

Annual Report and Financial Statements Datum Datacentres Limited

For the year ended 31 December 2020

Registered number: 07954217



Datum Datacentres Limited

Company Information

Directors	M Fowle P Morris J Jones D Phillips
Company secretary	P Howard
Registered number	07954217
Registered office	Cody Technology Park Old Ively Road Farnborough GU14 0LX
Independent auditor	Grant Thornton UK LLP Chartered Accountants 1020 Eskdale Road Winnersh Reading Berkshire RG41 5TS

Contents

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 8
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 22

Datum Datacentres Limited**Directors' report****For the year ended 31 December 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity and business review

The principal activity of Datum Datacentres Limited is to provide colocation services as a Platform for Digital Transformation to a mix of Tier 1 Enterprise and Service Providers.

With its strong and resilient business model underpinned by a robust client base, Datum performed strongly during the pandemic exceeding growth targets in 2020 and completing another data centre hall build. 6 new clients were added, and several important contract renewals completed. Growth continues to be impressive from the existing client and partner bases, a trend we expect to continue.

Recurring revenue increased by 24% from the previous year to £5.35m (2019 £4.33m) as occupancy in the datacentre increased. Earnings before interest, tax, depreciation, and amortisation (EBITDA), the directors' principal measure of profit performance increased by 116% to £1.3m (2019 £609k) after excluding exceptional and group related expenses.

On a run rate basis Datum exited 2020 at a quarterly run rate recurring revenue of £5.94m having entered the year at £4.3m. EBITDA performance has been similarly encouraging exiting the year at a positive quarterly run rate EBITDA of £1.64m (2019 £740k). We expect both metrics to continue to progress.

With an established position as a premium provider at a competitive price point Datum is well placed to continue to grow its client list of FTSE 250 and Fortune 500 clients.

The company took on a small amount of bank debt (£1.1m) and asset finance (£2.2m) to fund the new build hall with the principal debt item being a long-term loan note. Included in creditors falling due over 1 year are loan notes to the ultimate shareholders of £10.2m plus accrued interest. These are a long-term loan note instrument with a repayment date of 2036. Interest on these loans accrues at 15% and is not payable in cash and will accrue until repayment of the loan notes.

The company had cash reserves of £1.03m at the 31 December 2020 (2019 £1.36m).

Directors

The directors who served during the year were:

M Fowle
P Morris
J Jones
D Phillips

The company purchased and throughout the year, maintained appropriate insurance cover in respect of Directors' and Officers' liabilities.

Going concern

The directors have a reasonable expectation, consistent with their forecasting procedures and the repayments due on the various loans within the group, that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparation of the annual report and accounts.

Datum Datacentres Limited

Directors' report

For the year ended 31 December 2020

Events after the reporting period

The directors are not aware of any significant events affecting the company since the year end and up to the date of this report.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Datum Datacentres Limited

Directors' report

For the year ended 31 December 2020

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

Dominic Phillips

D Phillips
Director

Date: 27/5/2021

Datum Datacentres Limited



Independent auditor's report to the members of Datum Datacentres Limited

Opinion

We have audited the financial statements of Datum Datacentres Limited (the 'company') for the year ended 31 December 2020, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and

Datum Datacentres Limited



Independent auditor's report to the members of Datum Datacentres Limited

analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions 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 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.

Matter on which we are required to report under the Companies Act 2006

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

Datum Datacentres Limited



Independent auditor's report to the members of Datum Datacentres Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

Datum Datacentres Limited



Independent auditor's report to the members of Datum Datacentres Limited

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

How we obtained an understanding of the legal and regulatory framework

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our commercial and sector experience; discussions with management; inspection of the company's legal correspondence and board minutes.

Which laws and regulations we identified as being significant in the context of the company

- Through the understanding that we obtained, we determined that the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS102 and the Companies Act 2006) and the relevant taxation legislation.

