REGISTERED NUMBER: 09075228 (England and Wales)

Pulsant Parent Limited

Annual Report and Consolidated Financial Statements

For The Year Ended 31 December 2019

Pulsant Parent Limited

Contents of the Consolidated Annual Report and Financial Statements
For The Year Ended 31 December 2019

Pulsant Parent Limited

Company Information
For The Year Ended 31 December 2019

Directors:	R A Coupland B M Petzer D S Scott
Registered office:	Blue Square House Priors Way Maidenhead United Kingdom SL6 2HP
Registered number:	09075228 (England and Wales)
Auditors:	Deloitte LLP 110 Queen St Glasgow United Kingdom G1 3BX
Bankers:	HSBC Bank 69 Pall Mall London United Kingdom SW1Y 5EY
Solicitors:	Ropes & Gray 60 Ludgate Hill London United Kingdom EC4M 7AW

Pulsant Parent Limited

Group Strategic Report
For The Year Ended 31 December 2019

The directors present their strategic report for the Group for the year ended 31 December 2019.

This strategic report has been prepared for the Group (Pulsant Group Holdings Limited and its wholly owned subsidiaries) as a whole and therefore gives greater emphasis to those matters which are significant to Pulsant Parent Limited and its subsidiary undertakings when viewed as a whole.

Pulsant have invested in additional cloud services and capabilities during the year as the market for various types of cloud services continues to grow and evolve. There continue to be good opportunities for long term growth as an ever-greater number of companies move an increasing number of applications and workloads to the cloud.

Principal activities
The principal activity of Pulsant Parent Limited is as a holding company. The principal activity of the Pulsant Group is the provision of colocation and cloud infrastructure services to mid and large sized organisations. The company owns and operates 10 regional enterprise class UK-based data centres from which it services over 3,000 clients. It also delivers cloud services to customers from third party data centres in the USA and Continental Europe.

Pulsant is a leading provider of technology services to customers from many different business sectors who require a trusted partner to meet their IT infrastructure and connectivity requirements. Pulsant delivers service to organisations across the private, public and charitable sector, from local authorities to enterprise class businesses allowing them to take full advantage of the scalability, flexibility, performance and security that is a key feature of all Pulsant services. This increasingly requires helping to implement and manage hybrid IT environments. The company derives substantially all of its recurring revenues from:

- Colocation;
- Managed cloud (private, multi-tenanted and public);
- Managed hosting;
- Managed networks;
- Managed IT services/managed applications/managed security.
- Business Continuity and Workplace Recovery.

Strategy
Pulsant has continued its strategy of delivering world-class colocation, cloud computing, and managed networking services, focused largely on the mid-market. The continued development and investment in quality data centre and network infrastructure, alongside the development and provisioning of enterprise-grade cloud computing capabilities, has delivered the progress required within the strategy, both in terms of capability and scale. Pulsant is well placed to deliver a strong range of cloud, colocation and infrastructure services to mid to large sized organisations.

The pace of change continues to increase and the importance of being able to offer access to the hyperscale public cloud providers (Microsoft Azure, Amazon Web Services "AWS" and Google Cloud Platform), alongside private clouds as part of an overall managed cloud solution, continues to grow in importance for our customers. Pulsant continues to invest in its people, their training and technical accreditations to ensure that they can deliver ever more sophisticated cloud solutions, as well as developing close partnerships with the hyperscale public cloud providers to ensure that its customers get access to the most appropriate cloud solutions. Whether the optimal solution is colocation, private cloud, public cloud, managed hosting or a combination of these, it will be delivered in an integrated manner with Pulsant providing service and support 24/7/365, and with the necessary network connectivity and security around it.

Strategy - *continued*
The focus remains on customers who have a critical dependency on IT, run a sophisticated and integrated IT environment and operate over multiple sites. Pulsant acts as a trusted partner to organisations in managing their IT requirements and this increasingly involves Pulsant in preparing and managing a customer's transformation from an existing on-premise solution to a hybrid cloud model which may involve both private cloud and access to the public cloud. The majority of businesses today are heavily dependent on IT and require assistance to architect the appropriate cloud strategy and understand the myriad of cloud services that are on offer to them. Pulsant provides a management service wrap across both private and public cloud platforms to meet the client's requirements.

The Pulsant professional services team provides the skills and resources necessary to deliver the increasingly sophisticated transformation and migration projects undertaken by our customers as they move from on-premises IT provision to a hybrid model incorporating elements of colocation, private and public cloud, as well as potentially maintaining some IT in house.

As the market for cloud services continues to grow, the option of adopting hybrid private, multi-tenanted and public cloud solutions has added a further level of choice and complexity to the IT buying decisions that organisations face. Pulsant continues to make significant investments in its core infrastructure; in its own highly secure and high-performance cloud platforms; in network and security systems; in facilitating access to the hyperscale public cloud providers; and in growing and developing the skills of its workforce to ensure that its customers can benefit from a wide range of hosting and connectivity solutions.

A dedicated propositions team ensures that Pulsant can provide its customers with the most efficient and cost-effective cloud, storage, backup, network and security services delivered using enterprise-grade technology from partners such as HP, Dell, Microsoft, Cisco, VMware, Asigra and Veeam. The team has also delivered platforms to ensure that customers can link seamlessly to Microsoft Azure, AWS and Google Cloud Platform, where access to those ecosystems is part of an optimal solution.

Pulsant continues to believe that ownership of its own data centre infrastructure and the development of its highly skilled technical and operational teams, underpinned by key accreditations (cloud security, information security, quality management and environmental management), provides its customers with confidence that it will continue to deliver high quality services.

Business review
Operational Highlights:

- Key customer wins included Ascot Lloyd, Vodafone, Dealflo, Teacher Stern and Glasgow Airport
- Our largest customer extended their colocation contract for a further ten years
- Total cloud revenues grew by 7% and managed network revenues grew by 13%
- Increased capability in delivering hybrid and public cloud solutions
- Opened the Gateshead Service Centre to improve customer service
- Integration of the LayerV business into existing operations

Trading for the second half of the year was challenging. The slower win rate in the second half of the year is largely due to reduced sales headcount coupled with the market fear of a "no-deal" Brexit, and full year churn was impacted by the extension of our largest customer. A plan was put in place at the end of the year to improve sales execution through improved sales processes and a targeted plan to recruit new business salespeople.

