Green Mountain DC UK Limited

Report and financial statements

Year ended 31 March 2023

Company registration no. 06501672

Green Mountain DC UK Limited

Contents

Green Mountain DC UK Limited

Officers and professional advisers

Directors
A Milo
R Wunsh

Registered Office
100 Avebury Boulevard
Milton Keynes
MK9 1FH
United Kingdom

Solicitors
Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW
United Kingdom

Auditor
Deloitte LLP
Statutory Auditor
1 Station Square
Cambridge
CB1 2GA
United Kingdom

Green Mountain DC UK Limited

Strategic report

The strategic report has been prepared in terms of Section 414C of the Companies Act 2006.

Business review

The Key Performance Indicators (KPIs) used by management are:

	2023	2022
Revenue (£'m)	**£13.4m**	£12.3m
Gross Profit (%)	**51%**	66%
Operating expenses* (£'m)	**£2.7m**	£3.1m

** excluding depreciation and amortisation*

The business has been impacted by the global increase in power costs, with revenues from recharges of power increasing in line with the power price. These recharges attract a lower margin and therefore gross margin has decreased despite the higher revenues.

Operating expenses in 2023 have benefited from lower management recharges from the parent company following the sale of the Company. EBITDA† increased to £5.5 million (2022: £5.0 million).

In January 2023, the Company's share capital was sold to Global Data AZ Limited, on completion of the sale, the existing directors resigned and new directors were appointed. Following the sale of the Company, shares were issued in return for the release of amounts owed to the new parent company, following this issue the Company moved to a net asset position.

Cash at 31 March 2023 was £1.8 million (2022: £0.1 million). Cash outflow from operating activities in the year totalled £0.6 million (2022: outflow of £4.4 million), £1.6 million (2022: £1.7 million) was invested in operating assets and £1.0 million was paid to related parties (2022: £6.2 million received) and £4.8m was received from the issue of shares. The Company also made capital and interest repayments in respect of property leases of £4.1 million (2021: £4.0 million).

†EBITDA is operating loss plus other income before depreciation and amortisation

Future Developments

The data centre market is now firmly dominated by global public cloud providers, who account for circa 80% of demand in the UK market. In light of this, it is the intention of the new owners of the Company to invest further in the Company's data centre facilities.

Strategic report (continued)

Principal risks and uncertainties, financial risk management objectives and policies

Note 24 contains disclosure of the financial risks applicable to the Company.

The main operational risks to the business are failure of critical infrastructure, resulting in customers losing power, cooling or connectivity, or a breach of security. In the event that either of these events were to occur this could potentially damage the Company's reputation and profitability. To mitigate such risks the business:

- designs and builds data centres with effective resilience and high security;
- employs experienced and competent security and maintenance staff; and
- ensures high operational standards through regular maintenance, monitoring and adherence to externally accredited operating procedures and certifications.

There is also a risk that the Company could be impacted by global economic and political uncertainties such as the conflict in Israel and Gaza. The Board has no evidence to suggest uncertainties are affecting the Company's strategy or performance currently, but it continues to monitor developments closely and assesses all strategic and investment decisions with these risks in mind.

Events subsequent to the Balance Sheet date

In May 2023 and September 2023, the Company issued new share capital to Global Data AZ Limited in return for investments of £9,500,000.

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

A Milo
Director
15 December 2023

Green Mountain DC UK Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of the Company continue to be the provision of data centre and ancillary services. Future developments of the Company are detailed in the strategic report.

Going concern

The directors have considered the risks and uncertainties for the Company and formed a judgement when approving these financial statements that there is a reasonable expectation based on the Company's forecasts and projections that the Company will have available adequate resources to continue in operational existence for the foreseeable future, which is at least 12 months from the approval of the financial statements. This is reliant on a letter of support received from the ultimate parent company, Azrieli Group Limited, which pledges support to the Company such that it is able to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. In assessing this letter of support, the directors have considered the recent and ongoing situation in Israel and have concluded there is no evidence to suggest any risk to the ability of Azrieli Group to fulfil their commitment to provide support if required. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors, who served during the year and to the date of this report, were as follows:
A Milo (appointed 23 January 2023)
R Wunsh (appointed 23 January 2023)
S Sutton (resigned 23 January 2023)
J A Thompson (resigned 23 January 2023)

Directors' indemnities

The parent company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report, this includes the directors of the Company.