How we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to potential journal entries that manipulated revenues; and potential management bias in determining accounting estimates, especially in relation to the amounts held on the balance sheet for the datacentre and deferred tax asset.
- Our audit procedures involved: gaining an understanding of the controls that management has in place to prevent and detect fraud; journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business; challenging assumptions and judgements made by management in its significant accounting estimates; identifying and testing related party transactions; enquiring of management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud; assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and undertaking audit procedures to consider the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

How we assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's: understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; knowledge of the industry in which the company operates; understanding of the legal and regulatory requirements specific to the company including: the provisions of the applicable legislation; the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and the applicable statutory provisions.

Datum Datacentres Limited



Independent auditor's report to the members of Datum Datacentres Limited

Which matters about non-compliance with laws and regulations and fraud were communicated with the audit team

- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of revenue transactions and the calculation of deferred income as well as the risk of management override of controls in the preparation of the financial statements.

Use of our report

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.

Grant Thornton UK LLP

Steven Cenci FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Reading

Date: 27/5/2021

Datum Datacentres Limited**Profit and loss account**

For the year ended 31 December 2020

	2020	2019
	£000	£000
	Note	
Turnover	5,528	4,550
Cost of sales	(3,497)	(3,200)
Gross profit	2,031	1,350
Operating expenses	(716)	(742)
EBITDA and associated group and exceptional expenses	1,315	609
Associated group expenses	(54)	(45)
Exceptional items	(133)	(14)
Depreciation on tangible fixed assets	(1,420)	(1,182)
Total administrative expenses	(2,323)	(1,983)
Operating loss	(292)	(633)
Interest payable and similar charges	6 (2,451)	(2,115)
Loss on ordinary activities before taxation	(2,743)	(2,748)
Tax charge	310	-
Loss for the year	(2,433)	(2,748)

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 12 to 22 form part of these financial statements.

Datum Datacentres Limited
Registered number:07954217

Balance sheet

As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	7	8,244	4,777
Current assets			
Debtors: amounts falling due after more than one year	8	207	1,869
Debtors: amounts falling due within one year	8	1,906	-
Cash at bank and in hand	9	1,032	1,367
		<u>3,145</u>	<u>3,236</u>
Creditors: amounts falling due within one year	10	(3,950)	(2,558)
Net current assets/(liabilities)		(805)	678
Total assets less current liabilities		<u>7,439</u>	<u>5,455</u>
Capital and reserves			
Called up share capital	14	1	1
Share premium account		5,963	5,963
Profit and loss account		(19,156)	(16,723)
		<u>(13,192)</u>	<u>(10,759)</u>
Creditors: amounts falling due after more than one year	11	20,631	16,214
Equity and long-term liabilities		<u>7,439</u>	<u>5,455</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

Dominic Phillips
D Phillips
 Director

Date: 27/5/2021

The notes on pages 12 to 22 form part of these financial statements.

Datum Datacentres Limited

Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	1	5,963	(16,723)	(10,759)
Comprehensive income for the year				
Loss for the year	-	-	(2,433)	(2,433)
Total comprehensive loss for the year	-	-	(2,433)	(2,433)
Shares issued during the year	-	-	-	-
At 31 December 2020	1	5,963	(19,156)	(13,192)

Statement of changes in equity

For the year ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	1	5,963	(13,975)	(8,011)
Comprehensive income for the year				
Loss for the year	-	-	(2,748)	(2,748)
Total comprehensive loss for the year	-	-	(2,748)	(2,748)
Shares issued during the year	-	-	-	-
At 31 December 2019	1	5,963	(16,723)	(10,759)

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

1. General Information

Datum Datacentres Limited, registered number 07954217, is a private limited company limited by shares incorporated in England & Wales. Its registered office is located at Cody Technology Park, Farnborough, Hampshire, GU14 0LX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The financial statements are presented in Sterling (£) and rounded to the nearest thousand (£'000).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors have reviewed the working capital requirements of the company for a period of at least 12 months from the anticipated date of signing of the financial statements and are satisfied that the company will be able to meet its liabilities as they fall due.

