Node 4 Limited

Annual report and financial statements

for the year to 31 March 2015

Registered number 04759927

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Node 4 Limited

Annual report and financial statements for the year to 31 March 2015

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Node 4 Limited

Officers and professional advisors

Directors

Mr A Gilbert
Mrs K Gilbert
Mr P Bryce
Mr R Baker
Mr D Goldie
Mr B Waldron
Mr M Draper
Mr J Green

Registered office

Unit 1A-1B, Millennium Way
Pride Park
Derby
DE24 8HZ

Bankers

National Westminster Bank PLC
Derby City
Crompton House
Derwent Street
Derby
DE1 2ZG

Solicitors

Pinsent Masons LLP
3 Colmore Circus
Birmingham
B46BH

Independent auditors

PricewaterhouseCoopers LLP
Donington Court
Herald Way
East Midlands
DE74 2UZ

Node 4 Limited

Strategic report
for the year to 31 March 2015

The directors present their strategic report for the year to 31 March 2015.

Principal activities

The principal activity of the company is the provision of IT services.

Results

The company generated earnings before non-recurring costs, interest, taxation, depreciation and amortisation (adjusted EBITDA) in the year to 31 March 2015 of £6,354,683 *(2014: £3,994,020)* and an operating profit of £5,219,573 *(2014: £3,089,889)* for the same year. The profit on ordinary activities before taxation for the year was £5,195,971 *(2014: £3,075,729)*.

Business review

The business of the company is focused on the IT services of cloud, colocation, connectivity, communications and managed services.

In addition to offices in Reading, Newark and London, we own and manage high quality data centres located in Derby, Leeds and Northampton. Collectively this gives in excess of 1500 racks of capacity with high levels of security and redundancy. Our facilities are ISO27001 accredited, they satisfy the physical security requirements for PCI compliance and in the case of Northampton and Derby are aligned Tier 3 standards.

Our data centres are home to our cloud infrastructure. Working with leading vendors Cisco, NetApp and VMware we have built a platform that offers the scalable and resilient resources to host customer workloads and applications. We also deliver private cloud solutions with dedicated infrastructure and bring together both elements in hybrid cloud solutions.

Critical to being able to access this infrastructure is connectivity. The data centres are connected using our national fibre network, recently upgraded and which includes points of presence in Manchester and London, as well as interconnects to major UK carriers. This means that regardless of where the customer site is we can provide the best options in terms of price and capacity.

We are an internet service provider and access methods including Ethernet, broadband and M2M which uses the mobile 3G/4G network to provide access into our national network. Our network seamlessly connects clients to SIP, voice, cloud and data centre solutions.

Expanding our range of hosted services, the Communicate part of the portfolio gives access to hosted Unified Communications Services allowing customers to make and receive phones calls across IP connections.

Wrapped around all these services we provide a complete managed service wrap for business critical systems including operating systems (Linux and Microsoft), software application stacks such as web and database services, dev-ops for application orchestration and a comprehensive managed security service.

We have a strong business culture that is built around working with our customers. We believe in flexibility and view our customers as partners, aiming to provide the best customer experience. We pride ourselves on the satisfaction that our customers achieve whilst working with us.

The business has steadily grown customer numbers and sales across the whole service portfolio. In August 2014 the company acquired LETN Solutions Limited, adding an office in Reading and enhancing our skillset in the areas of cloud and managed services. This business was hived up into the company at 31 March 2015. In March 2015 we strengthened our portfolio of cloud solutions further with the acquisition of Reconnix Limited, an open source technology services specialist.

Strategic report
for the year to 31 March 2015 (continued)

Future developments

The company intends to maintain steady growth into the future, leveraging off the capacity available in its well invested data centres, complemented by the service portfolio and taking advantage of the market trend towards outsourced IT infrastructure.

The company has followed a regional business model and this is expected to continue in the coming years.

To this end and after the balance sheet date, on 29 July 2015, a further acquisition of the London based Premier IT Networks Limited was completed, specialising in the provision of cloud services. In addition to expanding the company's London presence, the acquisition complements the company's service portfolio. Further details of this post balance sheet event can be found in note 22.

Key performance indicators

The company relies on various KPIs, which are regularly reviewed by the management team and board. The main KPIs are as follows:

- Sales activity, particular in relation to growth in the key service areas including cloud and data centre utilisation
- Gross margin by product category is stable or improving across each product category
- Earnings before non-recurring costs, interest, taxation, depreciation and amortisation (adjusted EBITDA) has improved in the year.

