 and the balance sheet of the company at 30 September 2016.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company.

Future developments

The company seeks to grow its customer base in alignment with the Dimension Data visual communications global strategy and anticipates increased traction going forward.

Directors

The directors of the Company in office, during the year and up to the date of this report are as follows:

Directors

B Taylor	appointed	10 February 2016
W Yong	appointed	10 February 2016
L Yang	appointed	16 February 2016

Dividends

The directors do not recommend the payment of a dividend for the year (2014: nil).

Disabled employees

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

Employment policy

Dimension Data Visual Communications Limited seeks to engage all employees in a shared commitment to the success of its business and keeps them informed regarding the business environment and matters of concern to them.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings, and internal marketing communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

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Directors' Report (continued)

Disclosure of information to the auditor

The directors who hold office at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves 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.

Auditor

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

Approved by the Board of Directors on 28 June 2017 and signed on behalf of the Board by:

Y Li
Director of Finance

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Waterfront Business Park
Fleet Road
Fleet
Hampshire
GU51 3QT

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including [FRS 101 Reduced Disclosure Framework].

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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Independent Auditor's Report to the Members Of Dimension Data Visual Communications Ltd.

We have audited the financial statements of Dimension Data Visual Communications Ltd for the year ended 30 September 2016 set out on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Independent Auditor's Report to the Members Of Dimension Data Visual Communications Ltd.
(continued)

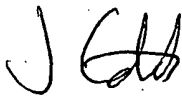
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.



John Edwards (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Arlington Business Park,
Theale,
Reading,
RG7 4SD

Date: 7th July 2017

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Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

**Profit and Loss Account
For the year ended 30 September 2016.**

	Notes	Year to 30 September 2016 £	Year to 30 September 2015 £
Turnover	2	3,425,214	2,871,830
Cost of sales		<u>(3,801,057)</u>	<u>(3,359,976)</u>
Gross (loss)/profit		(375,843)	(488,146)
Distribution costs			
Administrative expenses		<u>(2,360,734)</u>	<u>(2,243,594)</u>
Operating loss	3	(2,736,577)	(2,731,740)
Interest Receivable		652	=
Interest Payable	4	<u>(220,989)</u>	<u>(147,670)</u>
Loss on ordinary activities Before taxation		(2,956,914)	(2,879,410)
Taxation	7		
Loss for the period	13	<u>(2,956,914)</u>	<u>(2,879,410)</u>

There are no recognized gains or losses other than the profit or loss for the above two financial years.

The notes on pages 11 to 19 form an integral part of these financial statements.

Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Balance Sheet

As at 30 September 2016

	Notes	30 September 2016		30 September 2015	
		£	£	£	£
Fixed assets	8		350,438		573,151
Current assets					
Stocks			5,612		1,192,296
Debtors	9		<u>1,424,815</u>		<u>1,192,296</u>
			1,430,427		1,192,296
Creditors: amounts falling due within one year	10		<u>(13,007,347)</u>		<u>(10,035,013)</u>
Net current liabilities			(11,576,920)		(8,842,717)
Total assets less current liabilities			(11,226,481)		(8,269,566)
Capital and reserves					
Called up share capital	11		4		4
Profit and loss account	12		<u>(11,226,485)</u>		<u>(8,269,570)</u>
Shareholders' funds	13		(11,226,481)		(8,269,566)

The financial statements were approved by the board on 27th June 2017 and signed on its behalf by

Y Li
Director of Finance
Registration number 03764734

The notes on pages 11 -19 form an integral part of these financial statements.

Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements

For the year ended 30 September 2016

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

The transition to FRS 101 from UK GAAP, has not materially affected the reported financial position or the financial performance of the Company.

Under Financial Reporting Standard 101 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cash flows of the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Margolis Technology Limited, the company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Turnover

As a result of the acquisition of the Teliris Limited trade and assets, this incorporates a business to customer relationship which has resulted in external customer revenue. MSVC service continues to be delivered through the Dimension Data channel hence maintained as intercompany turnover throughout the year.

Intercompany Turnover represents services provided and the fees for onboarding these services (known as service activation), net of VAT and trade discounts.

The accounting policy in relation to turnover is as follows:

Services: turnover is recognized evenly over the period of the contract once the service start date is accepted by the customer.

Service Activation: turnover is recognized at the time when the related service goes live.

