TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

ANNUAL REPORT
For the year ended 31 March 2021

Company registration number: 2138407

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OFFICERS AND PROFESSIONAL ADVISERS

Executive Directors	S.Fukuhara – Managing Director (appointed 18 April 2021) T.Sakuraoka (appointed 18 April 2021) A.Fujii (appointed 22 April 2021)
Registered office	Coriander Avenue London E14 2AA
Registered number	2138407
Bankers	Barclays Bank PLC Mizuho Corporate Bank Limited Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Limited Societe Generale HSBC
Solicitors	Eversheds LLP 1 Wood Street London EC2V 7WS
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

The directors submit their annual report and the audited consolidated and company financial statements of Telehouse International Corporation of Europe Ltd ("Telehouse", "the Group") for the year ended 31 March 2021.

Principal activities and strategy

Established in 1989, Telehouse is a pioneering carrier-neutral data centre colocation and ICT solutions provider, with European headquarters in London, UK. Telehouse is an owner and operator of premium data centre facilities, providing connectivity and managed ICT solutions to over 3,000 customers from 40 data centre facilities worldwide. Telehouse is the data centre subsidiary of KDDI Corporation, a leading Japanese telecommunications and ICT solutions provider and Global Fortune 300 company with 100 offices in more than 60 cities around the world.

This report specifically covers the activities of Telehouse International Corporation of Europe Ltd, a company incorporated and domiciled in the United Kingdom and the Group with operations in the UK, France and South Africa. The Group's principal activity is to support its customers' IT infrastructure with a comprehensive range of data centre and ICT solutions including connectivity and cloud services, from its secure, low latency facilities.

Telehouse International Corporation of Europe Ltd has a strong presence and is a centre for the global internet network in two locations: London, home to the London Internet Exchange (LINX) since 1994, Paris through its partnership with the French Internet Exchange (France-IX), as well as having a presence in South Africa. As a leading provider of carrier-neutral data centres, Telehouse has partnered with carriers, mobile and content providers, enterprises and financial services companies, to create Telehouse Interconnect. Telehouse Interconnect provides fast, efficient and secure interconnections, accelerated speed to market and the creation of new business opportunities for Telehouse customers. This high level of connectivity is a key differentiator between Telehouse and its competitors.

To meet the needs of its global customers, Telehouse International Corporation of Europe Ltd can connect its customer's equipment from and to any of the 48 Telehouse global locations, providing them with a multinational, multiple-site data centre with low latency and proximity to their end users.

Business review

The Group financial statements for the year under review have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Telehouse delivered profit before tax of £109.3m for the year ended 31 March 2021 (2020: £87.9m). This profit has been achieved by a good revenue performance and continued careful cost management. Revenue increased by 11.6% to £192.6m (2020: £172.7m). The growth in revenue was driven mainly by the continued development and increased operational capacity of the North Two facility at Docklands, with the fit out of an additional floor being completed during the year, along with the acquisition of the Thomson Reuters Docklands Technical Centre in London. Furthermore, continued investment in power capacity at Docklands campus and Paris Voltaire campus has enabled further datacentre sales and demonstrated strong growth in interconnections and the Paris cloud services. Strong procurement governance has continued to support strong cost management.

Cash generated by the Group from operating activities was £84.4m (2020: £84.5m) in the year. Due to the nature of the data centre business, cash flows follow a pattern where there is first investment in new developments and benefits generated from these are recognised in the future. Telehouse operates a European group cash pooling agreement with KDDI Europe Limited (a UK registered subsidiary of the global parent company KDDI Corporation) which is utilised for investment cash flow by way of both short term and long term borrowing.

This method of cash management within the Group has reduced interest bearing debt as all surplus cash held is utilised. During the year maximum short-term loans drawn from the cash pool were £49.0m (2020: £58.9m) and maximum deposits placed in the cash pool were £61.2m (2020: £55.4m). During the year long term loans of £73.5m were drawn (2020: £nil). As at 31 March 2021, borrowing facilities available but undrawn, were £41.7m (2020: £10.7m).

Capital expenditure of £101.2m in London (2020: £17.4m) and £4.9m for Paris (2020: £3.3m) related to the purchase of the Thomson Reuters Docklands Technical Centre, continuous site and infrastructure improvements as well as development of new products and services.

Total net debt increased by £14.8m to £52.0m during the 12 month period from 1 April 2020. This increase is mainly due to the undertaking of a long term loan issued during the year by KDDI Europe to fund the acquisition of the Thomson Reuters Docklands Technical Centre. The long term loans remaining are of £73.5m (London) and £nil (Paris) as at 31 March 2021. Repayment of these loans is due by 2029. The cash pooling agreement limits are set and agreed by the Board of Directors each year, and are renewed annually. This ensures that cash is utilised across the Group effectively.

Surplus funds will continuously be utilised to invest in the existing facilities, expansion programs and the development of further value added services.

Future prospects and developments

The demand for colocation and connectivity services remains steady in London, one of Europe's largest colocation hubs. The pandemic increased demand for cloud services during 2020, resulting in hyperscalers and tier 2 cloud service providers accounting for 80% of new supply according to a recent report by CBRE.

The pandemic also saw increased demand for colocation capacity from organisations needing to undertake digital transformation projects and build secure, resilience IT infrastructures to support remote workers and to service online customers.

Insights from a recent survey of IT leaders commissioned by Telehouse International Corporation of Europe Ltd lead us to expect that the take up of colocation services, where crucial business data is stored in physically secure data centres, will see an accelerated shift over the next decade, with the pandemic creating the need for employees to access business data quickly and securely from a remote location. In addition, there is increased need for data to be secure from potential cyber-attacks and businesses are looking to benefit from fast connectivity. Our research showed that 38% of IT decision-makers were considering this solution due to their new and established remote workforce. In addition, a study conducted by Grand View Research, Inc revealed that the global data centre colocation market is expected to reach $104.77 billion by 2027, expanding at a CAGR of 12.9% from 2020 to 2027.

Whilst security and compliance will continue to remain at the top of the IT agenda for enterprises, reducing their environmental impact is a key challenge. Consequently, the environmental credentials of their colocation partners is of increasing importance in their decision making process.

Telehouse continues to meet these demands with over 800 connectivity partners flowing into its London Docklands campus, including peering services with the London Internet Exchange (LINX) and direct access to leading cloud players such as Amazon Web Services and Microsoft Azure ExpressRoute. Telehouse London is now the only colocation service provider based in London to offer a resilient route to Microsoft Azure data centre locations through Microsoft ExpressRoute London 2 based at the Telehouse London Docklands campus. Amazon Web Services are also provided through the Paris Voltaire Datacentre.

Telehouse will also meet the growing demand for colocation space in London with the addition of Telehouse South to its London Docklands data centre portfolio which will be available to new customers from early 2022. The fit-out of the final floor of Telehouse North Two will be completed within the next year and is due for release by 31 March 2022.

To manage future demand in the UK, Telehouse has acquired freehold land in London Docklands. Outline planning permission has been granted to develop a new datacentre facility on this land.

Section 172 Compliance Statement

The Directors confirm that they are compliant with Section 172 of the Companies Act 2006, that is, their duty to promote the success of the Company for the benefit of all members. In light of the current Global COVID 19 pandemic Telehouse has reinforced their continued commitment to the policies outlined below ensuring that this has been communicated clearly and regularly to all relevant parties while also adhering to government guidelines.

Employees

We understand that our employees are our most valuable asset. We encourage an atmosphere of open communication, involvement & personal development. Every employee is treated as an individual and has an equal opportunity for personal recognition and career development, regardless of gender, creed, personal background, or politics. Discrimination or harassment is not tolerated.

Customers
We believe that integrity in dealings with one another and with customers is a prerequisite for successful and sustainable business relationships. All employees are therefore informed of the importance of personal relationships and a helpful and responsive attitude when dealing with customers. Our performance against this principal is measured through our Customer Satisfaction Survey and reviews at Board Level of customer reported issues.

Suppliers
We believe in excellence in all things and has selected it key suppliers on a basis of a proven track record of quality and reliability in service. In line with our Procurement Policy, we aim to develop mutually beneficial relationships with our supplier base. All supplier relationships are independently assessed against our Quality Management system and in monthly supplier meetings.

Community
We actively serve and support the community in which we operate by ensuring that where possible the community benefits by our presence:

- Financially through funding of local employment schemes in cooperation with local authorities and
- Environmentally by managing the environmental impact of our services.

The Environment
We operate our sites in accordance with the requirements of ISO 14001. As a company and as individuals we:

- Work with our partners on implementing environmental quality objectives which are desirable and attainable.
- Set targets to improve our business in respect of environmental issues.
- Identify and where possible improve our environmental aspects such as conservation of energy and natural resources, the control of noise levels, recycling of waste material and the utilisation of non-polluting technology and recycled products.