Financial risk management objectives

Information about the use of financial instruments by the company is given in note 24 to the financial statements.

Dividends

The directors do not propose the payment of a dividend and have not made an interim dividend payment (2022: £nil).

Directors' report (continued)

Auditor

Each of the persons who are a director at the date of approval of this annual report confirms that:

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

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

A Milo
Director
15 December 2023

Green Mountain DC UK Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

Green Mountain DC UK Limited

Independent auditor's report to the members of Green Mountain DC UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Green Mountain DC UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 financial statements are 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.

Green Mountain DC UK Limited

Independent auditor's report to the members of Green Mountain DC UK Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

Independent auditor's report to the members of Green Mountain DC UK Limited (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included data protection regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in relation to the cut-off of revenue specifically applied to the early recognition of data centre service revenue at the year-end. We have obtained a breakdown of revenue recognised for a determined risk period both pre and post year-end and test of detail procedures were performed by agreeing a representative sample through to relevant supporting evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent auditor's report to the members of Green Mountain DC UK Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Paul Adkins

Paul Adkins FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
18 December 2023

Green Mountain DC UK Limited

Statement of comprehensive income

for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Revenue	7	**13,351**	12,308
Cost of sales	8	**(6,523)**	(4,208)
Gross profit		**6,828**	8,100
Operating expenses			
Depreciation and amortisation	8	**(5,735)**	(6,829)
Other operating expenses	8	**(2,741)**	(3,133)
Operating loss		**(1,648)**	(1,862)
Other income	9	**1,437**	-
Finance income	10	**7**	-
Finance costs	11	**(4,246)**	(4,225)
Loss before tax		**(4,450)**	(6,087)
Income tax	12	**-**	-
Loss for the year and total comprehensive expense		**(4,450)**	(6,087)

All activities derive from continuing operations.

There were no items of other comprehensive income in the year and therefore no separate statement of comprehensive income is required.

The notes on pages 17 to 42 are an integral part of these financial statements.

Green Mountain DC UK Limited

Balance sheet

at 31 March 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Property, plant and equipment	13	**62,495**	66,948
Intangible assets	14	**6**	4
Trade and other receivables	15	**969**	19
		63,470	66,971
Current assets			
Trade and other receivables	15	**4,157**	3,152
Cash and short-term deposits	16	**1,840**	127
		5,997	3,279
Total assets		**69,467**	70,250
Equity			
Issued share capital	17	**-**	-
Share premium	17	**51,774**	-
Retained losses	17	**(46,147)**	(41,697)
Shareholders' surplus/(deficit)		**5,627**	(41,697)
Non-current liabilities			
Lease liabilities	19	**58,966**	58,817
Deferred revenue		**9**	91
		58,975	58,908
Current liabilities			
Trade and other payables	18	**2,292**	50,452
Lease liabilities	19	**12**	11
Deferred revenue		**2,561**	2,576
		4,865	53,039
Total liabilities		**63,840**	111,947
Total equity and liabilities		**69,467**	70,250

The notes on pages 17 to 42 are an integral part of these financial statements.

The financial statements of Green Mountain DC UK Limited (registered number 06501672) were approved and authorised for issue by the board of directors on 15 December 2023 and were signed on its behalf by.

R Wunsh
Director
15 December 2023

Green Mountain DC UK Limited

Statement of changes in equity

for the year ended 31 March 2023

		Issued share capital £'000	Share premium £'000	Retained losses £'000	Total equity £'000
At 1 April 2021		-	-	(35,610)	(35,610)
Loss and total comprehensive expense for the year ended 31 March 2021		-	-	(6,087)	(6,087)
At 31 March 2022		**-**	**-**	**(41,697)**	**(41,697)**
Loss and total comprehensive expense for the year ended 31 March 2022		**-**	**-**	**(4,450)**	**(4,450)**
Issue of ordinary shares	17	**-**	**51,774**	**-**	**51,774**
At 31 March 2023		**-**	**51,774**	**(46,147)**	**5,627**