Recurring revenue increased by 24% from the previous year to £5.35m (2019 £4.33m) as occupancy in the datacentre increased. Earnings before interest, tax, depreciation, and amortisation (EBITDA), the directors' principal measure of profit performance increased by 116% to £1.3m (2019 £609k) after excluding exceptional and group related expenses.

On a run rate basis Datum exited 2020 at a quarterly run rate recurring revenue of £5.94m having entered the year at £4.3m. EBITDA performance has been similarly encouraging exiting the year at a positive quarterly run rate EBITDA of £1.64m (2019 £740k). We expect both metrics to continue to progress.

The company took on a small amount of bank debt and asset finance to fund the new hall build but the principal debt remains a long-term loan note due to the ultimate shareholders with a repayment date of 2036.

The business has seen very minimal impact from the global pandemic Covid 19 in the year therefore anticipate minimal impact going forward. The company has considered the above forecasts and this impact and the directors consider that they have adequate working capital reserves to absorb the foreseeable impact of this outbreak and is working to mitigate the business risks as this situation evolves.

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)**2.3 Revenue recognition**

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Deployment revenues are recognised over the length of the set-up period on a percentage of completion basis. Recurring revenues are recognised on a straight-line basis, from a pre-defined date explicit in each contract, to the end of the contract. Flow-through revenues are recognised in full once fulfilment has been achieved.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the Profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Datacentre property equipment	- 10 years
Fixtures, fittings & equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)**2.11 Sale and leaseback**

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

2.12 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

Datum Datacentres Limited**Notes to the financial statements**

For the year ended 31 December 2020

2. Accounting policies (continued)**2.15 Taxation**

Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence. There is a total of £133k in Exceptional items for year 2020, of which £63k is in relation to additional expenses associated for new Data Centre expansion and £70k is in relation to professional fees and other expenses deemed by the directors to not be in the recurring operations of the company.

3. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	238	246
Company pension contributions	6	6
	<u>244</u>	<u>252</u>

During the year retirement benefits were accruing to 1 director (2019: 1) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,300 (2019: £5,900).

Datum Datacentres Limited**Notes to the financial statements**

For the year ended 31 December 2020

4. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>35</u>	<u>26</u>

5. Employee numbers

The average monthly number of employees, including directors, during the year was 11 (2019: 12).

6. Interest payable and similar charges

	2020 £000	2019 £000
Interest on loans with related parties	2,439	2,115
Interest on bank Loans	12	-
Finance leases and hire purchase contracts	-	-
	<u>2,451</u>	<u>2,115</u>

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

7. Tangible fixed assets

	Datacentre property equipment £000	Fixtures, fittings & equipment £000	Total £000
Cost or valuation			
At 1 January 2020	11,490	53	11,543
Additions	4,882	5	4,887
At 31 December 2020	<u>16,372</u>	<u>58</u>	<u>16,430</u>
Depreciation			
At 1 January 2020	(6,734)	(32)	(6,766)
Charge for the period on owned assets	(1,410)	(10)	(1,420)
At 31 December 2020	<u>(8,144)</u>	<u>(42)</u>	<u>(8,186)</u>
Net book value			
At 31 December 2020	<u>8,228</u>	<u>16</u>	<u>8,244</u>
At 31 December 2019	<u>4,756</u>	<u>21</u>	<u>4,777</u>

The above amounts include assets held under finance leases amounting to approximately £2.2 million at cost (2019: £nil). As the substance of the transaction is a secured loan, the asset has remained on the balance sheet and the finance reflected as a liability.

