

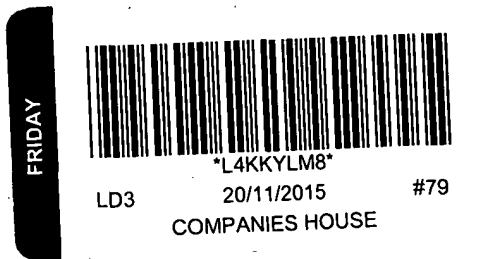
Canonical Group Limited

Report and Financial Statements

Year Ended

31 March 2015

Company Number 06870835



Canonical Group Limited

Report and financial statements
for the year ended 31 March 2015

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Director

J E Silber

Secretary

Standard Bank Offshore Trust Company Jersey Limited

Registered office

5th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU

Company number

06870835

Auditors

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

Canonical Group Limited

Strategic report for the year ended 31 March 2015

The director presents her strategic report together with the audited financial statements for the year ended 31 March 2015.

Principal activities

Canonical Group Limited is the leading provider of support services for Ubuntu deployments in the market. Ubuntu is a free, open-source platform for client, server and cloud computing. Since its launch in 2004, Ubuntu has become a natural choice for users of all kinds, from Fortune 500 companies to hardware makers, content providers, software developers and individual technologists. Providing the operational management for the global resources of the Canonical group of companies, Canonical Group Limited is uniquely positioned to help customers make the most of Ubuntu.

Canonical Group Limited provides the operational management resources and direction for the sales, engineering and support of Ubuntu services provided by the companies within the group. In addition under the strategic guidance and direction of Canonical Limited, Canonical Group Limited provides operational management for the development of the Ubuntu brand and products.

Review of development, performance and position of the business

In the year to 31 March 2015 turnover increased by \$14m to \$96m. The group continued to invest, particularly in its people; increasing average headcount from 337 in 2014 to 391 in 2015. This investment resulted in an increased operating loss of \$11m compared to \$3m in 2014.

Canonical is structured with two divisions; Devices and Cloud. The Devices strategy is to develop the use of Ubuntu and related products for use on physical devices, while the Cloud strategy is to develop the use of Canonical Cloud products on the Cloud infrastructure and architecture so they become a central part to the Cloud ecosystem.

For Devices, during the year Canonical launched a mobile phone with the Ubuntu operating system driving the phone and also providing a new way in which smartphone users can enjoy content and services without a reliance on the traditional apps. The initial launch took place across Europe. Canonical has made the Ubuntu operating system available on phone sold through its partners BQ and Meizu.

For Cloud, the Canonical strategy is to continue development of its products and services (e.g. Landscape, Juju and MaaS) so they are core to the cloud ecosystems and Canonical remains at the forefront of large cloud infrastructure deployments. In addition, Ubuntu is the leading operating system in the Cloud and with its partner network, Canonical makes it available on most major public clouds. For Openstack Ubuntu is the reference operating system.

To support this strategy Canonical Group Limited continues to build a world class global engineering and support operation. The combination of these highly skilled individuals and Canonical Group Limited's class leading management tools, positions the company to be a leading player in the markets where it operates.

Going concern

Canonical Group Limited is a privately held company and ultimately supported by the groups sole beneficial owner who has provided a commitment to support the group and company's needs for a period of at least one year from the signing of these financial statements.

Further details are included in note 1.

Canonical Group Limited

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

Key performance indicators

Canonical Group Limited measures its performance through the use of key performance indicators ('KPIs'). These KPIs are focussed on revenue, operating income, cash flow and average headcount. Given the nature of operations the Board considers these most relevant and the KPIs form the basis of operational reports provided to the Board and management.

KPIs	Year ended March 2015	Year ended March 2014
Revenue (\$m)	95.7	81.6
Operating loss (\$m)	(10.5)	(3.3)
Cash outflow before financing (\$m)	(75.1)	(54.7)
Average headcount	391	337

Financial risk management objectives and policies

The group uses various financial instruments including loans and cash. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial assets and liabilities such as trade debtors and creditors that arise directly from its operations.

The existence of these financial instruments exposes the group to a number of financial risks which are described in more detail below. The risk arising from the group's financial instruments are currency risk, credit risk and cash flow interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Principal risks and uncertainties

Currency risk - The group has minimal exposure to currency translation risk. The majority of the group is denominated in USD, which is in line with sales and costs which are also denominated in USD.

Credit risk - The group's principal credit risk relates to recovery of amounts owed by trade debtors. This risk is limited by determining a limit for customers based on third party credit references, payment history and other factors. This risk is reviewed regularly in conjunction with debtor ageing and payment history.