Green Mountain DC UK Limited

Statement of cash flows

for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Cash inflow/(outflow) from operations	20	**3,653**	(463)
Interest received		**7**	-
Interest element of lease payment	21	**(4,085)**	(3,963)
Cash used in operating activities		**(425)**	(4,426)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		**(1,214)**	(1,741)
Amounts paid by the company on behalf of parent company subsidiaries	21	**(395)**	-
Cash used in investing activities		**(1,609)**	(1,741)
Cash flows after investing activities		**(2,034)**	(6,167)
Cash flows from financing activities			
Loan (repayment)/proceeds from previous parent company	21	**(48,016)**	6,177
Loan proceeds from parent company	21	**47,000**	-
Repayment of lease principal	21	**(11)**	(10)
Proceeds from issue of shares		**4,774**	-
Net cash inflow from financing activities		**3,747**	6,167
Net increase in cash and cash equivalents		**1,713**	-
Cash and cash equivalents at beginning of year		**127**	127
Cash and cash equivalents at end of year	16	**1,840**	127

Green Mountain DC UK Limited

Notes to the financial statements

1. Adoption of new and revised standards

Amendments to IFRS standards and interpretations

The Company considered the following amendments to published standards that are effective for the Company for the financial year beginning 1 April 2022 and concluded that they are either not relevant to the Company or they do not have a significant impact on the Company's financial statements other than disclosures.

- Amendments to IAS 16 - Property, plant and equipment - Proceeds before intended use
- Annual improvements to IFRS Standard 2018-2020 (May 2020)
- Amendments to IFRS 3 - Reference to the conceptual framework
- Amendments to IAS 37 - Onerous contract - cost of fulfilling a contract

Standards and revisions effective for future periods:

The following standards and revisions will be effective for future periods:

- IFRS S1 – General requirements for disclosure of sustainability related financial information
- IFRS S2 – Climate related disclosures
- IFRS 17 and amendments to IFRS 17 - Insurance contracts
- Amendments to IAS 1 - Classification of liabilities as current or non-current and non-current liabilities with covenants
- Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction and International tax reform – pillar two model rules
- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IFRS 17 - Initial application of IFRS 17 and IFRS 9 , comparative information
- Amendments to IFRS 16 – Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier finance agreements
- Amendments to IAS 21 – Lack of exchangeability

The company has considered the impact of the remaining above standards and revisions and have concluded that, they will not have a significant impact on the Company's financial statements.

2. Summary of significant accounting policies

Green Mountain DC UK Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 3. The nature of the Company's operations and its principal activities are set out in the strategic report on page 4 and the Directors' report on page 6.

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

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom adopted international accounting standards.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in pounds sterling as the functional currency of the Company is considered to be pounds sterling as that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The accounting policies as described below and in the respective notes have been used consistently for the financial year and for the comparative figures. The principal accounting policies are summarised below.

2.2. Going concern

The directors have considered the risks and uncertainties for the Company and formed a judgement when approving these financial statements that there is a reasonable expectation based on the Company's forecasts and projections that the Company will have available adequate resources to continue in operational existence for the foreseeable future, which is at least 12 months from the approval of the financial statements. This is reliant on a letter of support received from the ultimate parent company, Azrieli Group Limited, which pledges support to the Company such that it is able to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. In assessing this letter of support, the directors have considered the recent and ongoing situation in Israel and have concluded there is no evidence to suggest any risk to the ability of Azrieli Group to fulfil their commitment to provide support if required. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2. Summary of significant accounting policies (continued)

2.3. Revenue

The Company recognises revenues from the following major sources:

- Data centre services
- Installation fees, including the initial set-up and ongoing servicing of customers
- Utility recharges

Data centre services

Data centre services are provided to customers under fixed term contracts, under which customers receive a continuous supply of data centre services over the term of the contract. Revenue is recognised over time in line with the satisfaction of the performance obligations. Rent free periods are a discount to the customer contract, this discount recognised evenly over the term of the contract. Customers are typically invoiced in advance on a monthly or quarterly basis.

Revenue from data centre services includes lease income, this is recognised on a straight-line basis over the term of the relevant lease in line with the satisfaction of the performance obligations.

