

Navisite Europe Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021

Navisite Europe Limited

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Navisite Europe Limited

Company Information

Directors	M Clayman J Murphy J Facer
Company secretary	Business Control Limited
Registered office	Business Control Limited Red Lion Yard Frome Road Bath BA2 2PP
Auditors	Milsted Langdon LLP Chartered Accountants and Statutory Auditors Freshford House Redcliffe Way Bristol BS1 6NL

Navisite Europe Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Fair review of the business

The company is a leading provider of enterprise-class, cloud-enabling hosting, managed applications and hosting services.

The company works in many markets, focusing across a number of sectors, including financial services, retail, healthcare and pharmaceuticals, manufacturing and distribution, publishing, media services and software.

The company provides IT support across a highly resilient platform within its data centres and network infrastructure, supported by highly trained staff providing 24/7 support for the mission critical IT and e-commerce sectors.

Investments in technology continued as planned.

Cash reserves have dropped to £0.4m from £0.9m, which is a result of repaying intra-group liabilities. Overall net assets stayed relatively constant at £5m. Debtors have increased to £12.6m from £9.9m. Liabilities have increased from £9.4m to £6.6m.

The company has seen a fall in turnover by 13.0% (2020 - 8.9%) to £18.9m (2020 - £21.7m). Gross profit reduced by 12.1% (2020 - increased by 2.2%) to £13.7m (2020 - £15.6m).

We broke even in the year compared to the pre-tax profit of £3.2m recorded in the previous year.

The decrease in turnover and profits resulted in a rationalisation of products and services across the whole group. However, significant payroll costs were absorbed into Navisite Europe Limited during the year with the corresponding revenue being recognised elsewhere in the group.

Continuing in the year, we have continued to invest heavily in security and compliance by maintaining certification in ISO 27001, fully complying with GDPR and setting our internal standards for delegation of authority.

It is the company's policy to use certain Key Performance Indicators ("KPIs") to assess, plan and fulfil objectives. These KPIs include, but are not exclusive to, revenue growth by quarter and by year, strong and positive EBITDA, and continued positive net income. Other non-financial goals are also set for data centre usage performance, risk assessment policies and personnel performance goals.

The continual development of technical platforms and tight and reviewed cost controlling efforts within the group, continues to strengthen the finances and it is looking likely that we are anticipating that we will achieve another pre-tax profit in 2022.

Navisite Europe Limited

Strategic Report for the Year Ended 31 December 2021

Principal risks and uncertainties

The directors have considered the principal risks that the company faces and have addressed them as follows:

Outage risk

The principal risks facing the company include data centre outage and risk of terrorist attacks due to highly sensitive information being stored. These risks are well mitigated through client systems located in multiple, geographically diverse and highly secure buildings. The company also employs highly trained staff to ensure that the high technology equipment is kept up to date and products continue to be relevant to the target market sectors.

Currency risk

With the volatility of foreign exchange markets, it has been the company's policy to currency match whenever possible which has been a successful process.

Political risk

While the majority of the company's customer base is in the UK, the company will continue to monitor the impact of the UK exiting the EU could have on its customers, who may trade with EU member states.

Credit risk

The company has sufficiently mitigated credit risk by performing credit checks on all customers that are taken on by the company.

Liquidity risk

The company controls and monitors its liquidity risk by maintaining high levels of cash reserves and currently operates at a liquidity ratio of 1.58 (2020 - 2.16).

Outlook

The directors do not foresee any material changes in the principal activities and performance of the company. By managing costs in line with revenue, the directors are confident the company can continue to trade for the foreseeable future. We will see a significant increase in revenue in the 2022 year as result of the leverage from combining all the groups services and offerings.

Approved and authorised by the Board on 24 December 2022 and signed on its behalf by:

.....
M Clayman
Director

Navisite Europe Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activities of the company during the year was to supply infrastructure, application and cloud hosting services, together with the design and implementation of IT solutions and related consultancy.

Directors of the company

The directors who held office during the year were as follows:

M Clayman

J Murphy

J Facer (appointed 22 December 2021)

Future developments

The future plans of the company are to continue to expand upon our services offered, in particular cloud services along with Professional Services and focus on the mid-tier IT outsourcing market.

