

Registered no: 11475531

CyrusOne UK4 Limited
Annual Report and Financial Statements

for the year ended 31 December 2020



CyrusOne UK4 Limited

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CyrusOne UK4 Limited

Officers and professional advisers

Directors

Matthew Pullen

Erik Z. Leban

Registered Office

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Bankers

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CyrusOne UK4 Limited

Directors' report

The directors present their report and the audited financial statements of CyrusOne UK4 Limited ("the Company") for the year ended 31 December 2020. These financial statements are prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework'.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company is that of development, management and letting of data centre real estate.

The Company did not generate revenue in the year as currently in the process of developing and fitting out the data centre facility.

Coronavirus (COVID-19)

The global economy has seen a drastic slow down as a result of uncertainties caused by the rapid spreading of Coronavirus (COVID-19). Governments around the world have launched several stimulus packages since the World Health Organisation declared the virus to be a pandemic on 11 March 2020. The Company did not generate revenue in the year thus has not been immediately impacted by the uncertainties. Due to the nature of the CyrusOne Group's operations, the group has also not been significantly impacted by the current effects of the pandemic. Safety measures implemented because of social distancing guidelines have not had a material impact on the development and completion of the data centre. The long-term economic effects are yet to be understood but are not expected to significantly impact future demand for the Company's services. The directors will continue to monitor the situation as it unfolds.

Brexit

On 31 January 2020 the UK left the European Union (EU) with a transition period to 31 December 2020. The Company's customers, suppliers and employees are largely based in the country of trading, so reducing the risk of significant cross border disruption following the end of the transition period. The Directors do not consider there to be a material risk from the impact of Brexit given the nature of the Company's operations and its business model.

RESULTS FOR THE YEAR, REVIEW OF BUSINESS AND DIVIDENDS

The results for the year and their appropriation are set out in the Profit and loss account on page 9. The Company did not generate revenue during the period under review and have incurred costs relating to the development and fit out of the data centre.

The Directors do not recommend the payment of a dividend for the year (2019: £nil).

DIRECTORS

The directors shown below have held office for the whole period from their date of appointment to the date of the approval of the financial statements, unless otherwise stated.

Matthew Pullen
Erik Z. Leban

CyrusOne UK4 Limited

Directors' report (continued)

GOING CONCERN

The Company meets its day-to-day working capital requirements through its cash resources and financing facilities with its intermediate parent company, CyrusOne Dutch Holdings B.V. As at 31 December 2020, the Company had accumulated losses of £3.2m (2019: £0.3m) and net liabilities of £3.2m (2019: £0.3m) and as such, will continue to require support from its ultimate parent company, CyrusOne Inc until the data centre has been fully developed and adequately tenanted. The directors have assessed the ability of CyrusOne Inc. to provide such support and has concluded that the funds made available are in excess of any needed.

The current economic environment creates uncertainty, however, the Group's revenue is based on long-term contracts signed in advance and, to date, there has been no indication that demand for our services or customer payments have been materially impacted by the COVID-19 pandemic. The Group has also implemented safety measures at each facility, including enhanced access screening, facility restrictions and limitations on size gatherings to limit the spread of the disease in the workplace.

Consequently, the going concern principle has been adopted in preparing the annual report and financial statements.

SUBSEQUENT EVENTS

The company issued a further 500,000 shares for £500K proceeds on 10 August 2021 and received additional debt funding of £500K after 31 December 2020 from its intermediate parent company. The Company has signed a reversionary lease agreement in respect of premises located in Slough, Berkshire, England on 14 June 2021 to extend the existing lease agreement to 2051. No other events occurred subsequent to 31 December 2020 through the date the financial statements were issued that required additional disclosure.

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 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.

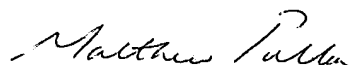
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have been deemed re-appointed under section 487 of the Companies 2006 Act.

SMALL COMPANIES EXEMPTION

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board and signed on its behalf by:



Matthew Pullen
Director

Date: 17 September 2021

CyrusOne UK4 Limited

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 101 'Reduced Disclosure Framework'. 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; 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.

CyrusOne UK4 Limited

Independent auditor's report to the members of CyrusOne UK4 Limited

Report on the audit of the financial statements

Opinion.