Where, payments are received from customers or amounts invoiced in advance of services provided, such amounts are recorded as deferred income and are included within creditors due within one year or after more than one year, where applicable.

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Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements

For the year ended 30 September 2016 (continued)

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

- Leasehold properties - straight line over the life of the lease
- Plant and machinery - three or five years
- Fixture, fittings and equipment - five years

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution, money purchase pension scheme. Contributions payable to the scheme are charged to the profit and loss account in the period to which they relate. The assets of the scheme are held separately from the company in independently administered funds. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

A deferred tax asset has not been recognized in respect of short term timing differences and tax losses for the period as there is insufficient evidence that the asset will be recovered.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded using the foreign exchange rate at the date. An exchange rate is published by the Dimension Data Group Finance at the end of each period which is applied to all foreign currency debtors and creditors with balance of bigger than £100 and all the foreign bank account balances. Any exchange gains/losses are taken to the Profit and Loss account.

Going concern

As a result of the current uncertain economic outlook the IT industry is continuing to experience a slowdown in spending which could continue to have an impact on the company's revenue and profits.

Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements

For the year ended 30 September 2016 (continued)

Going concern (continued)

As with any company placing reliance on other group entities for financial support, the directors acknowledge there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe it will not do so.

Dimension Data Network Services Limited, a group company also under the ultimate control of Nippon Telegraph and Telephone Corporation (NTT), has undertaken to provide financial support to the company to enable it to continue to trade and satisfy its liabilities as they fall due for at least twelve months from the approval of these Financial Statements and for the foreseeable future.

On the basis of the above, the company is expected to be able to continue in operational existence for the foreseeable future. The going concern basis of accounting in preparing the annual financial statements will continue to be adopted.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

2. Turnover

The total turnover of the company for the year has been derived from it's one principal activity.

Analysis of turnover by geographical market :

	2016	2015
	£	£
UK	1,132,190	1,507,767
Non UK	<u>2,293,024</u>	<u>1,364,063</u>
	<u>3,425,214</u>	<u>2,871,830</u>

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Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements

For the year ended 30 September 2016 (continued)

3. Operating loss

	2016	2015
Operating loss is stated after charging:	£	£
Depreciation	353,644	438,787
Operating Lease rentals		
- Land and buildings	106,352	85,056
Auditor's remuneration	17,333	13,336

4. Interest payable and similar charges

	2016	2015
	£	£
Interest payable on bank overdrafts	<u>220,989</u>	<u>147,670</u>

5. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were:

	2016	2015
Management and administration	5	7
Sales	-	3
Engineers	<u>47</u>	<u>40</u>
	<u>52</u>	<u>50</u>

	2016	2015
	£	£
Wages and salaries	2,712,981	2,573,647
Social security costs	355,700	263,312
Pension costs (see note 6)	<u>80,557</u>	<u>65,071</u>
	<u>3,149,238</u>	<u>2,902,030</u>

Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

**Notes to the financial statements
For the year ended 30 September 2016 (continued)**

5. Employees (continued)

	2016	2015
	£	£
Remunerations and other emoluments	102,933	175,836
Pension contributions	=	=
	<u>102,933</u>	<u>175,836</u>
	2016	2015
	Number	Number
Number of directors to whom retirement benefit accrued under a money purchase scheme	=	=

The other director, J Brock performed no qualifying services on behalf of the company and received no remuneration from the company.

6. Defined contribution pension scheme

Dimension Data Network Services Limited, a group company also under the ultimate control of Nippon Telegraph and Telephone Corporation (NTT), operates a defined benefits pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted is Nil (2015:Nil). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements
For the year ended 30 September 2016 (continued)

7. Tax

Profit and loss account

Tax on loss of ordinary activities Analysis of charge in period

There were no current or deferred tax charge in the current or prior period

Factors affecting the tax charge for the year

The tax assessed for the period is higher than the standard rate of corporate tax in the UK of 20% (2015: 20.5%). The differences are explained below.