Installation fees

Revenue generated from installation services at the commencement of a contract or from additional services during the contract represents an advance payment for the right to use the asset over the term of the contract. Revenue is recognised over the contract term in line with the satisfaction of the performance obligations. Customers are invoiced once the installation has been performed.

Utility recharges

Utility costs are recharged to customers as they are incurred, typically monthly in arrears, and revenue is recognised as the costs are incurred in line with the satisfaction of the performance obligations.

Contract assets and liabilities

Customer payment terms are typically due 30 days from receipt of the invoice. Contract assets (trade debtors) and contract liabilities (deferred revenue) fluctuate depending on the timing of invoicing and if the invoicing is in advance or arrears.

Revenues exclude value added tax and other sales related taxes. Consideration amounts are not variable and do not include a financing component.

2.4. Intangible assets

Computer software is stated at cost, net of amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost, less the estimated residual value, of each asset on a straight line basis over its expected useful life. The estimated useful life of computer software is between 2 and 3 years.

2. Summary of significant accounting policies (continued)

2.5. Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. No depreciation is provided on assets in the course of construction. On other fixed assets, depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

• Right of use assets	over the life of the lease
• Leasehold improvements	over the life of the lease
• Furniture, fittings and equipment	between 3 and 10 years
• Plant and equipment	between 3 and 15 years

Residual value is calculated on prices prevailing at the date of acquisition.

2.6. Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

2.7. Leases

Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Right of use assets are shown within Tangible assets on the Balance sheet.

Company as a lessor

Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.8. Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

2. Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 120 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

2. Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. Summary of significant accounting policies (continued)

2.9. Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.10. 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 Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'. The Company's financial liabilities at 31 March 2023 and 31 March 2022 were all classified as other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.11. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Green Mountain DC UK Limited

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.12. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 balance sheet 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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13. Taxation

The income tax expense or credit for the period 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.

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. 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.

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 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.

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.

2. Summary of significant accounting policies (continued)

2.14. Finance costs

Finance costs of financial liabilities are recognised in profit or loss over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

2.15. Finance income

Finance income from financial assets is recognised in profit or loss over the term of the applicable instrument.

3. Critical accounting judgements and key source of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Critical judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies.

Key sources of estimation and uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

There were no sources of estimation and uncertainty in the financial statements.

Green Mountain DC UK Limited
Notes to the financial statements (continued)

4. Employee information

In August 2022 the employees of the previous parent company Infinity SDC Limited were transferred to the Company. The monthly average number of persons employed in the Company from August 2022, was:

	Year ended	
	31 March 2023 Number	31 March 2022 Number
Operations	**9**	-
Administrative	**11**	-
	20	-

Their aggregate remuneration comprised:

	Year ended	
	31 March 2023 £'000	31 March 2022 £'000
Wages and salaries	**1,597**	-
Social security costs	**213**	-
Pension payments - defined contribution plans	**130**	-
	1,940	-

5. Directors' remuneration

	Year ended	
	31 March 2023 £'000	31 March 2022 £'000
Directors' remuneration		
Short-term employee benefits	**396**	-
Post-employment benefits	**23**	-
	419	-
Remuneration of the highest paid director		
Short-term employee benefits	**209**	-
Post-employment benefits	**12**	-
	221	-

The remuneration is related to the resigning directors. The directors at 31 March 2023 received no remuneration for their services to the Company and were remunerated by another group company. In the current year the resigning directors were members of a Company pension scheme (2022: £nil). Aggregate contributions made by the Company on behalf of the resigning directors were £23,000 (2022: £nil).

The directors did not exercise any share options in the year or prior year.

Green Mountain DC UK Limited
Notes to the financial statements (continued)

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £66,000 (2022: £22,000). Non-audit fees of £22,000 (2022: £nil) for tax compliance were payable to Deloitte LLP.

7. Revenue

The Company classifies its revenues into the following categories:

	Year ended	
	31 March 2023 £'000	31 March 2022 £'000
Data centre services	**10,676**	10,383
Utility recharges	**2,509**	1,236
Installation services	**99**	598
Other	**67**	91
Total revenue	**13,351**	12,308

The total amounts reported as revenue in the statement of comprehensive income relate to the provision of ongoing data centre and ancillary services where the services are provided wholly within the United Kingdom. All revenue is from contracts with customers.