Health & Safety & Welfare
We provide healthy and safe working conditions to employees and visiting customers and suppliers and will do all that is reasonable and practicable to:

- Protect the health and safety of our employees and visiting customers/suppliers by implementing working practices to prevent personal injury and damage to property.
- Make employees and visiting customers/suppliers aware of risks associated with their activities and ensuring risk assessments are carried out prior to authorisation to work
- Raise awareness of their own responsibilities for the health and safety of themselves and others

Human Rights
We are committed to the prevention of any violation of established Human Rights of any kind and when identified will cease business relationships with the perpetrator of these violations. As a member of Internet Watch we actively support the removal of indecent images of under 18s, obscene publications (as defined by the Obscene Publications Act 1959 & 1964) and any incitement to hatred from the Internet.

Social Responsibility
We are committed to collaboration with organisations that support Fair Trade and operate non-exploitative employment practices in their own businesses and supply chains throughout the world.

Conflict of Interest
To ensure integrity in dealings with customers, we do not allow bribery or "gifts and favours" in our business dealings. Our employees are required to avoid and report any conflicts of interest that may arise.

Information
We regard information for the purpose of the business as a corporate asset and provide appropriate, reasonable and practicable protection to ensure confidentiality, integrity and availability of all information assets.

Records

We maintain records which are accurate, complete and transparent and, in accordance with regulatory principals, welcome third party auditing to ensure that no our records are a true and accurate reflection of the Company.

Principal and financial risks

The continuation of service to its customers by way of power supply and cooling are the most important aspects of Telehouse's service delivery, closely followed by physical security of the site including customer areas and equipment. The status of these areas is measured continuously, 24 hours of every day, and performance reported monthly to the Board. Capacity levels for redundancy are similarly checked and reported to the Board so that early action to increase or enhance existing plant can be taken when plant capacity approaches target operating levels. The Group has an on-going program of investment in these areas to ensure customer service remains at the highest expected levels.

As Telehouse North Two and Telehouse Paris Magny sites continue to sell to capacity, the Board continues to consider expansion opportunities to ensure that the demand for supply of services can be met.

The Group's net debt is financed by KDDI Europe Limited, a UK registered subsidiary of KDDI Corporation, on interest rates varying between 0.2% to 0.7% (London).

The cost of electricity represents 31.1% of total operating cost (2020: 23.4%), and this represents a significant increase against the proportion for the year ended 31 March 2020. The increase is mainly a result of the additional power capacity required for the new Telehouse South Facility in London, as well as some price increases resulting from the COVID 19 pandemic. The directors remain aware that the volatility of the energy markets has a significant impact on the profitability of the business, and cost and carbon management will continue to be given due importance.

This risk is continually assessed and market activity in the European energy markets is monitored. The purchasing strategy is reviewed periodically and immediately should any significant market activity occur.

The company has effectively managed the potential risk of the COVID 19 pandemic to its business, customers and suppliers. The Company priority has been on ensuring that the Datacentre facilities remain fully operational without interruption to services. This has been achieved by our critical services teams in engineering, facilities management and security. A majority of our customers have been largely unaffected, however a minority, due to restrictions imposed, have faced financial difficulties. We have renegotiated payment terms with these customers. The company has worked with its main contactors in all locations to defer major works. This has resulted in delays of around 3 months to all non critical infrastructures upgrade and construction works. Minor customer installation work have also been delayed but the impact has been immaterial.

The Group's financial risk management policies are set out in note 21 to the financial statements.

Key performance indicators

The Board manages the business by reference to a number of key performance indicators. However, the principal indicators are as follows:

	2021 Target	Year ended 31 March 2021	Year ended 31 March 2020
Revenue (1)	£197.2m	£192.6m	£172.7m
Net debt (2)	£102.1m	£52.0m	£37.2m
Pipeline/sales forecast to year end (3)		3.4%	2.7%

(1) Revenue - As per the financial statements, Target stated as set at the start of period although a revised target is set at the six-month point for the period-end.
(2) Net debt - Short and long-term bank borrowing, group company loan less cash balances, as per consolidated cash flow statement totals.
(3) Pipeline/sales forecast - This calculation takes existing sales as a ratio of assured pipeline to calculate the expected period-end invoiced sales total.

Revenue growth was in line with expectations and not significantly impacted by the COVID 19 pandemic. It has been underpinned by the continuing increase in operational capacity of the new North Two facility in the London

Dockland campus, and the Paris Magny facility, which has resulted in an increase in sales, as well as growth in additional services, such as the interconnection service.

Net debt was below the target maximum level by £50.1m. With capital expenditure for the year being considerably reduced the short term borrowing requirements were much lower than anticipated. The Group's long term net debt requirements, which are carefully planned and executed, are financed by KDDI Europe Limited. The Group reports its cash activity to its parent on a monthly basis and bi-annually reports a 5 year cash forecast plan.

The higher sales pipeline at the end of the current year is representative of the change in the customer profile which now includes high demand from 'hyper-scalers' or wholesale type of prospects, as well as the traditional retail prospect demand. Telehouse continues to construct and fit out the remaining new space within the North Two and other existing facilities in Paris to ensure that its future growth opportunities are maximised.

Results and dividends

The consolidated profit for the financial year transferred to reserves was £84.3m (2020: £71.0m). Consolidated shareholders equity at the end of the year was £538.9m (2020: £471.8m). During the year dividends of £28.1m (2020: £22.4m) were paid.

Environmental commitment

Telehouse is working to embed environmentally sustainable best practices in its operations and concentrating business resources in areas which are seen as high risk or have significant carbon emissions, and where we can make the most significant environmental improvements across the business. We strive to adopt the highest standards and behaviours across our operations to enhance energy efficiency, competitiveness and to reduce our environmental impact.

We are committed to providing an excellent customer service experience and to conducting business in an ethical, social and environmentally responsible manner. We are proactive and committed to continually improving our overall environmental and energy performance by establishing an environmental policy, strategy, setting objectives and targets. Our strategy is focused on climate change action, energy efficiency and green procurement, which support the carbon reduction ambitions of many of our stakeholders. We are implementing an action plan to achieve our goals during 2021.

Carbon emissions

The below statement contains Telehouse's annual energy consumption, associated relevant greenhouse gas emissions, and additional related information, as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The methodology applied for the calculation of Greenhouse Gas emissions is the 'GHG Protocol Corporate Accounting and Reporting Standard'. An 'operational control' boundary has been applied. Carbon conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting – 2020', Emissions are reported as CO_2e. As the majority of Telehouse's electricity is purchased from 100% renewable sources under an energy supply contract, a dual reporting approach has been taken with both 'location-based' and 'market-based' electricity emissions being reported.

The table below shows the total annual UK energy use associated with electricity consumption, fuel combusted on-site, and fuel consumed for relevant business transport purposes for the period 1 January 2020 – 31 December 2020. Telehouse's previous reporting period was April 2019 - March 2020. However, we have decided that the best timeframe for the SECR is Jan to Dec, as all our external reporting compliance obligations are aligned to this period. Therefore, there is an overlap of data (Jan to March 2020) in the current reporting period.

Table 1– Energy Consumption and Emissions

	2019*	2020**
On-site combustion (kWh)	683,612	954,527
Electricity (kWh)	147,363,780	154,650,249
Road Transport (kWh)	960	697
Total Energy (kWh)	148,048,352	155,684,392
Scope 1 Emissions (tCO_2e)	173	256
Scope 2 Emissions - Market Based (tCO_2e)	8	8
Scope 2 Emissions - Location Based (tCO_2e)	37,666	36,055
Total Emissions Market Based (tCO_2e)	182	264
tCO2e/£m revenue	1.46	1.86

* Reporting period 2019 - April 2019 to March 2020.
** Reporting period 2020 - Jan to Dec 2020.

For purposes of baselining and ongoing comparison, it is required to express the emissions using a carbon intensity metric. The intensity metric chosen is £m revenue.

The resultant emissions intensity, calculated based on our market-based emissions for 2020, is 1.86 tCO2e/£m revenue.

Telehouse International Corporation of Europe adheres to international ISO standards in Environment and Energy Management, including the ISO 14001:2015 Environmental Management System and ISO 50001:2018 Energy Management System certifications. These internationally recognised standards confirm Telehouse's commitment to minimise the environmental impact in our day-to-day operations and improve energy performance. In November 2020, Telehouse achieved the re-certification of ISO 140001:2015 and the transition from ISO 50001:2011 to ISO 50001:2018, the latest edition of the ISO 50001 standard. We aim to achieve continual improvement in the energy efficiency of our operations and recognise our responsibility to take action by focusing on reducing our emissions, increasing our preparedness for physical climate impacts and working with others to enhance the local response to climate change.

Telehouse International Corporation of Europe Ltd purchased a data centre facility, Thomson Reuters Docklands DC, Blackwall Way in July 2020, now known as 'Telehouse South'. Emissions from this new site are also included as part of our annual report.