With the support of the ultimate parent company, Database Holdings, LP, the company is investing heavily in new platforms and infrastructure whilst controlling costs.

The group will see major acquisitions which will enhance the collective technical offering. We will see a continued overall increase in revenue growth expediting specialisms within our group.

Financial instruments

It is the company's policy to minimise the financial risks as much as possible and to that extent we base our forward-looking plans upon a cautious quarterly and annual forecasting of revenues and cash flows to highlight risks and solve prospective uncertainties. It is each entities goal within the corporate structure to be financially independent and to gear its decision making accordingly.

However, corporate management are tasked with accessing financial risk and to approve all pricing strategies and funding requirements as necessary.

Disclosure of information to the auditors

Each director has taken 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 company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors, Milsted Langdon LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 24 December 2022 and signed on its behalf by:

M Clayman

Director

Navisite Europe Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Navisite Europe Limited

Independent Auditor's Report to the Members of Navisite Europe Limited

Opinion

We have audited the financial statements of Navisite Europe Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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

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

Other information

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

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

We have nothing to report in this regard.

Navisite Europe Limited

Independent Auditor's Report to the Members of Navisite Europe Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks or irregularities, including known and actual, suspected or alleged instances of fraud;

Navisite Europe Limited

Independent Auditor's Report to the Members of Navisite Europe Limited

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

Use of our report

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

.....
Guy Armitage-Norton (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP, Statutory Auditor
Freshford House
Redcliffe Way
Bristol
BS1 6NL

31 December 2022

Navisite Europe Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	18,886,469	21,719,554
Cost of sales		<u>(5,140,371)</u>	<u>(6,079,119)</u>
Gross profit		13,746,098	15,640,435
Administrative expenses		(13,892,654)	(12,486,243)
Other operating income	<u>4</u>	<u>50</u>	<u>-</u>
Operating (loss)/profit	<u>6</u>	(146,506)	3,154,192
Other interest receivable and similar income	<u>7</u>	<u>2,337</u>	<u>-</u>
(Loss)/profit before tax		(144,169)	3,154,192
Taxation	<u>10</u>	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year		<u><u>(144,169)</u></u>	<u><u>3,154,192</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for this or the preceeding year other than the results above. Accordingly, a separate Statement of Other Comprehensive Income is not presented.

Navisite Europe Limited
(Registration number: 02329182)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>11</u>	8,497	13,104
Tangible assets	<u>12</u>	1,288,306	938,117
		<u>1,296,803</u>	<u>951,221</u>
Current assets			
Debtors	<u>13</u>	12,626,904	9,846,659
Cash at bank and in hand	<u>14</u>	422,362	940,445
		13,049,266	10,787,104
Creditors: Amounts falling due within one year	<u>15</u>	(8,275,151)	(4,986,019)
Net current assets		<u>4,774,115</u>	<u>5,801,085</u>
Total assets less current liabilities		6,070,918	6,752,306
Creditors: Amounts falling due after more than one year	<u>15</u>	(1,081,733)	(1,618,952)
Net assets		<u>4,989,185</u>	<u>5,133,354</u>
Capital and reserves			
Called up share capital	<u>17</u>	1,287	1,287
Share premium reserve	<u>18</u>	124,414	124,414
Capital contribution reserve	<u>18</u>	29,754,277	29,754,277
Profit and loss account	<u>18</u>	(24,890,793)	(24,746,624)
Total equity		<u>4,989,185</u>	<u>5,133,354</u>

Approved and authorised by the Board on 24 December 2022 and signed on its behalf by:

M Clayman
Director

Navisite Europe Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 January 2021	1,287	124,414	29,754,277	(24,746,624)	5,133,354
Loss for the year	-	-	-	(144,169)	(144,169)
Total comprehensive income	-	-	-	(144,169)	(144,169)
At 31 December 2021	1,287	124,414	29,754,277	(24,890,793)	4,989,185
	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 January 2020	1,287	124,414	29,754,277	(27,900,816)	1,979,162
Profit for the year	-	-	-	3,154,192	3,154,192
Total comprehensive income	-	-	-	3,154,192	3,154,192
At 31 December 2020	1,287	124,414	29,754,277	(24,746,624)	5,133,354

The notes on pages 12 to 22 form an integral part of these financial statements.
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Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Business Control Limited
Red Lion Yard
Frome Road
Bath
BA2 2PP

These financial statements were authorised for issue by the Board on 24 December 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial annual accounts are prepared in sterling, which is the functional currency of the company, and rounded to the nearest £.