8. Expenses

The Company classifies its expenses, both cost of sales and other operating expenses, by operating nature into the following categories:

	Year ended	
	31 March 2023 £'000	31 March 2022 £'000
Power costs	**2,785**	1,215
Property costs	**842**	828
Charges from other group companies	**1,153**	3,025
Other costs	**3,047**	2,273
	7,827	7,341
Depreciation and amortisation charges	**5,735**	6,829
Total expenses	**13,562**	14,170

Power costs represent the total cost of power to the Company including environmental taxes. Property costs include service charge and taxes in addition to ancillary property costs such as insurance. Other costs comprise operational maintenance costs, employee costs, sales and administrative costs and cost of sales. There was no expense recognised from short term or low value leases in the year (2022: £nil).

Green Mountain DC UK Limited

Notes to the financial statements (continued)

9. Other income

	Year ended	
	31 March 2023	31 March 2022
	£'000	£'000
Release from group indebtedness	**1,437**	-

As part of the sale of the Company, the Company was released from its obligation to repay its debt with the previous parent.

10. Finance income

	Year ended	
	31 March 2023	31 March 2022
	£'000	£'000
Bank and other interest	**7**	-

11. Finance costs

	Year ended	
	31 March 2023	31 March 2022
	£'000	£'000
Items held at amortised cost:		
Interest payable on leases liabilities	**4,246**	4,225
	4,246	4,225

12. Income tax

No tax charge (2022: no tax charge) arose during the year. At 31 March 2023, there were approximately £32,996,000 (2022: £24,621,000) of tax losses available for set off against future profits, which may be carried forward indefinitely.

	Year ended	
	31 March 2023	31 March 2022
	£'000	£'000
Current tax		
In respect of the current year	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	-	65
Movement in recognised deferred tax assets	-	(65)
	-	-
Tax charge for the year	-	-

12. Income tax (continued)

The tax charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loss before tax	**(4,450)**	(6,087)
Tax at the UK corporation tax rate of 19% (2022: 19%)	**846**	1,157
Tax effect of expenses that are not deductible in determining taxable profit	**(165)**	**(208)**
Tax effect of income that is not taxable in determining taxable profit	**272**	**-**
Movements in deferred tax not recognised	**(953)**	**(949)**
Tax for the year	**-**	-

No deferred tax assets have been recognised for temporary differences in tangible and intangible assets, interest to be deducted in future periods or tax losses due to the uncertainty of their realisation in the future (2022: none). Deferred tax not recognised in the Company is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Temporary differences in provisions and tangible and intangible assets	**1,207**	369
Interest to be deducted in future periods	**415**	362
Tax losses not recognised	**8,249**	6,154
Total deferred tax asset not recognised	**9,871**	6,885

It was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25 per cent from 1 April 2023. This change was enacted during the previous accounting period, and deferred tax was revalued accordingly.

The presentation of the comparative in this note, has been amended compared to the financial statements for the year ended 31 March 2022. Management believe that the amended comparative better informs the user.

13. Property, plant and equipment

	Right of use assets	Leasehold improvements	Assets under construction	Plant and equipment	Furniture, fittings and office equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2021	**60,730**	**26,556**	**752**	**40,774**	**1,027**	**129,839**
Additions	-	-	1,864	-	2	1,866
Transfers	-	-	(1,694)	1,694	-	-
Disposals	-	-	-	(1,539)	-	(1,539)
At 31 March 2022	**60,730**	**26,556**	**922**	**40,929**	**1,029**	**130,166**
Additions	-	-	1,266	-	-	1,266
Transfers	-	42	(929)	883	4	-
Transfer from group undertakings	-	-	-	7	237	244
Disposals	-	(4)	-	(859)	-	(863)
At 31 March 2023	**60,730**	**26,594**	**1,259**	**40,960**	**1,270**	**130,813**
Accumulated depreciation						
At 1 April 2021	**15,651**	**12,301**	**-**	**29,027**	**949**	**57,928**
Charge for the year	1,880	1,282	-	3,615	52	6,829
Disposals	-	-	-	(1,539)	-	(1,539)
At 31 March 2022	**17,531**	**13,583**	**-**	**31,103**	**1,001**	**63,218**
Charge for the year	1,879	1,271	-	2,556	25	5,731
Transfer from group undertakings	-	-	-	7	225	232
Disposals	-	(4)	-	(859)	-	(863)
At 31 March 2023	**19,410**	**14,850**	**-**	**32,807**	**1,251**	**68,318**
Net book value						
At 31 March 2023	**41,320**	**11,744**	**1,259**	**8,153**	**19**	**62,495**
At 31 March 2022	43,199	12,973	922	9,826	28	66,948