Liquidity risk - Current and projected working capital demand is assessed on a monthly basis and parent company loans are drawn down as required.

Approval

This strategic report was approved on behalf of the Board on 17 Nov 2015



J E Silber

Director

Canonical Group Limited

Report of the director for the year ended 31 March 2015

The director presents her report together with the audited financial statements for the year ended 31 March 2015.

Results and dividends

The profit and loss account is set out on page 7 and shows the loss for the year.

During the year, no dividends were paid (2014 - \$Nil). The director does not recommend the payment of a final dividend (2014 - \$Nil).

Director

The director of the company during the year was:

J E Silber

Employee policies

The company recognises the value of its employees and has maintained its policy of communicating and consulting with employees through meetings on matters of concern to them and providing information in particular on the relevant factors affecting the performance of the company.

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Director's responsibilities

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 group and company and of the loss of the group for that year.

In preparing these financial statements, the director is 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 director is 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. She is 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.

Canonical Group Limited

Report of the director for the year ended 31 March 2015 (*continued*)

Auditors

The current director has taken all the steps that she ought to have taken to make herself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

On behalf of the Board

J E Silber



Director

Date

17 Nov 2015

Canonical Group Limited

Independent auditor's report

TO THE MEMBERS OF CANONICAL GROUP LIMITED

We have audited the financial statements of Canonical Group Limited for the year ended 31 March 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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).

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

Respective responsibilities of the director and auditors

As explained more fully in the statement of director's responsibilities, the director is 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 the financial statements

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. In addition, we read all the financial and non-financial information in the report of the director 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.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Canonical Group Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julian Frost

*Julian Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

18 November 2015

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

Canonical Group Limited

Consolidated profit and loss account for the year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Turnover	2	95,744	81,649
Cost of sales		(3,617)	(4,483)
Gross profit		92,127	77,166
Administrative expenses		(102,642)	(80,455)
Operating loss	5	(10,515)	(3,289)
Interest receivable and similar income	6	186	17
Interest payable and similar charges	7	(4,037)	(225)
Loss on ordinary activities before tax		(14,366)	(3,497)
Taxation	8	(109)	(1,528)
Loss for the financial year	16	(14,475)	(5,025)

There are no recognised gains or losses other than the loss for the year.
All movements in shareholders' funds relate to the loss for the year.

The notes on pages 11 to 20 form part of these financial statements.


Canonical Group Limited

Consolidated balance sheet at 31 March 2015

<i>Company number 06870835</i>	Note	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
Fixed assets					
Tangible assets	10		1,530		1,269
Current assets					
Stock	12	215		201	
Debtors	13	182,474		164,627	
Cash at bank		31,571		16,814	
		<u>214,260</u>		<u>181,642</u>	
Creditors: amounts falling due within one year	14	(286,574)		(239,220)	
Net current liabilities			(72,314)		(57,578)
			<u>(70,784)</u>		<u>(56,309)</u>
Capital and reserves					
Share capital	15		-		-
Profit and loss account	16		(70,784)		(56,309)
			<u>(70,784)</u>		<u>(56,309)</u>

The financial statements were approved by the Board of Directors and authorised for issue on

A NOV 2015



J E Silber
Director

The notes on pages 11 to 20 form part of these financial statements.

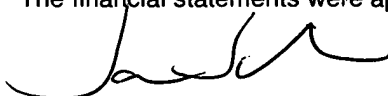
Canonical Group Limited

Company balance sheet at 31 March 2015

<i>Company number 06870835</i>	Note	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
Fixed assets					
Tangible assets	10		869		674
Investments	11		700		700
			<u>1,569</u>		<u>1,374</u>
Current assets					
Stock	12	215		201	
Debtors	13	181,024		163,291	
Cash at bank		29,952		11,884	
		<u>211,191</u>		<u>175,376</u>	
Creditors: amounts falling due within one year	14	<u>(294,968)</u>		<u>(241,293)</u>	
Net current liabilities			<u>(83,777)</u>		<u>(65,917)</u>
			<u>(82,208)</u>		<u>(64,543)</u>
Capital and reserves					
Share capital	15		-		-
Profit and loss account	16		(82,208)		(64,543)
			<u>(82,208)</u>		<u>(64,543)</u>

The financial statements were approved by the Board of Directors and authorised for issue on

17 Nov 2015



J E Silber
Director

The notes on pages 11 to 20 form part of these financial statements.