Principal risks and uncertainties

The directors consider the biggest risks to stem from the management of the growth of the business including integration of acquired businesses. In operational terms this risk manifests in areas such as employee and customer retention and the company strives to foster a culture and customer service ethos to mitigate this.

In financial terms the directors consider and manage these risks in the following terms:

Credit risk

The company policy in respect of credit risk is to require appropriate credits checks on all potential customers prior to sales being made. In addition direct debit is stipulated as a preferred method for customer payment and a rigorous credit control policy is followed.

Liquidity and cash flow risk

The board regularly reviews the cash position and cash flow forecasts for the company. The company has a free cash balance and the group has committed bank facilities available to finance capital expenditure and working capital in pursuit of growth.

Interest rate risk

The parent company has purchased an interest rate cap to mitigate the risk of increases in interest rates.

Approved by the board of directors and signed on behalf of the board on 8 February 2016.

A Gilbert
Director

Node 4 Limited

Directors' report
for the year to 31 March 2015

The directors present their annual report and the audited financial statements of company for the year to 31 March 2015.

Directors

The directors who served throughout the year, and subsequently to the date of approval of the annual report and financial statements, are as follows:

Mr A Gilbert
Mr P Bryce
Mrs K Gilbert
Mr D Goldie
Mr B Waldron
Mr M Draper
Mr J Green
Mr R Baker

Dividends

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

Going concern

The directors have considered the trading performance of the company, together with the factors likely to affect its future development as well as its current liquidity position. The directors have reviewed the company's forecasts and likely future cash flows, taking into account the group's current net borrowings, loan repayment schedules and uncommitted cash deposits.

Based on the available information on the future, the directors consider that the company has a diverse range of products and services and has the plans and resources to manage its business risks successfully and remain financially robust.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

Employees

Disabled applicants and existing disabled employees of the company are treated fairly and on terms comparable with those of other employees. Equally, employees who become disabled during their employment receive training, where necessary, in order to promote their ongoing career development.

Strategic report

The following items have been included within the strategic report on pages 2 to 3:

- Principal activities
- Results
- Business review
- Future developments
- Key performance indicators
- Principal risks and uncertainties

Directors' indemnities
The company maintained liability insurance for its directors and officers. This is a qualifying indemnity provision for the purposes of the Companies Act 2006, and was in place during the financial year up to the date of signing these financial statements.

Directors' report for the year 31 March 2015 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 year. 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;
- 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 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 auditors

In accordance with section 418 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

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

Approved by the board of directors and signed on behalf of the board on 8 February 2016.

A Gilbert
Director

Independent auditors' report to the members of Node 4 Limited

Report on the financial statements

Our opinion

In our opinion Node 4 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of the company's profit for the 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2015;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Node 4 Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

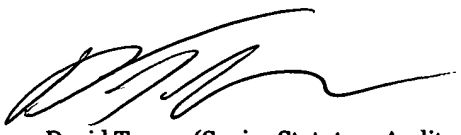
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
8 February 2016

Node 4 Limited

Profit and loss account
for the year to 31 March 2015

	Note	2015	2014
		£	£
Turnover	2	**22,767,695**	14,926,316
Cost of sales		**(10,706,300)**	(6,305,594)
Gross profit		**12,061,395**	8,620,722
Administrative expenses		**(6,841,822)**	(5,530,833)
Operating profit	3	**5,219,573**	3,089,889
Interest receivable and similar income	4	**-**	7,538
Interest payable and similar charges	5	**(23,602)**	(21,698)
Profit on ordinary activities before taxation		**5,195,971**	3,075,729
Tax on profit on ordinary activities	7	**(1,141,051)**	(656,655)
Profit for the financial year	16	**4,054,920**	2,419,074

All results are derived from continuing operations.

There is no material difference between the profit disclosed above and the profit stated on an unmodified historic cost basis.

The company has no recognised gains or losses for the current year or prior year other than the results above and accordingly no statement of total recognised gains and losses has been prepared.

The notes on pages 10 to 19 form part of these financial statements

Node 4 Limited

Balance sheet
as at 31 March 2015

	Note	2015	2014
		£	£
Fixed assets			
Intangible assets	9	**3,195,919**	-
Tangible assets	8	**7,859,390**	6,466,865
Investments	9	**3,091,938**	-
		14,147,247	6,466,865
Current assets			
Stocks	10	**32,543**	26,534
Debtors: amounts falling due within one year	11	**4,809,563**	1,451,513
Cash at bank and in hand		**2,748,405**	2,432,791
		7,590,511	3,910,838
Creditors: amounts falling due within one year	12	**(9,494,602)**	(2,820,587)
Net current (liabilities)/assets		**(1,904,091)**	1,090,251
Total assets less current liabilities		**12,243,156**	7,557,116
Creditors: amounts falling due after more than one year	13	**(590,166)**	(86,132)
Provisions for liabilities	14	**(390,526)**	(263,440)
Net assets		**11,262,464**	7,207,544
Capital and reserves			
Called up share capital	15	**1,308,025**	1,308,025
Profit and loss account	16	**9,954,439**	5,899,519
Total shareholders' funds	17	**11,262,464**	7,207,544

These financial statements were approved by the Board of Directors and authorised for issue on 8 February 2016.

