Registered number: 12534032

Project Mountain Holdco Limited

Annual Report and Consolidated Financial Statements

For the period from incorporation on 25 March 2020 to 31 December 2020

Contents

Company Information

Directors
Catherine Greening (appointed 14 May 2020)
Irina Hemmers (appointed 31 March 2020)
Richard Bishop (appointed 14 May 2020)
Ian Brown (appointed 14 July 2020)
Carl Wormald (appointed 31 March 2020)

Auditor
Deloitte LLP
Statutory Auditor
The Hanover Building,
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Strategic Report

The directors of Project Mountain Holdco Limited present their strategic report on the affairs of the Group together with the audited financial statements and independent auditor's report for the 281 day period from incorporation on 25 March 2020 to 31 December 2020.

Business overview

Project Mountain Holdco Limited was incorporated on 25 March 2020. On 14 May 2020, the Group acquired 100% of the share capital of UKFast Group Limited, including its subsidiaries, for consideration of £154,600,363. Prior to this, the Group was dormant, so all the results in the profit and loss account relate to the acquisition. These financial statements report the 281 day period from the date of incorporation to 31 December 2020. These audited financial statements form the highest level at which the results of the Group are consolidated and are the first financial period in which these accounts are prepared.

The Group delivers market-leading cloud and hosting platforms for businesses and government organisations to outsource critical IT infrastructure, through wholly owned trading subsidiaries UKFast.net Limited, ClearCloud Integration Ltd and Secure Information Assurance Ltd. On 31 December 2020, the trade and assets of ClearCloud Integration Ltd were transferred to UKFast.net Limited. It is the first period of account for this company, and therefore any comparative information included in this Strategic Report relates to the sub-group headed by UKFast Group Limited.

2020 was another successful year for the Group, despite COVID-19, with a 2% growth in like for like revenue (based on the 12 month period to 31 December 2020 compared to the 12 month period to 31 December 2019). Adjusted EBITDA[1] grew by 0.5% in the same 12 month period.

In the period ended 31 December 2020, the Group reported an EBITDA profit of £14,714,000 (calculated as earnings before interest, tax, depreciation, amortisation and exceptional items) and a loss after tax of £34,778,000. The loss after tax is driven by amortisation of goodwill of £21,553,000 and interest charges of £20,643,000. As at 31 December 2020, the Group had net current liabilities of £11,769,000, driven by a £16,000,000 deferred consideration payment to be made to the founders and total assets less current liabilities of £324,753,000. Net cash inflow from operating activities for the Group in the period was £4,060,000, finishing the period with cash and cash equivalents of £9,183,000.

Headcount remained broadly constant at an average of 345 employees (FY19: 358).

Financial highlights

The directors consider the key performance indicators for the Project Mountain Holdco Group to be:

	Period ended 31 December 2020
	£'000s
Turnover	39,122
Gross Margin	74.7%
Adjusted EBITDA	14,714
EBITDA	13,048

[1] Adjusted EBITDA represents the operating profit, adjusted to exclude the impact of depreciation, amortisation, exceptional items, charitable donations, and the loss on disposal of fixed assets.

Strategic Report (continued)

Section 172(1) statement

In performing their duties under section 172 of the Companies Act 2016, the directors of the Group, whilst aiming to promote the success of the Group, also remain conscious of the impact their decisions have on employees, customers, suppliers, lenders, investors, communities and the environment.
The business provides critical IT infrastructure services to its customers and its relationships with customers are characterised by multi-year contracts and many of its customer trading relationships are long-term in nature. The Group has a number of key suppliers where it has built strong relationships and developed mutually beneficial and lasting partnerships. The Group is committed to providing excellent career development and training opportunities for its employees and engages in regular dialogue with its employees.
The Group engages in regular dialogue with its key stakeholders to understand their perspectives, expectations, needs and concerns, so that it can integrate stakeholders' considerations into its plans.
The key decisions taken by directors during the financial period and the impact on stakeholders considered are:

- Investment by Inflexion in May 2020 to take a controlling interest in the UKFast Group and to support the growth of the business, enable investment in new services for customers and provide development opportunities for employees.
- Securing 6.5 year debt facility for the Group in September 2020 replacing the existing £100m facility. The bank facilities provide long-term funding for the Group.
- Maintaining prompt payment practices to suppliers.
- Investing in training for employees, with a commitment to digital training and education to upskill and develop employees.
- Close communication with a very broad range of customers during the COVID-19 pandemic to understand the impact on their business and work closely with them during the challenging period.
- Continuously reviewing our energy consumption whilst looking for efficiencies within data centres, this includes a shift away from the use of diesel to electric pool cars. This has resulted in a 22% reduction in diesel consumption.
- The business is looking to increase its investment in infrastructure (both hardware and customer facing software) to £8.7m in 2021

COVID-19

COVID-19 was a new illness that spread globally during the year and was classified as a global pandemic by the World Health Organisation in March 2020.
Throughout the year, the Group's activities continued to operate as normal and the Group is committed to:

- Keeping all of our people safe, following all Government guidelines including through social distancing measures, establishing COVID-19 secure workplaces and working from home where possible; and
- Continuing to operate and provide our customers, including central and local government and the NHS, with essential services.

