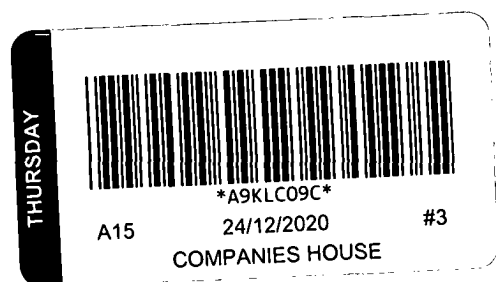


# Global Switch Limited

Annual Report and Financial Statements

Year Ended 31 December 2019

Company Number 06238341



**Global Switch Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2019**

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**Directors**

J A Corcoran  
D C Doyle

**Registered office**

Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY, United Kingdom

**Company number**

06238341

**Auditor**

Deloitte LLP, Statutory Auditor, London, United Kingdom

**Global Switch Limited**  
**Strategic report**  
**for the year ended 31 December 2019**

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The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

### **Review of the business**

The principal activity of Global Switch Limited (“the Company”) is the provision of strategic and control functions on behalf of the group owned by Global Switch Holdings Limited (“the Group”). The Company is also the holding company for all of the Group’s UK operations including the management and operation of two data centre facilities located in London.

The profit and loss account is set out on page 9 and shows the result for the year. The Company made a profit of £47,162,000 for the year ended 31 December 2019 (31 December 2018: profit of £22,837,000). The increase in profit was driven by higher dividend income and tax credit for the year of £5,826,000 (2018: charge £3,252,000) partially offset by lower revenue and consequently gross profit in relation to less recharges to fellow subsidiaries, foreign currency losses and higher finance costs.

The company’s financial position has improved year on year by £18,534,000 with net assets of £31,627,000 (2018: £13,093,000). This is mainly driven by the profit for the year mentioned above, partially offset by dividends paid out during the year of £28,628,000 (2018: £37,997,000).

### **Key performance indicators**

Given the straightforward nature of the business and the fact that all the Company’s turnover is derived from transactions with fellow subsidiaries, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to be the cost of professional services, recruitment and retention of suitably qualified employees and inflation. Management monitors the property market and the performance of the assets and cost of utilities against budget.

The Company is also subject to exchange rate risk on intercompany loans held in foreign currencies. On 31 January 2020, the UK withdrew from the EU, with a transitional period until December 2020. During this period, the UK and the EU are negotiating for the terms and conditions for the post-Brexit access of the UK to the European single market of which the outcome is not clear. If a Withdrawal Agreement is not approved by 31 December 2020, the UK will become subject to the World Trade Organisation tariffs and rules without a transition period being implemented and this may cause exchange rate volatility. There continues to be uncertainty over how it will ultimately impact the company but fluctuations in foreign exchange are kept under review.

### **Future developments**

The directors expect the general level of activity to remain consistent with year ended 31 December 2019 in the forthcoming period.

### **Post balance sheet events**

The outbreak of the Novel Coronavirus (“COVID-19”), formally declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets, with broad movement and other restrictions being implemented by many countries.

The response of the wider Global Switch group to the Global Pandemic has been managed and monitored through a Task Force comprising all critical decision makers and operational leads. The Task Force has implemented a series of important measures as part of the group’s overall Business Continuity Plan, to both maximise the safety of all those in the data centres and to ensure the Group continues to operate as previously.

**Global Switch Limited**  
**Strategic report (continued)**  
**for the year ended 31 December 2019**

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**Post balance sheet events (continued)**

Data centres remain as essential during the Global Pandemic as previously, if not more so. The nature of the group's operations and the nature and credit-worthiness of its customer base have resulted in a significantly reduced impact for Global Switch compared to many other businesses or industries. The majority of the group's revenue is derived from companies with investment grade parent or controlling entities or government departments and agencies that benefit from a sovereign risk profile.

To the extent that economic uncertainty results in financial impact on companies with a reporting period ended 31 December 2019, that impact is a non-adjusting event, since the conditions arose subsequent to 31 December 2019. We will however continue to monitor the impact on the Company.

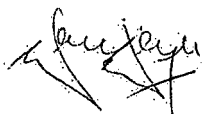
Subsequent to 31 December 2019, the wider Global Switch group undertook a restructuring of its intercompany lending structure. This will impact the future intercompany balances of the Company, but the principal activities remain unchanged and this is not an adjusting event for the year ended 31 December 2019. The impact of this restructuring on the entity has not been quantified at the date of signature of the financial statements.