Leased assets included above:						
Net book value						
At 31 March 2023	**41,320**	**-**	**-**	**-**	**-**	**41,320**
At 31 March 2022	43,199	-	-	-	-	43,199

Cumulative finance costs capitalised as part of the cost of bringing property, plant and equipment into use amount to £417,000 (2022: £417,000). All land and buildings included as right of use assets are held for use by customers under contracts containing operating leases.

At the balance sheet date, the cost of data centre assets held for use by customers under operating leases was £129,544,000 (2022: £129,136,000) and the accumulated depreciation was £67,067,000 (2022: £62,217,000). The aggregate income from contracts containing operating leases recognised in revenue in the year in respect to these assets was £9,139,000 (2022: £8,875,000). No property, plant and equipment has been used as security for bank loans provided to the Company (2022: £nil).

Green Mountain DC UK Limited
Notes to the financial statements (continued)

14. Intangible assets

	Software licences with definite useful lives
	£'000
Cost	
At 1 April 2022	**39**
Additions	6
Transferred from another group entity	835
At 31 March 2023	**880**
Accumulated amortisation	
At 1 April 2022	**35**
Charge for the year	4
Transferred from another group entity	835
At 31 March 2023	**874**
Net book value	
At 31 March 2023	**6**
At 31 March 2022	4

Software licences are amortised over their estimated useful life, which is between 2 and 3 years.

15. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Current		
Trade receivables	**439**	930
Accrued income	**185**	117
Prepayments	**272**	199
Other receivables	**2,866**	1,906
Amounts due from group companies	**395**	-
	4,157	3,152
Non-current		
Rental deposits	**969**	19
	969	19

Trade and other receivables are measured at amortised cost less any provisions for impairment, the carrying amount is denominated in sterling and approximates to their fair values due to their short maturity period. The typical credit period with customers is 30 days, the credit quality of trade receivables is considered in note 24. Other receivables are an amount held in a rent account under the terms of the property lease.

16. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, all denominated in sterling.

The Directors consider the carrying values of the cash balances to approximate to their fair value due to their short maturity period and the interest rate that they bear. The Directors consider the banks with which the Company holds deposits to be of sound credit quality.

17. Issued share capital

	Number
Allotted and fully paid	
Ordinary shares at 1 April 2021 and 31 March 2022 of £0.01 each	100
Issued during the year	2
Ordinary shares at 31 March 2023 of £0.01 each	**102**

The Company has one class of ordinary shares which carry no right to fixed income. Ordinary shares carry rights to vote at general meetings and rights to dividends.

The directors do not recommend the payment of a dividend (2022: £nil).

The Company's other reserves are as follows:

- share premium reserve contains the premium arising on issue of equity shares net of issue expenses;
- Retained losses represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Trade payables	**686**	432
Accruals and sundry creditors	**1,357**	326
Taxation and social security	**249**	241
Amounts owed to parent company	**-**	49,453
	2,292	50,452

Trade and other payables are measured at historical cost, which approximates to their fair values due to their short maturity period. The carrying amount of the Company's trade and other payables is denominated in sterling. The amounts owed to other group companies are not interest bearing, unsecured and are repayable on demand.

19. Lease liabilities

Where a right of use asset and corresponding lease liability is recognised by the Company, the assets are included in property, plant and equipment and the capital element of the leasing commitments is shown within obligations under finance leases. The lease payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to profit or loss.

	31 March 2023 £'000	31 March 2022 £'000
Current		
Lease liabilities	**12**	11
Non-current		
Lease liabilities	**58,966**	58,817
Total	**58,978**	58,828

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. All borrowings are denominated in pounds sterling.

