Enfield DC Service Company Limited

Report and financial statements

Year Ended

31 December 2016

Registered number: 07230521

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Enfield DC Service Company Limited

Report and financial statements
for the year ended 31 December 2016

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Country of incorporation of parent company

United Kingdom

Legal form

Limited Company

Principal place of business of Company

United Kingdom

Principal activities

The nature of the Company's operations and its principal activities are set out in the Directors' Report

Directors

D R L Seaton
N Cresswell
M Abramsky
M D Marks
J King

Enfield DC Service Company Limited

Report and financial statements
for the year ended 31 December 2016

Registered office

Kent House, 14-17 Market Place, London W1W 8AJ

Company number

07230521

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Enfield DC Service Company Limited

Report of the directors
for the year ended 31 December 2016

The directors present their report together with the audited financial statements of Enfield DC Service Company Limited (the "Company") for the year ended 31 December 2016.

Directors

The directors of the company throughout the year were:

D R L Seaton
N Cresswell
M D Marks
M Abramsky
J King

Going Concern

The directors have considered the financial resources available along with the future plans for the Company and the support provided by the company's shareholders when considering the going concern of the Company.

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.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Principal activities

The principal activity of the Company is that of provision of property services. There were no significant changes to these activities during the year.

Future developments of the business

VIRTUS continues to participate in the growth of the London colocation market being stimulated by the supportive and well documented macro-economic, data and cloud drivers propelling the industry.

In 2016, VIRTUS' strong sales performance has continued and we are cautiously optimistic this will continue in 2017, resulting in further market share increases in the London Data Centre market.

During 2016 VIRTUS have continued the build out inventory in LONDON2, in line with both contracted and anticipated customer demand, primarily funded by a new senior debt facility raised in Q4 2016.

As a result of the above performance and activity, VIRTUS are now actively looking at ways to enhance the portfolio to deliver the growth set out in our business plans.

Directors' responsibilities

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

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

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

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

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

Provision of information to auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these financial statements are sent to the members unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approval

This directors' report was approved by order of the Board on 30 JUN 2017



Director
D R L Seaton

TO THE MEMBERS OF ENFIELD DC SERVICE COMPANY LIMITED

We have audited the financial statements of Enfield DC Service Company Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101).

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 company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 directors' report for the financial year 31 December 2016 for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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 by the Company 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 required for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime or to the exemption from the requirement to prepare a strategic report.

BDO LLP

Richard Levy (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

30 June 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Enfield DC Service Company Limited

Statement of comprehensive income
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	3	**3,961**	3,018
Property expenses		**(3,153)**	(1,794)
Net property revenue		**808**	1,224
Administrative expenses	4	**(612)**	(1,478)
Other operating income	6	**-**	212
Profit/(loss) before tax		**196**	(42)
Tax expense	7	**-**	-
Total comprehensive income/(loss)		**196**	(42)

All items dealt with in arriving at the total income for the year relate to continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

Enfield DC Service Company Limited

Statement of financial position
at 31 December 2016

Company number 07230521

	Note	31 December 2016 £'000	31 December 2015 £'000
Current assets			
Trade and other receivables	9	1,023	764
Amounts due from related parties		-	202
Cash and cash equivalents	8	1,953	768
		2,976	1,734
Total assets		2,976	1,734
Current liabilities			
Trade and other payables	10	812	624
Amounts due to related parties		3,257	2,399
		4,069	3,023
Net liability		(1,093)	(1,289)
Issued capital and reserves attributable to owners of the company			
Share capital	11	-	-
Retained earnings		(1,093)	(1,289)
Total equity		(1,093)	(1,289)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 5 to 14 were approved and authorised for issue by the Board of directors on 30/6/17 and were signed on its behalf by:

D R L Seaton
Director



The notes on pages 8 to 14 form part of these financial statements.

Enfield DC Service Company Limited

Statement of changes in equity
for the year ended 31 December 2016

	Share Capital £'000	Retained earnings £'000	Total Equity £'000
1 January 2015	-	(1,247)	(1,247)
Loss for the year	-	(42)	(42)
31 December 2015	-	(1,289)	(1,289)
1 January 2016	-	(1,289)	(1,289)
Profit for the year	-	196	196
31 December 2016	-	(1,093)	(1,093)

The notes on pages 8 to 14 form part of these financial statements.

1. Accounting policies

Company background

VIRTUS is a fast growing pure-play colocation UK-based data centre company with three facilities in the London market. The company's vision is:

- To lead the data centre industry in Europe through provision of a new generation of high quality, efficient, connected Intelligent data centres and
- To bring to our clients fresh, flexible, transparent and value-enhancing propositions that will enable our customers to grow and enhance their own businesses through Virtus.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework The principal accounting policies adopted in the preparation of the financial statements are set out below. In previous years the financial statements were prepared in accordance with applicable accounting standards.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Virtus Holdco Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Virtus Holdco Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value);

1. Accounting policies *(continued)*

Going concern

At 31 December 2016 the company is in a net liability position and net current liability of £1.1 million (2015- £1.3 million).