Specific activities were undertaken to improve the energy efficiency and environmental impact of our operations in 2020, and they include:

- The installation of an adiabatic misting system on existing dry air coolers to reduce energy consumption during the hottest days of the year.
- The commencement of a network of additional data hall climate sensors to ensure the effective operation of cooling systems identifying where plant is inefficiently cooling the space.
- The upgrade of BMS systems to enhance mechanical systems control and monitoring for efficiency purposes.
- Revision of generator run times on an annual basis to reduce diesel fuel consumption.
- In addition, we have continued our lighting upgrade programme at our Docklands Data Centre, replacing older fluorescent fittings with energy-efficient LED lighting.

All of the above have resulted in energy efficiency gains or environmental improvements for the campus with more opportunities identified for the coming years.

To further support our sustainability strategy and reduce our carbon footprint, Telehouse has been purchasing 100% of the energy supply to the Docklands campus and the new data centre Telehouse South from renewable sources throughout this reporting period.

Going Above and Beyond

We recognise our responsibility to act and ensure compliance with applicable regulations, laws and best practices. Telehouse entered into a Climate Change Agreement (CCA) with the Environment Agency for its London Dockland's data centre campus in 2014 and Telehouse South in January 2021. Climate Change Agreements (CCA) Power Usage Effectiveness (PUE) targets for the London Docklands campus have been met and we remain focused on the implementation of energy efficiency projects year on year.

All our data centre facilities are regulated by environmental permits granted by the Environmental Agency. The permits regulate emissions, combustion of fuels and air quality for combustion plants. Telehouse's annual energy consumption and associated relevant greenhouse gas emissions data has been reported in our Financial reports since the 2019 financial year, as required by the Streamlined Energy and Carbon Reporting (SECR) regulations.

These measures demonstrate our commitment to reduce carbon emissions and to ensure excellent standards of legal compliance. Delivering solutions that protect the environment while providing the best possible value and service to our customers is no easy feat, but at Telehouse we will continue to work alongside regulators and industry bodies to keep refining and improving our commitment to improve standards and achieve long term improvements.

Security and H&S Management

As part of the Company's commitment to providing a market-leading service, the Group has continued to retain accreditation to ISO 27001:2013 (Information Security) and the physical security elements of PCI DSS (Payment Card Industry Data Security Standard) as core to the business across all locations. In all cases our accreditations are aligned to a single certificate or attestation in order to reduce any individual focus and strengthen the business physical security procedures through established best practices.

The business compliments its accreditations with the ISO standard for Quality, 9001:2015 which is further evidence of the business's continuous improvement program which is set against industry best practice.

Telehouse International Corporation of Europe Ltd is fully committed to reduce workplace illnesses, injuries and to keep a safe working environment for all employees, customer, and visitors. To support this, the business successfully transitioned in March 2021 from BS OHSAS 18001 to the new ISO 45001:2018 international standard at Telehouse London which demonstrates our adherence to the Health and Safety best practices.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

Seigo Fukuhara

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S. Fukuhara

Managing Director

27 August 2021

Registered office:
Coriander Avenue
London
E14 2AA
Registered Number: 2138407

Directors' Report

The directors present their report to the shareholders together with the audited consolidated and company Financial statements of Telehouse International Corporation of Europe Ltd (the "Group", "Telehouse") for the year ended 31 March 2021. Telehouse International Corporation of Europe Ltd has trading branches in London, Paris and South Africa.

Business Review

A review of the Group's results for the year, future developments and principal risks is detailed on pages 2 to 6 of the Strategic Report.

Results and dividends

Operating profit for the year ended 31 March 2021 was £95.8m (2020: £88.6m). Profit transferred to retained earnings for the year was £84.3m (2020: £71.0m). The Board has recommended the payment of a final dividend in respect of the year ended 31 March 2021 of £33.7m (2020: £28.1m).

Directors

The directors of the Company who were in the office during the year and up to the date of signing the financial statements unless otherwise stated were:

Directors	S.Fukuhara – Managing Director (appointed 18 April 2021)
	T.Sakuraoka (appointed 18 April 2021)
	A.Fujii (appointed 22 April 2021)
	K. Sakai (resigned 18 April 2021)
	K. Ohno (resigned 18 April 2021)
	H. Kimura (resigned 18 April 2021)

As permitted by s408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income in addition to the Consolidated Statement of Comprehensive Income. The parent company's (Telehouse International Corporation of Europe Ltd) profit for the financial year amounted to £84.0m (2020: £70.7m).

Employees

The Group's policy is to provide employees with regular information on matters of concern to them and to use the Information and Consultation Forum set up specifically to consult and inform, so that their views can be taken into account when decisions are taken which could affect them. It continues to be the Group's policy to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. Full and fair consideration will be given to the continuing employment and appropriate training of persons who become disabled. The Group's policy is to provide equal opportunities to its entire staff on the basis of objective criteria and personal merit.

Financial risk management

The Group's policies to manage financial risk are outlined in page 5 of the Strategic Report with further details provided in Note 21 to the accounts 'Financial Instruments and Risk Management'.

Political donations

The Group and Company did not make any political donations in the year (2020: £nil).

Disclosure statements

Other than the statements made above, the directors have included all required disclosure in s414c of the Companies Act 2006 in the Strategic Report.

Directors' indemnities

As permitted by the Articles of Association, the directors and executive directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year, directors' and officers' liability insurance in respect of itself and its directors and executive directors.

Independent auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors of the Group will be proposed at the next Annual General Meeting.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:
Seigo Fukuhara
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S Fukuhara

Managing Director

27 August 2021

Registered office:
Coriander Avenue
London
E14 2AA
Registered Number: 2138407

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:
Seigo Fukuhara
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S. Fukuhara

Managing Director

27 August 2021

Report on the audit of the financial statements

Opinion

In our opinion, Telehouse International Corporation of Europe Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2021; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity; and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and the Directors' Report

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 year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Companies Act 2006, the General Data Protection Regulation (GDPR) and tax and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, specifically the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. . Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular those entries posted with unusual account combinations, and understanding and evaluating any significant transactions outside the normal course of business;

- enquiry of management and the board of directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of the board of directors; and
- evaluating and, where appropriate, challenging assumptions and judgments made by management in determining significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 August 2021

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

Note		31 March 2021 Total £'000	31 March 2020 Total £'000
2	Revenue	192,639	172,677
	Cost of sales	(26,957)	(19,833)
	Gross profit	**165,682**	**152,844**
	Administrative expenses	(69,890)	(64,228)
	Operating profit	95,792	88,616
3	Finance income	264	269
3	Finance costs	(1,969)	(1,176)
4	Profit on sale of fixed assets	15,133	-
9	Share of profit from associates	85	213
4	**PROFIT BEFORE TAX**	**109,305**	**87,922**
7	Taxation	(24,965)	(16,876)
	PROFIT FOR THE FINANCIAL YEAR	**84,340**	**71,046**
	Other comprehensive (expense)/income:		
	Items that may be reclassified subsequently to profit or loss:		
	Exchange differences on translation of foreign operations	(5,486)	3,444
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**78,854**	**74,490**
	Attributable to:		
	-Owners of the Parent	78,854	74,490
	-Non-controlling interest	-	-
		78,854	**74,490**

The notes on pages 20 to 46 form an integral part of these financial statements.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

Note		CONSOLIDATED 31 March 2021 £'000	CONSOLIDATED 31 March 2020 £'000	COMPANY 31 March 2021 £'000	COMPANY 31 March 2020 £'000
	NON CURRENT ASSETS				
8	Property, plant and equipment	584,547	501,678	538,802	453,772
9	Investments in subsidiaries	-	-	6,381	6,381
9	Investments in associates	994	909	994	909
		585,541	502,587	546,177	461,062
	CURRENT ASSETS				
10	Trade and other receivables	111,927	105,420	152,762	147,291
11	Cash and cash equivalents	13,917	14,183	9,784	11,746
19	Current income tax assets	-	2,118	1,299	2,981
		125,844	121,721	163,845	162,018
8	Assets classified as held for sale	-	7,781	-	7,781
	TOTAL CURRENT ASSETS	**125,844**	**129,502**	**163,845**	**169,799**
	TOTAL ASSETS	**711,385**	**632,089**	**710,022**	**630,861**
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
12	Share capital	47,167	47,167	47,167	47,167
13	Retained earnings	448,112	391,904	447,337	391,452
13	Revaluation reserve	20,808	20,808	20,808	20,808
13	Capital contribution reserve	16,400	-	16,400	-
13	Foreign exchange translation reserve	6,384	11,870	6,384	11,870
	Total shareholders' equity	**538,871**	**471,749**	**538,096**	**471,297**
	Non-controlling interest	61	61	-	-
	TOTAL EQUITY	**538,932**	**471,810**	**538,096**	**471,297**
	LIABILITIES:				
	NON CURRENT LIABILITIES				
14	Deferred income tax liabilities	25,781	23,856	25,781	23,856
15	Bank and other loans	58,552	3,000	58,552	3,000
18	Provisions for other liabilities and charges	1,170	1,201	1,170	1,201
20	Lease liabilities	569	1,018	569	1,018
		86,072	29,075	86,072	29,075
	CURRENT LIABILITIES				
15	Bank and other loans	7,343	48,350	7,343	48,350
16	Deferred income	43,541	42,469	43,501	42,391
17	Trade and other payables	34,969	39,215	34,557	38,578
19	Current income tax liabilities	75	-	-	-
20	Lease liabilities	453	1,170	453	1,170
		86,381	131,204	85,854	130,489
	TOTAL LIABILITIES	**172,453**	**160,279**	**171,926**	**159,564**
	TOTAL EQUITY & LIABILITIES	**711,385**	**632,089**	**710,022**	**630,861**

The profit for the year for the Company is £84,022,000 (2020: £70,720,000)
The notes on pages 20 to 46 form an integral part of these financial statements.
The financial statements on pages 15 to 46 were approved by the Board of Directors on 27 August 2021 and signed on its behalf by:

DocuSigned by:
Seigo Fukuhara
9059D87A24EF431...