19. Lease liabilities (continued)

The maturity profile of lease liabilities is set out below:

	31 March 2023 £'000	31 March 2022 £'000
Within one year	**12**	11
In one to five years	**1,197**	502
After five years	**57,769**	58,315
	58,978	58,828

Obligations under leases

Commitments in relation to leases are payable as follows:

	31 March 2023 £'000	31 March 2022 £'000
Within one year	**4,219**	4,097
In one to five years	**18,176**	17,647
After five years	**105,597**	110,344
Minimum lease payments	**127,992**	132,088
Future finance charges	**(69,014)**	(73,260)
Present value of lease liabilities	**58,978**	58,828

The weighted average remaining lease term is 23 years (2022: 24 years). At the end of the lease term the Company has an option to extend the lease by a further 15 years on similar terms to the existing lease.

20. Cash generated from operations

The reconciliation of loss for the year to net cash inflow from operating activities is as follows.

	Notes	2023 £'000	2022 £'000
Loss for the year before tax		**(4,450)**	(6,087)
Adjusted for:			
finance costs	11	**4,246**	4,225
finance income	10	**(7)**	-
depreciation charge	8	**5,735**	6,829
release from group indebtedness	9	**(1,437)**	-
Changes in working capital:			
(increase)/decrease in trade and other receivables		**(1,560)**	2,491
increase/(decrease) in trade and other payables		**1,223**	(7,502)
decrease in deferred revenue		**(97)**	(419)
Net cash inflow/(outflow) from operations		**3,653**	(463)

Non-cash transactions

The principal non-cash transactions were depreciation and interest accrued on finance leases.

21. Change in liabilities from financing activities

	Lease liabilities £'000	Amounts owed to previous parent company £'000	Amounts owed to parent company £'000
1 April 2021	58,576	43,276	-
Non-cash movements	4,225	-	-
Interest paid	(3,963)	-	-
Capital repaid	(10)	-	-
Net payments from related parties	-	6,177	-
31 March 2022	58,828	49,453	-
Non-cash movements	**4,246**	**(1,437)**	**(47,000)**
Interest paid	**(4,085)**	-	-
Capital repaid	**(11)**	-	-
Proceeds from related parties	-	-	**47,000**
Payments to related parties	-	**(48,016)**	-
31 March 2023	**58,978**	-	-

22. Capital commitments

Capital expenditure in respect of property, plant and equipment that had been contracted for but not provided for in the financial statements at 31 March 2023 amounted to £557,000 (2022: £576,000).

23. Financial commitments

Company as lessor:

Some customer contracts for data centre services include a lease element, during the year revenue from contracts containing operating leases of £9,139,000 (2022: £8,875,000), was recognised in the statement of comprehensive income. At the balance sheet date the Company had contracts containing leases with customers with the following future minimum lease payments:

	31 March 2023 £'000	31 March 2022 £'000
Falling due:		
within one year	**9,390**	9,139
between one and five years	**25,446**	34,817
in more than five years	**-**	20
	34,836	43,976

24. Financial instruments

IFRS 7 and IFRS 13 require certain disclosures in respect of financial instruments. The key disclosures in respect of debt maturity are dealt with in note 18. The further disclosures required by IFRS 7 and IFRS 13 are given below.

Financial risk management

The Company's objectives, policies and processes for managing financial risk and the methods used to measure them are disclosed below. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no significant changes in the Company's exposure to risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

The Company is subject through its operations to the following principal financial risks:

- Credit risk
- Liquidity risk

Credit risk

Credit risk is the potential impairment of the Company's financial assets as a result of a customer or counterparty to a financial instrument or contract failing to meet their contractual obligations under that instrument or contract. The Company's principal financial assets are bank balances and trade and other receivables.

To mitigate the risk, it is Company policy to only use large independently rated banks and financial institutions for transactional banking and holding deposits, with new customers being subject to credit checks prior to entering into contracts with them. Further disclosure regarding trade and other receivables are included in note 24.

24. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient funds to meet its financial liabilities as they fall due.

The Company is supported by its parent company whose finance function monitor its rolling forecasts to ensure it has sufficient cash to meet operational, capital investment and debt servicing needs. Cash flow forecasts are regularly prepared and reviewed.