LayerV, an AWS-focused business acquired in 2017, was fully integrated into the Group, including closing the overseas operations in June and enhancing the skills and knowledge within the UK-based team to deliver these services.

Despite the headwinds to revenue growth, Pulsant has reported an improvement in normalised EBITDA, largely due to operational process improvements that yielded significant reduction in the cost base.

Key performance indicators

The directors use Key Performance Indicators ("KPIs") to monitor and assess the company performance. The figures in the table below provide the performance of the group for the years ending 31 December for 2019 and 2018. These figures include the performance of LayerV in 2018 and the first half of 2019 prior to incorporating those figures within the Pulsant trading results.

The principal financial KPIs are as follows:

KPIs	2019 £'000	2018 £'000	Growth %
Revenue	82,930	83,317	(0%)
Gross profit	21,521	21,193	2%
EBITDA before exceptional items [1]	21,985	19,879	11%
Management normalisation adjustments*	160	481	(67%)
EBITDA before exceptional items on normalised basis	22,145	20,360	9%

*Non-operational costs incurred in respect of property leases and non-executive director costs together with true up for licenses and other non-recurring items

The directors also monitor the following key performance measures to manage the business:

- Customer retention;
- Sales bookings from both existing and new customers;
- Data centre and cloud infrastructure utilisation; and
- Employee retention.

Outlook

With the arrival of COVID-19 and the inherent uncertainties that brings, we have conducted a thorough top to bottom review of the business, looking at our top 75% of customers on a line by line basis to assess potential for growth, contraction or potential payment issue. Whilst we do have customers within some of the sectors most affected by the current restrictions on movement, we consider the majority to have a high level of resilience. We have run various forecast scenarios including some extreme cases with no incremental business throughout Q2-Q4 of 2020 and in all cases we have sufficient liquidity through the entire 3 year reforecast period. So whilst we anticipate a small impact on our EBITDA for 2020 we are confident that we are well placed to come through the current difficulties without any impact on the services we provide to our customers, and our ability for growth in the future.

Prior to the COVID-19 outbreak, we were looking forward with confidence to seeing a reversal of the decline seen in the value of the contract bank in 2018 throughout 2019, although due to the timing we were anticipating a further slight contraction in revenue. We believe that both throughout the COVID-19 crisis and following that, organisations will continue to migrate their IT infrastructure to third party managed hosting and cloud computing environments, and the demand for data centre capacity continues to grow.

We believe we have the appropriate skills and experience to continue to deliver high quality cloud computing and data centre services to both existing customers and new customers. In addition, the company's partnership with Microsoft to deliver the benefits of Azure cloud services, including Azure Stack from the Pulsant's data centres, and its ability to provide AWS cloud services and Google Cloud Platform, gives Pulsant the capability to deliver and manage the full range of a customer's hosting requirements from colocation to private cloud and public cloud. Further, we expect further colocation opportunities to materialise this year and have appointed a colocation specialist at the end of 2018 to help us drive through growth in colocation.

---

[1] EBITDA is calculated as the operating loss per the Statement of Comprehensive Income (2019: £16,854k; 2018: £19,135k) plus any depreciation and amortisation within notes 10 and 11 (2019: £36,157k; 2018: £36,436k) and exceptional expenses within note 6 (2019: £2,682k; 2018: £2,578k).

Outlook - continued
Pulsant has continued to invest in its professional services teams, in order to provide transition and transformation services to organisations wanting to move to a cloud environment, and this continues to be a key factor in businesses selecting Pulsant to migrate and host their business-critical IT systems.

Pulsant aims to grow organically and through acquisitions, where appropriate in order to deliver both further scale and capability. Pulsant has the strong support of its shareholders and banking group to pursue such a strategy.

The environment
The Board is conscious that as a major data centre provider, Pulsant is a large user of power and it works to use power as efficiently as possible. This provides the twin benefits of minimising the business's carbon footprint and allowing it to deliver more cost-effective services to its customers.

Pulsant only buys green power, and all Pulsant data centres operate within the climate change agreement (CCA) as it applies to data centre operators. The aim of the CCA is to improve energy stewardship with participants undertaking to meet energy efficiency targets related to a reduction in power usage effectiveness (PUE).

Principal risks and uncertainties
Economic and market risks
The business environment and the level of general economic activity in the UK affect the demand for Pulsant's services. Any changes in economic activity may impact the demand for its services. However, other than a material, unexpected change in the use of IT, the Board anticipates that the demand for cloud computing and colocation services will continue to experience significant growth for the foreseeable future.

As part of Pulsant's investment strategy, market data is regularly reviewed in order to consider market developments and changes to the competitive landscape.

The key services offered provide for long term contracts and annuity revenue returns that deliver good returns on capital investments made.

Pulsant is not dependent on a small number of customers and the customer base is well diversified by sector and geography.

The Company has considered the effect of Brexit and is not expecting any significant impact from it but is continuously monitoring the situation.

Competition
The managed cloud, hosted IT and colocation market is large and fast growing and inevitably the market is competitive. The market is serviced by both large global organisations and smaller regional players, all competing for market share. The colocation market in particular can be impacted by new capacity being introduced by competitors in any particular region.

We believe that Pulsant offers exceptionally high levels of service, performance and availability, and a very broad range of services, backed up by world class infrastructure, systems and technical expertise, which sets it apart from the competition. This will allow Pulsant to continue to meet the needs of its existing customers as well as win new customers.

Employees
Pulsant recognises that it is dependent on the skill and experience of its employees to deliver the services that its customers expect. Pulsant aims to recruit and retain suitably skilled and experienced staff by offering competitive salaries, good employee benefits and a rewarding work environment.

Datacentre and network operation
The Directors believe that one of the key differentiators for Pulsant is that it delivers services from its own controlled and managed infrastructure, such as its own cloud platforms, data centres and core network.

The 100% availability of its data centres, core network and cloud platforms is fundamental to delivering services to Pulsant's customers. All data centres, networks and systems have fully resilient fail-over procedures with regular testing of back-up recovery plans.

There is an ongoing preventative maintenance programme to ensure that the data centres are operating as efficiently and effectively as possible. The core network connecting the ten data centres in the UK, the key third party data centres overseas and the Internet, is designed in a resilient manner in order that there are no single points of failure to ensure that the likelihood of network downtime is minimised.