S. Fukuhara
Managing Director

Company Registration Number: 2138407

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2021

CONSOLIDATED	Share Capital	Revaluation Reserve	Capital Contribution Reserve	Foreign Exchange Translation Reserve	Retained Earnings	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2019	**47,167**	**20,808**	**-**	**8,426**	**343,209**	**61**	**419,671**
Dividends	-	-	-	-	(22,351)	-	(22,351)
Comprehensive income							
Profit for the financial year	-	-	-	-	71,046	-	71,046
Currency translation differences	-	-	-	3,444	-	-	3,444
Total comprehensive income	-	-	-	3,444	71,046	-	74,490
Balance at 31 March 2020	**47,167**	**20,808**	**-**	**11,870**	**391,904**	**61**	**471,810**
Dividends	-	-	-	-	(28,132)	-	(28,132)
Comprehensive income							
Profit for the financial year	-	-	-	-	84,340	-	84,340
Currency translation differences	-	-	-	(5,486)	-	-	(5,486)
Total comprehensive income	-	-	-	(5,486)	84,340	-	78,854
Fair value adjustment - loans	-	-	16,400	-	-	-	16,400
Balance at 31 March 2021	**47,167**	**20,808**	**16,400**	**6,384**	**448,112**	**61**	**538,932**

The notes on pages 20 to 46 form an integral part of these financial statements.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2021

COMPANY	Share Capital	Revaluation Reserve	Capital Contribution Reserve	Foreign Exchange Translation Reserve	Retained Earnings	Total Equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 1 April 2019	**47,167**	**20,808**	-	**8,426**	**342,057**	**418,458**
Dividends	-	-	-	-	(21,325)	(21,325)
Comprehensive income						
Profit for the financial year	-	-	-	-	70,720	70,720
Currency translation differences	-	-	-	3,444	-	3,444
Total comprehensive income	-	-	-	3,444	70,720	74,164
Balance at 31 March 2020	**47,167**	**20,808**	-	**11,870**	**391,452**	**471,297**
Dividends	-	-	-	-	(28,137)	(28,137)
Comprehensive income						
Profit for the financial year	-	-	-	-	84,022	84,022
Currency translation differences	-	-	-	(5,486)	-	(5,486)
Total comprehensive income	-	-	-	(5,486)	84,022	78,536
Fair value adjustment - loans	-	-	16,400	-	-	16,400
Balance at 31 March 2021	**47,167**	**20,808**	**16,400**	**6,384**	**447,337**	**538,096**

The notes on pages 20 to 46 form an integral part of these financial statements.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LTD

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

Year ended 31 March 2021

	CONSOLIDATED		COMPANY	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Cash flows from operating activities	**£'000**	**£'000**	**£'000**	**£'000**
Profit before tax	109,305	87,922	108,509	87,019
Adjustments for:				
Depreciation of property, plant and equipment	20,853	17,598	18,692	15,797
Finance costs	1,969	1,176	1,826	770
Finance income	(264)	(269)	(264)	(269)
Share of profit in associates	(85)	(213)	(85)	(213)
(Increase)/decrease in debtors	(6,507)	11,946	(5,471)	13,597
Decrease in creditors	(3,174)	(7,511)	(2,911)	(8,206)
(Profit)/loss on disposal of fixed assets	(15,133)	389	(15,133)	389
Cash generated from operations	**106,964**	**111,038**	**105,163**	**108,884**
Interest paid	(1,969)	(1,176)	(1,826)	(770)
Income tax paid	(20,847)	(25,674)	(20,880)	(25,318)
Interest received	264	269	264	269
Net cash generated from operating activities	**84,412**	**84,457**	**82,721**	**83,065**
Cash flows from investing activities				
Purchase of property, plant and equipment	(106,186)	(20,755)	(106,186)	(20,755)
Proceeds from sale of fixed assets	23,203	-	23,203	-
Net cash (outflow) from investing activities	**(82,983)**	**(20,755)**	**(82,983)**	**(20,755)**
Cash flows from financing activities				
Repayment of borrowings	(44,007)	(36,480)	(44,007)	(36,480)
Proceeds from borrowings	73,500	-	73,500	-
Dividends paid	(28,132)	(22,351)	(28,137)	(21,325)
Principal element of lease payments	(1,204)	(906)	(1,204)	(906)
Net cash inflow/(outflow) from financing activities	**157**	**(59,737)**	**152**	**(58,711)**
Net increase/(decrease) in cash and cash equivalents	1,586	3,965	(110)	3,599
Cash and cash equivalents at beginning of year	14,183	9,407	11,746	7,338
Exchange (losses)/gains on cash and bank overdrafts	(1,852)	811	(1,852)	809
Cash and cash equivalents at the end of year	**13,917**	**14,183**	**9,784**	**11,746**

The notes on pages 20 to 46 form an integral part of these financial statements.

An analysis of change in net debt is included in note 25.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Telehouse International Corporation of Europe Ltd is a private limited company limited by shares incorporated, registered and domiciled in England. The Company's registered office is Coriander Avenue, London, E14 2AA.

The Group has prepared its Consolidated Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted by the Group and by the Company are set out below.

(b) Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Consolidated and Company financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended 31 March 2021. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(d) Going concern

The directors have, at the time of approving the Consolidated and Company financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(e) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets of liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (Note 9).

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the Statement of Comprehensive Income.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost, less accumulated depreciation and impairment provisions. Cost includes all expenditure that is directly attributable to the acquisition of the items. Land is shown at the lower of carrying amount and fair value, based on valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure that the carrying amount of a revalued asset does not materially exceed its fair value. The directors assess the residual values and useful economic lives of the properties on an annual basis.

Increases in the carrying amount arising on revaluation of land are not recognised, on the basis that the value of the land will fluctuate and is tied to the value of the buildings. Decreases are charged to the Statement of Comprehensive Income. The directors assess the residual values and useful economic lives of the properties on an annual basis.

Reinstatement costs for offices held under operating leases in Paris have been capitalised and included within fixtures and fittings and depreciated on a straight-line basis over the lease term.

Right of use assets are depreciated on a straight line basis over the minimum term of the associated lease.

Land is not depreciated, and no depreciation has been charged to date on buildings as any charge, annually or in aggregate, would be immaterial on the basis that their residual value is in excess of their carrying value. Assets in the course of construction are carried at cost less any recognised impairment loss, and depreciation of these assets commences when they are ready for their intended use. For other assets, depreciation is provided on a straight-line basis so as to write off the cost, or deemed cost, less the estimated residual value of each asset in equal instalments over its estimated useful life from the time it becomes operational, as follows:

Fixtures and fittings	5 to 19 years
Plant and machinery	10 to 30 years
Office equipment	3 years
Right of use assets	Period of lease

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All tangible fixed assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable.

The directors consider that the Group's most significant and critical accounting estimate relates to property, plant and equipment. As described above, there are several areas of management judgment and estimate that are inherent in the application of the Group's policies – external valuations, residual value determination, assessment of useful economic lives, impairment considerations and treatment of borrowing costs.

(h) Investments in subsidiaries

Investments in subsidiaries are stated at cost, less a provision for any impairment in value.

(i) Taxation

The income tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(j) Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction.
At each period end date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the period end date. All differences are taken to the Statement of Comprehensive Income for the period.