Although the directors cannot predict the extent and duration of the outbreak, they have undertaken a rigorous assessment of the potential impact of COVID-19 on profitability and liquidity over the next 12 months. Additionally, at the commencement of the outbreak, the directors implemented a series of actions to preserve cash, and engage with a broad range of the Group's customers to understand the impact that the pandemic might have. The Group took advantage of the ability to defer certain VAT and Corporation Tax payments during Q2 2020, all of which have been paid back by 31 December 2020. The Group also initially took advantage of the Coronavirus Job Retention Scheme in the early days of the pandemic however all claims have been repaid in full post year-end, the amounts claimed, totalling £98,000, did not have a material impact on the results for the period. The results of the analysis indicate that it is appropriate for the Group to prepare the financial statements on a going concern basis.

Strategic Report (continued)

Risk management

Like all businesses the Group faces a range of risks and uncertainties that could impact the delivery of the long-term strategy, spanning operational, finance, market and regulatory.

This section is intended to highlight the principal risks and uncertainties affecting the Group's business. Some risks may be unknown to the Group and therefore this section may not provide an exhaustive and comprehensive analysis of all risks and uncertainties which could have the potential to adversely impact the Group's business.

The Group has a risk management process for identifying, evaluating and managing significant risks. The Group risk register captures the most significant risks facing the Group. Each risk is assigned to a senior management owner responsible for monitoring and evaluating the risk and the appropriate mitigation strategies.

Key risks

Market risks

The Group competes with a wide variety of cloud and hosting providers, both in the UK and overseas, and failure to keep abreast of market and product trends could impact financial performance and growth. The Group monitors market developments closely and undertakes strategic reviews of the broader market periodically.

The Group also puts significant internal resource into new product development – with a team of colleagues focused in this area – and regularly launches new products based on customer feedback and needs.

Operational risks

Continuity of service in the Data Centres is critical and any interruption of supply is a key risk. The Group operates from four separate data centre halls across Manchester all of which have spare capacity. Any issue at one site from risks such as fire, connectivity, malicious damage or natural disaster could be mitigated by the transfer of staff and services to the other data centres.

All of the data centres have been designed with resilience as a key factor. Our ISO-accreditation highlights our commitment to the rigorous security procedures and protocols that are always in place. With UPS systems, standby diesel generators and high-density infrastructures, our power supply is resilient and uninterrupted.

Since the outbreak of COVID-19, key data centre workers have been split into separate teams that never work together to avoid cross contamination if anyone were to become ill.

The loss of any particular customer is always a risk, however there is no key customer dependency with no single customer representing more than 2% of revenue.

The risk of losing key suppliers is mitigated by spreading our purchasing options between several different companies. The strength of the relationship with each supplier and the volume of activity generally ensures continuity of supply, even when there is shortage of a product.

Finance & liquidity risks

The Group requires adequate cash resources to enable it to fund its ongoing cash requirements and growth plans, however the Group is highly cash generative with a negative working capital profile and has cash balances of £9.2m as at 31 December 2020.

The Group's credit risk is primarily attributable to its trade receivables. The Group has a very broad customer base, with no significant concentration of credit risk and exposure spread over many customers. Trade receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant and appropriate provision for bad debt risk is made.

The Group faces exposure to movement in energy prices, however, the Group manages this risk through fixing energy rates for future periods.

In September 2020, the Group entered into new bank facilities of £140m, which replaced the existing facilities in full. The new bank debt has a term of 6.5 years and incurs interest at LIBOR plus a margin. The Group's banking facilities include a financial leverage covenant and should the Group fail to comply with this covenant the bank debt would be immediately repayable. To manage this risk the Group regularly reviews forecasts to ensure continued compliance with the financial covenant and continued availability of the banking facilities.

Strategic Report (continued)

Future developments

The directors expect the general level of activity to increase in the forthcoming year, not least within the public sector and public cloud areas of the business.

The company's Clear Cloud proposition offers a range of professional and managed services for customers migrating to, operating and evolving AWS and Azure public cloud environments. In addition the company is making significant investments in its own private cloud platform (eCloud), and in cybersecurity products and services. A series of product launches and updates is planned for 2021.

Although UKFast benefits from industry-leading NPS scores, the company never stands still. Therefore multiple investments are planned in internal systems that will provide customers with even better service, as well as improved monitoring across their technical environments.

As the company continues to expand the breadth and depth of technical services it can offer customers, it is likely that the coming years will see one or more acquisitions of high quality complementary businesses where the management teams share UKFast's passion for amazing customer service.

Approved by the Board and signed on its behalf by:

I.A. Brown

Ian Brown
Director
30 April 2021

Directors' report

The directors present their first report and audited financial statements for the period from incorporation on 25 March 2020 to 31 December 2020. Financial risk management objectives and policies, future developments and subsequent events have been included within the strategic report.
The company was incorporated on 25 March 2020 as Project Mountain Holdco Limited.

Results and dividends
The loss for the period after taxation amounted to £34,778,162. This is stated after charging £21,553,919 amortisation of goodwill and £20,643,373 of interest costs. No dividend was paid in the period nor proposed post period end.

Research and development
The group has undertaken a number of activities in the year in relation to research and development across various differing projects. The majority of development activity is performed in support of the company's systems and in the provision of new and innovative products for our customers.