Pulsant has gold standard maintenance contracts in place with key data centre equipment and network hardware and network security suppliers to support the achievement of 100% uptime.

Key suppliers
There are a number of key vendors whose services are critical to Pulsant. Wherever possible (such as with telecommunication services), the business purchases services from multiple vendors in order to ensure resilience. With most vendors, the risk is mitigated as Pulsant is aware of other vendors who could provide the same service or product with a manageable level of disruption. The business procures services from reputable suppliers in order to mitigate the risk of supplier failure and aims to maintain good working relationships with all key suppliers.

The power for all Pulsant's data centres is provided by SSE, one of the largest power distributors in the UK, as this currently provides best commercial value for Pulsant, although there are several other providers available if needed. All Pulsant's data centres have multiple UPS systems and backup generator facilities as an alternative source of power.

Future developments
The directors have undertaken a programme that sees us investing in people across our operational and sales teams to help deliver on our strategy and enhance customer service levels. This investment, coupled with the reduction in contract bank during 2019, will result in lower revenue and EBITDA in 2020 but will position the Company correctly to take advantage of future growth opportunities.

COVID-19
Management continue to monitor the impact of the virus on the business as more information about the pandemic emerges, with particular focus on the impact on customers, key suppliers, staff shortages and operational delays.

Approved by the board and signed on its behalf by:

DocuSigned by:
Brad Petzer
A970DCCF12AE4C0...
B M Petzer - Director

July 16, 2020
Date: ....

Pulsant Parent Limited

Directors' Report
For The Year Ended 31 December 2019

The directors have pleasure in submitting their Annual Report and audited financial statements for the year ended 31 December 2019.

Future developments
Details of future developments can be found in the Strategic Report on page 6 and form part of this report by cross reference.

Principal activity
The principal activity of the Group in the year under review was that of to act as a holding company for the Group.

Dividends
No dividend was paid or proposed during the period (2018: £nil).

Directors
The directors who served during the year are as follows:

B M Petzer
D S Scott
R A Coupland (Appointed on 28 October 2019)
N Sanfridsson (Resigned on 1 November 2019)

Directors' indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Charitable donations
The Group made charitable donations of £7,308 during the year (2018: £2,600).

Employees
A great deal of effort is devoted to providing clear and consistent communication of the Company strategy and plans to enable employees to deliver the strategy. Monthly meetings are held between management and employees through which management seeks to keep all employees informed of, and involved in, the progress and performance of Pulsant. We actively encourage the involvement of employees in the performance and success of Pulsant through the Company-wide employee bonus scheme.

Pulsant is committed to the personal and professional development of all employees and to ensuring that they have a challenging and rewarding work environment.

Pulsant ensures all employees receive at least the living wage and can work in a safe and pleasant workplace.

Pulsant employees are encouraged to "Give Something Back" by spending a working day away from work supporting a local community initiative or charity.

Equal opportunities
The Group is committed to being an equal opportunity employer and applies fair and equitable employment policies which seek to promote entry into and progression within the Group on a non-discriminatory basis.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Pulsant Parent Limited

Directors' Report - continued
For The Year Ended 31 December 2019

Going concern
The Directors, in their consideration of whether the Company is a going concern, have reviewed the Group's future cash forecasts and revenue projections, which have been prepared on the basis of market knowledge, past experience and current trading conditions.

The banking facilities are provided on a group wide basis, and the directors are of the opinion that the Company and the Group's forecasts and revenue projections, taking account of reasonable possible changes in trading performance, show that the Company and the Group should be able to operate within its current facilities. The Directors are mindful that the Company and the Group's management team has a strong focus on liquidity and cash flow management and that it is currently financed through term loan facilities expected to mature in 2023.

Since the end of 2019, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. As a result of this, the directors have considered the impact of COVID-19 on the Group's business and as noted in the Strategic Report, a specific and dedicated committee was set up to consider the impact on the business. As well as focusing on the impact on the health of staff, customer and suppliers alike, the committee also considered the impact on the Group's forecasts and funding positions. Within this review, the committee considered the Group's operational response with operations successfully transitioned to home working by the time the official lock down was announced in late March 2020. The Committee also considered how the pandemic might impact the Group's customer base and so performed a detailed review over the Group's contract bank covering over 75% of the contracts. This review considered the industry sector each customer operated in concluding that the Group's diverse customer base reduces the risk of any issues arising from over exposure to customers in certain industries more significantly impacted by COVID-19. To date, the Group has not seen any real change in payments from customers, evidencing that the Group's services are in many cases business critical services for our customers. The committee also assessed supply chain risk, communicating with all critical suppliers to ensure continuity of supply. To date no material issues have arisen but the committee has plans in place if required.

Having considered the above factors, the committee updated the Group's forecasts for various potential impacts including reduction in new win rates, increased customer churn, extension of debtor days and deferral of certain costs and discretionary spend. These scenarios were modelled over a period of time that forecast it would be mid 2021 before business returned to normal. Additional downside scenarios were also considered, extending the extent and period of the impact on the business. Under these forecast positions, the Group has significant liquidity and covenant headroom for the foreseeable future and although an additional £10m of committed funding was drawn down under the Group's existing revolving credit facility, it is not expected to be used and indeed the Group expects to repay this in the near future. The Group has continued to perform well through Q2 and as at end of June 2020 has £21m of available funding/cash.

The Directors continued to monitor the impact of the virus on the business as more information about the pandemic emerges with particular focus on the impact on staff shortages and operating delays. At the time of authorising the financial statements, the directors do not consider COVID 19 to impact the Group or company's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

Having assessed the responses of the Directors of Pulsant Group Holdings Limited to their enquiries and based on the forecast and projections, the Group's committed debt position and the projected cash generation from trading, the Directors continue to adopt the going concern basis in preparing the financial statements.

Pulsant Parent Limited

Directors' Report - continued
For The Year Ended 31 December 2019

Financial risk management
Pulsant's activities expose it to a number of financial risks, including liquidity risk, credit risk, commercial risk and managerial risk. Pulsant does not use derivative financial instruments for speculative purposes.

Liquidity risk
The Company manages liquidity risk by closely monitoring cash flow and forecasting cash flow for future periods. The Group's cash flow forecasts are updated regularly to ensure that sufficient funds are available to meet all financial commitments. Adequate cash reserves and banking facilities are maintained to support the future growth of the business.