At the date of this report, the Company is not aware of any other events that would affect (or require disclosure in) the financial statements for the year ended 31 December 2019 apart from that disclosed in note 18 to the financial statements.

**Subsidiary of a larger group**

The Company is an direct subsidiary of Global Switch Holdings Limited, which prepares group financial statements, further details of which can be found in note 1 to the financial statements.

**Approved by the Board and signed on its behalf by:**



**D C Doyle**  
**Director**

21 December 2020

**Global Switch Limited**  
**Directors' report**  
**for the year ended 31 December 2019**

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The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2019. Principal activities, details of events affecting the Company since the financial period end and an indication of likely future developments in the business have been included in the Strategic report and form part of this Directors' report by reference.

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the audited financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

**Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

*Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

*Credit risk*

The Company's principal financial assets are bank balances and cash and trade and other receivables. The Company's credit risk is primarily attributable to its receivables, which are predominately due from fellow subsidiaries. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk.

*Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of intra-group and short-term debt finance.

**Dividends**

The directors propose dividends of £28,628,000 for the year ended 31 December 2019 (31 December 2018: £37,997,000).

**Directors and directors' indemnity**

The directors of the Company during the year and up to the date of signing these financial statements were:

J A Corcoran

D C Doyle

None of the directors who held office at the end of the financial period had interests in the equity of the Company or of any other Group company.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report. The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial period and at the date of this report.

**Global Switch Limited**  
**Directors' report (continued)**  
**for the year ended 31 December 2019**

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**Auditor**

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

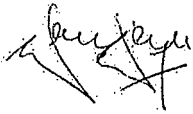
Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following period.

**Approved by the Board and signed on its behalf by:**



D C Doyle  
**Director**

21 December 2020

**Global Switch Limited**  
**Directors' responsibilities statement**  
**for the year ended 31 December 2019**

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The directors are responsible for preparing the annual 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 and applicable law) including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Global Switch Limited**  
**Independent auditor's report**  
**for the year ended 31 December 2019**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Global Switch Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18

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).

**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 Financial Reporting Council's (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 required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

**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.

**Global Switch Limited**  
**Independent auditor's report (Continued)**  
**for the year ended 31 December 2019**

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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 respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

**Global Switch Limited**  
**Independent auditor's report (Continued)**  
**for the year ended 31 December 2019**

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**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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.



Kate Darlison, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
21 December 2020

**Global Switch Limited**  
**Profit and loss account**  
**for the year ended 31 December 2019**

	Notes	2019 £'000	2018 £'000
<b>Turnover</b>		12,779	52,444
Cost of sales		(9,522)	(38,323)
<b>Gross profit</b>		<u>3,257</u>	<u>14,121</u>
<b>Operating profit</b>		<b>3,257</b>	<b>14,121</b>
Foreign currency exchange (losses)/gains	4	(5,048)	3,429
Dividend income	4	44,200	9,000
Finance costs (net)	7	(1,073)	(461)
<b>Profit before taxation</b>	4	<u>41,336</u>	<u>26,089</u>
Tax on profit	8	5,826	(3,252)
<b>Profit for the financial year</b>		<u><b>47,162</b></u>	<u><b>22,837</b></u>
<b>Statement of comprehensive income</b>			
		<b>2019 £'000</b>	<b>2018 £'000</b>
Profit for the financial year		<u>47,162</u>	<u>22,837</u>
<b>Total comprehensive income attributable to equity shareholders of the Company</b>		<u><b>47,162</b></u>	<u><b>22,837</b></u>

The notes on pages 12 to 26 form part of these financial statements.

# Global Switch Limited

Balance sheet  
as at 31 December 2019

<i>Company number 06238341</i>	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	10	572	882
Investment in subsidiaries	11	-	-
Debtors: amounts falling due after more than one year	12	137,133	158,198
Deferred tax	8	5,322	536
		<u>151,782</u>	<u>159,616</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	112,188	83,445
Cash at bank and in hand		4,074	12,501
		<u>116,262</u>	<u>95,946</u>
<b>Creditors: amounts falling due within one year</b>	13	(96,179)	(146,809)
		<u>20,083</u>	<u>(50,863)</u>
<b>Total assets less current liabilities</b>		<b>163,110</b>	<b>108,753</b>
<b>Creditors: amounts falling due after more than one year</b>	13	(131,483)	(95,660)
		<u>31,627</u>	<u>13,093</u>
<b>Net assets</b>		<b>31,627</b>	<b>13,093</b>
<b>Capital and reserves</b>			
Called-up share capital	15	-	-
Profit and loss account		31,627	13,093
		<u>31,627</u>	<u>13,093</u>
<b>Shareholder's funds</b>		<b>31,627</b>	<b>13,093</b>

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2020 and signed on their behalf by:



D C Doyle  
Director

The notes on pages 12 to 26 form part of these financial statements.