Canonical Group Limited

Consolidated cash flow statement for the year ended 31 March 2015

	Note	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
Net cash outflow from operating activities	18		(68,456)		(53,502)
Returns on investments and servicing of finance					
Interest received		186		17	
Interest payable and similar charges		(90)		(77)	
			96		(60)
Taxation			(215)		(809)
Capital expenditure					
Purchase of tangible assets			(2,607)		(343)
Net cash outflow before financing			(71,182)		(54,714)
Financing					
Increase in loans received			85,939		62,989
Increase in cash	20		14,757		8,275

The notes on pages 11 to 21 form part of these financial statements.

Canonical Group Limited

Notes forming part of the financial statements for the year ended 31 March 2015

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards other than the application of merger accounting in the circumstances referred to below. The financial statements have been prepared using the US Dollar as the presentational currency on the basis that the directors believe the US Dollar to be the functional currency of the company. The year end exchange rate between US Dollar and Sterling was 1.48339.

For the consolidated financial statements the adoption of merger accounting presents Canonical Group Limited as if Canonical UK Limited had always been the subsidiary undertaking of the Group.

The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements consolidate the financial statements of Canonical Group Limited and all its subsidiary undertakings as at 31 March 2015. The Group uses the acquisition method of accounting to consolidate the results of the subsidiary undertakings unless otherwise stated. All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

Going concern

The financial statements are produced on a going concern basis. The directors have produced forecast cash flows that indicate that the company is reliant on continued support from the company's parent undertaking, Futuristic Limited, who in turn is reliant on continued support from the Group's sole beneficial owner to continue to trade and meet its obligations as they fall due. The Group's sole beneficial owner has been providing support as required by the Group and company during the year and since the year end, and has confirmed that he will continue to make such support as the Group and company needs available as required over the forecast period. The ultimate controlling party has also provided assurance of financial support to enable the company to continue its operations for at least one year from the date of signing these financial statements.

Futuristic Limited and all related undertakings have confirmed to the directors that it is their intention to not seek repayment of the amounts due at the balance sheet date for the foreseeable future and in any case for a period of at least 12 months from the approval of these financial statements.

After making enquiries of the shareholders and having given consideration to the confirmation of support by the Group's sole beneficial owner, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Canonical Group Limited

Notes forming part of the financial statements for the year ended 31 March 2015 *(continued)*

1 Accounting policies *(continued)*

Revenue recognition

Turnover comprises of revenues from third parties and fees from other group companies in respect of charges for outsourced business services, exclusive of sales taxes.

Revenue from third parties is generated from the provision of custom software engineering, the provision of support, maintenance and training services, the sale of merchandise and from advertising fees. Revenue is recognised for each revenue stream as follows:

- Software Engineering - revenue is measured with reference to the stage of completion of the contract. The stage of completion is determined by the level of services performed to date as a percentage of total services expected to be performed. Where the stage of completion cannot be reliably measured in this way, reference is made to the completion of project milestones;
- Maintenance and Support - revenue is deferred and recognised on a straight line basis over the year to which the support relates;
- Merchandise Sales - revenue is recognised once the sale has taken place and the risks and rewards have been transferred to a third party; and
- Advertising Fees - revenue is recognised when earned based on the click-through activity of an internet user on a third party web-site advertisement.

Each sales contract is designed to meet the specific requirements of each customer. Where agreements involve multiple elements, the entire fee from such arrangements is allocated to each of the individual elements based on each element's fair value. The revenue in respect of each element is recognised in accordance with the above policies.

Where the company is contractually committed to future revenues from a third party, revenue will be accrued in accordance with the terms of the agreement.

Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Depreciation

Depreciation is calculated to write down the cost, with nil residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Leasehold improvements	-	over the term of the lease
Computer equipment	-	over 30 months straight line
Fixtures and fittings	-	over the term of the lease

Canonical Group Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

1 Accounting policies (continued)

Stock

Stock is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing can be deducted. The deferred tax balance has not been discounted.

Contribution to pension funds

The company makes contributions to individuals personal pension plans. Pension costs are charged against profits in respect of the accounting year in which they are paid.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

2 Turnover

The turnover for the year is derived from the Group's principal activity.

Analysis by geographical market:

	2015 \$'000	2014 \$'000
United Kingdom	53,446	27,437
Rest of Europe	1,936	1,779
Rest of the World	40,362	52,433
	<hr/> 95,744	<hr/> 81,649

3 Employees

	2015 \$'000	2014 \$'000
Staff costs consist of:		
Wages and salaries	51,547	44,324
Social security costs	4,557	3,671
Pension costs	2,743	1,803
	<hr/> 58,847	<hr/> 49,798

The average number of employees, including directors, during the year was 391 (2014 - 337).