Power is a significant cost to the business and Pulsant has a contract with an independent energy management company in order that it can closely monitor the movement in future power prices and hedge its forward position where appropriate. A sub-group of the Board acts as an Energy Risk Committee that meets every month (or more regularly if required) to review and determine future power purchasing strategies. The directors provide the energy management company with limits to the level of exposure to future price rises that the Company is willing to accept. This determines the proportion of future power requirements for which pricing is fixed at any point in time.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of a provision for doubtful receivables. A provision for impairment would be made where there was an identified loss event which, based on previous experience, was evidence of a reduction in the recoverability of the balance due.

Very few customers receive greater than 30 days credit terms and this minimises the impact of any non-payment. The Company closely monitors the payment history of all customers and communicates with a customer very early if payment is not received on the due date. Pulsant reserves the right to terminate service where no payment has been received. The potential credit risk is mitigated by a diversified customer base.

Large scale contracts are only signed with customers whom the directors are satisfied have a satisfactory credit rating.

Commercial risk
Pulsant seeks to mitigate commercial and operational risks through ensuring operational policies are followed, matching service level agreements with customers to service level agreements provided by suppliers, ensuring the credit control function is properly resourced and by ongoing review of changes in the industry.

All new customers' contracts are subject to a sales governance process which requires commercial, operational and financial sign off at different levels dependent on the standardisation of the service that is to be provided, the complexity and the scale.

The sales governance process is delivering efficiencies into the project management and transitioning functions as improved data capture and specification of the customer requirements at the pre-contract stage allows the resource and timescales required to deliver a particular customer project to be properly considered and factored into the contract.

Managerial risk
Pulsant has a highly regarded and experienced management team and all the directors are shareholders who would be financially disadvantaged by leaving the business.

Pulsant Parent Limited

Directors' Report - continued
For The Year Ended 31 December 2019

Internal control
The Board approves the budget for the following year.

The Board reviews the monthly management accounts and other key business metrics against the budget and obtains explanations for variances from the budget.

The Board approves all large-scale capital expenditure.

There is a delegation of authority matrix which governs all purchase approvals, bank payments, non-standard customer contracts and pricing models.

Auditor
Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that they ought to have taken as a director in order to make himself 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by:

DocuSigned by:
Brad Petzer
A97DDCCF12AE4C0...
B M Petzer - Director

July 16, 2020
Date: ....

Pulsant Parent Limited

Directors' Responsibilities Statement
For The Year Ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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.

Independent Auditor's Report to the Members of
Pulsant Parent Limited

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

We have audited the financial statements of Pulsant Parent Limited (the 'Parent Company') and its subsidiaries (the 'Group') which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statement is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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

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

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Pulsant Parent Limited - continued

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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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 their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Independent Auditor's Report to the Members of
Pulsant Parent Limited - continued

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.

DocuSigned by:
David Mitchell
CB6C540B204A481...
David Mitchell CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow
United Kingdom

Date: July 17, 2020

Pulsant Parent Limited

Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	82,930	83,317
Cost of sales		(61,409)	(62,124)
Gross profit		21,521	21,193
Administrative expenses		(35,693)	(37,750)
Exceptional expenses	6	(2,682)	(2,578)
Total administrative expenses		(38,375)	(40,328)
Operating loss		(16,854)	(19,135)
Fair value loss on interest rate swaps		(171)	(235)
Interest payable and similar expenses	5	(9,391)	(10,278)
Loss before taxation	6	(26,416)	(29,648)
Tax on loss	7	1,790	2,540
Loss for the financial year		(24,626)	(27,108)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(24,626)	(27,108)

The results for the current year and prior year have been derived from wholly continuing activities. There have been no gains and losses than those presented above.

The notes form part of these financial statements

Pulsant Parent Limited

Consolidated Balance Sheet
31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	130,545	154,756
Tangible assets	11	28,927	34,942
Investments	12	-	-
		159,472	189,698
Current assets			
Stocks		72	16
Debtors	13	13,333	15,504
Cash at bank and in hand		3,631	3,487
		17,036	19,007
Creditors			
Amounts falling due within one year	14	(11,746)	(14,488)
Net current assets		5,290	4,519
Total assets less current liabilities		164,762	194,217
Creditors			
Amounts falling due after more than one year	15	(133,990)	(133,474)
Deferred tax liability	17	(5,325)	(7,426)
Provisions for liabilities		(60)	(240)
Deferred income	18	(8,800)	(11,864)
Net assets		16,587	41,213
Capital and reserves			
Called up share capital	19	143,614	143,614
Retained earnings		(127,027)	(102,401)
Shareholders' funds		16,587	41,213

The financial statements of Pulsant Parent Limited (Company Registration No. 09075228) were approved by the Board of Directors and authorised for issue on July 16, 2020

They were signed on its behalf by:

DocuSigned by:
Brad Petzer
A97DDCCF12AE4C0...
B M Petzer - Director

The notes form part of these financial statements

Pulsant Parent Limited

Company Balance Sheet
31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	12	143,614	143,614
Total assets less current liabilities		143,614	143,614
Capital and reserves			
Called up share capital	19	143,614	143,614
Shareholders' funds		143,614	143,614

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Company is not presented as part of these financial statements. The Company's result for the year, determined in accordance with the Act was a result after tax of £nil (2018: £nil).