The following table sets out the undiscounted contractual cash flows in respect of financial liabilities from continuing operations.

At 31 March 2023	**Less than one year £'000**	**Between one and five years £'000**	**Greater than five years £'000**
Trade payables and other payables excluding taxation	**2,043**	**-**	**-**
	2,043	**-**	**-**

At 31 March 2022	Less than one year £'000	Between one and five years £'000	Greater than five years £'000
Trade payables and other payables excluding taxation	758	-	-
Amounts owed to group companies	49,453	-	-
	50,211	-	-

Capital risk management

The capital of the Company consists of intercompany loans, net of cash and bank balances and its equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to continue to provide data centre services to its customers and to maintain an optimal capital structure. There are no externally imposed capital requirements.

24. Financial instruments (continued)

Fair value measurements

IFRS 7 requires the disclosure of fair value measurements by level using the following hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company has no financial instruments that are measured at fair value.

Carrying value

The carrying value of the Company's financial assets, and liabilities from continuing operations at the year-end is shown below:

Financial assets	Note	31 March 2023 £'000	31 March 2022 £'000
At amortised cost:			
trade receivables	15	**439**	930
accrued income	15	**185**	117
amounts due from group companies	15	**395**	-
cash and cash equivalents	16	**1,840**	127
Total financial assets		**2,859**	1,174

Financial liabilities	Note	31 March 2023 £'000	31 March 2022 £'000
At amortised cost:			
trade payables	18	**686**	432
amounts owed to group companies	18	**-**	49,453
Total financial liabilities		**686**	49,885

25. Trade receivables impairment disclosures

Through effective credit control procedures, the Company mitigates its exposure to the risk of bad debt. New customers are subject to credit checks before credit is granted. The credit quality of the trade receivables is considered good and has not changed since the initial recognition of the financial instruments.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses, which is based upon historical experience. No loss allowance has been recognised in the financial year (2022: £nil). The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Included within the trade receivables is an amount of £nil (2022: £390,000) in respect of amounts which are overdue. These relate to customers for whom there is considered to be little risk of default and therefore no impairment has been made. The ageing analysis of these amounts is shown below:

Period overdue	**31 March 2023 £'000**	31 March 2022 £'000
Up to 1 month	-	346
1 to 3 months	-	30
3 to 6 months	-	14
More than 6 months	-	-
Total	**-**	**390**

The Company holds cash deposits of £16,000 (2022: £16,000) as security against trade receivables..

26. Related parties

The Company's parent company at 31 March 2023 was Global Data AZ Limited, up until 23 January 2023 the parent company was Infinity SDC Limited. Transactions and balances with the parent company below are transactions with Infinity SDC Limited. The Company's parent company subsidiary was acquired at the same time as the Company by Global Data AZ Limited. Transactions and balances below have arisen from the transfer to or from of funding and for the purchase of services, they are repayable upon demand and no interest is charged.

Balances at the balance sheet date and transactions between the Company and its related parties are as follows:

	31 March 2023 £'000	31 March 2022 £'000
Balances with related party companies		
Parent company	**-**	(49,453)
Parent company subsidiaries	**395**	-
Transactions with related party companies		
Parent company	**49,453**	(6,177)
Parent company subsidiaries	**395**	-

The remuneration of the directors, who are the key management personnel of the Company is paid by another group company (see note 5).

27. Events after the reporting period

In May 2023 and September 2023, the Company issued new share capital to Global Data AZ Limited in return for investments of £9,500,000.

28. Parent undertaking and ultimate controlling party

Following the sale of 100% of the Company's share capital on 23 January 2023, the Company's immediate parent undertaking became Global Data AZ Limited incorporated in England and Wales, and the ultimate parent and controlling party became Azrieli Group Limited a company incorporated in Israel.

The group in which the results for the year ended 31 March 2023 of the Company are consolidated, being the largest and smallest group of which the Company is part, is that headed by Azrieli Group Limited. Azrieli Group Limited is a company domiciled and incorporated in Israel and whose registered address is 1 Azrieli Center, Tel Aviv. The Company is traded on the Tel Aviv Stock Exchange ("TASE") and copies of the financial statements of that Group can be obtained from the Azrieli Group website www.azrieligroup.com.