Directors
The directors who served the company during the period and up to the date of this report were as follows:
Andrew James Wigglesworth (appointed 25 March 2020, resigned on 31 March 2020)
Carl Wormald (appointed 31 March 2020)
Irina Hemmers (appointed 31 March 2020)
Catherine Greening (appointed 14 May 2020)
Richard Bishop (appointed 14 May 2020)
Ian Brown (appointed 14 July 2020)

Directors' indemnities
The company and subsidiaries has made qualifying third party indemnity provisions for the benefit of its directors and directors of its subsidiaries which were made during the period and remain in force at the date of this report.

Going concern
The Group's business activities, its financial position, together with its policies and processes for managing the business and its objectives are set out in the Strategic Report. Details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

For the period ended 31 December 2020, the company generated operating cash inflows of £12,630,000, incurred net interest payments of £3,791,000 and spent £2,968,000 on capital expenditure. The directors have reviewed the latest trading forecasts, which include the directors current expectations of the impacts of COVID-19 and have made assessments under a number of stressed scenarios including a reverse stress test, and are confident that the Group will continue to generate trading cash in excess of its financing obligations and maintain compliance with financial covenants for the foreseeable future.

As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. Whilst there is uncertainty due to the COVID-19 pandemic, the directors have undertaken a rigorous assessment on the potential impact on profitability and liquidity of the Group, as documented in the strategic report. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Employees
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 that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. UKFast is committed to providing equal opportunities

Directors' report (continued)

As at 31 December 2020

for employees, investing in training and development across all employees. UKFast also has an active and engaged LGBTQ community.

Employee engagement
The Group places considerable value on the involvement of its employees, keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Feedback and ideas are welcomed through surveys and other, more informal channels. Further details on employee engagement and how the Group has regard to employees' interests when considering decisions taken by the Group is set out in the Section 172(1) statement in the Strategic report.

Business relationships
The Group places considerable value on having strong relationships with customers and supply partners. The Group engages in regular, open and proactive dialogue with stakeholders and their opinions are considered when making operational and strategic decisions.

Streamlined Energy and Carbon Report (SECR)

Organisational Structure
Project Mountain Holdco Limited is classified as a large unquoted company due to its size and shareholding structure.

Reporting Period
Project Mountain Holdco is reporting for the period 1st April 2019 to 31st March 2020.

Measurement Methodology
The GHG emissions have been assessed following the GHG Protocol standard and has used the 2019 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the dual reporting approach for assessing Scope 2 emissions from electricity usage. The financial control approach has been used.

Energy Performance Results
The subsidiaries of the group have been assessing carbon emissions since 2013.

Scope	Activity	Tonnes CO_2e
Scope 1	Refrigerants	393
	Site gas	137
	Site diesel	11
	Site gas oil	1
	Company car travel	0
Scope 1 Sub Total		542
Scope 2	Electricity generation	6,802
Scope 2 Sub Total		6,802
Scope 3	Electricity transmission & distribution	578
Scope 3 Sub Total		578
Total tonnes of CO_2e		**7,922**
Tonnes of CO_2e per employee		**20**
Tonnes of CO_2e per £M turnover		**137**
Total Energy Consumption (kWh)*		**27,409,057**

* Total Energy Consumption includes UK Electricity, UK Site Gas, site diesel, gas oil and Company Owned Vehicles

Directors' report (continued)

As at 31 December 2020

Intensity Ratio

Activity	Current Year 2019/20
Total energy consumed (kWh)	27,409,057
Total Gross Location-Based Emissions (tCO_2e)	7,922
Total Gross Market-Based Emissions (tCO_2e)	541.96
Intensity ratio: tCO_2e (gross Scope 1 & 2, market-based) per £M revenue	136.58

Energy and performance commentary

As part of UKFast's environmental responsibility the company is both PAS 2060 and ISO 14001 certified. The company actively offsets its carbon footprint, in line with PAS 2060 including planting trees in the Amazon.

In the last year, more energy efficient lighting has been installed across all sites. The company is also now allowing employees to remote work for 65% of their working week leading to a further reduction in emissions being produced as part of commutes.

Work continues on further improving the carbon footprint of the company's datacentres, e.g. diesel usage was reduced by a further 22% last year. The company's HSE group is charged with driving continuous improvement of UKFast's carbon footprint and bringing forward innovative ideas to make tangible improvements each quarter.

Events after the balance sheet date

We have nothing to report in respect of these matters.

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

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

Approved by the Board on 30 April 2021 and signed on its behalf by:

I.A. Brown

Ian Brown
Director

Statement of directors' responsibilities

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Project Mountain Holdco Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Project Mountain Holdco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the 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 24.

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

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

We are independent of the group and the parent 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 group's and parent 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.

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

Independent auditor's report to the members of Project Mountain Holdco Limited (Continued)

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 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 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 group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

Independent auditor's report to the members of Project Mountain Holdco Limited (Continued)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Data Protection Act, Bribery Act and Tax Legislation;
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists such as IT 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 the following areas, and our specific procedures performed to address it are described below:

- Accuracy of deferred income has been addressed by selecting a sample of invoices and recalculating the appropriate deferred income position and confirmed that calculations had been made in accordance with the contract.
- The recognition and application of non-recurring fees has been tested by agreeing a sample recognised in the year through to invoice, payment and the rationale of what service was provided (including considering the applicable accounting requirements).

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 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 period 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 group and of the parent 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.

Independent auditor's report to the members of Project Mountain Holdco 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 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.

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.