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

8. Debtors

	2020 £000	2019 £000
Due after more than one year		
Deferred tax asset	<u>207</u>	<u>-</u>
Due within one year		
Trade debtors	654	753
Other debtors	733	739
Prepayments and accrued income	416	377
Deferred tax asset	103	-
	<u>1,906</u>	<u>1,869</u>

9. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	1,032	1,367
	<u>1,032</u>	<u>1,367</u>

10. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Bank loans	299	-
Trade creditors	730	403
Amounts owed to group undertakings	1,588	1,588
Other taxation and social security	86	99
Obligations under finance lease and hire purchase contracts	506	-
Accruals and deferred income	603	468
Other creditors	138	-
	<u>3,950</u>	<u>2,558</u>

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

11. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Amounts due to related parties	18,653	16,214
Amounts due on bank loans	664	-
Obligations under finance lease and hire purchase contracts	1,314	-
	<u>20,631</u>	<u>16,214</u>

Assets held under hire purchase contracts are secured against the assets to which they relate.

Amounts due to related parties comprise of loan notes to ultimate shareholders of £10.2m plus accrued interest. These are a long term loan note instrument with a repayment date of 2036. Interest on these loans accrues at 15% and is not payable in cash and will accrue until repayment of the loan notes.

Amounts due on bank loans comprise of a bank loan with HSBC with a principal amount of £1,100,000 which is being repaid monthly over 48 months. Interest on this loan is at 4% per annum over the base rate.

12. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £23,169 (2019: £21,333). Contributions totalling £Nil (2019: £Nil) were payable to the fund at the reporting date.

13. Financial instruments

At the year end, there were no financial assets or liabilities required to be disclosed under FRS 102 1AC.25.

Datum Datacentres Limited**Notes to the financial statements**

For the year ended 31 December 2020

14. Share capital

	2020	2019
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
1,101- Ordinary share of £1 each	<u>1,101</u>	<u>1,101</u>

On 9 September 2016, 100 ordinary shares of £1 each were issued for an aggregate subscription price of £1,664,180.

On 9 September 2016, in consideration of the release of £4,300,000 of loan notes the company issued 1,000 ordinary shares of £1 each.

15. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

16. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£'000	£'000
Not later than 1 year	458	458
Later than 1 year but not later than 5 years	2,019	1,964
Later than 5 years	812	1,325
	<u>3,289</u>	<u>3,747</u>

Datum Datacentres Limited

Notes to the financial statements

For the year ended 31 December 2020

Commitments under operating leases**17. Related party transactions**

The company has taken advantage of the exemption provided not to disclose transactions with fellow group undertakings controlled by Datum Topco Limited where 100% of the voting rights are controlled within the group.

Amounts due to related parties comprise £18,653m of loan notes due to shareholders and certain directors. Of the £18,653m loan notes £339,525 (2019: £295,239) is due to directors, of which £44,286 (2019: £38,509) is interest accrued during the year. The loans have a 15% coupon rate and are repayable in 2036.

Key management personnel, including directors, received approximately £296,190 (2019: £282,858) for their services to the company in the year.

Key management personnel consisted of three individuals during the 2020 financial year.

18. Ultimate parent undertaking and controlling party

The immediate parent company is Amphora Topco Limited, a private limited company incorporated in the UK.

The ultimate parent company is Datum Topco Limited, a private limited company incorporated in the UK. No consolidated accounts are prepared as they comprise a small group.

The ultimate controlling party is Darwin Private Equity LLP which manages the funds that own the majority of the shares in Datum Topco Limited.

19. Deferred tax asset

	2020 £000	2019 £000
At beginning of the year	-	-
Credit to profit and loss account during the year	310	-
At the end of the year	<u>310</u>	<u>-</u>

The deferred tax asset at the end of the year represents trading losses carried forward to offset against future taxable periods. This has been recognised in the year given the increase in EBITDA in the current year and Directors' forecast for future taxable profits for the next financial period but reflects only the next two to three financial periods.

There remains unrecognised deferred tax assets in respect of fixed asset timing differences, other timing differences and taxable losses carried forward of over £1.5 million.