Registered number: 08507618

SFDC EMEA DATA CENTRE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

SFDC EMEA DATA CENTRE LIMITED

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SFDC EMEA DATA CENTRE LIMITED

CORPORATE INFORMATION

DIRECTORS	David Dempsey Darryl Yee
COMPANY SECRETARY	Abogado Nominees Ltd
REGISTERED NUMBER	08507618
REGISTERED OFFICE	Floor 26 Salesforce Tower 110 Bishopsgate London EC2N 4AY United Kingdom
AUDITORS	Ernst & Young Chartered Accountants The Atrium Maritana Gate Canada Street Waterford Ireland
BANKERS	Deutsche Bank 6 Bishopsgate London EC2N 4DA United Kingdom
SOLICITORS	Baker & McKenzie London 100 New Bridge Street London EC4V 6JA United Kingdom

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2018

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

REVIEW OF BUSINESS

Effective from 1 September 2014, SFDC EMEA Data Centre Limited ("the Company") derives its revenue from its Data Hosting Services Agreement in place with SFDC Ireland Limited, an Irish based company and part of the salesforce.com group. The Company invoices SFDC Ireland Limited for all operating expenses incurred in offering data hosting services.

The Company's key financial and other performance indicators during the year were as follows:

	2018 £000	2017 £000	Variation %
Turnover	67,994	49,980	36%
Total operating expenses	(66,801)	(48,750)	37%
Operating profit	1,193	1,231	(3%)
Profit before taxation	1,000	961	4%
Shareholders' funds	2,430	1,573	54%
Average number of employees	5	4	25%

The statement of comprehensive income for the year ended 31 January 2018 and the balance sheet as at that date are set out on pages 9 and 10, respectively. The profit before taxation for the year amounted to £999,871 (2017 – £960,591). The full year result demonstrates that the movement to Cloud Computing is driving growth for the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Company 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.

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 and signed on its behalf.

Darryl Yee

Darryl Yee
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018

The Directors present their annual report and the audited financial statements of SFDC EMEA Data Centre Limited (the "Company") for the year ended 31 January 2018.

RESULTS FOR THE YEAR, DIVIDEND AND STATEMENT OF AFFAIRS

The statement of comprehensive income, balance sheet and related notes for the year ended 31 January 2018 are set out on pages 9 to 30.

The Directors do not propose a dividend and therefore the profit after taxation for the year of £805,967 *(2017 - £468,933)* is credited to reserves.

DIRECTORS OF THE COMPANY

The Directors of the Company who served during the year and up to the date of signing the financial statements were:

David Dempsey
Darryl Yee

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no contribution to political parties during the year.

Charitable contributions amounted to £NIL*(2017 - £NIL)*.

FUTURE DEVELOPMENTS

The Company intends to continue operating in the areas of Data Hosting Services with SFDC Ireland Limited. There are no further future developments that require comment.

EMPLOYEE INVOLVEMENT

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

DIRECTORS' LIABILITIES

If the Company has made a qualifying indemnity provision which is in force at the time when the Directors' report is approved for the benefit of one or more Directors of an associated company, or was in force at any time during the financial year for the benefit of one of more persons who were then Directors of an associated company, the Directors' report must state that any such provision is or (as the case may be), none were in force.

The term "qualifying indemnity provision" applies to both a qualifying third party indemnity provision and a qualifying pension scheme indemnity provision.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described on page 2.

The Company has net current liabilities on the balance sheet. Nevertheless, it has the support from salesforce.com, inc. and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the board at the time of approving the Directors report are listed on Page 3. Having made the requisite enquiries of fellow Directors and of the Company's auditors, each of these Directors' report confirmed that:

- to the best of each Director knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

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

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

Darryl Yee

Darryl Yee
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2018

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether 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 to 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.

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

Darryl Yee
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SFDC EMEA DATA CENTRE LIMITED

OPINION

We have audited the financial statements of SFDC EMEA Data Centre Limited (the 'Company') for the year ended 31 January 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2018 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SFDC EMEA DATA CENTRE LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SFDC EMEA DATA CENTRE LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Tom O'Keeffe (Senior statutory auditor)

for and on behalf of
Ernst & Young, Statutory Auditor

Waterford, Ireland

Date:

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £	*2017* *£*
Turnover	3	**67,994,181**	*49,980,494*
Distribution costs		**(15,773,096)**	*(12,551,262)*
Administrative expenses		**(51,028,065)**	*(36,198,557)*
OPERATING PROFIT	4	**1,193,020**	*1,230,675*
Interest receivable and similar income	7	**743**	*1,269*
Interest payable and similar charges	8	**(193,892)**	*(271,353)*
PROFIT BEFORE TAX		**999,871**	*960,591*
Tax charge on profit on ordinary activities	9	**(193,904)**	*(491,658)*
PROFIT FOR THE FINANCIAL YEAR		**805,967**	*468,933*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**805,967**	*468,933*

The notes on pages 12 to 30 form part of these financial statements.