Giles Murphy

Giles Murphy (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
30 April 2021

Consolidated statement of total comprehensive income

For the period from incorporation on 25 March 2020 to 31 December 2020

	Note	Period from incorporation on 25 March 2020 to 31 December 2020 Before exceptional items £000	Exceptional items (see note 5) £000	Total £000
Turnover	3	**39,122**	-	**39,122**
Cost of sales		(9,896)	-	(9,896)
Gross profit		**29,226**	-	**29,226**
Administrative expenses		(41,534)	(1,666)	(43,200)
Operating loss	4	**(12,308)**	**(1,666)**	**(13,974)**
EBITDA		**14,714**	**(1,666)**	**13,048**
Depreciation		(4,695)	-	(4,695)
Amortisation		(22,327)	-	(22,327)
Operating loss		(12,308)	(1,666)	(13,974)
Interest receivable	8	2	-	2
Interest payable and similar expenses	9	(20,643)	-	(20,643)
Loss before taxation		**(32,949)**	**(1,666)**	**(34,615)**
Taxation	10	(163)	-	(163)
Loss for the financial period		**(33,112)**	**(1,666)**	**(34,778)**

The accompanying notes form an integral part of the financial statements. All activity in the period is derived wholly from continuing operations.

The company has no recognised gains or losses other than the loss for the financial period as shown above.

Consolidated balance sheet
As at 31 December 2020

	Notes	2020 £000
Fixed assets		
Intangible assets	12	321,654
Tangible assets	13	14,869
		336,523
Current assets		
Debtors	16	9,171
Cash at bank and in hand		9,183
		18,354
Creditors: amounts falling due within one year	17	(30,123)
Net current liabilities		**(11,769)**
Total assets less current liabilities		**324,754**
Creditors: amounts falling due after more than one year	18	(354,817)
Net liabilities		**(30,063)**
Capital and reserves		
Called up share capital	19	47
Share premium		4,668
Profit and loss account		(34,778)
Shareholders' deficit		**(30,063)**

The financial statements of Project Mountain Holdco Limited (registered number 12534032) were approved by the board of directors and authorised for issue on 30 April 2021. They were signed on its behalf by:

I.A. Brown

Ian Brown
Director

Company balance sheet
As at 31 December 2020

	Notes	2020 £000
Fixed assets		
Investments	14	2,761
Intangible assets	12	543
		3,304
Current assets		
Debtors	16	1,913
		1,913
Creditors: amounts falling due within one year	17	(647)
Net current assets		1,266
Total assets less current liabilities		4,570
Net assets		4,570
Capital and reserves		
Called up share capital	19	47
Share premium		4,668
Profit and loss account		(145)
Shareholders' funds		4,570

The loss for the financial period dealt with in the financial statements of the parent Company was £144,603.

The financial statements of Project Mountain Holdco Limited (registered number 12534032) were approved by the board of directors and authorised for issue on 30 April 2021. They were signed on its behalf by:

I.A. Brown

Ian Brown
Director

Consolidated statement of changes in equity
For the period from incorporation on 25 March 2020 to 31 December 2020

	Called-up share capital £000	Share premium £000	Profit and loss account £000	Total £000
On incorporation	-	-	-	-
Issue of share capital	47	4,668	-	4,715
Loss for the financial period and total comprehensive loss	-	-	(34,778)	(34,778)
At 31 December 2020	**47**	**4,668**	**(34,778)**	**(30,063)**

Company statement of changes in equity

For the period from incorporation on 25 March 2020 to 31 December 2020

	Called-up share *capital* £000	Share premium £000	Profit and loss *account* £000	Total £000
On incorporation	-	-	-	-
Issue of share capital	47	4,668	-	4,715
Loss for the financial period and total comprehensive loss	-	-	(145)	(145)
At 31 December 2020	47	4,668	(145)	4,570

Consolidated cash flow statement

For the period from incorporation on 25 March 2020 to 31 December 2020

	Note	2020 £000
Net cash inflow from operating activities	20	4,060
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	15	(110,440)
Acquisition of tangible fixed assets		(2,165)
Acquisition of intangible assets		(803)
Net cash flows used in investing activities		(113,408)
Cash flows from financing activities		
Issue of equity		2,400
Issue of loan notes		116,259
Redemption of loan notes		(35,221)
Proceeds from new bank loans		135,093
Repayment of bank loans		(100,000)
Net cash flows from financing activities		118,531
Net increase in cash and cash equivalents		9,183
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		9,183

Notes to the financial statements

For the period from incorporation on 25 March 2020 to 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current financial period. These financial statements present the Group's consolidated financial results and position for the period from incorporation on 25 March 2020 to 31 December 2020.

General information and basis of accounting

Project Mountain Holdco Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Project Mountain Holdco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Project Mountain Holdco 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, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

For the period ended 31 December 2020 the following subsidiaries of the company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary Name	*Companies House Registration Number*
Project Mountain Bidco Limited	12534786
UKFast Group Limited	11564672
Project 131 Midco 1 Limited	11647415
Project 131 Midco 2 Limited	11647460
UKFast Leaders Limited	11647553
Secure Information Assurance Limited	04732153
Secure Information Assurance Holdings Limited	08392303
Clear Cloud Integration Limited	10841068

Basis of consolidation

The Group financial statements consolidate the financial statements of Project Mountain Holdco Limited and its subsidiary undertakings drawn up to the 31 December each year. The first period of account is the 281 day period from incorporation on 25 March 2020 to 31 December 2020. The results of subsidiaries acquired or sold are consolidated for the periods from or to 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.