Summary of disclosure exemptions

The directors have taken advantage of the Financial Reporting Standards 102 reduced disclosure exemptions from including a cash flow statement, financial instrument disclosure and key management personnel on the grounds the company is wholly owned and its parent publishes this information on its consolidated financial statements.

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Going concern

The company has reported a loss after tax of £144,169 (2020 - profit after tax of £3,154,192) and the balance sheet has net assets of £4,989,185 (2020 - £5,133,354). No contributions have been made by Database Holdings, LP, the ultimate parent company, during the year to support the company.

While the company recorded a small loss, the company has negative profit and loss account reserves. On the basis of the directors' assessment of the company's financial position and enquires made of the executive management of Navisite LLC and Database Holdings, LP, including their indication of continued support of the company for a period of at least 12 months from the date of approval of these financial statements, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

The ongoing Coronavirus "Covid-19" pandemic across the world continues to impact on the company's trading outlook. Although the coronavirus "Covid-19" pandemic is expected to have some impact on trading performance in the year ending 31 December 2022, the directors do not consider that this will significantly impact the company's ability to continue as a going concern. Given the continued support of the shareholders and ultimate parent company, the directors have concluded that the company has adequate resources in place to continue trading for the foreseeable future, being at least twelve months from the date of approval of the financial statements.

Therefore, the going concern basis continues to be applied in the preparation of the financial statements.

Revenue recognition

The company recognises the revenue for application hosting contracts over the term of the contract, net of Value Added Tax. Expenditure, including initial set up costs, are also expended to the profit and loss account over the contract term.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company's activities.

Finance income and costs policy

Interest income and expenses are recognised using the effective interest rate method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures, fittings & office equipment	20% straight line
Long leasehold improvements	20% straight line or over the term of the lease
Computer hardware	33.33% straight line

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Intangible assets

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Computer software	33.33% straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The company recognises deferred income on the basis of income billed in advance for future periods. The estimation and judgement that directors make in recognising deferred income are based on contracted amounts and any other factors that are considered to be relevant.

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2021 £	2020 £
Rendering of services	18,886,469	21,719,554

The analysis of the company's Turnover for the year by market is as follows:

	2021 £	2020 £
UK	18,654,653	21,365,756
Europe	48,200	207,781
Rest of world	183,616	146,017
	18,886,469	21,719,554

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Miscellaneous other operating income	50	-

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2021 £	2020 £
Loss on disposal of Tangible assets	-	(1,010)

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Operating (loss)/profit

Arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation expense	870,995	1,112,198
Amortisation expense	4,607	11,652
Foreign exchange (gains)/losses	(73,584)	39,106
Operating lease expense - property	3,447,836	5,212,900
Loss on disposal of tangible fixed assets	-	1,010

7 Other interest receivable and similar income

	2021	2020
	£	£
Other finance income	2,337	-

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	5,191,397	4,476,878
Social security costs	607,422	423,961
Pension costs, defined contribution scheme	188,827	134,396
	5,987,646	5,035,235

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2021	2020
	No.	No.
Sales, marketing, HR and UK service delivery	50	47
	50	47

The directors received no remuneration from the company during the year (2020 - £Nil) and no pension contributions were paid on behalf of the directors during the year (2020 - £Nil). Directors' remuneration was borne by Navisite LLC, a fellow group company.