Signed on behalf of the Board of Directors

A Gilbert
Director
Company Registration Number: 04759927

The notes on pages 10 to 19 form part of these financial statements

Notes to the financial statements for the year to 31 March 2015

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies adopted are described below and have been applied consistently.

Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis after due consideration of the principal risks and uncertainties as disclosed in the report of the directors, and in accordance with the Companies Act 2006.

The company has taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose transactions between wholly owned entities in the group.

The company is a wholly-owned subsidiary of Node 4 Holdings Limited and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The company has taken advantage of the exemption available to subsidiary companies under FRS 1 'Cash flow statements - Revised' not to prepare a cash flow statement on the grounds that its cash flows are included in the publicly available financial statements of its parent company.

Going concern

The directors have considered the trading performance of the company, together with the factors likely to affect its future development as well as its current liquidity position. The directors have reviewed the company's forecasts and likely future cash flows, taking into account current group net borrowings, loan repayment schedules and uncommitted cash deposits.

Based on the available information on the future, the directors consider that the company has a diverse range of products and services and has the plans and resources to manage its business risks successfully and remains financially robust.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the principal activity of the company, after deduction of trade discounts and VAT.

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. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. 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.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the year in which they become payable in accordance with the rules of the scheme.

Stocks

Stocks are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Notes to the financial statements for the year to 31 March 2015 (continued)

1 Accounting policies (continued)

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax 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 financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Research and development expenditure

All research costs are charged immediately to profit or loss. Costs incurred on development projects are recognised as intangible assets when they meet the requirements of SSAP 13 'Accounting for research and development.' Development costs that cannot be capitalised are charged to profit or loss in the period in which they occur.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Asset class	Depreciation method rate
Leasehold improvements	Straight line basis over the remaining term of the lease
Office equipment	33⅓% straight line basis
Fixtures and fittings	20% straight line basis
Hosting equipment	20 or 33⅓% straight line
Motor vehicles	20% straight line basis

Borrowings

Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Issue costs are amortised to the profit and loss account over the estimated life of the relevant borrowings.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Leasing and hire purchase commitments

Assets obtained under leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) and hire purchase contracts are included in the balance sheet at the estimated present value of underlying rental payments and are depreciated in accordance with the policy above. Obligations under such agreements are included in creditors, net of finance charges allocated to future years. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each year.

Rentals paid under other leases (operating leases) are charged against income on a straight-line basis over the lease term.

Notes to the financial statements for the year 31 March 2015 (continued)

2 Turnover

IT services is considered to be the only material class of business carried on by the company. An analysis of turnover by geographical location is given below:

	2015	2014
	£	£
United Kingdom	**22,767,695**	14,926,316

3 Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Operating lease rentals:		
• Plant and machinery	**128,971**	108,404
• Other	**490,078**	474,234
Auditors' remuneration:		
• Audit of the company's annual statutory financial statements	**20,000**	5,000
• Other assurance services	**-**	1,000
• Tax compliance services	**4,000**	4,000
• Tax advisory services	**9,000**	86,000
• Other non-audit services not covered above	**-**	2,000
Research and development expenditure	**200,299**	151,241
Non-recurring costs (including carbon reduction charge levied before a continuing exemption became applicable)	**174,231**	-
Depreciation		
• Owned assets	**896,997**	819,576
• Held under finance leases (note 8)	**63,882**	84,555
Loss on disposal of fixed assets	**-**	19,888

In addition to those disclosed above, £89,000 of auditors' remuneration in respect of other assurance services has been capitalised and included in the cost of investments.