SFDC EMEA DATA CENTRE LIMITED

BALANCE SHEET
AS AT 31 JANUARY 2018

	Note	2018 £	*2017* *£*
FIXED ASSETS			
Tangible assets	10	**7,120,547**	*6,014,018*
CURRENT ASSETS			
Debtors	11	**20,643,930**	*16,829,059*
Cash and cash equivalents		**1,546,804**	*12,731*
		22,190,734	*16,841,790*
Creditors: amounts falling due within one year	12	**(25,727,057)**	*(20,103,704)*
NET CURRENT LIABILITIES		**(3,536,323)**	*(3,261,914)*
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,584,224**	*2,752,104*
Creditors: amounts falling due after more than one year	13	**(1,154,344)**	*(1,132,868)*
PROVISIONS FOR LIABILITIES			
Deferred taxation	9	**-**	*(46,436)*
NET ASSETS		**2,429,880**	*1,572,800*
CAPITAL AND RESERVES			
Called up share capital	15	**1**	*1*
Other reserves	17	**125,546**	*74,433*
Retained earnings	17	**2,304,333**	*1,498,366*
		2,429,880	*1,572,800*

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

Darryl Yee

Darryl Yee
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018

	Called up share capital £	Other reserves £	Retained earnings £	Total equity £
At 1 February 2017	1	74,433	1,498,366	1,572,800
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the financial year	-	-	805,967	805,967
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	805,967	805,967
Capital contribution for equity-settled share based payments	-	51,113	-	51,113
AT 31 JANUARY 2018	1	125,546	2,304,333	2,429,880

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2017

	Called up share capital £	Other reserves £	Retained earnings £	Total equity £
At 1 February 2016	1	39,296	1,029,433	1,068,730
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the financial year	-	-	468,933	468,933
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	468,933	468,933
Capital contribution for equity-settled share based payments	-	35,137	-	35,137
AT 31 JANUARY 2017	1	74,433	1,498,366	1,572,800

The notes on pages 12 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of SFDC EMEA Data Centre Limited ("the Company") for the year ended 31 January 2018 were authorised for issue by the board of Directors on 25th October 2018. The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. These financial statements including the comparative figures were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council and in accordance with Companies Act 2006.

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

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.

The principal accounting policies adopted by the Company are set out in note 2.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described on page 2.

The Company has net current liabilities on the balance sheet. Nevertheless, it has the backing of the Salesforce group and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. The financial statements have been authorised and approved for issuance on 25th October 2018.

2.1 Basis of preparation

The accounting standards of FRS 101 have been applied for all periods presented. There are no material adjustments to be mentioned. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2018.

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Where required, equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated, salesforce.com, inc. The group accounts of salesforce.com, inc. are available to the public and can be obtained as set out in note 21.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

IAS 1.122 requires disclosures of the significant judgments that affect the amounts recognised in the financial statements. This does not mean that every accounting judgment should be disclosed. However, disclosure would be appropriate in cases where the accounting outcome is materially different dependent on the judgment taken.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Leases

The Company has entered into property leases as a lessee, obtaining the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised on the balance sheet.

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Taxation

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

2.3 Tangible fixed assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Tangible fixed assets (continued)

All tangible fixed assets are recognised initially at cost and thereafter carried at cost less depreciation and impairment charged subsequent to the date of the revaluation.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

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

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Impairment losses are recognised in the profit and loss account as incurred.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the profit and loss account in the period of derecognition.

2.4 Foreign currency translation

The Company's financial statements are presented in Sterling, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to administrative expenses in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Rendering of services

Revenue from the data hosting services agreements is recognised by reference to the stage of completion.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Leases

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

2.7 Pensions and other post-employment benefits

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

2.8 Income taxes

Current tax, including UK corporation tax and foreign tax, is provided at the amounts expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that the deferred tax liability arises from an initial recognition of goodwill; or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Income taxes (continued)

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.9 Financial instruments

i) Financial assets

The Company's financial assets include trade and other receivables and cash and cash equivalents.

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

The Company does not have any investments at fair value through profit and loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

ii)Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost in the statement of comprehensive income.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv) Trade and other debtors

Trade debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Share based payments

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). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except awards where vesting is conditional upon a market vesting condition or a non-vesting conditions, which are treated as vesting irrespective of whether or not the market vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

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 statement of comprehensive income 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 (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the statement of comprehensive income 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 statement of comprehensive income.

3. TURNOVER

Turnover by geographical segment has not been disclosed in accordance with part 3 paragraph 68 of Statutory Instrument 2008 No.410.