The financial statements of foreign branches and subsidiaries have been translated into Pounds Sterling according to the functional currency concept of IAS 21 'The Effects of Changes in Foreign Exchange Rates'. Since the majority of foreign branches and subsidiaries operate as independent entities within their local economic environment, their respective local currency is the functional currency. Therefore assets and liabilities of overseas branches and subsidiaries denominated in foreign currencies are translated at exchange rates prevailing at the date of the Company Statement of Financial Position; profits and losses are translated into Pounds Sterling at average exchange rates for the relevant accounting periods. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases

Since 1 April 2019, the Group has applied the requirements of IFRS 16 'Leases' as disclosed below to measure the values of associated assets and liabilities.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right of use ('ROU') asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Right of use ('ROU') assets
At the lease commencement date a ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs to return the asset to its original condition.

The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If ownership of the ROU asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset

Lease liabilities
Lease liabilities are initially measured at their present value, which includes the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the fair value of the leased asset and any initial indirect costs of the lessor. For aircraft leases these inputs are either observable in the contract or readily available from external market data. The initial direct costs of the lessor are considered to be immaterial. If that rate cannot be determined, the Group's incremental borrowing rate is used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the interest expense and reduced for the lease payments made.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in the income statement.

Cash flow presentation
Lease payments are presented as follows in the Consolidated cash flow statement: the repayments of the principal element of lease liabilities are presented within cash flows from financing activities; the payments of the interest element of lease liabilities are included within cash flows from operating activities, and; the payments arising from variable elements of a lease, short-term leases and low-value assets are presented within cash flows from operating activities.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue

Since 1 April 2018, the Group has applied the provisions of IFRS 15 'Revenue from Contracts with Customers, as disclosed below, to measure and recognise consolidated revenue.

Revenue represents income received from rent, colocation services, fitting out work, facilities management, power and cable installations and other value added services attributable to the Group's principal activities net of value added tax. Revenue is recognised in the Statement of Comprehensive Income in respect to the period in which the service is provided and all performance obligations are satisfied, and is recognised to the extent that it is probable that the future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is received. Deferred income represents amounts invoiced to customers in advance in respect of future periods.

In accordance with the requirements of IFRS15 customer installation works that are of a bespoke nature are identified. Revenue generated from these one off type customer installations is recognised on a straight line basis over the minimum term of the associated lease or colocation contract. The trigger for recognition is the point of acceptance of completed works by the customer. This policy has been applied consistently across all installation related revenue which has been identified as bespoke listed below:

- Fit out of area provided to customer under lease agreement or colocation contract which includes specific requirements from the customer which depart from services provided under standard customer installations.
- Any other installation work completed on behalf of customers which is considered to be non-standard in nature

Direct costs associated with revenue generated from the installations identified above are also recognised on a straight line basis over the minimum remaining term of the associated lease or colocation contract.

(m) Pension costs

The Company makes defined contributions to the Group personal pension plan for all UK employees, who have completed three months service. The Company has no further payment obligations once the contributions have been made. These payments are recognised as an expense as they fall due. Staff employed overseas are covered through state administered schemes, to which the Group contributes through employer contributions.

(n) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(o) Recent accounting developments

The accounting policies applied by the Company in these consolidated financial statements are in accordance with adopted IFRSs as detailed in the basis of preparation paragraph above and are the same as those applied by the Company in its consolidated financial statements for the year ended 31 March 2020 except for the standards mandatorily applicable as from 1 April 2020 which are described below under "new standards applicable from 1 April 2020".

New standards applicable from 1 April 2020

The application of the following new standards or amendments is also mandatory for the annual reporting period commencing 1 April 2020, but impact on the Company financial statements is immaterial:

Amendments to references to conceptual framework in IFRS standards:

- Definition of a business (amendments to IFRS 3);
- Definition of material (amendments to IAS 1 and IAS 8); and
- Interest Rate Benchmark Reform – Amendments to IFRS 9 'Financial instruments', IAS 39 'Financial instruments: Recognition and
- measurement' and IFRS 7 'Financial instruments: Disclosures

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group, nor have any new standards been adopted early.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, and bank overdrafts. For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(r) Financial instruments

The Group adopted IFRS 9 'Financial Instruments' for the first time for the year ended 31 March 2019. The requirements of IFRS 9 represented a significant change from IAS 39 'Financial Instruments: Recognition and Measurement'. As such, the Group changed its accounting policy and applied it for financial instruments as detailed below.

(i) Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' on the Statement of Financial Position.

Recognition and measurement

Financial assets are recognised on the trade-date being the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Prior to the adoption of IFRS 9 the Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was considered impaired and impairment losses incurred only if there was objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

IFRS 9's impairment requirements uses a lifetime expected loss allowance – the 'expected credit loss (ECL) model'. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past

events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

(ii) Financial liabilities

Classification

The Group classifies its financial liabilities in the following categories: as other financial liabilities measured at amortised cost. Management determines the classification of its financial liabilities at the initial recognition.

The Group's other financial liabilities measured at amortised cost comprise 'trade and other payables' and 'borrowings' in the Statement of Financial Position.

Recognition and measurement

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or vendors. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Finance charges are accounted for on an accruals basis and charged to the Statement of Comprehensive Income using the effective interest rate method.

Borrowings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire

(s) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances.

Actual results in the future may differ from estimates upon which financial information has been prepared. These 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 these are also affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Property, Plant and Equipment (PPE)

The estimated useful economic lives of PPE are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Valuation of property is carried out by third party experts on a regular periodic basis to confirm whether there has been any impairment, and to provide reassurance that carrying amounts in the Statement of Financial Position are reasonable. Due to the significance of PPE investment to the Company, variations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically few changes to estimated useful economic lives have been required.

b. *Recognition of deferred tax liabilities*

The recognition of deferred tax liabilities is based upon the likelihood of tax payments being made in future periods, relating to investment already completed by the end of the year for which the financial statements have been issued.

c. Revenue recognition and allowance for doubtful receivables

The Company recognises revenue generally at the time of delivery and when collection of the resulting receivable is reasonably assured. When the Company considers that the criteria for revenue recognition are not met for a transaction, revenue recognition is delayed until such time as collectability is reasonably assured. Payments received in advance of revenue recognition are recorded as deferred income.

At each reporting date, the Company performs a detailed evaluation of the recoverability of trade receivables and records an allowance for doubtful receivables based on current information available. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact future operating results positively or negatively.

2. SEGMENTAL INFORMATION

Telehouse has one main trade being that of operating data centres, including colocation and related services. Telehouse operates in two main countries at present, being UK and France. Management has determined the operating segments based on the internal reporting and information presented to and reviewed by the Board (the chief operating decision-maker) on which strategic decisions are based, resources are allocated and performance is assessed. All revenue and expense relate to continuing operations.

	Year ended 31 March 2021			
	UK	**FRANCE**	**OTHER**	**TOTAL**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	144,508	48,131	-	**192,639**
Operating profit/(loss)	73,707	22,093	(8)	**95,792**
Assets	547,123	164,136	126	**711,385**
Liabilities	142,101	30,346	6	**172,453**
Capital expenditure	101,240	4,946	-	**106,186**
Depreciation	15,025	5,828	-	**20,853**
Finance income	232	32	-	**264**
Finance costs	1,940	29	-	**1,969**
Taxation	18,287	6,678	-	**24,965**

	Year ended 31 March 2020			
	UK	**FRANCE**	**OTHER**	**TOTAL**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	126,885	45,792	-	**172,677**
Operating profit/(loss)	69,382	19,239	(5)	**88,616**
Assets	472,861	156,992	118	**629,971**
Liabilities	124,400	33,759	2	**158,161**
Capital expenditure	17,408	3,347	-	**20,755**
Depreciation	12,734	4,864	-	**17,598**
Finance income	242	27	-	**269**
Finance costs	1,138	38	-	**1,176**
Taxation	10,793	6,083	-	**16,876**

3. FINANCE INCOME AND COSTS

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Interest income:		
Interest income from parent and other Group company loans	263	260
Interest income	1	9
Finance income	**264**	**269**
Interest expense:		
Interest payable on parent and other Group company loans	1,928	1,109
Interest payable on leases	41	67
Finance costs	**1,969**	**1,176**

4. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Depreciation (Note 8)	20,853	17,598
(Gain)/Loss on foreign exchange	(664)	177
Staff costs (Note 5)	18,988	17,437
(Profit)/Loss on disposal of fixed assets	(15,133)	389

Fees paid to auditors

During the year the Group (including its overseas branches and subsidiaries) obtained the following services from the Company's auditors and its associates:

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Fees payable to Company's auditors and its associates for the audit of parent company and consolidated financial statements	129	113
Fees payable to Company's auditors and its associates for other services:		
- The audit of Company's subsidiaries	29	27
- Audit related services	21	5
- Tax advisory services	20	71
	199	**216**

5. EMPLOYEES

The average monthly number of persons (including executive directors) employed by the Group and Company during the year was:	CONSOLIDATED Year ended 31 March 2021 Number	CONSOLIDATED Year ended 31 March 2020 Number	COMPANY Year ended 31 March 2021 Number	COMPANY Year ended 31 March 2020 Number
Office and management	55	52	55	52
Facilities	16	11	16	11
Engineering and operations	118	132	118	132
Sales and marketing	28	28	28	28
	217	**223**	**217**	**223**

STAFF COSTS	**£'000**	**£'000**	**£'000**	**£'000**
Wages and salaries	15,146	13,578	15,146	13,578
Social security costs	3,180	3,234	3,180	3,234
Other pension costs	662	625	662	625
	18,988	**17,437**	**18,988**	**17,437**

The Company contributed £607,674 (2020: £624,807) to a UK Group Personal Pension Scheme on behalf of its UK employees who have completed more than three months' service.