Going concern

The Group's business activities, its financial position, together with its policies, processes for managing the business and its objectives are set out in the Strategic Report.

The Group is funded by a combination of cash and cash equivalents of £9,183,000, investor loan notes totalling £207,631,000 and a bank loan of £140,000,000. Investor loan notes and bank loans are not repayable until 2027, subject to ongoing covenant compliance, with the majority of interest accruing on investor loan notes rolling-up into new loans, rather than paid as a cash outflow each year. At 31 December 2020, the Group was in a net current liability position of £11,769,000, which includes £16,000,000 deferred consideration due in May 2021 - however the company has the right to delay payment of the deferred consideration for up to 60 months from the due date. In the event the payment of deferred consideration is extended, interest accrues at 8% per annum.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

1. Accounting policies (continued)

Going concern (continued)

For the period ended 31 December 2020, the company generated operating cash inflows of £12,630,000, incurred net interest payments of £3,791,000 and spent £2,968,000 on capital expenditure. The directors have reviewed the latest trading forecasts, which include the directors current expectations of the impacts of COVID-19 and have made assessments under a number of stressed scenarios including a reverse stress test, and are confident that the Group will continue to generate trading cash in excess of its financing obligations and maintain compliance with financial covenants for the foreseeable future. The Group has sufficient financial resources, together with contracts with a large number of customers across different industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

On this basis the company's directors have a reasonable expectation that the Group will continue for the foreseeable future, being not less than 12 months from the date of approval of these financial statements. Whilst there is uncertainty due to the COVID-19 pandemic, the directors have undertaken a rigorous assessment on the potential impact on profitability and liquidity of the Group, as documented in the strategic report, and concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life.

Long leasehold and buildings	–	4% straight-line
Leased plant and machinery	–	Over the shorter of the lease term and 3 years
Plant and machinery	–	Between 7% and 33% straight-line
Fixtures and fittings	–	25% straight-line
Computer and office equipment	–	25% straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings, 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 useful economic life, which is 10 years. Provision is made for any impairment.

Intangible assets – Development costs

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. Amortisation is charged evenly over the expected useful life of three years.

Revenue recognition

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

Revenue consists primarily of recurring monthly fees from hosting services which are recognised as the services are provided. Hosting service contracts range from one month to 5 years. Payments received and billings in advance of providing services are deferred until the services are provided. Unbilled revenues for services provided are accrued at the end of each period.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

1. Accounting policies (continued)

Revenue recognition (continued)

Set up fees are charged to customers prior to the commencement of a hosting service contract and associated revenue is recognised over the life of the expected customer life. Consultancy services are generally provided on a "time and materials" basis and therefore revenue is recognised as these services are rendered. Revenue from the supply of hardware or software, and the provision of services in respect of installation or training, is recognised when delivery and installation of the equipment is completed on a point in time basis. Any unearned portion of revenue is included in current liabilities as deferred income

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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 and associates, 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.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and the assets useful economic life. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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.

Pensions

Contributions to defined contribution schemes are recognised in the Profit and loss account in the period in which they become payable.

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.

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

Financial assets and liabilities are only offset in the 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.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments 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, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

1. Accounting policies (continued)

Research and development
Research costs are expensed as incurred. The company capitalises development costs where the directors are satisfied as to the technical, commercial and financial viability of individual projects.

Interest-bearing loans and borrowings
All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.
Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Investments
Investments in subsidiaries are measured at cost less impairment.

Related party transactions
In accordance with Section 33 of FRS 102, the Company has not disclosed details of transactions with fellow wholly owned undertakings within the Project Mountain Holdco Limited group of companies.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.
Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.
The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.
Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Exceptional items
Exceptional items are items that are material either individually or, if of a similar type, in aggregate and which, due to their nature or the infrequency of the events giving rise to them, are presented separately to enhance understanding of the financial performance of the Group. Such items are excluded from the profit and loss account before exceptional items because they are not considered to be representative of the underlying performance of the Group during the period.

EBITDA
EBITDA has been included as a footnote to the statement of total comprehensive income as provides additional information used by management in monitoring performance of the business. EBITDA is defined as the Group's profit (earnings) for the period before the deduction of interest, taxation, depreciation and amortisation.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

For some customers, the Group provides both on-going hosting services and consultancy services, software or hardware. As set-out in the accounting policies above, amounts for hosting services and associated set-up fees are recognised over the estimated customer life whilst the provision of other goods and services are generally recognised as they are performed. Where customer arrangement include multiple elements, determining whether it is appropriate to separate the provision of initial goods and services from the subsequent hosting contract involves management judgements. In making its judgement, management considered the detailed criteria for revenue recognition from the rendering of services set out on FRS102 section 23 Revenue. This includes consideration of whether goods or services delivered in advance or at inception of a related contract can be separately provided irrespective of the related hosting arrangement and / or whether the customer could separately purchase the element from another third party (for example where software could be purchased by the customer directly from the provider rather than through the Group as a reseller).

Business combinations

During the period, the Group acquired UKFast Group Limited and its subsidiaries. Accounting for the acquisition includes significant judgement in the identification of acquired intangible assets and the determination of whether any intangible assets are required to be separately identified from goodwill. Furthermore, there is judgement in determining whether there are any material differences between the book and fair value of assets and liabilities acquired and the useful economic life of the goodwill recognised. Further details regarding the business combination are included in note 15.