4 Interest receivable and similar income

	2015	2014
	£	£
Bank interest receivable	**-**	41
Other interest receivable	**-**	7,497
	-	7,538

Notes to the financial statements for the year to 31 March 2015 (continued)

5 Interest payable and similar charges

	2015	2014
	£	£
Interest on finance leases and similar hire purchase contracts	**23,602**	20,736
0.5% cumulative preference share dividends	**-**	962
	23,602	21,698

6 Information regarding directors and employees

	2015	2014
	£	£
Directors' remuneration – aggregate emoluments	**410,627**	294,516
Remuneration of the highest paid director	**148,652**	177,556

Average monthly number of persons employed	2015	2014
	Number	Number
Directors	**8**	5
Sales	**32**	21
Developers	**6**	4
Technical	**37**	28
Project management	**1**	1
Finance and administration	**4**	4
	88	63

Staff costs	2015	2014
	£	£
Wages and salaries	**3,219,146**	2,380,875
Social security costs	**349,331**	255,623
Other pension costs (note 19)	**3,231**	3,428
	3,571,708	2,639,926

Notes to the financial statements for the year to 31 March 2015 (continued)

7 Tax on profit on ordinary activities

	2015	2014
	£	£
Current taxation		
United Kingdom corporation tax		
Current year	**1,000,626**	671,307
Adjustment in respect of prior years	**21,056**	14,658
	1,021,682	685,965
Deferred taxation		
Origination and reversal of timing differences	**120,416**	12,980
Adjustment in respect of prior years	**(1,047)**	(2,774)
Effect of changes in tax rates	**-**	(39,516)
Tax on profit on ordinary activities	**1,141,051**	656,655

Factors affecting the current tax charge for the year

Corporation tax on profit on ordinary activities for the year is lower *(2014: lower)* than the standard rate of corporation tax in the UK of 21% *(2014: 23%)*.

The differences are reconciled below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	**5,195,971**	3,075,729
Corporation tax at standard rate of 21% *(2014: 23%)*	**1,091,154**	707,418
Factors affecting charge for the year:		
Capital allowances in excess of depreciation	**(129,829)**	(15,306)
Disallowable expenses	**39,301**	8,511
Adjustment in respect of prior years	**21,056**	(14,658)
Total actual amount of current tax	**1,021,682**	685,965

In the Finance Act 2013 the main rate of corporation tax was reduced from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. As these rate reductions were substantively enacted at the balance sheet date, deferred tax balances have been based on a rate of 20% based upon the expected timing of reversal of the related timing or temporary difference.

In the 2015 Summer Budget the Chancellor announced proposals to reduce the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes to the corporation tax rates have not been reflected in the calculation of deferred tax assets and liabilities in these financial statements as they had not been substantially enacted at the balance sheet date.

Notes to the financial statements for the year to 31 March 2015 (continued)

8 Tangible fixed assets

	Leasehold improve-ments	Fixtures and fittings	Office equipment	Motor Vehicles	Hosting equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2014	6,784,340	292,012	287,392	-	3,251,185	10,614,929
Additions	903,310	22,198	55,854	74,797	1,171,481	2,227,640
Transferred from a subsidiary undertaking	-	-	150	-	125,614	125,764
At 31 March 2015	**7,687,650**	**314,210**	**343,396**	**74,797**	**4,548,280**	**12,968,333**
Accumulated depreciation						
At 1 April 2014	1,378,036	258,191	264,857	-	2,246,980	4,148,064
Charge for the year	495,149	14,028	18,484	3,740	429,478	960,879
Disposals						
At 31 March 2015	**1,873,185**	**272,219**	**283,341**	**3,740**	**2,676,458**	**5,108,943**
Net book amount						
At 31 March 2015	**5,814,465**	**41,991**	**60,055**	**71,057**	**1,871,822**	**7,859,390**
At 1 April 2014	5,406,304	33,821	22,535	-	1,004,205	6,466,865

Leased assets

Included within the net book value of tangible fixed assets is £889,196 *(2014: £556,669)* in respect of assets held under finance lease or similar hire purchase agreements. Depreciation for the year on these assets amounted to £63,882 *(2014: £84,555)*.

9 Investments

	Investments in subsidiary undertakings
	£
Cost and net book amount	
At 1 April 2014	-
Additions	6,287,857
Goodwill transferred to intangible assets (see below)	(3,195,919)
At 31 March 2015	**3,091,938**

The company acquired all of the issued ordinary share capital of LETN Solutions Limited and Reconnix Limited during the year. These are both companies registered in England and Wales and which are providers of IT services.

On 31 March 2015 the trade and assets of LETN Solutions Limited were transferred to Node 4 Limited at book value. Consequently the goodwill inherent in the investment in this business was transferred to intangible assets leaving the cost of investment in the subsidiary equal to the remaining book value.