The directors have prepared a cash flow forecast for the Virtus Group covering a period of 12 months from signing the accounts and based on the projections, in order to meet the operational and expansion plan of the Group, it is reliant for financial support from its main shareholder group. The main shareholder of the Group has provided a letter of support to finance the Group in order to meet its obligations and liabilities as they fall due for the next twelve months.

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.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Prepaid stock

Prepaid stock relates to the cost of fittings used for installations work performed for new customers. This relates to the unbilled portion at year end. Prepaid stock is initially recognised at cost and subsequently at the lower of cost and net realisable value.

Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial liabilities

The company classifies its financial liabilities into one category based on the purpose for which the liability was acquired.

1. Accounting policies *(continued)*

Other financial liabilities

Other financial liabilities include the following item:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Revenue

Revenue comprises rent in relation to the provision of data space centre, as well as ancillary charges for additional services including power, connectivity and non-technical (office or storage) space. Revenue is recognised exclusive of VAT and is recognised on an accrual basis.

Rent receivable is spread on a straight-line basis over the period of the lease.

The period of the lease is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at inception of the lease, the directors are reasonably certain that tenant will exercise that option.

Ancillary Services Income comprises fees from customers typically relating to standard and bespoke one-off customer installation and set-up works.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognised in the period in which they are rendered.

The directors are of the opinion that the Company is engaged in a single business segment, being the data centre ownership and operation in the UK only.

2. Critical accounting estimates, judgements and assumption

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. Critical accounting estimates and judgements *(continued)*

Estimates and assumptions

Operating lease contracts

The Company has acquired investment properties that are subject to commercial property leases with tenants. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

3. Revenue

Revenue arises from:

	2016 £ '000	2015 £ '000
Rental income	1,291	950
Power charges recoverable	2,243	1,783
Connectivity income	112	75
Ancillary services income	315	210
	3,961	3,018

Revenue, which is recognised on an accrual basis, represents amounts chargeable, net of value added tax, in respect of the sales of goods and services to customers.

4. Operating profit

Operating profit is stated after charging:

	2016 £ '000	2015 £ '000
Auditor's remuneration	5	7
Tax fees payable to the auditor	3	3

5. Employee benefit expenses

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £nil).

6. Other operating income

	2016 £ '000	2015 £ '000
Other income	-	212

7. Tax expense

	2016 £ '000	2015 £ '000
Current tax on profits for the year	-	-

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2016 £ '000	2015 £ '000
Loss on ordinary activities before tax	(196)	(42)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	(39)	(8)
Effects of:		
Unutilised tax losses	39	8
	-	-

8. Cash and cash equivalents

	2016 £ '000	2015 £ '000
Cash in bank	1,953	768

9.Trade and other receivables

Current

	2016 £ '000	2015 £ '000
Trade receivables	973	579
Prepayments	-	10
Other receivables	3	132
Prepaid stock	47	43
	1,023	764

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

The ageing analysis of trade receivables is as follows:

	2016 £ '000	2015 £ '000
Up to 3 months	928	559
3 to 6 months	45	20
	973	579

10.Trade and other payables

Current

	2016 £ '000	2015 £ '000
Trade payables	60	157
Accruals	252	143
Deferred income	400	298
Other payables	100	26
	812	624

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

11. Share capital

	Authorised			
	2016 Number	2016 £	2015 Number	2016 £
Ordinary shares of 100p each	Unlimited	Unlimited	Unlimited	Unlimited

	Issued and fully paid			
	2016		2015	
	Number	Share Capital £'000	Number	Share capital £000
Ordinary shares of 100p each				
At 1 January and 31 December	1	-	1	-

12. Related party transactions

Transactions with Group companies

The company has taken advantage of the exemption allowed by FRS101 not to disclose any transactions with entities that are included in the consolidated financial statements of Virtus Holdco Limited on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included within those financial statements.

13. Immediate parent company and control

The immediate parent company is Virtus (Enfield) LLP incorporated in England. The largest group of undertakings for which group accounts are drawn up and of which the company is the group headed by Brockton Virtus Holdco Limited.

Brockton Virtus Holdco Limited is a joint venture company between Brockton Virtus Ltd ("BVL"), incorporated in Guernsey and STT UK DC Pte. Ltd.("STT UK DC), incorporated in Singapore. In the opinion of the directors there is no ultimate controlling party.