Impairment of goodwill

Determination as to whether, and how much, goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, revenue growth and the outlook for the broader economy.

Management judgement is required to determine whether an indicator of potential impairment exists in relation to the Group's goodwill. No such indicators have been identified during the current year and therefore no impairment test has needed to be performed. Details of the carrying value of goodwill are provided in note 12.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Development Costs

The company capitalises development costs where the directors are satisfied as to the technical, commercial and financial viability of individual projects. These assets are amortised over 3 years. The majority of development activity is performed in support of the company's systems and in the provision of new and innovative products for our customers. In making its judgement as to whether develop costs meet the capitalisation criteria, management considers the technical feasibility of completing the planned intangible asset and the likelihood the development will ultimately either enhance internal systems or support customer products and delivery. As part of this assessment, management determine whether the development will generate probable future economic benefits and the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Key source of estimation uncertainty

The estimates and assumptions that may pose a risk of causing a material adjustment to the carrying value of assets and liabilities in the next twelve months are discussed below.

Estimation of accruals

The accruals disclosed in note 17 include an estimate for the cost of third party goods and products used in the provision of services. Determining the appropriate accrual involves significant estimation and is based upon past experience and the customer usage information available to management. Whilst a range of outcomes is reasonably possible, due to the nature of the accrual, it is not possible to determine the full extent of this range. Consequently, the provision represents management's best estimate of payments due.

3. Turnover

All turnover arose in the United Kingdom and was related to the provision of managed hosting and cloud services.

An analysis of the Group's revenue (including turnover) by category is as follows:

	2020
	£000
Provision of services	39,122
Total turnover	39,122
Interest received	2
Total revenue	39,124

4. Operating loss

This is stated after charging:

	2020
	£000
Research costs	42
Depreciation of owned fixed assets	4,695
Amortisation of goodwill	21,554
Amortisation of development costs	733
Operating lease rentals – land and buildings	201

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

4. Operating loss (continued)

The analysis of the auditor's remuneration is as follows:

	2020 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	78
Total audit fees	78
Audit-related assurance services	-
Corporate finance services	144
Total non-audit fees	144

No services were provided by the auditor pursuant to contingent fee arrangements.

5. Exceptional items

Included within administrative expenses are the following exceptional items:

	2020 *£000*
PAYE settlement and fees	138
Acquisition related costs	1,295
Restructuring costs	233
	1,666

6. Directors' remuneration

	2020 *£000*
Emoluments	535
Group contributions to money purchase pension schemes	6
	541

	2020 *Number*
Number of directors who were members of a money purchase pension scheme	1

Remuneration payable to the highest paid director was as follows:

	2020 *£000*
Remuneration	266

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

7. Staff costs

	2020
	£000
Wages and salaries	8,433
Social security costs	786
Pension costs	171
	9,390

The average number of employees (including executive directors) in the Group during the period was made up as follows:

	2020
	Number
Office, management and sales	345

There is 1 employee in the company.

8. Interest receivable

	2020
	£000
Bank interest received	2
	2

9. Interest payable and similar expenses

	2020
	£
Bank interest payable	3,793
Interest payable on loan notes	13,968
Amortisation of loan arrangement fees	2,882
	20,643

10. Tax on loss

Tax on loss

The tax charge is made up as follows:

	2020
	£000
Current tax:	
UK corporation tax	(365)
Total current tax charge (note 10(b))	(365)
Deferred tax:	
Origination and reversal of timing differences	202
Total deferred tax	202
Total tax charge	(163)

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

10. Tax on loss (continued)

(a) Factors affecting tax charge for the period

Deferred taxes are measured at 19% at 31 December 2020, following the decision to maintain the main corporation tax rate at 19% was substantively enacted on 17 March 2020. On 11 March 2021, the Finance Bill 2021 was announced in the United Kingdom, which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023. Deferred tax assets in the United Kingdom have not been restated.

(b) Factors affecting tax charge for the period (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK Corporation Tax to the profit before tax is as follows:

	2020
	£000
Loss before tax	(34,615)
Loss multiplied by standard rate of corporation tax in the UK of 19%	6,577
Effects of:	
Expenses not deductible for tax purposes	(4,209)
R&D Tax relief	96
Deferred tax not recognised	(2,627)
Total tax charge for the period (note 10(a))	(163)

(c) Deferred tax asset:

	Group	*Company*
	£000	*£000*
On incorporation	-	-
Acquisition of subsidiaries (note 15)	828	-
Deferred tax credit for the period	202	-
At 31 December 2020	1,030	-

The asset for deferred taxation is made up as follows:

	2020
	£000
Fixed asset timing differences	1,028
Short-term timing differences	2
	1,030

The deferred tax asset is regarded as due in more than one year as it is not expected to reverse in the next 12 months. Deferred tax assets and liabilities are offset only where the Group 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 Group. The directors have reviewed the Group's financial forecasts and believe the deferred tax asset is recoverable.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

11. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

12. Intangible fixed assets

Group	*Goodwill*	*Development Costs*	*Total*
	£000	*£000s*	*£000s*
Cost:			
On incorporation	-	-	-
Arising on acquisition	341,507	1,671	343,178
Additions	-	803	803
Disposals	-	-	-
At 31 December 2020	341,507	2,474	343,981
Amortisation:			
On incorporation	-	-	-
Charge for the period	(21,554)	(773)	(22,327)
Disposals	-	-	
At 31 December 2020	(21,554)	(773)	(22,327)
Net book value:			
At 31 December 2020	319,953	1,701	321,654