6. DIRECTORS' REMUNERATION

	Year ended 31 March 2021 £'000	**Year ended 31 March 2020 £'000**
In respect of directors of Telehouse International Corporation of Europe Ltd:		
Aggregate emoluments	-	-
Contributions to Group personal pension schemes	-	-
	-	-
Highest paid director:		
Wages and salaries	-	-
Contributions to Group personal pension scheme	-	-
	Number	**Number**
Number of current directors for whom benefits are accruing under Group personal pension scheme	-	-

The directors' remuneration has been disclosed based on actual remuneration paid during the year by the Company and the Group. Under the provisions of the Telehouse director bonus scheme, there are no provisions in these financial statements for a final bonus in respect of directors' bonus entitlement for 2021 (2020: £Nil).

The directors are remunerated by the Ultimate parent company KDDI Corporation and there is no recharge to Telehouse International Corporation of Europe Ltd for their services.

7. TAXATION

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current tax		
Corporation tax	23,314	18,961
Adjustments in respect of prior years	(274)	(1,010)
Total current tax charge	23,040	17,951
Deferred tax (Note 14)		
Charge/(credit) for year	1,925	(1,075)
Charge for the year	**24,965**	**16,876**
Reconciliation of current tax charge		
Profit before tax	109,305	87,922
Profit before taxation multiplied by standard rate of UK Corporation tax of 19.0% (2020: 19.0%).	20,768	16,705
Effects of:		
Non-taxable income/non-deductible losses	(16)	(189)
Non-deductible profits	(85)	-
Depreciation - ineligible items	1,621	-
Depreciation - eligible items	1,860	-
Capital allowances	(3,661)	-
Other tax adjustments	66	87
Gain on sale of land	(2,875)	-
Chargeable gain	2,700	-
Short term timing differences	(1)	2
Higher tax on non UK profits	2,937	2,356
Timing differences for tax arising on capital assets	1,925	(1,075)
Adjustments in respect of prior years	(274)	(1,010)
	4,197	171
Total taxation charge for the year	**24,965**	**16,876**

The year-end deferred tax liabilities have been measured at the latest substantively enacted tax rate effective from 1 April 2021 of 19.0% as it is anticipated that they will be paid at this rate before any future period enacted tax rates come into effect.

On 3 March 2021, the Chancellor of the Exchequer confirmed that the corporation tax rate will remain unchanged at 19.0% for the financial years beginning 1 April 2021 and 1 April 2022. However for the financial year beginning 1 April 2023 the corporation tax rate will increase to 25.0%.

8. PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED)

	Freehold land	Freehold buildings	Fixtures & fittings	Right of Use Assets	Plant & machinery	Office equipment	TOTAL
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2019	**53,444**	**260,121**	**180,780**	**6,464**	**164,676**	**19,076**	**684,561**
Additions	617	359	6,615	48	12,012	1,104	20,755
Assets classified as held for sale and other disposals	(7,781)	-	-	(27)	(4,215)	(1,841)	(13,864)
Currency realignment	111	516	2,526	-	601	122	3,876
At 31 March 2020	**46,391**	**260,996**	**189,921**	**6,485**	**173,074**	**18,461**	**695,328**
Additions	5,461	72,931	18,944	45	7,387	1,418	106,186
Disposals	(8)	-	(2)	(2,439)	-	(1,137)	(3,586)
Currency realignment	(147)	(682)	(3,565)	-	(812)	(120)	(5,326)
At 31 March 2021	**51,697**	**333,245**	**205,298**	**4,091**	**179,649**	**18,622**	**792,602**
Accumulated depreciation							
At 1 April 2019	-	**2,812**	**85,533**	**3,782**	**71,022**	**16,558**	**179,707**
Charge for the year	-	1,801	7,045	852	7,050	850	17,598
Disposals	-	-	-	(4)	(4,215)	(1,474)	(5,693)
Currency realignment	-	17	1,314	-	623	84	2,038
At 1 March 2020	-	**4,630**	**93,892**	**4,630**	**74,480**	**16,018**	**193,650**
Charge for the year	-	2,161	8,926	741	8,011	1,014	20,853
Disposals	-	-	(2)	(2,439)	-	(1,137)	(3,578)
Currency realignment	-	(23)	(2,061)	-	(682)	(104)	(2,870)
At 31 March 2021	-	**6,768**	**100,755**	**2,932**	**81,809**	**15,791**	**208,055**
Net book value							
At 31 March 2021	**51,697**	**326,477**	**104,543**	**1,159**	**97,840**	**2,831**	**584,547**
At 31 March 2020	**46,391**	**256,366**	**96,029**	**1,855**	**98,594**	**2,443**	**501,678**
Cost of assets fully depreciated							
At 31 March 2021	-	3,443	59,393	-	19,366	12,750	94,952
At 31 March 2020	-	3,466	58,915	-	18,265	12,905	93,551

Included within the cost of fixtures and fittings are provisions for reinstatement costs of £1.17m (2020: £1.20m).

8. PROPERTY, PLANT AND EQUIPMENT (COMPANY)

	Freehold land	Freehold buildings	Fixtures & fittings	Right of Use Assets	Plant & machinery	Office equipment	TOTAL
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2019	**53,444**	**210,414**	**180,780**	**6,464**	**164,676**	**19,076**	**634,854**
Additions	617	359	6,615	48	12,012	1,104	20,755
Assets classified as *held for sale and* other disposals	(7,781)	-	-	(27)	(4,215)	(1,841)	(13,864)
Currency realignment	111	516	2,526	-	601	122	3,876
At 31 March 2020	**46,391**	**211,289**	**189,921**	**6,485**	**173,074**	**18,461**	**645,621**
Additions	5,461	72,931	18,944	45	7,387	1,418	106,186
Disposals	(8)	-	(2)	(2,439)	-	(1,137)	(3,586)
Currency realignment	(147)	(682)	(3,565)	-	(812)	(120)	(5,326)
At 31 March 2021	**51,697**	**283,538**	**205,298**	**4,091**	**179,649**	**18,622**	**742,895**
Accumulated depreciation							
At 1 April 2019	-	**2,812**	**85,533**	**3,782**	**71,022**	**16,558**	**179,707**
Charge for the year	-	-	7,045	852	7,050	850	15,797
Disposals	-	-	-	(4)	(4,215)	(1,474)	(5,693)
Currency realignment	-	17	1,314	-	623	84	2,038
At 31 March 2020	-	**2,829**	**93,892**	**4,630**	**74,480**	**16,018**	**191,849**
Charge for the year	-	-	8,926	741	8,011	1,014	18,692
Disposals	-	-	(2)	(2,439)	-	(1,137)	(3,578)
Currency realignment	-	(23)	(2,061)	-	(682)	(104)	(2,870)
At 31 March 2021	-	**2,806**	**100,755**	**2,932**	**81,809**	**15,791**	**204,093**
Net book value							
At 31 March 2021	**51,697**	**280,732**	**104,543**	**1,159**	**97,840**	**2,831**	**538,802**
At 31 March 2020	**46,391**	**208,460**	**96,029**	**1,855**	**98,594**	**2,443**	**453,772**
Cost of assets fully depreciated							
At 31 March 2021	-	3,443	59,393	-	19,366	12,750	94,952
At 31 March 2020	-	3,466	58,915	-	18,265	12,905	93,551

Included within the cost of fixtures and fittings are provisions for reinstatement costs of £1.17m (2020: £1.20m).

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Company subsidiaries

The Company held 100% of the Ordinary share capital of Telehouse Management Limited, a building management company, registered in England and Wales at Coriander Avenue, London E14 2AA. The result for the year before and after tax for 2021 was £nil (2020: £nil). Shareholders' funds (£100) and net assets at the year-end was £2k (2020: £2k).

The Company held 100% of the Ordinary share capital (€3) of Telehouse Ireland Limited, a dormant company registered in Ireland at 22 Northumberland Road, Ballsbridge, Dublin 4.

The Company held 100% of the Ordinary share capital of Grove Asset 3 S.A.R.L, an asset management company registered in Luxembourg at 48 boulevard Grande-Duchesse Charlotte, L-1330

The Company held 99% of the Ordinary share capital of Grove Property Unit Trust 3 Ltd, a unit trust scheme registered in Jersey at 22 Grenville Street, St Helier, JE4 8PX.