	12 months to 30 September 2016	12 months to 30 September 2015
	£	£
Loss for period – continuing activities	<u>(2,956,914)</u>	<u>(2,879,410)</u>
Tax on loss on ordinary activities at standard UK Corporation tax rate of 20% (2015: 20.5%)	(591,383)	(590,279)
Effects of:		
Expenses not deductible for tax purposes	7,008	10,507
Effects of group relief/ other reliefs	481,770	558,751
Amounts not recognised	102,605	21,021
Current tax charge for the year	=	=

Dimension Data Visual Communications Limited has temporary differences and tax losses of £3,494,351 (2015: £2,754,361). A deferred tax asset has not been recognised for the period as there is insufficient evidence that the asset will be recovered. The asset not recognised is £594,039 (2015: £550,872) which is calculated at 17% (2015: 20%), the rate substantively enacted at the balance sheet date.

A reduction in the UK corporate tax from 20% to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2010) were substantively enacted on 18 November 2015 and 6 September 2016 respectively.

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Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements
For the year ended 30 September 2016 (continued)

8. Fixed assets	Long leasehold Property	Plant and Machinery	Fixture, fittings and equipment	Total
	£	£	£	£
Cost				
At 30 September 2015	367,878	1,848,754	57,800	2,274,433
Additions	-	132,486	-	132,486
Disposals	-	<u>(1,928)</u>	-	<u>(1,928)</u>
At 30 September 2016	<u>367,878</u>	<u>1,979,312</u>	<u>57,800</u>	<u>2,404,991</u>
Depreciation				
At 30 September 2015	354,323	1,293,230	53,728	1,701,282
Charge for the year	13,555	337,200	2,889	353,644
Disposals	-	<u>(373)</u>	-	<u>(373)</u>
At 30 September 2016	<u>367,878</u>	<u>1,630,057</u>	<u>56,617</u>	<u>2,054,552</u>
Net Book Values				
At 30 September 2016	=	<u>349,256</u>	<u>1,183</u>	<u>350,439</u>
At 30 September 2015	<u>13,555</u>	<u>555,523</u>	<u>4,072</u>	<u>573,151</u>

9. Debtors

	2016 £	2015 £
Trade debtors	161,919	43,303
Amounts owed by group undertakings	771,868	550,356
Other debtors	241,213	194,465
Prepayments and accrued income	<u>249,814</u>	<u>404,172</u>
	<u>1,424,815</u>	<u>1,192,296</u>

United Kingdom (Registered Office)

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South Africa (Head Office)

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Dimension Data Visual Communications Limited/ Year Ended 30 September 2016

Notes to the financial statements
For the year ended 30 September 2016 (continued)

10. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	252,821	231,284
Amounts owed to group undertakings	866,088	584,694
Bank overdraft	9,646,088	7,584,008
Accruals and deferred income	1,656,079	1,582,507
Other creditors	<u>586,271</u>	<u>52,520</u>
	<u>13,007,347</u>	<u>10,035,013</u>

11. Share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
4 Ordinary shares of £1 each	<u>4</u>	<u>4</u>

12. Equity reserves

Profit and loss account	£
At 30 September 2015	(8,269,567)
Loss for 12 months	<u>(2,956,914)</u>
At 30 September 2016	<u>(11,226,481)</u>

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Notes to the financial statements
For the year ended 30 September 2016 (continued)

13. Reconciliation of movements in shareholders' funds

	2016	2015
	£	£
Loss for the period	(2,956,914)	(2,879,410)
Opening shareholder funds	<u>(8,269,567)</u>	<u>(5,390,156)</u>
Closing shareholder funds	<u>(11,226,481)</u>	<u>(8,269,566)</u>

14. Financial commitments

The company had annual commitments under non-cancellable operating leases for land and buildings:

	2016	2015
	£	£
Due within one year	<u>106,125</u>	<u>149,583</u>

15. Related party transactions

In accordance with the exemptions under FRS 101 Reduced Disclosure Framework, being a 100% owned subsidiary company within a group; the company has decided not to disclose transactions with other group companies. There have been no transactions with related parties other than those that are covered by this exemption.

16. Immediate and ultimate parent company and ultimate controlling party

Margolis Technology Limited, a company incorporated in Great Britain and registered in England and Wales is the immediate parent company of Dimension Data Visual Communications Limited.

Nippon Telegraph and Telephone Corporation (NTT) is the parent undertaking of the largest group which includes the company and for which financial statements are prepared. NTT is incorporated in Japan.

The smallest group in which they are consolidated is that headed by Dimension Data Holdings Plc.

Copies of the group financial statements of Nippon Telegraph and Telephone Corporation are available from the Head Office at 3-1, Ottemachi 2-chome, Chiyoda-ku, Tokyo 100-8116, Japan.