**Global Switch Limited**  
**Statement of changes in equity**  
**for the year ended 31 December 2019**

	Note	Called-up share capital £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2018</b>		-	28,253	28,253
Profit for the financial year		-	22,837	22,837
<b>Total comprehensive income</b>		-	<b>22,837</b>	<b>22,837</b>
Dividends	9	-	(37,997)	(37,997)
<b>At 31 December 2018</b>		-	<b>13,093</b>	<b>13,093</b>
Profit for the financial year		-	47,162	47,162
<b>Total comprehensive income</b>		-	<b>47,162</b>	<b>47,162</b>
Dividends	9	-	(28,628)	(28,628)
<b>At 31 December 2019</b>		-	<b>31,627</b>	<b>31,627</b>

The notes on pages 12 to 26 form part of these financial statements.

**Global Switch Limited**  
**Notes forming part of the financial statements**  
**for the year ended 31 December 2019**

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**1. General information**

Global Switch Limited (“the Company”) is a private limited company, limited by shares, incorporated on 4 May 2007 and is domiciled in England and Wales under the Companies Act 2006. The Company’s registered number is 06238341. The address of its registered office is Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY. The nature of the operations and principal activity is set out on page 1.

**2. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout this year and the preceding year.

*Basis of preparation*

The functional currency of the Company is pounds sterling because that is the currency of the primary location of operations and where primarily the revenues and expenses are earned and incurred. The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (“FRS 102”) issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Global Switch Holdings Limited. The London Stock Exchange is notified when the consolidated financial statements are lodged and a copy can be obtained from the Irish Stock Exchange. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, remuneration of key management personnel, related party disclosures and disclosures regarding financial instruments.

*Accounting period*

These financial statements are prepared for the year ended 31 December 2019, the comparative period presented is the year ended 31 December 2018.

*Going concern*

The directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance. The parent Company has confirmed its continued financial support to ensure that the Company continues to meet its obligation as they fall due. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The events subsequent to 31 December 2019 in relation to COVID-19 are disclosed in note 18 and do not affect the going concern basis of accounting. The nature of the Company’s operations and their importance to our customers’ businesses, together with the nature and credit-worthiness of its customer base have resulted in a significantly reduced impact for the Company compared to many other businesses or industries. The majority of the Company’s revenue is derived from companies with investment grade parent or controlling entities or government departments and agencies that benefit from a sovereign risk profile. Therefore, the Directors conclude that the events subsequent to 31 December 2019 in relation to COVID-19 (as disclosed in note 18) do not affect the going concern basis of accounting.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

*Consolidation*

The Company is a wholly-owned subsidiary of and is included in the consolidated financial statements of Global Switch Holdings Limited. Consequently, the Company has taken advantage of the exemption s401 from preparing consolidated financial statements. These financial statements therefore present the results of the Company only. A copy of the consolidated financial statements can be obtained from the Irish Stock Exchange.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

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**2. Accounting policies (continued)**

*Tangible fixed assets and depreciation*

Tangible fixed assets are initially measured and included in the balance sheet at cost. This is based on the historical accounting rules which require fixed assets to be shown at their purchase price less any provision for depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives. It is calculated at the following rates:

Leasehold improvements	-	over the life of the lease
Computer equipment and software	-	2 to 3 years
Fixtures, fittings and equipment	-	4 to 5 years

Depreciation is only provided on assets under construction when they are brought into use. At that point the assets will be transferred into one of the categories above.

*Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

*Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

*Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

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**2. Accounting policies (continued)**

i. Financial assets and liabilities (continued)

Debt instruments which meet the following conditions, which may include intercompany liabilities, are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one period are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled; b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

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**2. Accounting policies (continued)**

*Taxation and deferred taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

*Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchanged differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

*Turnover*

Turnover represents management fees receivable from fellow subsidiaries of Global Switch Holdings Limited for the provision of asset management services and recharges of costs incurred for the management of the two London data centre facilities.