Canonical Group Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 *(continued)*

4 Directors' remuneration	2015 \$'000	2014 \$'000
Directors' emoluments	469	382
The highest paid director was paid \$469,150 (2014 - \$382,419) in the year.		
5 Operating loss	2015 \$'000	2014 \$'000
This has been arrived at after charging:		
Depreciation	733	376
Operating leases:		
- Land and buildings	-	2,775
- Other	-	369
Exchange differences	3,799	96
Fees payable to the company's auditor for the audit of the company's annual financial statements	157	30
Fees payable to the group's auditor for the audit of the subsidiary company's annual financial statements	92	61
6 Interest receivable and similar income	2015 \$'000	2014 \$'000
Bank interest	38	17
Realised foreign exchange gain	148	-
	186	17
7 Interest payable and similar charges	2015 \$'000	2014 \$'000
Bank interest	90	77
Unrealised foreign exchange loss	3,947	148
	4,037	225

Canonical Group Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

8 Taxation

	2015 \$'000	2014 \$'000
<i>Corporation tax</i>		
Current tax on overseas income for the year	234	1,548
Adjustment to tax charge in respect of prior periods	(125)	(20)
	<u>109</u>	<u>1,528</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2015 \$'000	2014 \$'000
Loss on ordinary activities before tax	<u>(14,366)</u>	<u>(3,497)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK 21% (2014 - 23%)	(3,016)	(804)
Utilisation of losses brought forward	-	9
Expenses not deductible for tax purpose	23	40
Loss carried forward for use against future profits	2,883	954
Capital allowances in excess of depreciation	87	42
Higher tax rate on overseas earnings	101	341
Adjustment to tax charge in respect of previous periods	(125)	(20)
Other short term timing differences	156	-
Overseas tax suffered	-	966
	<u>109</u>	<u>1,528</u>
Current tax charge for the year	<u>109</u>	<u>1,528</u>

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses and accelerated capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is \$15.2m (2014 - £12.5m). The asset would be recovered if sufficient future taxable profits were to arise against which the asset could be offset.

9 Loss attributable to members of the parent company

As permitted by Section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year.

The company reported a loss after taxation for the financial year ended 31 March 2015 of \$17,665,000 ((2014 - \$5,842,000).

Canonical Group Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

10 Tangible assets

Group	Leasehold improvements \$'000	Computer equipment \$'000	Fixtures and fittings \$'000	Total \$'000
<i>Cost</i>				
At 1 April 2014	555	1,787	463	2,805
Additions	-	717	-	717
Transfers	9	1,881	-	1,890
At 31 March 2015	564	4,385	463	5,412
<i>Depreciation</i>				
At 1 April 2014	118	1,067	351	1,536
Charge for the year	76	569	88	733
Transfers	-	1,613	-	1,613
At 31 March 2015	194	3,249	439	3,882
<i>Net book value</i>				
At 31 March 2015	370	1,136	24	1,530
At 31 March 2014	437	720	112	1,269
Company				
<i>Cost</i>				
At 1 April 2014	555	286	-	841
Additions	-	240	-	240
Transfers	-	1,764	-	1,764
At 31 March 2015	555	2,290	-	2,845
<i>Depreciation</i>				
At 1 April 2014	118	49	-	167
Charge for the year	69	146	-	215
Transfers	-	1,594	-	1,594
At 31 March 2015	187	1,789	-	1,976
<i>Net book value</i>				
At 31 March 2015	368	501	-	869
At 31 March 2014	437	237	-	674

During the year, Canonical Group Limited received a transfer of assets from Canonical Limited.

Canonical Group Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

11 Investments

	\$'000
Cost	
At 1 April 2014 and at 31 March 2015	700

The company had the following subsidiary undertakings at the end of the year, all of which have been included in the consolidated accounts.

Name of undertaking	Country of incorporation	Class of share	Voting rights held (%)	Nature of business
Canonical USA Inc	USA	Ordinary	100%	Software development
Canonical Canada Limited	Canada	Ordinary	100%	Software development
Canonical UK Limited	UK	Ordinary	100%	Services provider
Canonical China Limited	China	Ordinary	100%	Software development

12 Stock

	Group and company 2015 £	Group and company 2014 £
Merchandise stock	215	201

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	Group 2015 \$'000	Group 2014 \$'000	Company 2015 \$'000	Company 2014 \$'000
Due within one year:				
Trade debtors	9,125	5,685	9,079	5,610
Prepayments and accrued income	6,148	5,023	5,192	4,032
Other debtors	589	249	223	11
Other taxation and social security	-	412	-	355
Amounts owed by fellow subsidiary undertakings	166,530	153,258	166,530	153,283
Corporation tax	82	-	-	-
	182,474	164,627	181,024	163,291