The financial statements of Pulsant Parent Limited (Company Registered No. 09075228) were approved by the Board of Directors and authorised for issue on July 16, 2020

They were signed on its behalf by:

DocuSigned by:
Brad Petzer
A87DDCCF12AE4C0...
B M Petzer - Director

The notes form part of these financial statements

Pulsant Parent Limited

Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	143,614	(75,293)	68,321
Total comprehensive loss	-	(27,108)	(27,108)
Balance at 31 December 2018	143,614	(102,401)	41,213
Total comprehensive loss	-	(24,626)	(24,626)
Balance at 31 December 2019	143,614	(127,027)	16,587

The notes form part of these financial statements

Pulsant Parent Limited

Company Statement of Changes in Equity
For The Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	143,614	-	143,614
Balance at 31 December 2018	143,614	-	143,614
Balance at 31 December 2019	143,614	-	143,614

The notes form part of these financial statements

Pulsant Parent Limited

Consolidated Statement of Cash Flows
For The Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	20	15,490	15,014
Net cash from operating activities		15,490	15,014
Cash flows from investing activities			
Purchase to acquire intangible assets		(338)	(141)
Purchase to acquire tangible assets		(5,594)	(5,100)
Net cash from investing activities		(5,932)	(5,241)
Cash flows from financing activities			
New loans raised		-	135,000
Repayments of borrowings		-	(132,465)
Interest paid		(9,111)	(8,920)
Capital element of hire purchase contract		(303)	(504)
Fees associated with financing		-	(2,030)
Net cash from financing activities		(9,414)	(8,919)
Increase in cash and cash equivalents		144	854
Cash and cash equivalents at beginning of year	21	3,487	2,633
Cash and cash equivalents at end of year	21	3,631	3,487

The notes form part of these financial statements

1. Accounting policies

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

a. General information and basis of accounting

Pulsant Parent Limited is a private company limited by shares registered in England and Wales, incorporated in the United Kingdom under the Companies Act 2006 (Company Registration No. 09075228). The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 6.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Pulsant Parent Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Pulsant Parent Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to financial instruments and presentation of a Cash Flow Statement.

For the year ended 31 December 2019, the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary Name	*Companies House Registration Number*
Business Continuity Centres Limited	04834297
Campbell Lee Computer Services Limited	SC062818
Campbell Lee Limited	SC145587
Databanx Limited	04759836
LayerV Holdings Limited	10790867
LayerV Limited	08783277
Onyx Information Technology Holdings Limited	07725048
Pulsant Intermediate Limited	06536037

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2019. The results of subsidiaries acquired are consolidated from the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1. **Accounting policies - continued**

c. Going concern

The Directors, in their consideration of whether the Company is a going concern, have reviewed the Group's future cash forecasts and revenue projections, which have been prepared on the basis of market knowledge, past experience and current trading conditions.

The banking facilities are provided on a group wide basis, and the directors are of the opinion that the Company and the Group's forecasts and revenue projections, taking account of reasonable possible changes in trading performance, show that the Company and the Group should be able to operate within its current facilities. The Directors are mindful that the Company and the Group's management team has a strong focus on liquidity and cash flow management and that it is currently financed through term loan facilities expected to mature in 2023.

Since the end of 2019, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. As a result of this, the directors have considered the impact of COVID-19 on the Group's business and as noted in the Strategic Report, a specific and dedicated committee was set up to consider the impact on the business. As well as focusing on the impact on the health of staff, customer and suppliers alike, the committee also considered the impact on the Group's forecasts and funding positions. Within this review, the committee considered the Group's operational response with operations successfully transitioned to home working by the time the official lock down was announced in late March 2020. The Committee also considered how the pandemic might impact the Group's customer base and so performed a detailed review over the Group's contract bank covering over 75% of the contracts. This review considered the industry sector each customer operated in concluding that the Group's diverse customer base reduces the risk of any issues arising from over exposure to customers in certain industries more significantly impacted by COVID-19. To date, the Group has not seen any real change in payments from customers, evidencing that the Group's services are in many cases business critical services for our customers. The committee also assessed supply chain risk, communicating with all critical suppliers to ensure continuity of supply. To date no material issues have arisen but the committee has plans in place if required.

Having considered the above factors, the committee updated the Group's forecasts for various potential impacts including reduction in new win rates, increased customer churn, extension of debtor days and deferral of certain costs and discretionary spend. These scenarios were modelled over a period of time that forecast it would be mid 2021 before business returned to normal. Additional downside scenarios were also considered, extending the extent and period of the impact on the business. Under these forecast positions, the Group has significant liquidity and covenant headroom for the foreseeable future and although an additional £10m of committed funding was drawn down under the Group's existing revolving credit facility, it is not expected to be used and indeed the Group expects to repay this in the near future. The Group has continued to perform well through Q2 and as at end of June 2020 has £21m of available funding/cash.

The Directors continued to monitor the impact of the virus on the business as more information about the pandemic emerges with particular focus on the impact on staff shortages and operating delays. At the time of authorising the financial statements, the directors do not consider COVID 19 to impact the Group or company's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

Having assessed the responses of the Directors of Pulsant Group Holdings Limited to their enquiries and based on the forecast and projections, the Group's committed debt position and the projected cash generation from trading, the Directors continue to adopt the going concern basis in preparing the financial statements.

1. **Accounting policies - continued**

d. Intangible assets
Goodwill arising on acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 10 years. Provision is made for any impairment when identified.

Customer relationships are recognised at fair value of the identifiable assets and written off on a straight line basis over its estimated useful economic life, which is 10 years. Provision is made for any impairment when identified.

e. Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of tangible fixed assets in equal instalments over the estimated useful economic lives of the assets. The annual rates of depreciation are as follows:

Computer equipment	25% straight-line
Fixtures, fittings & equipment	25% straight-line
Property fit out costs	7% - 10% straight-line
Buildings	2% straight line

Land is not depreciated.

f. Investments
Investments held as fixed assets are stated at cost less provision for any impairment.

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

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

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

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

1. **Accounting policies - continued**

g. Financial instruments - continued
Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

Equity instruments
Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

1. **Accounting policies - continued**

g. *Financial instruments - continued*

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. **Accounting policies - continued**

i. Revenue recognition
Services - revenue from colocation, cloud, managed hosting services, managed networks and other services is recognised on a straight line basis over the contract term.

Non-refundable set up fees - revenue generated from setting up customers at the incorporation of new or improved services is recognised on the date the service commences.

To the extent that invoices are raised to a different pattern from the dates of the recognition of revenues described above, appropriate adjustments are made through deferred or accrued income.

Professional services - revenue from consultancy services is recognised based on work completed.

j. Employee benefits
The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement Of Comprehensive Income in the year they are payable.

k. Leases
Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Statement of Comprehensive Income over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

l. Acquisitions
On the acquisition of a business, fair values are attributed to the net separable assets acquired. Where the cost of acquisition exceeds the fair values attributed to such net assets, the difference is treated as purchased goodwill and capitalised in the Balance Sheet in the year of acquisition. The results relating to a business are included in the Consolidated Statement of Comprehensive Income from the date of acquisition.

m. Exceptional items
Exceptional items, as disclosed on the face of the Statement of Comprehensive Income, are items which due to their materiality and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to highlight the impact of exceptional items on the results of the Group.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies
Assessing goodwill, intangible assets and fixed assets for impairment
Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Management consider each period whether there is any indication of impairment in relation to fixed asset investments. An assessment of the risk of impairment was initially made through reference to net assets of the subsidiary. Where the book value exceeded net assets, a calculation of the estimated future cash flows expected to arise as a result of trading activities was performed. A discount rate of 8.48% was applied in order to calculate the present value of the future cash flows. As at 31 December 2019 no impairment of the carrying value was required.