Turnover arises principally in the United Kingdom.

*Dividend income*

Dividend income is recognised when the right to receive payment is established.

*Finance income*

Finance income is recognised using the effective interest rate method.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

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**2. Accounting policies (continued)**

*Pensions*

The Company operates a defined contribution pension scheme covering management and non-management employees. The assets of the scheme are held separately from those of the Company. The amount charged against profits represents contributions payable to the scheme in respect of the accounting period.

*Related party transactions*

The Company is a wholly-owned subsidiary of Global Switch Holdings Limited and is included in the consolidated financial statements of that Company. The address of Global Switch Holdings Limited's registered office is 2<sup>nd</sup> Floor, O'Neal Marketing Associates Building, PO Box 3174, Road Town, Tortola, British Virgin Islands. The Company has taken advantage of the exemption from related party disclosures in accordance with Paragraph 33.1A of FRS 102.

*Investments*

The Company holds investments defined as subsidiaries which are held at cost.

*Leases – the Company as a lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

**3. Critical accounting estimates and judgements**

In the application of the accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Apart from those involving estimates, there are no instances in which judgments made in applying accounting policies have a significant effect on the amounts recognised in the financial statements.

*Deferred Taxation*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computations of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future for them to be utilised. Deferred tax is determined using tax rates and laws that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. When there is an uncertainty over the income tax treatments, the Company considers whether it is probable that a tax authority will accept an uncertain tax treatment. If it is not probable that the tax authority will accept an uncertain tax treatment, the Company reflects the effect of the uncertainty by determining the single most likely amount or by estimating a probability weighted value based on a range of possible outcomes whichever method is most appropriate.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

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**4. Profit before taxation**

Profit before taxation is stated after charging/(crediting):

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration – audit of the financial statements	76	72
Depreciation (see note 10)	222	944
Foreign currency exchange losses/(gains)	5,048	(3,429)
Dividend income	(44,200)	(9,000)
Operating lease rentals	423	204
	<u>          </u>	<u>          </u>

**5. Employees**

Staff costs consist of:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	2,013	5,133
Social security costs	548	559
Pension costs	266	386
	<u>          </u>	<u>          </u>
	<b>2,827</b>	<b>6,078</b>
	<u>          </u>	<u>          </u>

At 31 December 2019 there were no accrued pension contributions (31 December 2018: £nil).

The monthly average number of employees, including directors, during the period was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Property management	23	28
Administration	48	36
	<u>          </u>	<u>          </u>
	<b>71</b>	<b>64</b>
	<u>          </u>	<u>          </u>

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**6. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,821	1,109
Pension costs: defined contribution scheme	52	87
	1,873	1,196

*Highest paid director:*

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,269	782
Pension costs: defined contribution scheme	36	60
	1,305	842

The directors are employed by Global Switch Limited. The emoluments disclosed above are in respect of their service to this Company only. The costs are borne by Global Switch Limited.

Two directors were accruing benefits under defined contribution pension schemes (31 December 2018: two).

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**7. Finance costs (net)**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank and other interest receivable	1	3
Interest receivable from fellow subsidiary undertakings	9,024	11,680
<b>Finance income</b>	<b>9,025</b>	<b>11,683</b>
Bank and other interest payable	(30)	(17)
Interest payable to fellow subsidiary undertakings	(10,068)	(12,127)
<b>Finance costs</b>	<b>(10,098)</b>	<b>(12,144)</b>
<b>Finance costs (net)</b>	<b>(1,073)</b>	<b>(461)</b>

**8. Taxation**

*a) Analysis of tax credit in the period*

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax</i>		
UK corporation tax at 19% (31 December 2018: 19%)	(1,040)	2,821
<i>Deferred tax</i>		
Origination and reversal of timing differences	(4,786)	(116)
Prior year adjustment	-	547
<b>Tax for the financial year</b>	<b>(5,826)</b>	<b>3,252</b>

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**8. Taxation (continued)**

*b) Factors affecting the tax charge for the period*

The differences between the tax assessed for the period and the standard rate of corporation tax in the UK are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<b>41,336</b>	<b>26,089</b>
Profit at the standard rate of corporation tax in the UK of 19% (31 December 2018: 19%)	7,854	4,957
Effects of:		
Non-assessable income items and permanent differences	(8,398)	(1,710)
Expenses not deductible	-	10
Adjustments in respect of prior period	-	547
Other deferred tax movement (difference in rate)	(9)	14
Use of losses not recognised	-	(654)
Recognition of deferred tax asset from prior years	(5,471)	-
Cap on interest deduction	198	88
Total tax (credit)/charge for the year	<b>(5,826)</b>	<b>3,252</b>