Group associates

The Group's share of the profit and loss of its unlisted UK incorporated associate, in which it holds a 36.05% share (reduced from 40.18% following the sale of land at the Docklands campus in May 2020), and its aggregated assets (including goodwill) and liabilities are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(loss)	Interest held
		£'000	£'000	£'000	£'000	%
Funeven Limited	England & Wales					
2021		3,501	840	540	85	36.05
2020		3,398	838	534	213	40.18

Investments in group undertakings are stated at cost less amounts written off. As permitted by section 133 of the Companies Act 2006, where the relief afforded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

The share of profit from associates of £85k (2020: £213k), reflects the Group's adjusted share of profits accrued by Funeven Limited, a company with a registered address at 10 Queen Street Place, London EC4R 1BE.

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		COMPANY	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Trade receivables	30,944	33,761	28,906	32,762
Amounts owed by related parties	73,786	63,032	116,691	105,934
Prepayments	6,338	6,284	6,321	6,267
Accrued income	859	2,343	844	2,328
Total trade and other receivables	**111,927**	**105,420**	**152,762**	**147,291**

Amounts owed by related parties are interest free and repayable on demand.

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Short term bank deposits	807	1,281	807	1,281
Cash at bank and in hand	13,110	12,902	8,977	10,465
Total cash and cash equivalents	**13,917**	**14,183**	**9,784**	**11,746**

The effective interest rate on short term deposits was 0.14% (2020: 0.77%) and these deposits have an average maturity of 30 days (2020: 30 days).

The cash pooling arrangement through KDDI Europe Limited means that bank overdrafts held with external banks are no longer used as part of the Group's day to day cash management tools.

12. SHARE CAPITAL (CONSOLIDATED AND COMPANY)

	31 March 2021 £'000	31 March 2020 £'000
AUTHORISED:		
60,000,000 (2020: 60,000,000) ordinary shares of £1 each	60,000	60,000
ALLOTTED AND FULLY PAID		
47,167,348 (2020: 47,167,348) ordinary shares of £1 each	47,167	47,167

13. RESERVES

	CONSOLIDATED		COMPANY	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000	£'000	£'000
Retained earnings				
At 1 April 2020	391,904	343,375	391,452	342,223
IFRS 16 adjustment	-	(166)	-	(166)
Restated 1 April 2020 balance	391,904	343,209	391,452	342,057
Profit on ordinary activities for the year	84,340	71,046	84,022	70,720
Dividends	(28,132)	(22,351)	(28,137)	(21,325)
At 31 March 2021	448,112	391,904	447,337	391,452
Revaluation reserve at 1 April 2020	20,808	20,808	20,808	20,808
Revaluation reserve at 31 March 2021	20,808	20,808	20,808	20,808
Capital contribution reserve at 1 April 2020	-	-	-	-
Fair value adjustment – loans	16,400	-	16,400	-
Capital contribution reserve at 31 March 2021	16,400	-	16,400	-
Foreign exchange translation reserve				
At 1 April 2020	11,870	8,426	11,870	8,426
Translation adjustment on foreign held net assets	(5,486)	3,444	(5,486)	3,444
At 31 March 2021	6,384	11,870	6,384	11,870
Total reserves	**491,704**	**424,582**	**490,929**	**424,130**

Dividends of £28,136,659 were paid in July 2020 to the Company's shareholders in respect of the year ended 31 March 2020.

14. DEFERRED INCOME TAX LIABILITIES

The gross movement on the deferred income tax account is as follows:

	CONSOLIDATED		COMPANY	
	31 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Beginning of the year	23,856	24,931	23,856	24,931
Statement of Comprehensive income charge/ (credit)	1,925	(1,075)	1,925	(1,075)
End of year	**25,781**	**23,856**	**25,781**	**23,856**

The movement in deferred tax liabilities is as follows:

	Accelerated tax depreciation £'000	Short term timing differences £'000	Revaluation of land £'000	Total £'000
At 1 April 2020	**20,284**	**(701)**	**4,273**	**23,856**
Charged/(credited) to the Statement of Comprehensive Income	1,926	(1)	-	1,925
At 31 March 2021	**22,210**	**(702)**	**4,273**	**25,781**

15. BANK AND OTHER LOANS

	CONSOLIDATED		COMPANY	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Current	£'000	£'000	£'000	£'000
Loans owed to other group companies	7,343	48,350	7,343	48,350
	7,343	**48,350**	**7,343**	**48,350**
Non-Current				
Loans owed to other group companies	73,500	3,000	73,500	3,000
Fair value adjustment	(14,948)	-	(14,948)	-
	58,552	**3,000**	**58,552**	**3,000**
Total borrowings	**65,895**	**51,350**	**65,895**	**51,350**

The Company net debt is financed by KDDI Europe Limited, a UK registered subsidiary of the ultimate parent company KDDI Corporation, via the European cash pooling agreement, on interest rates of 0.2 - 0.7% (London). The long term loans are unsecured and due for repayment by March 2029.

Where loans are received from related parties at below-market rates of interest, the fair value of the loans is calculated and the difference between fair value and the loan amount is recorded as a capital contribution to the company and shown within equity.

16. DEFERRED INCOME

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or services. The following table provides movements in contract liabilities in the period:

	CONSOLIDATED	COMPANY
	Contract Liabilities £'000	**Contract Liabilities £'000**
Balance at 1 April 2020	42,469	42,391
Decreases due to revenue recognised in the period	(126,419)	(126,419)
Increase due to cash received	127,491	127,527
Balance at 31 March 2021	**43,541**	**43,499**

17. TRADE AND OTHER PAYABLES

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	**31 March 2020 £'000**	**31 March 2021 £'000**	**31 March 2020 £'000**
Trade creditors	5,517	2,126	5,494	2,111
Customer security deposits	7,263	6,537	7,263	6,537
Other tax and social security	2,491	4,474	2,492	4,285
Amounts owed to related parties	2,652	11,353	2,640	11,240
Accruals	17,046	14,725	16,668	14,405
Total trade and other payables	**34,969**	**39,215**	**34,557**	**38,578**

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Reinstatement costs £'000	Total £'000
At 1 April 2020	1,201	1,201
Exchange (gain)/loss (credited)/debited to the Statement of Comprehensive Income	(31)	(31)
At 31 March 2021	**1,170**	**1,170**

The Company currently rents office buildings under lease agreements at sites in London and Paris. A provision is recognised for the costs expected to be incurred for the reinstatement of the offices in Paris to their original state at the termination of the lease term.

19. CURRENT INCOME TAX LIABILITIES/(ASSETS)

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	**31 March 2020 £'000**	**31 March 2021 £'000**	**31 March 2020 £'000**
Corporation tax	75	(2,118)	(1,299)	(2,981)

20. LEASES

(i) The balance sheet shows the following amounts relating to leases:

	31 March 2021 £'000	31 March 2020 £000
Right-of-use assets		
Buildings	1,016	1,705
Others	143	150
	1,159	1,855
Lease liabilities		
Current	453	1,170
Non-current	569	1,018
	1,022	2,188

Additions to the right of use assets during the financial year were £45k.

On adoption of IFRS 16 in the prior year, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 3.5% applied to the lease liabilities on 1 April 2020.

Measurement of lease liabilities:

	£'000
Lease liability recognised as at 1 April 2020	**2,188**
Of which are:	
Current lease liabilities	1,170
Non-current lease liabilities	1,018
Additional lease liabilities recognised during the year ending 31 March 2021	45
Less payments made during the year ending 31 March 2021	(1,204)
Exchange gains	(7)
Lease liability recognised as at 31 March 2021	**1,022**

(ii) The statement of Comprehensive income shows the following amounts relating to leases:

	31 March 2021 £'000
Depreciation charge of right-of-use assets	
Buildings	(683)
Others	(58)
	(741)
Interest expense (included in finance cost)	(42)

The total cash outflow for leases in the year was £1,204k.

20. LEASES (CONTINUED)

(iii) The Group's leasing activities and how these are accounted for:

The Group leases buildings, equipment,and vehicles. Rental contracts are typically made for fixed periods of 3 to 6 years, but may have extension options included.in some cases.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the end of the financial year, ending 31 March 2019 leases of property, plant and equipment were classified as operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

As the Group does not have any external debt the incremental borrowing rate is determined to be LIBOR plus 2.5% to make it comparable to a commercial arrangement.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Examples of low value assets are IT equipment and small items of office furniture.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Group's principal financial instruments during the year comprised group company loans, cash on short term deposits, trade debtors and trade creditors, arising directly from normal operations. There is no material difference between the book value and fair value of these instruments. The parent and other group company loans are being repaid in instalments between 2018 and 2021.

The Company and Group's activities and current position do not expose it to significant financial risks; however the directors review and agree policies for maintaining and managing such risks on an on-going basis.