Company	*Goodwill*	*Development Costs*	*Total*
	£000	*£000s*	*£000s*
Cost:			
On incorporation	-	-	-
Arising on acquisition	-	-	-
Additions	-	603	603
Disposals	-	-	-
At 31 December 2020	-	603	603
Amortisation:			
On incorporation	-	-	-
Charge for the period	-	(60)	(60)
Disposals	-	-	
At 31 December 2020	-	(60)	(60)
Net book value:			
At 31 December 2020	-	543	543

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

13. Tangible fixed assets

Group	*Land and Buildings*					
	Freehold	*Long leasehold*	*Plant and machinery*	*Fixtures and fittings*	*Computer and office equipment*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:						
On incorporation	-	-	-	-	-	-
Arising on acquisition	6,787	434	51,630	1,268	1,222	61,341
Additions	11	189	1,909	13	42	2,164
Disposals	-	-	-	-	-	-
At 31 December 2020	6,798	623	53,539	1,281	1,264	63,505
Depreciation:						
On incorporation	-	-	-	-	-	-
Arising on acquisition	1,646	14	40,447	881	953	43,941
Charge for the period	173	15	4,331	100	76	4,695
Disposals	-	-	-	-	-	-
At 31 December 2020	1,819	29	44,778	981	1,029	48,636
Net book value:						
At 31 December 2020	4,979	594	8,761	300	235	14,869

The Company has entered into a leasing arrangements with HP and Dell for servers. At the balance sheet date, the net carrying value of plant and machinery held under finance leases was £550,141.
The Company has no tangible fixed assets.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

14. Investments

	Group	Company
	2020	2020
	£	£
Subsidiary undertakings	-	2,761
	-	2,761

The parent Company and the Group have investments in the following subsidiary undertakings.

Subsidiary	Registered office	Principal activity	Holding
Project Mountain Bidco Limited+	47 Queen Anne Street, London, W1G 9JG	Holding company	100%
Project 131 Midco 1 Limited +	Archway 1, Birley Fields, Manchester, M15 5QJ	Holding company	100%
Project 131 Midco 2 Limited	Archway 1, Birley Fields, Manchester, M15 5QJ	Holding company	100%
UKFast Leaders Limited	Archway 1, Birley Fields, Manchester, M15 5QJ	Holding company	100%
UKFast.Net Limited	Archway 1, Birley Fields, Manchester, M15 5QJ	Hosting services	100%
Secure Information Assurance Limited	Archway 1, Birley Fields, Manchester, M15 5QJ	Hosting services	100%
Secure Information Assurance Holdings Limited	Archway 1, Birley Fields, Manchester, M15 5QJ	Holding company	100%
Clear Cloud Integration Limited	Archway 1, Birley Fields, Manchester, M15 5QJ	Cloud solutions provider	100%
UKFast Inc	913 N Market Street, Suite 200, Wilmington, Delaware, 19801	Dormant company	100%
DDOS X Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
eCloud Burst Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
eCloud Flex Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
eCloud Global Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
eCloud Hybrid Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

14. Investments (continued)

eCloud Private Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
eCloud Public Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
eCloud Vault Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
FastCloud Backup Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
FastDesk Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
FastOffice Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
MyUkFast Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
ProProtection Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
SafeDNS Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
ThinkFaster Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
UKFast Ecommerce Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
UKFast DRAAS Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
UKFast CAAS Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
UKFast LtAAS Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
One Click Apps Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
Faststore Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
UKFast Enterprise Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%
UKFast Prosecure Ltd	Archway 1, Birley Fields, Manchester, M15 5QJ	Dormant company	100%

+ Held directly by Project Mountain Holdco Limited

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

15. Business combinations

On 14 May 2020, the Group acquired 100% of the share capital of UKFast Group Limited, including its subsidiaries, for consideration of £154,600,363. Prior to this, the Group was dormant, so all the results in the profit and loss account relate to the acquisition. The acquisition has been accounted for under the acquisition method. The following table sets out the values of the identifiable assets and liabilities acquired. The book value of the identifiable assets and liabilities are equal to their fair value to the Group.

	Book and Fair Value £000
Tangible	17,399
Intangible	1,671
Current assets	
Trade debtors	4,466
Other debtors	3,121
Prepayments	824
Cash	13,105
Total assets	40,586
Creditors	
Trade creditors	(2,793)
Other creditors	(4,446)
Accruals and deferred income	(7,665)
Loan Note	(112,785)
Bank debt	(97,831)
Total liabilities	(225,520)
Net liabilities	(184,934)
Goodwill	341,507
	341,507
Satisfied by	
Cash consideration	68,389
Loan note issue	51,897
Deferred consideration	32,000
Shares issued	2,314
Costs of acquisition	1,973
	156,573

Deferred consideration is payable in two amounts of £16,000,000. The first tranche has a payment date of May 2021 and the second May 2022. The Company may, at is sole discretion, elect to defer either payment for up to 60 months. In the event the company choses to defer payment, interest accrues at 8% per annum from the due date.