4. OPERATING PROFIT BEFORE TAXATION

The operating profit is stated after charging/ (crediting):

	2018	*2017*
	£	*£*
Depreciation of tangible fixed assets		
- owned by the company	**2,230,581**	*1,358,946*
- held under finance leases	**877,263**	*1,014,977*
Operating lease rentals:		
- plant and machinery	**6,907,907**	*7,587,855*
Foreign currency exchange differences	**847,649**	*(735,234)*
Staff costs (note 6)	**516,174**	*434,758*

5. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements. The auditors' remuneration does not include non-audit services.

	2018	*2017*
	£	*£*
Fees for the audit of the Company	**35,095**	*13,804*

6. STAFF COSTS AND DIRECTORS' REMUNERATION

A. STAFF COSTS

	2018 £	*2017 £*
Wages and salaries	**394,210**	*333,515*
Social security costs	**45,921**	*46,202*
Other pension costs	**24,930**	*19,904*
Share based payments	**51,113**	*35,137*
	516,174	*434,758*

Total expense of share based payments of £51,113 *(2017: £35,137)* arises from transactions accounted for as equity-settled share based payment transactions (note 16).

Other pension costs pertain to the Company's defined contribution scheme cost charged to operating profit (note 18).

B. DIRECTOR'S REMUNERATION

No Director has received emoluments during the financial year *(2017 - £NIL)*.

C. AVERAGE NUMBER OF EMPLOYEES

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

	2018 No.	*2017 No.*
Research & Development	**1**	-
Engineering	**4**	*4*
	5	*4*

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £	*2017 £*
Other interest receivable	**743**	*1,269*
	743	*1,269*

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £	*2017* *£*
Bank interest payable	3,262	*4,411*
Other loan interest payable	187,811	*213,062*
Finance leases	2,819	*53,880*
	193,892	*271,353*

9. TAXATION

(A) TAX CHARGED IN THE STATEMENT OF COMPREHENSIVE INCOME:

	2018 £	*2017* *£*
CORPORATION TAX		
Tax charge on profit on ordinary activities	347,777	*318,912*
Adjustments in respect of previous periods	(15,908)	*16,059*
TOTAL CURRENT TAX	331,869	*334,971*
DEFERRED TAX		
Current year	(160,000)	*(117,548)*
Adjustment in respect of prior periods	4,043	*265,212*
Effect of changes in tax rates	17,992	*9,023*
TOTAL DEFERRED TAX	(137,965)	*156,687*
TAXATION ON PROFIT	193,904	*491,658*

9. TAXATION (CONTINUED)

(B) RECONCILIATION OF TOTAL TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19.16% *(2017 - 20.00%)*. The differences are reconciled below:

	2018 £	*2017 £*
Profit before tax	**999,871**	*960,591*
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.16% (2017 - 20.00%)	**191,592**	*192,118*
EFFECTS OF:		
Adjustment in respect of prior years	**(11,864)**	*281,271*
Expenses not deductible for tax purposes	**9,793**	*9,247*
Tax rate changes	**17,992**	*9,023*
Share options	**(13,609)**	*-*
Roundings	**-**	*(1)*
TOTAL TAX (CREDIT)/CHARGE FOR THE YEAR	**193,904**	*491,658*

(C) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 17 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. Finance (No.2) Bill 2015, which was substantively enacted on 26 October 2015, announced that the corporation tax applying from 1 April 2017 would fall to 19% and to 18% from 1 April 2020.

9. TAXATION (CONTINUED)

(D) DEFERRED TAXATION

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

	2018 £	*2017 £*
At beginning of year	**46,436**	*(110,252)*
Charged to the profit and loss	**(142,009)**	*(108,524)*
Adjustment in respect of prior years	**4,043**	*265,212*
AT END OF YEAR	**(91,530)**	*46,436*

The provision for deferred taxation is made up as follows:

	2018 £	*2017 £*
Fixed assets	**(90,981)**	*46,925*
Temporary differences	**(549)**	*(489)*
	(91,530)	*46,436*

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & furniture £	Office equipment £	Computer Hardware £	Total £
COST OR VALUATION					
At 1 February 2017	3,284,338	536,615	4,686,047	3,283,593	11,790,593
Additions	28,802	-	-	4,193,016	4,221,818
Disposals	-	-	-	(113,129)	(113,129)
At 31 January 2018	3,313,140	536,615	4,686,047	7,363,480	15,899,282
DEPRECIATION					
At 1 February 2017	882,305	296,063	2,679,611	1,918,596	5,776,575
Charge for the year	331,307	107,323	877,263	1,791,951	3,107,844
Disposals	-	-	-	(105,684)	(105,684)
At 31 January 2018	1,213,612	403,386	3,556,874	3,604,863	8,778,735
NET BOOK VALUE					
At 31 January 2018	2,099,528	133,229	1,129,173	3,758,617	7,120,547
At 31 January 2017	*2,402,033*	*240,552*	*2,006,436*	*1,364,997*	*6,014,018*

Please refer to note 14 for detail on the Finance Leases included above.