Categories of financial instruments

The Group assesses the fair value of its Financial Instruments against each of the hierarchy levels summarised below:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held is the current bid price. The instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the used of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Based on this assessment the Group has determined that the fair values of all its financial instruments should be classified at level 3.

There are financial instruments classified, recognised and measured at fair value through profit and loss or other comprehensive income.

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Financial assets				
Loans and receivables				
- Cash and cash equivalents	13,917	14,183	9,784	11,746
- Trade and other receivables	105,589	99,136	146,441	141,024
Financial liabilities				
Amortised cost				
Borrowings	65,895	51,350	65,895	51,350
Trade and other payables	25,215	28,204	24,802	27,756

Due to the short term nature of cash and cash equivalents, trade and other receivables and trade and other payables; their carrying amount is considered to be the same as their fair value. The fair value of the borrowings is £65.8m as at 31 March 2021.

Financial risk management policies

Interest rates

Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group counters this risk by funding its expansion mainly with other fixed term group company loans provided at average interest rates between 0.2% and 0.9%. The remaining funding requirements are also

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

covered by Group funding through short term loans with no fixed term. The Group does not have any interest rate swap deals in place at the year end.

Foreign currency
Foreign currency risk is the risk that fluctuations in currency exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group does not have significant exposure to currency rate fluctuations, as each business unit operates in local currency. Translation of overseas assets and liabilities does give rise to exchange rate movements but these are usually moderate and do not materially affect the Group's liquidity or operating capacity and as such the directors do not consider this to be a material commercial risk. It is not the Group's policy to enter into any hedging transactions.

Credit risk
Credit risk is the risk of financial loss to the Group is a customer or company party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and cash held at financial institutions. A robust credit control policy is in place which is designed to minimise the risk of bad debt. Customers are vetted financially before being accepted and constantly monitored thereafter. Deposits are taken from the majority of customers for amounts equal to between 6 weeks and 6 months forward service. The Group also operates a strict denial of access policy for all customers who have not settled their account within 21 days of amounts falling due. As a consequence of these policies, the Group have suffered very minimal losses from bad debts. The average creditor payment days at year end for the Group were 29 days (2020: 28 days) from invoice date.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due at 31 March 2021. The loss allowances for trade receivable as at 31 March 2021 reconcile to the opening loss allowances as follows:

	Trade receivables 31 March 2021 £'000	31 March 2020 £'000
Opening loss allowance at 1 April	784	869
Increase in loss allowance recognised in Profit or loss during the year	-	38
Receivables written off during the year as uncollectible	(58)	(123)
Unused allowance reversed	(436)	(6)
Closing loss allowance at 31 March	290	784

Trade receivables are written of where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the customer going into liquidation or administration, failure of the debtor to engage in a repayment plan with the Group, and a failure to make contractual payments of greater than 90 days past due.

COVID-19
The Group has not been significantly impacted by COVID-19. Its customers are largely unaffected and cash flow has continued to be strong. A small number of customers have faced some difficulties and the Companies have renegotiated payment terms in these circumstances.

Funding continues to be through the Group cash pooling arrangements and as such the directors do not consider that there is any risk to these arrangements.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Cash and cash equivalents – Standard & Poor's credit ratings Long term Rating				
A+	535	1,623	-	-
A	13,350	12,541	9,752	11,727
A-	32	19	32	19
	13,917	14,183	9,784	11,746

Liquidity risk
Liquidity risk is the risk that necessary sources of funding for the Company's business activities may not be available. The Company is able to utilise shareholders' funds to support its capital requirements.

The Group's financial assets consist of loans and receivables (cash and cash equivalents and trade and other receivables) which have a maturity of less than 3 months.

A maturity analysis of borrowings is presented in note 15. The Group's other financial liabilities consist of trade and other payables which have a maturity of less than 3 months.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

The gearing ratios at 31 March 2021 and 31 March 2020 were as follows:

	31 March 2021 £'000	31 March 2020 £'000
Total borrowings (Note 15)	65,895	51,350
Less: cash and cash equivalents (Note 11)	(13,917)	(14,183)
Net debt	51,978	37,167
Total equity	538,932	471,810
Total capital	**590,910**	**508,977**
Gearing ratio	**8.8%**	**7.3%**

The increase in the gearing ratio during the year resulted primarily from the undertaking of a long term loan from KDDI Europe Limited for the purpose of acquiring the Thomson Reuters Building (Note 15).

22. CAPITAL COMMITMENTS

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Contracted for, but not provided, in these financial statements	9,644	5,822	9,644	5,822

The above figures represent capital expenditure commitments contracted for at the Statement of Financial Position date but not yet incurred.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Telehouse Holdings Limited, a company incorporated in the United Kingdom, which holds 92.14% of the Company's share capital. A copy of the consolidated financial statements of Telehouse Holdings Limited can be obtained from: Telehouse Holdings Limited, Coriander Avenue, London, E14 2AA.

The parent undertaking of both the smallest and largest group undertakings for which consolidated financial statements are drawn up and publicly available is KDDI Corporation, a company incorporated in Japan. A copy of the consolidated financial statements of KDDI Corporation can be obtained from: KDDI Corporation, 2-3-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan. http://www.kddi.com

24. RELATED PARTY DISCLOSURES

As detailed in note 23 the Group is controlled by KDDI Corporation. Other related parties consist of companies also under the ultimate control of KDDI Corporation.

The following transactions were carried out with related parties.

(a) Sales of services:

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
- the ultimate parent	144	230	144	230
- other related parties	8,758	11,082	8,758	11,082
Total	**8,902**	**11,312**	**8,902**	**11,312**

Services are provided based on the price lists in force and terms that would be available to third parties.

24. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Purchase of services:

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
- the ultimate parent	1	56	1	56
- other related parties	2,943	2,621	2,943	2,621
Total	**2,944**	**2,677**	**2,944**	**2,677**

(c) Key management compensation:

In addition to directors' remuneration as detailed in note 6 certain amounts were paid to non-director key management. Total key management compensation (including directors) was:

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Salaries and short term employee benefits	1,921	1,777	1,921	1,777
Total compensation	**1,921**	**1,777**	**1,921**	**1,777**

The key management compensation has been disclosed based on actual remuneration paid during the year. Under the provisions of the Telehouse staff bonus scheme, there are provisions in these financial statements for a final bonus in respect of 2020, which has been paid in April 2021. Included within that provision are amounts in respect of key management compensation entitlement of £272,738 (2020: £223,880).

(d) Year end balances arising from sales/purchases of services:

	CONSOLIDATED		COMPANY	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Receivables from ultimate parent	45	8	45	8
Receivables from other related parties	73,741	63,024	116,647	105,926
Total receivables from related parties	**73,786**	**63,032**	**116,692**	**105,934**
Payables to ultimate parent	10	10	10	10
Payables to other related parties	2,642	11,343	2,630	11,230
Total payables to related parties	**2,652**	**11,353**	**2,640**	**11,240**

Receivables from related parties are payable on demand according to Group cash management requirements. The receivables are unsecured and bear no interest.

24. RELATED PARTY DISCLOSURES (CONTINUED)

(e) Loans from related parties:
Included within bank and other loans are both long term and short term loans from KDDI Europe Limited (a UK registered subsidiary of the global parent company KDDI Corporation) as follows:

	CONSOLIDATED AND COMPANY	
	31 March 2021 £'000	**31 March 2020 £'000**
Beginning of year	51,350	87,830
Loans acquired/(repayments) (Long term)	73,500	(26,000)
Fair value adjustment for loans acquired (Long terms)	(14,948)	-
Loan repayments during the year (Short term)	(44,007)	(10,480)
End of year	**65,895**	**51,350**

The long term loans from related parties carry interest at average rate of 0.71% (2020: 0.92%), and the short term loans carry interest at an average rate of 0.14% (2020: 0.77%). The long term loans are unsecured and repayable by March 2029.

25. ANALYSIS OF CHANGES IN NET DEBT

	CONSOLIDATED AND COMPANY				
	1 April 2020	**Cash flows**	**Fair value adjustment**	**Currency exchange adjustment**	**31 March 2021**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Bank overdrafts (Note 11)	-	-	-	-	-
Cash at bank and in hand (Note 11)	12,902	2,060	-	(1,852)	13,110
Short and long term deposits (Note 11)	1,281	(474)	-	-	807
	14,183	1,586	-	(1,852)	13,917
Debt due within one year (Note 15)	(48,350)	41,007	-	-	(7,343)
Debt due in more than one year (Note 15)	(3,000)	(70,500)	14,948	-	(58,552)
	(51,350)	(29,493)	14,948	-	(65,895)
Total	**(37,167)**	**(27,907)**	**14,948**	**(1,852)**	**(51,978)**

26. EVENTS AFTER THE REPORTING PERIOD

There were no significant events that occurred after the reporting date.