*c) Factors that may affect future tax charges*

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. The deferred tax calculation for 31 December 2019 reflects a UK tax rate of 17%, being the rate enacted at the reporting date. The Group anticipates the 19% rate will apply in future periods.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**8. Taxation (continued)**

*d) Deferred tax*

The Company has recognised a deferred tax asset as at 31 December 2019. At 31 December 2018, no deferred tax asset was recognised. However, at 31 December 2019, following four continuous financial periods of profitability, the Company has recognised a deferred tax asset. Trading tax losses unutilised as at 31 December 2019 were £23,611,000 (31 December 2018: £28,798,000) and there is no time limit on utilisation. It is anticipated that some of these trading tax losses will be utilised in the year ending 31 December 2020.

	<b>£'000</b>
At 1 January 2019	536
Credit to profit and loss account	4,786
	5,322
At 31 December 2019	5,322

Deferred tax assets are recognised as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	464	536
Tax losses available	4,858	-
	5,322	536

**9. Dividends paid**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised as distributions to equity holders in the period:</b>		
Dividends paid	28,628	37,997
	28,628	37,997

**Global Switch Limited**  
Notes forming part of the financial statements (continued)  
for the year ended 31 December 2019

**10. Tangible assets**

	Leasehold improvements £'000	Computer equipment and software £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
<i>Cost</i>					
At 1 January 2019	199	7,057	1,061	481	8,798
Additions	-	159	22	-	181
Disposals	(199)	(673)	(965)	(196)	(2,033)
At 31 December 2019	-	6,543	118	285	6,946
<i>Depreciation</i>					
At 1 January 2019	199	6,656	1,061	-	7,916
Charge for the period	-	222	-	-	222
Disposals	(199)	(601)	(964)	-	(1,764)
At 31 December 2019	-	6,277	97	-	6,374
<i>Net book value</i>					
At 31 December 2018	-	401	-	481	882
At 31 December 2019	-	266	21	285	572

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**11. Investments**

Investments are recorded at a cost of £632,742,000 which has been fully provided for in prior years. Subsidiary undertakings, which have share capital consisting entirely of ordinary shares, are as follows:

Name	Principal activity	Percentage owned	Country of incorporation	Registered address
Duelguide (Global Switch) S.à.r.l.	Holding company	100%	Luxemburg	412F Route d'Esch, L-2086 Luxembourg, RCS, Luxembourg
Global Switch Estates 1 Limited	Ownership and operation of technical real estate	100%	England and Wales	Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY, United Kingdom
Global Switch Estates 2 Limited	Ownership and operation of technical real estate	100%	England and Wales	Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY, United Kingdom
Global Switch (London) Limited	Non-operating company	100%	England and Wales	Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY, United Kingdom
Global Switch (London No. 2) Limited (*)	Non-operating company	100%	England and Wales	Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY, United Kingdom
Global Switch Facilities Management Ltd	Non-operating company	100%	England and Wales	Nova North, Level 2, 11 Bressenden Place, London, SW1E 5BY, United Kingdom

\*Owned indirectly by Global Switch Limited

**12. Debtors**

<i>Current</i>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	391	-
Other debtors	2,490	2,490
Amounts due from fellow subsidiary undertakings	107,527	76,330
Taxation and social security	1,410	3,067
Prepayments and accrued income	370	1,558
	<b>112,188</b>	<b>83,445</b>
 <i>Non-current</i>		
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from fellow subsidiary undertakings	137,133	158,198
	<b>137,133</b>	<b>158,198</b>

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**12. Debtors (continued)**

Amounts shown as non-current are due from fellow subsidiary undertakings and bear an interest charge of 7% + LIBOR or EURIBOR where relevant are denominated in Euros and Pound Sterling.

Other debtors includes amounts due from Aldersgate Investments Limited for administrative and other services provided at normal commercial rates of £2,490,000 (31 December 2018: £2,490,000). The amount has been settled subsequent to 31 December 2019.

The Directors consider the carrying amount of the debtors to be approximates of their fair value.