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

15. *Business combinations (continued)*

Net cash outflow arising from the acquisition	
Consideration	(120,286)
Costs of acquisition capitalised as investment	(1,973)
Other acquisition cash costs	(1,286)
Cash acquired with subsidiary	13,105
	(110,440)

16. Debtors

	2020 Group	*2020 Company*
	£000	*£000*
Trade debtors	4,970	-
Amounts owed by Group undertakings	-	1,913
Deferred tax asset (see note 10)	1,030	-
Other debtors	1,293	-
Prepayments	1,398	-
Corporation tax	480	-
	9,171	1,913

17. Creditors: amounts falling due within one year

	2020 Group	*2020 Company*
	£000	*£000*
Trade creditors	3,046	-
Other taxation and social security costs	1,648	3
Accruals	5,034	-
Deferred income	3,524	543
Amounts due to Group undertakings	-	101
Deferred consideration	16,000	-
Other creditors	872	-
	30,123	647

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

18. Creditors: amounts falling due after more than one year

Loans repayable, included within creditors, are analysed as follows:

	2020 Group £000	*2020 Company £000*
Bank loans	140,000	-
Issue costs on bank loans	(4,673)	-
Loan notes payable including accrued interest	207,613	-
Issue costs on loan notes	(4,123)	-
Deferred consideration	16,000	
	354,817	-

Interest is payable on a £110m, 6.5 year bank loan with an inception date of 8 September 2020 and a termination date of 8 March 2027. Interest is payable at a variable interest rate of up to LIBOR + 6.75% per annum on the principal amount.
Interest is also payable on a £30m, 6.5 year bank loan with an inception date of 8 September 2020 and a termination date of 8 March 2027. Interest is payable at a variable interest rate of up to LIBOR + 3.25% per annum on the principal amount.

The loan notes have a term of 7 years and 6 months with an inception date of 20 December 2018 and a redemption date of 20 June 2026. Interest is charged at an interest rate of 10% per annum.

Borrowings are repayable as follows:

	2020 Group		*2020 Company*
	Bank Loans	***Loan Notes***	
	£000	*£000*	*£000*
Within one year	-	-	-
In two to five years	-	-	-
Over five years	140,000	207,613	-
	140,000	207,613	-

Finance leases are repayable as follows:

	2020 Group £000	*2020 Company £000*
Minimum lease payments		
Within one year	263	-
In the second to fifth years inclusive	320	-
After five years	-	-
Less: future finance charges	(33)	-
Present value of lease obligations	550	-

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

19. Called up share capital and reserves

Group and Company	*Group 2020 No.*	*Group 2020 £*	*Company 2020 No.*	*Company 2020 £*
Ordinary shares of £0.001 each (allotted, called-up and fully-paid):				
A ordinary shares	3,682,663	36,827	3,682,663	36,827
B ordinary shares	67,437	674	67,437	674
C1 ordinary shares	500,000	5,000	500,000	5,000
C2 ordinary shares	465,000	4,650	465,000	4,650
	4,715,100	47,151	4,715,100	47,151

The Group and Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The Company has two classes of ordinary shares, both of which carry no right to fixed income.

20. Reconciliation of operating loss to net cash flow from operating activities

	2020 £000
Operating loss	(13,974)
Adjustment for:	
Other acquisition costs	1,286
Depreciation of tangible fixed assets	4,695
Amortisation of goodwill and intangible assets	22,326
Operating cash flow before movement in working capital	14,333
Increase in debtors	(923)
Increase in creditors	(781)
Operating cash flow	12,629
Interest received	2
Interest paid	(8,571)
Taxation paid	-
Net cash inflow from operating activities	4,060

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

20. Reconciliation of operating loss to net cash flow from operating activities (continued)

Net debt reconciliation

	On incorporation £000	Cash flows £000	Acquisitions and Disposals	Other non-cash changes £000	31 December 2020 £000
Cash at bank and in hand	-	(3,922)	13,105	-	9,183
Debt due after more than one year					
Bank loans	-	(35,091)	(97,831)	(2,404)	(135,326)
Loan notes	-	(81,037)	(112,785)	(9,668)	(203,490)
Net debt	-	(120,050)	(197,511)	(12,072)	(329,633)

21. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2020 £000
Financial assets	
Measured at undiscounted amount receivable	
Trade and other debtors (see note 16)	9,171
	9,171
Financial liabilities	
Measured at amortised cost	
Bank loan (see note 18)	140,000
Issue costs on bank loan (see note 18)	(4,674)
Loan notes (see note 18)	207,613
Issue costs on loan notes (see note 18)	(4,123)
Measured at undiscounted amount payable	
Trade and other creditors (see note 17)	13,251
Deferred Consideration (see note 17)	32,000
	384,067

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2020 £000
Interest income and expense	
Total interest expense for financial liabilities at amortised cost	20,643

Notes to the financial statements (continued)

For the period from incorporation on 25 March 2020 to 31 December 2020

22. Other financial commitments

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

	Land and buildings
	£000
Within one year	320
Between two and five years	1,600
More than five years	2,560
	4,480

23. Related party transactions

During the period the Group entered into transactions in the ordinary course of business with other related parties, connected by common control as follows:

- Total remuneration for key management personnel for the period totalled £338,270.
- Inflexion Private Equity is a shareholder of the Company. During the period ended 31 December 2020, the Group incurred interest of £13,826,333 in relation to the loan notes (see note 18) and monitoring fees of £528,123 were paid to Inflexion. At 31 December 2019, the amount outstanding on the loan notes including principal and accrued interest was £207,613,323.

24. Controlling party

The largest and smallest group in which the results of the Company are that of Project Mountain Holdco Limited.

Funds controlled by Inflexion Private Equity Limited are the ultimate controlling party.