There are no key sources of estimation uncertainty in view of the directors.

3. Turnover

Turnover represents amounts derived from the provision of managed hosted IT services in which fall within the Group's ordinary activities after deduction of trade discounts and value added tax.

	2019 £'000	2018 £'000
Services	75,784	77,462
Non-refundable setup fees	3,933	2,288
Professional services	3,213	3,567
	82,930	83,317

Turnover for the Group activities relates wholly to sales made in the United Kingdom.

4. Employees and directors

	2019 £'000	2018 £'000
Wages and salaries	16,053	19,254
Social security costs	1,528	2,012
Other pension costs	594	550
	18,175	21,816

R A Coupland, B M Petzer and D S Scott are also directors of Pulsant Acquisitions Limited. The three directors received total remuneration of £545,802 (2018: £582,671) from Pulsant Acquisitions Limited, but it is not practicable to allocate this between their services as directors of Pulsant Acquisitions Limited and Pulsant Parent Limited.

Highest paid director was paid a total amount of £242,021 (2018: £301,789) and pension contributions of £10,600 (2018: £10,105) in respect of services to the Group.

Directors' remuneration in the current and prior year was borne by another group undertaking.

The average number of employees (including executive directors) during the year was as follows:

	2019 No.	2018 No.
Technical	243	283
Sales and distribution	44	58
Administration	35	37
	322	378

There were no pension scheme contributions outstanding at the balance sheet date.

5. Interest payable and similar expenses

	2019 £'000	2018 £'000
Bank loan interest	8,513	8,931
Interest on amounts owed to group undertakings	73	73
Swap interest	314	82
Asset finance interest	30	32
Amortisation of finance costs	406	668
Fees associated with financing	55	492
	9,391	10,278

6. Loss before taxation

	2019 £'000	2018 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets (note 11)		
- owned assets	11,304	11,546
- leased assets	304	310
Amortisation of intangible assets (note 10)	24,549	24,580
Rentals under operating leases	3,369	3,205
Exceptional items - non-recurring integration and restructuring costs	2,682	2,578

Exceptional items in the current and prior year relate to non-recurring integration and restructuring fees.

Amortisation of intangible assets are included within administrative expenses.

The analysis of auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	7	7
Fees payable to the company's auditor for other audit services to the Group		
- The audit of the company's subsidiaries pursuant to legislation	161	161
Total audit fees	168	168
- Taxation compliance services	166	166
- Other services	23	23
- Corporate finance services	69	92
Total non-audit fees	258	281

All non-audit services were approved by the Board of Directors. The tax services performed during the period relate to the provision of corporate tax compliance across the Group.

7. Tax on Loss

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	311	(14)
Adjustment in respect of previous periods	-	43
Total current tax	311	29
Deferred tax:		
Origination and reversal of timing differences	(2,212)	(2,605)
Adjustments in respect of previous periods	30	(77)
Effect of change in tax rate	81	113
Total deferred tax	(2,101)	(2,569)
Tax on loss	(1,790)	(2,540)

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK.

	2019 £'000	2018 £'000
Loss before tax	(26,416)	(29,648)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(5,019)	(5,633)
Effects of:		
Expenses not deductible for tax purposes	261	3,039
Adjustments from previous period	(5)	(25)
Non-taxable income	2,892	-
Effects of group relief	-	(34)
Tax rate changes	81	113
Total tax credit	(1,790)	(2,540)

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at 17%. The rate of change will affect the size of the Company's deferred tax assets and liabilities in the future.

8. **Statement of Comprehensive Income**

As permitted by Section 408 of the Companies Act 2006, The Statement of Comprehensive Income of the Company is not presented as part of these financial statements. The Company's result for the year, determined in accordance with the Act was a result after tax of nil (2018: £nil).

9. **Dividends**

No dividend was paid or approved during the year (2018: £nil).

10. **Intangible fixed assets**

Group

	Goodwill £'000	Customer relationships £'000	Development costs £'000	Totals £'000
Cost				
At 1 January 2019	170,405	83,717	-	254,122
Additions	-	-	338	338
At 31 December 2019	170,405	83,717	338	254,460
Amortisation				
At 1 January 2019	66,943	32,423	-	99,366
Amortisation for year	16,127	8,372	50	24,549
At 31 December 2019	83,070	40,795	50	123,915
Net book value				
At 31 December 2019	87,335	42,922	288	130,545
At 31 December 2018	103,462	51,294	-	154,756

Customer relationships and goodwill arising on acquisition in 2014 are considered material to the group. The carrying amounts as at 31 December 2019 were £25.5m and £58.9m respectively (2018: customer relationships: £31.2m, goodwill: £71.7m) and has an estimated remaining useful life of 4.5 years.

Customer relationships and goodwill arising on acquisition in 2016 are considered material to the group. The carrying amounts as at 31 December 2019 were £16.9m and £26.6m respectively (2018: customer relationships: £19.6m, goodwill: £29.7m) and has an estimated remaining useful life of 7.5 years.

Customer relationships and goodwill arising on acquisition in 2017 are considered material to the group. The carrying amounts as at 31 December 2019 were £0.5m and £1.8m respectively (2018: customer relationships: £0.5m, goodwill: £2m) and has an estimated remaining useful life of 7.5 years.