11. DEBTORS

	2018 £	2017 £
DUE AFTER MORE THAN ONE YEAR		
Prepayments	588,440	331,695
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	18,231,667	14,456,303
Other debtors	-	9,322
Prepayments	1,210,420	1,554,712
Corporation Tax	83,096	-
Deferred Tax (Note 9)	91,530	-
VAT receivable	438,777	477,027
	20,643,930	16,829,059

12. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	622,255	171,186
Amounts owed to group undertakings	24,285,758	18,131,298
Corporation tax	-	120,035
Obligations under finance lease (note 14)	-	376,470
Other creditors	92,163	70,952
Accruals	726,881	1,233,763
	25,727,057	20,103,704

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. CREDITORS: Amounts falling due after more than one year

	2018	2017
	£	£
Accruals	1,154,344	1,132,868
	1,154,344	1,132,868

14. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

The Company uses finance leases and hire purchase contracts to acquire plant and equipment. These leases have terms of renewal. Renewals are at the option of the lessee. Future minimum lease payments under finance leases and hire purchase contracts are as follows:

1. Obligations under Finance Leases:

The Company uses finance leases to acquire equipment. The leases have an average duration of 3 years and purchase option.

At 31 January 2018, the Company had future minimum lease payments under finance leases are as follows:

	2018	2017
	£	£
Expiry date		
Within 1 year	-	376,470
	-	376,470

Present value of minimum lease payments

The present value of minimum lease payments is analysed as follows:

	2018	2017
	£	£
Expiry date		
Within 1 year	-	376,470
	-	376,470

2. Obligations under Operating Leases:

The Company has entered into commercial leases on property and equipment. These leases have an average duration of between 3 and 10 years and contain an option for renewal.

14. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS (continued)

At 31 January 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

a) Land & building

	2018 £	*2017 £*
Expiry date:		
Within 1 year	**3,967,774**	*2,058,621*
Between 2 and 5 years	**21,371,065**	*8,870,879*
After more than 5 years	**4,200,945**	*5,256,290*
	29,539,784	*16,185,790*

b) Other

	2018 £	*2017 £*
Expiry date:		
Within 1 year	**3,221,797**	*5,719,746*
Between 2 and 5 years	**2,293,151**	*2,323,354*
	5,514,948	*8,043,100*

15. SHARE CAPITAL

	2018 £	*2017 £*
Shares classified as equity		
Allotted, called up and fully paid		
1- Ordinary share share of £1	**1**	*1*

16. SHARE BASED PAYMENTS

The Company, through its ultimate parent, salesforce.com, inc., operates two types of share based compensation plans:

Restricted Share Unit (RSU)

Restricted Stock Units are shares which the participating employees shall assume full ownership of upon vesting.

RSUs do not have a purchase price; rather, the full value of an RSU is earned through the service performed to the Company during the vesting period by the holder and are issued when the award vests.

The vesting schedule is a 4 year vest. 25% will vest one year from the grant date and 6.25% will vest quarterly thereafter.

	Weighted average share price on day of release (USD) 2018	**Number 2018**	*Weighted average share price on day of release (USD) 2017*	*Number 2017*
Released	**96.894**	**733**	*76.5261*	*542*
Closing balance		**3,710**		*1,589*

For the remaining RSUs at period end the market price on release date is yet to be established. The weighted average recognition period for the remaining RSUs is 3.42 years (2017 - 2.72 years).

Employee Stock Purchase Plan

Through the ESPP, an employee is able to contribute 2% to 15% of eligible compensation to be used toward the purchase of salesforce.com shares. Stock will be purchased twice a year at a 15% discount off the lesser of these two price scenarios: a) the price of salesforce.com stock on the purchase date or b) the price of salesforce.com stock on the first day of an employee's annual ESPP cycle.

For the year to 31 January 2018 a total of 307 shares at an average of USD 59.70 were issued under the plan (2017 - 603 at an average of USD 62.95)

The expense recognised for share based payments in respect of employee services received during the year to 31 January 2018, is £51,113 (2017 - £35,137).

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

17. RESERVES

Other reserves represents capital contributions for equity-settled share based payments.

The retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

18. PENSION COMMITMENTS

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 £24,930 *(2017 - £19,904)*. Contributions outstanding at year-end amounted to £4,479 *(2017 - £2,876)* payable by the Company.

19. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption under IAS 24 "related party disclosures" from disclosing transactions with group undertakings.

20. POST BALANCE SHEET EVENTS

There were no events occurring after the balance sheet date that required disclosure, or adjustment to the financial statements of the Company.

21. CONTROLLING PARTY

The Company's immediate parent company is SFDC Luxembourg Sàrl, a company incorporated in Luxembourg.

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 isalesforce.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.