**13. Creditors**

<i>Current</i>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	545	3,181
Amounts due to fellow subsidiary undertakings	91,925	134,708
Taxation and social security	66	2,537
Accruals and deferred income	3,643	6,383
	<u>96,179</u>	<u>146,809</u>
<i>Non-current</i>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to fellow subsidiary undertakings	131,483	95,660
	<u>131,483</u>	<u>95,660</u>

Amounts due to fellow subsidiary undertakings shown as current include amounts due to Global Switch Estates 1 Limited and Global Switch Estates 2 Limited. Amounts due to fellow subsidiary undertakings shown as non-current include amount due to ICT Centre Holding B.V. and bear a range of interest charges, predominantly relative to LIBOR.

Current creditors predominately relate to transactions with fellow subsidiary undertakings which the directors do not expect to be settled within twelve months from the reporting period. These are however shown as current as they relate to transactions made in the normal operating cycle of the business.

The Directors consider the carrying amount of the creditors to approximate their fair value.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

**14. Operating leases**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£'000	£'000
Within one year	806	153
Between one and five years	3,491	-
After five years	11,278	-
	<u>15,575</u>	<u>153</u>

**15. Share capital**

	Allotted, called up and fully paid			
	2019	2018	2019	2018
	Number	Number	£	£
Ordinary share of £1	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**16. Contingent liabilities**

The Company does not have any contingent liabilities as at the date of this report or for the comparative year end.

**17. Ultimate and immediate holdings company**

The immediate holding company is Global Switch Holdings Limited, a company registered in the British Virgin Islands.

The largest and smallest group in which the results of the Company are consolidated is Global Switch Holdings Limited.

At 31 December 2018 Elegant Jubilee Limited, Strategic IDC Limited and Aldersgate Investments Limited jointly controlled the Company and owned 51%, 24.99% and 24.01% respectively.

Elegant Jubilee Limited is ultimately owned by a consortium of fifteen corporate and institutional investors. Strategic IDC Limited is owned by a consortium of six corporate and institutional investors. The ultimate parent company of Aldersgate Investments Limited is Landal Worldwide Corp, a company incorporated and domiciled in the British Virgin Islands.

On 23 August 2019, Tough Expert Limited acquired Aldersgate Investments Limited's 24.01% stake. Tough Expert Limited is an indirect, wholly owned investment vehicle of Jiangsu Shagang Group Co., Limited ("Shagang Group").

Shagang Group had previously acquired indirect stakes in Global Switch Holdings Limited through its participation in the Elegant Jubilee Limited and Strategic IDC Limited consortia of institutional and private investors, which invested in the Company in December 2016 and July 2018. The investment by Shagang Group, through Tough Expert Limited together with other share purchases subsequent to 30 June 2020, has resulted in an indirect equity stake in the Company of 51.8%. Following the investment through Tough Expert Limited, Shagang Group is considered by the Directors to be the Company's ultimate controlling party. As of the date of these financial statements Mr. Wenrong Shen is regarded as the controller of Shagang Group.

**Global Switch Limited**  
**Notes forming part of the financial statements (continued)**  
**for the year ended 31 December 2019**

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**18. Subsequent events**

The outbreak of the Novel Coronavirus (“COVID-19”), formally declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets, with broad movement and other restrictions being implemented by many countries.

The response of the wider Global Switch group to the Global Pandemic has been managed and monitored through a Task Force comprising all critical decision makers and operational leads. The Task Force has implemented a series of important measures as part of the group’s overall Business Continuity Plan, to both maximise the safety of all those in the data centres and to ensure the Group continues to operate as previously.

Data centres remain as essential during the Global Pandemic as previously, if not more so. The nature of the group’s operations and the nature and credit-worthiness of its customer base have resulted in a significantly reduced impact for Global Switch compared to many other businesses or industries. The majority of the group’s revenue is derived from companies with investment grade parent or controlling entities or government departments and agencies that benefit from a sovereign risk profile.

To the extent that economic uncertainty results in financial impact on companies with a reporting period ended 31 December 2019, that impact is a non-adjusting event, since the conditions arose subsequent to 31 December 2019. We will however continue to monitor the impact on the Company.

Subsequent to 31 December 2019, the wider Global Switch group undertook a restructuring of its intercompany lending structure. This will impact the future intercompany balances of the Company, but the principal activities remain unchanged and this is not an adjusting event for the year ended 31 December 2019. The impact of this restructuring on the entity has not been quantified at the date of signature of the financial statements.