Notes to the financial statements for the year to 31 March 2015 (continued)

10 Stocks

	2015	2014
	£	£
Consumables	**32,543**	26,534

11 Debtors

Amounts falling due within one year	2015	2014
	£	£
Trade debtors	**3,698,185**	769,494
Amounts owed by group undertakings	**-**	2,634
Other debtors	**66,017**	58,066
Prepayments and accrued income	**1,045,361**	621,319
	4,809,563	1,451,513

12 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	**1,905,740**	1,138,784
Finance leases and similar hire purchase contracts	**245,860**	161,888
Amounts owed to group undertakings	**4,849,013**	-
Corporation tax	**255,506**	518,251
Other taxation and social security	**710,859**	404,952
Accruals and deferred income	**1,527,624**	596,712
	9,494,602	2,820,587

Obligations under finance lease and similar hire purchase contracts are secured on the specific assets to which the finance relates.

Notes to the financial statements for the year to 31 March 2015 (continued)

13 Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Finance leases and similar hire purchase contracts	**590,166**	86,132

Obligations under finance lease and similar hire purchase contracts are secured on the specific assets to which the finance relates. £180,766 is due within 1 to 2 years *(2014; £86,132)* and £409,400 within 2 to 5 years *(2014: £nil)*.

14 Provisions for liabilities

	Deferred tax
	£
At 1 April 2014	263,440
Transferred from subsidiary undertaking	7,717
Charge in the year	119,369
At 31 March 2015	**390,526**

Deferred taxation relates to accelerated capital allowances.

15 Called up share capital

	Allotted, called up and fully paid 2015	Allotted, called up and fully paid 2014	**Allotted, called up and fully paid 2015**	Allotted, called up and fully paid 2014
	£	£	**Number of shares**	Number of shares
Ordinary shares of £1 each	**1,308,025**	1,308,025	**1,308,025**	1,308,025

Each ordinary share entitles the holder to one vote at shareholder meetings and all ordinary shares rank equally in relation to distributions of income or capital.

16 Profit and loss account

	Profit and loss account
	£
At 1 April 2014	5,899,519
Profit for the financial year	4,054,920
At 31 March 2015	**9,954,439**

Notes to the financial statements for the year to 31 March 2015 (continued)

17 Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Issue of ordinary shares	-	1,307,925
Profit for the financial year	**4,054,920**	2,419,074
Net increase in shareholders' funds	**4,054,920**	3,726,999
Opening shareholders' funds	**7,207,544**	3,480,545
Total shareholders' funds	**11,262,464**	7,207,544

18 Contingent liabilities

The company has provided a guarantee in respect of the net bank and other secured loan borrowings of its parent company, which at 31 March 2015 amounted to £23,190,000 *(2014: £20,827,000)*.

19 Pension schemes

Defined contributions pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £3,231 *(2014: £3,428)*.

Contributions totalling £nil *(2014:£nil)* were due to the scheme at the end of the year.

20 Financial commitments

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

	Land and buildings	Land and buildings	**Other**	Other
	2015	2014	**2015**	2014
	£	£	**£**	£
Within one year	-	-	**10,242**	32,424
In two to five years	**87,125**	-	**71,964**	54,845
More than 5 years	**458,000**	448,000	-	-
	545,125	448,000	**82,206**	87,269

Notes to the financial statements for the year to 31 March 2015 (continued)

21 Related party transactions

During the year, the company was involved in the following related party transactions.

Dedipoint Midlands Limited

Dedipoint Midlands Limited is controlled by Mr A Gilbert.

During the year the company made purchases from Dedipoint Midlands Limited of £nil *(2014: £10,815)*. At the balance sheet date, the amount due to Dedipoint Midlands Limited was £nil *(2014: £10,815)*.

G&W Properties Ltd

Mr A Gilbert is a director of G&W Properties Ltd, the owner of property occupied by the company.

During the year, the company incurred rental charges from G&W Properties Ltd of £458,000 *(2014; £232,000)*. At the balance sheet date, £137,400 was due to G&W Properties Ltd *(2014: £nil)* and an amount of £114,500 *(2014: £93,932)* of rent charged was held in prepayments.

22 Events after the balance sheet date

After the balance sheet date, on 29 July 2015, the acquisition of Premier IT Networks Limited was completed for a total consideration of £3,000,000. Premier IT Networks Limited is a London based business specialising in the provision of cloud services.

23 Controlling party

The company is a wholly owned subsidiary undertaking of Node 4 Holdings Limited, which is also the ultimate parent company and ultimate controlling party. Node 4 Holdings Limited is also the smallest and largest group of companies to consolidate these financial statements.

The consolidated financial statements of Node 4 Holdings Limited can be obtained from Unit 1a – 1b, Millennium Way, Pride Park, Derby, DE24 8HZ.