11. **Tangible fixed assets**

Group

	Land and buildings £'000	Computer equipment £'000	Property fit out costs £'000	Fixtures fittings and equipment £'000	Totals £'000
Cost					
At 1 January 2019	8,062	34,604	55,896	1,658	100,220
Additions	-	2,335	3,103	156	5,594
Disposals	-	-	-	(12)	(12)
At 31 December 2019	8,062	36,939	58,999	1,802	105,802
Depreciation					
At 1 January 2019	2,447	22,763	38,836	1,232	65,278
Charge for year	233	5,733	5,498	144	11,608
Disposals	-	-	-	(11)	(11)
At 31 December 2019	2,680	28,496	44,334	1,365	76,875
Net book value					
At 31 December 2019	5,382	8,443	14,665	437	28,927
At 31 December 2018	5,615	11,841	17,060	426	34,942

Included within the net book value of Computer equipment is £nil (2018: £304k) relating to assets held under finance leases. The depreciation charged in the year in respect of such assets amounted to £304k (2018:£310k)

12. **Fixed asset investments**

Company

	Shares in group undertakings £'000
Cost	
At 1 January 2019 and 31 December 2019	143,614
Net book value	
At 31 December 2018 and 31 December 2019	143,614

Pulsant Parent Limited

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 December 2019

12. **Fixed asset investments - continued**

The following information relates to the subsidiary undertakings:

Name of company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity	Registered address
Pulsant Acquisitions Limited	UK	100%	Intermediate holding company	**
Pulsant Topco Limited*	UK	100%	Intermediate holding company	**
Pulsant Midco 1 Limited*	UK	100%	Intermediate holding company	**
Pulsant Midco 2 Limited*	UK	100%	Intermediate holding company	**
Pulsant Bidco Limited*	UK	100%	Intermediate holding company	**
Edinburgh Network Technologies Limited*	UK	100%	Intermediate holding company	***
Pulsant (Scotland) Limited*	UK	100%	Dormant	***
Lumison Limited*	UK	100%	Dormant	***
Pulsant Intermediate Limited*	UK	100%	Intermediate holding company	**
Pulsant Facilities Limited*	UK	100%	Dormant	**
Pulsant Data MK Limited*	UK	100%	Dormant	**
Mew Property Limited*	UK	100%	Property	**
Pulsant Shared Services Limited*	UK	100%	Dormant	**
Pulsant Data Services Limited*	UK	100%	Dormant	**
Bluesquare Data Services Limited*	UK	100%	Dormant	**
Bluesquare Data MK Limited*	UK	100%	Dormant	**
Pulsant Limited*	UK	100%	Data Centre Services	**
Dedipower Managed Hosting Limited*	UK	100%	Dormant	**
Dedipower Asia Limited*	Hong Kong	100%	Data Centre Services	16/F Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Pulsant Inc*	UK	100%	Data Centre Services	1209 Orange Street, Wilmington, New Castle, Delaware 19801 USA

12. **Fixed asset investments - continued**

Scolocate (Holdings) Limited*	UK	100%	Intermediate holding company	***
Pulsant (South Gyle) Limited*	UK	100%	Dormant	***
Scolocate Limited*	UK	100%	Dormant	***
Onyx Information Technology Holdings Limited*	UK	100%	Intermediate holding company	**
Onyx Trustees Limited*	UK	100%	Employment Benefit Trust	**
Onyx Group Limited*	UK	100%	Intermediate holding company	**
Knowledge Limited*	UK	100%	Dormant	**
Business Continuity Centres Limited*	UK	100%	Dormant	**
Yorkshire Data Centres Limited	UK	100%	Dormant	**
Onyx Internet Limited*	UK	100%	Data Centre Services	**
Databanx Limited*	UK	100%	Data Centre Services	**
Campbell Lee Limited*	UK	100%	Intermediate holding company	***
Campbell Lee Computer Services Limited*	UK	100%	Dormant	***
LayerV Holdings Limited *	UK	100%	Intermediate holding company	**
LayerV Ltd *	UK	100%	Cloud services	**
UAB LayerV LT*	Lithuania	100%	Cloud services	Vilniaus m. sav Vilniaus m. Liejklos g. 3

The directors have elected to take advantage of the exemption from audit under s.479A of the Companies Act in respect of the following entities:

Name of company	**Country of incorporation**	**Proportion of nominal value of issued share capital held**	**Principal activity**	**Registered address**
Databanx Limited*	UK	100%	Dormant	**
Business Continuity Centres Limited*	UK	100%	Dormant	**
LayerV Ltd*	UK	100%	Cloud services	**
Campbell Lee Computer Services Limited*	UK	100%	Dormant	***
Campbell Lee Limited*	UK	100%	Intermediate holding company	***
LayerV Holdings Limited*	UK	100%	Intermediate holding company	**
Onyx Information Technology Holdings Limited*	UK	100%	Intermediate holding company	**

12. **Fixed asset investments - continued**

* Held indirectly
** Blue Square House, Priors Way, Maidenhead, England, SL6 2HP
*** Sirius House The Clocktower, Flassches Yard, Edinburgh, EH12 9LB

All subsidiary undertakings noted above have been included within these consolidated accounts.

13. **Debtors: amounts falling due within one year**

	Group	
	2019	**2018**
	£'000	**£'000**
Trade debtors	7,829	8,385
Other debtors	474	1,193
Corporation tax recoverable	-	380
Prepayments and accrued income	5,030	5,546
	13,333	15,504

14. **Creditors: amounts falling due within one year**

	Group	
	2019	**2018**
	£'000	**£'000**
Trade creditors	3,607	4,118
Amounts owed to Group undertakings	674	1,377
Corporation tax	5	-
Taxation and social security	1,663	1,843
Other creditors and accruals	5,797	6,851
Finance leases	-	299
	11,746	14,488

Amounts owed to Group undertakings are repayable on demand and accrue interest at a rate of 5%.

15. **Creditors: amounts falling due after more than one year**

	Group	
	2019	**2018**
	£'000	**£'000**
Bank loans (see note 16)	133,584	133,234
Finance leases (see note 24)	-	5
Derivative financial instrument (see note 23)	406	235
	133,990	133,474

16. Loans

	Group	
	2019	**2018**
	£'000	**£'000**
Bank loans	133,584	133,234

The bank loans and loan notes are repayable as follows:

Group - 2019

	Bank loans £'000
Within one year	-
Between one and two years	-
Between two and five years	135,000
After more than five years	-
	135,000
Issue costs	(1,416)
	133,584

Group - 2018

	Bank loans £'000
Within one year	-
Between one and two years	-
Between two and five years	135,000
After more than five years	-
	135,000
Issue costs	(1,766)
	(133,234)

The bank loans are secured by fixed and floating charges on the assets of the Group.

On 31 May 2018, the Group completed a refinancing of all existing bank debt as a result of which all bank loans listed above were repaid in full.