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

9 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	16,500	16,500
Other fees to auditors		
Taxation compliance services	3,000	3,000
All other non-audit services	4,500	4,500
	7,500	7,500

10 Taxation

Tax charged/(credited) in the profit and loss account:

	2021 £	2020 £
Current taxation		
UK corporation tax	-	-
	-	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
(Loss)/profit before tax	(144,169)	3,154,192
Corporation tax at standard rate	(27,392)	599,296
Effect of expense not deductible in determining taxable profit (tax loss)	1,784	2,866
Deferred tax expense/(credit) from unrecognised tax loss or credit	40,472	(244,860)
Tax decrease from effect of capital allowances and depreciation	(39,214)	(374,136)
Tax increase arising from group relief	24,350	16,834
Total tax charge/(credit)	-	-

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

The company has estimated tax losses of £15,579,874 (2020 - £13,465,385) available to carry forward against future trading profits. There is an unprovided deferred tax asset of £5,637,691 (2020 - £4,244,173). The asset has not been recognised due to uncertainty regarding the timing of future profits.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates at that date.

11 Intangible assets

	Computer software £	Total £
Cost or valuation		
At 1 January 2021	1,394,808	1,394,808
At 31 December 2021	1,394,808	1,394,808
Amortisation		
At 1 January 2021	1,381,704	1,381,704
Amortisation charge	4,607	4,607
At 31 December 2021	1,386,311	1,386,311
Carrying amount		
At 31 December 2021	8,497	8,497
At 31 December 2020	13,104	13,104

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Tangible assets

	Long leasehold improvements £	Fixtures, fittings & office equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 January 2021	1,189,345	100,682	20,352,040	21,642,067
Additions	-	1,598	1,219,586	1,221,184
At 31 December 2021	1,189,345	102,280	21,571,626	22,863,251
Depreciation				
At 1 January 2021	1,117,229	88,317	19,498,404	20,703,950
Charge for the year	36,924	4,451	829,620	870,995
At 31 December 2021	1,154,153	92,768	20,328,024	21,574,945
Carrying amount				
At 31 December 2021	35,192	9,512	1,243,602	1,288,306
At 31 December 2020	72,116	12,365	853,636	938,117

13 Debtors

	Note	2021 £	2020 £
Current			
Trade debtors		6,526,016	4,553,453
Amounts owed by related parties	20	3,434,726	1,615,908
Other debtors		289,814	1,434,388
Prepayments		2,376,348	2,242,910
		12,626,904	9,846,659

Details of non-current trade and other debtors

£Nil (2020 - £Nil) of prepayments and accrued income are classified as non current.

14 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	422,362	940,445

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

15 Creditors

	2021 £	2020 £
Due within one year		
Trade creditors	2,168,249	1,724,258
Amounts due to related parties	2,815,966	517,832
Social security and other taxes	466,153	650,150
Other creditors	(4,840)	-
Accruals and deferred income	2,829,623	2,093,779
	<u>8,275,151</u>	<u>4,986,019</u>
Due after one year		
Accruals and deferred income	<u>1,081,733</u>	<u>1,618,952</u>

16 Pension and other schemes

Defined contribution pension scheme

The company participates in a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £188,827 (2020 - £134,396).

Contributions totalling £(15,674) (2020 - £(7,671)) were payable to the scheme at the end of the year and are included in creditors.

17 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	1,287	1,287	1,287	1,287

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The shares are non-redeemable and rank equally in terms of voting rights, rights to participate in all approved dividend distributions and rights to participate in any capital distribution on winding up. Each share is entitled to one vote.

Navisite Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Reserves

Share capital

Reflects the nominal value of share capital issued by the company.

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital contribution reserve

The capital contribution reserve represents cash injections from group companies.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	3,839,831	3,717,660
Later than one year and not later than five years	6,838,403	11,398,697
Later than five years	-	451,538
	<u>10,678,234</u>	<u>15,567,895</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,447,836 (2020 - £5,212,900).

20 Related party transactions

Summary of transactions with other related parties

The company has taken advantage of the exemptions in Financial Reporting Standard 102 Section 33 and has not disclosed transactions between wholly owned members of the same group.

21 Parent and ultimate parent undertaking

The company's immediate parent is Interliant UK Holdings Limited, incorporated in England and Wales.

The ultimate parent is Navisite LLC, incorporated in the United States of America.

The most senior parent entity producing publicly available financial statements is Clckwrk Limited. These financial statements are available upon request from Business Control Limited, Red Lion Yard, Frome Road, Bath, BA2 2PP.

The ultimate controlling party is Database Holdings, LP, incorporated in the United States of America.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.