Canonical Group Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

14 Creditors: amounts falling due within one year

	Group 2015 \$'000	Group 2014 \$'000	Company 2015 \$'000	Company 2014 \$'000
Trade creditors	1,615	392	1,217	216
Accruals and deferred income	17,686	13,131	13,314	10,389
Loan payable - parent undertaking	257,430	167,362	257,430	167,362
Loan payable - other	641	823	641	-
Amounts owed to fellow subsidiary undertakings	8,366	57,437	22,169	63,312
Other creditors	836	14	197	14
Other taxation and social security	-	37	-	-
Corporation tax	-	24	-	-
	<u>286,574</u>	<u>239,220</u>	<u>294,968</u>	<u>241,293</u>

Loan payable to parent undertaking is the amount due to Futuristic Limited. This loan is payable on demand, interest free and unsecured. \$255,704,935 (2014 - \$164,704,395) is denominated in US Dollars and £1,593,875 (2014 - £1,593,875) in Pounds Sterling.

The other loan is due to Mark Shuttleworth, the sole beneficial shareholder of the company. The loan is denominated in Euros, totals €596,861 (2014 - €596,861), is unsecured, interest free and has no specified repayment date.

15 Share capital

	2015 Number	Allotted, called up and fully paid		2014 £
		2014 Number	2015 £	
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
			\$	\$
Converted to USD			<u>2</u>	<u>2</u>

16 Reserves

	Group 2015 \$'000	Group 2014 \$'000	Company 2015 \$'000	Company 2014 \$'000
Opening profit and loss account	(56,309)	(51,284)	(64,543)	(58,701)
Loss for the year	(14,475)	(5,025)	(17,665)	(5,842)
	<u>(70,784)</u>	<u>(56,309)</u>	<u>(82,208)</u>	<u>(64,543)</u>

Canonical Group Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

17 Commitments under operating leases

As at 31 March 2015, the group had annual commitments under non-cancellable operating leases as set out below:

	2015 Land and buildings \$'000	2015 Other \$'000	2014 Land and buildings \$'000	2014 Other \$'000
Operating leases which expire:				
Within one year	2,529	621	410	95
In two to five years	2,381	588	1,004	804
In greater than five years	1,329	-	1,255	-
	<u>6,239</u>	<u>1,209</u>	<u>2,669</u>	<u>899</u>

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

	2015 Land and buildings \$'000	2015 Other \$'000	2014 Land and buildings \$'000	2014 Other \$'000
Operating leases which expire:				
Within one year	1,270	6	52	8
In two to five years	1,116	-	1,004	6
In greater than five years	1,167	-	1,255	-
	<u>3,553</u>	<u>6</u>	<u>2,311</u>	<u>14</u>

18 Reconciliation of operating loss to net cash outflow from operating activities

	2015 \$'000	2014 \$'000
Operating loss	(10,515)	(3,289)
Depreciation	2,346	376
Increase in debtors	(17,765)	(83,031)
(Decrease)/increase in creditors	(42,508)	32,363
(Increase)/decrease in stock	(14)	57
Loss on disposal of fixed assets	-	22
	<u>(68,456)</u>	<u>(53,502)</u>
Net cash outflow from operating activities	<u>(68,456)</u>	<u>(53,502)</u>

Canonical Group Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

19 Reconciliation of net cash outflow to movement in net debt

	2015 \$'000	2014 \$'000
Decrease in cash	14,757	8,275
Cash outflow from changes in debt	(85,939)	(62,989)
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	(71,182)	(54,714)
Exchange translation	(3,947)	(148)
Opening net debt	(151,371)	(96,509)
	<hr/>	<hr/>
Closing net debt	(226,500)	(151,371)
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20 Analysis of net debt

	At 31 March 2014 \$'000	Cash flow \$'000	Exchange Difference \$'000	At 31 March 2015 \$'000
Cash at bank	16,814	14,757	-	31,571
Debt due within one year	(168,185)	(85,939)	(3,947)	(258,071)
	<hr/>	<hr/>	<hr/>	<hr/>
	(151,371)	(71,182)	(3,947)	(226,500)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 Related parties

The company has taken advantage of FRS 8 'Related party disclosures' in not disclosing transactions with members of the group headed by Futuristic Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

Further disclosure of loans with related parties is included within note 14.

22 Ultimate controlling party

The company's immediate parent company and head of the smallest and largest group into which this company is consolidated is Futuristic Limited, a company incorporated in the Isle of Man. The company's ultimate controlling party is Mark Shuttleworth.