Under the new financing arrangement, the senior debt consists of £135,000,000 repayable in May 2023 and carries interest at 5.25% above LIBOR.

There is also a revolving credit facility of £10,000,000 which has been drawn down in March 2020 and which is repayable in May 2023 and carries interest at 5.25% above LIBOR.

17. Provisions for liabilities

	Group	
	2019	**2018**
	£'000	**£'000**
Deferred tax liability		
On 1 January 2019	(7,426)	(9,999)
Acquired	-	-
Deferred tax credit in the year (note 7)	2,131	2,569
Prior period adjustment	(30)	4
At 31 December 2019	(5,325)	(7,426)

The amounts of deferred taxation recognised are as follows:

	2019	**2018**
	£'000	**£'000**
Accelerated capital allowances	1,847	1,316
Short-term timing difference	-	16
Intangible fixed assets	(7,339)	(8,929)
Non trading timing differences	101	78
Losses	66	93
	(5,325)	(7,426)

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

The UK corporation tax rate for the year was 19%.

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax liability would have been £579,590 higher.

18. Deferred income

	Group	
	2019	**2018**
	£'000	**£'000**
Balance at 1 January 2019	11,864	12,077
Decrease in deferred income in the year	(3,064)	(213)
Balance at 31 December 2019	8,800	11,864

Deferred income is presented separately on the Balance Sheet as the directors consider this to reflect the Group's commitments in a true and fair view.

19. Called up share capital

Allotted, issued and fully paid:

Number:	**Class:**	**Nominal value:**	**2019 £'000**	**2018 £'000**
143,613,028	Ordinary shares	£1.00 each	143,614	143,614

The main rights attaching to the shares are as follows:
Dividend shall be paid to the ordinary shareholders (pari passu) in proportion to the amounts paid up on the shares held.

On a return of assets, whether in a winding-up or reduction in capital or otherwise, the assets and retained profits of the Company available for distribution among the members shall be applied in distributing such assets and retained profits amongst the ordinary shareholders (pari passu) in proportion to the amounts paid up on the shares held.

Ordinary shares shall have one vote for every ordinary share held.

20. Reconciliation of operating cash to net cashflow from operating activities

	2019 £'000	**2018 £'000**
Operating loss	(16,854)	(19,135)
Depreciation charges	11,608	11,856
Amortisation charges	24,549	24,580
Fees associated with finance	171	1,160
(Increase)/decrease in stocks	(56)	54
Decrease/(increase) in trade and other debtors	2,171	(2,089)
Decrease in trade and other creditors	(6,197)	(1,086)
Tax paid	98	(326)
Cash generated from operations	15,490	15,014

21. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	2019 £'000	**2019 £'000**
Cash and cash equivalents	3,631	3,487

Year ended 31 December 2018

	2018 £'000	**2018 £'000**
Cash and cash equivalents	3,487	2,633

22. Analysis of changes in net debt

	At 1.1.19 £'000	Cash flow £'000	At 31.12.19 £'000
Net cash			
Cash at bank and in hand	3,487	144	3,631
	3,487	144	3,631
Debt			
Debts falling due after 1 year	(133,474)	(517)	(133,991)
	(133,474)	(517)	(133,991)
Total	(129,987)	(373)	(130,360)

23. Financial instruments

The Group use interest rate swaps to manage its exposure to interest rate movements on its bank and institutional borrowings. Contracts with nominal values of £90,000,000 (2018: £90,000,000) fix interest on variable rate debts at an average rate of 1.349% (2018: 1.349%) for periods up until 2019.

The fair values of interest rate swaps are determined using market values of equivalent instruments at the Balance Sheet date.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	2019		2018	
	Notional value £'000	Fair value (liability) £'000	Notional value £'000	Fair value (liability) £'000
Maturity date				
Within one year	-	-	-	-
Two to five years	90,000	(406)	90,000	(235)
	90,000	(406)	90,000	(235)

The movement in fair values loss of £171,339 is shown on the face of the Statement Of Comprehensive Income (2018: loss of £235,291).

24. Commitments and other contractual obligations

Commitments under finance leases

Capital commitments are as follows:

	2019 £'000	2018 £'000
Within one year	-	299
Between one and five years	-	5
	-	304

Future minimum lease payments on finance leases are as follows:

	2019 £'000	2018 £'000
Within one year	-	331
Between one and five years	-	5
	-	336

Commitments under operating leases

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

	Land and buildings	
	2019 £'000	2018 £'000
Within one year	2,713	3,024
Between one and five years	8,761	9,293
More than five years	8,959	10,711
	20,433	23,028

25. Post balance sheet events

Financing
On 18 June 2020 a subsidiary in the Group, Pulsant Group Limited, issued £20,000,000 of new Senior Secured Loan Notes to existing investors. This capital injection was loaned down the company structure through Intercompany Loan Agreements to Pulsant Acquisitions Limited who used it to make a voluntary prepayment of the Senior Term Loan B to the same value. This does not impact the current year results.

COVID-19
The current pandemic has had an impact on businesses and individuals around the world, including Pulsant's employees, customers and suppliers. A specific and dedicated COVID-19 risk committee was established in March 2020 to manage the Group's response to the pandemic. This committee is responsible for monitoring the threat levels and pronouncements from the governments and various health bodies. It is also responsible for implementing risk mitigation strategies to ensure that our employees, customers and suppliers are safe guarded, to ensure that the business can continue to deliver services to its customers and to ensure that supply-chain risk can be managed. It is also responsible for managing the internal and external communication plans. This does not impact the current year results.

26. Related party transactions

Fees totalling £69,433 (2018: £59,000) relating to out of pocket expenses were charged by Oak Hill Capital Management LLC, who are connected to the ultimate controlling party OHCP MGP III Limited. £20,716 were accrued at 31 December 2019 (2018: £37,695).

The remuneration for key management personnel for the year totalled £1,029,464 (2018: £970,878).

27. Immediate and ultimate parent undertakings

The ultimate controlling party is OHCP MGP III Limited (registered office address c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005 Cayman Islands). The smallest and largest UK group which the results of this company are consolidated is that headed by Pulsant Group Holdings Limited the (registered office address Blue Square House, Priors Way, Maidenhead, SL6 2HP) who is also the immediate parent company of Pulsant Parent Limited.