In our opinion the financial statements of CyrusOne UK4 Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

CyrusOne UK4 Limited

Independent auditor's report to the members of CyrusOne UK4 Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

CyrusOne UK4 Limited

Independent auditor's report to the members of CyrusOne UK4 Limited (continued)

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

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

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

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies act, UK GAAP incl FRS 101, Corporation tax, VAT and payroll taxes and,
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These Included General Data Protection regulations (GDPR), The UK bribery act & FCPA and employment act.

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

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

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

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

CyrusOne UK4 Limited

Independent auditor's report to the members of CyrusOne UK4 Limited (continued)

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



Andrew Hornby, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditors

Reading, United Kingdom

Date: 17 September 2021

CyrusOne UK4 Limited

Profit and loss account

For the year ended 31 December 2020

		31 December 2020	20 July 2018 (date of incorporation) to 31 December 2019
	Note	£	£
Administrative expenses		(2,148,984)	(258,723)
Operating loss	7	(2,148,984)	(258,723)
Finance costs	9	(821,534)	-
Loss before taxation		(2,970,518)	(258,723)
Taxation on loss	8	-	-
Loss after taxation		(2,970,518)	(258,723)

There have been no gains or losses in the year other than the loss for the financial period, and consequently a separate statement of other comprehensive income has not been presented.

All items derive from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

CyrusOne UK4 Limited

Balance sheet

As at 31 December 2020

	Notes	31 December 2020 £	31 December 2019 £
Fixed assets			
Property, plant and equipment	10	16,175,491	10,809,831
Rights-of-use assets	11	33,793,367	35,579,801
		49,968,858	46,389,632
Current assets			
Debtors	12	555,487	1,139,674
Cash and cash equivalents	13	2,418,454	474,895
		2,973,941	1,614,569
Creditors – amounts falling due within one year	14	(21,291,366)	(12,710,771)
Net current liabilities		(18,317,425)	(11,096,202)
Total assets less current liabilities		31,651,433	35,293,430
Creditors – amounts falling due after one year			
Lease liability	11	(34,880,673)	(35,552,152)
Net liabilities		(3,229,240)	(258,722)
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account		(3,229,241)	(258,723)
Total capital and reserves		(3,229,240)	(258,722)

The notes on pages 12 to 24 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of CyrusOne UK4 Limited (registered number 11475531) were approved by the board of directors and authorised for issue on 17 September 2021. They were signed on its behalf by:



Matthew Pullen - Director

CyrusOne UK4 Limited

Statement of changes in equity

For the year ended 31 December 2020

	Notes	Called up share capital £	Profit and loss account £	Total capital and reserves £
Balance at 20 July 2018		-	-	-
Loss and total comprehensive expense for the period		-	(258,723)	(258,723)
Shares issued at incorporation	15	1	-	1
Balance at 31 December 2019		1	(258,723)	(258,722)
Loss and total comprehensive expense for the year		-	(2,970,518)	(2,970,518)
Balance at 31 December 2020		1	(3,229,241)	(3,229,240)

The notes on pages 12 to 24 are an integral part of these financial statements.

CyrusOne UK4 Limited

Notes to the financial statements

For the year ended 31 December 2020

1. General information

CyrusOne UK4 Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered and domiciled in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the directors' report on page 2.

The principal accounting policies applied in the preparation of these financial statements are set out below.

2. Summary of significant accounting policies

2.1. Basis of preparation

The financial statements of CyrusOne UK4 Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and on a going concern basis.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The functional currency of the Company is considered to be Pound sterling because that is the currency of the primary economic environment in which the Company operates.

FRS 101 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of CyrusOne Inc. which are publicly available and can be obtained as set out in note 19.

As a qualifying entity, the Company has taken advantage of the following exemptions in preparation of these financial statements:

- from the requirement to prepare a statement of cash flows, IAS 7;
- from the requirement to present certain financial instrument disclosures, IFRS 7; and
- from the disclosure requirements per paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);

2.2. Going concern

The Company meets its day-to-day working capital requirements through its cash resources and financing facilities with its intermediate parent company, CyrusOne Dutch Holdings B.V. As at 31 December 2020, the Company had accumulated losses of £3.2m (2019: £0.3m) and net liabilities of £3.2m (2019: net liabilities £0.3m) and as such, will continue to require support from its ultimate parent company, CyrusOne Inc until the data centre has been fully developed and adequately tenanted. The directors have assessed the ability of CyrusOne Inc. to provide such support and has concluded that the funds made available are in excess of any needed.

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.2. Going concern (continued)

The current economic environment creates uncertainty, however, the Group's revenue is based on long-term contracts signed in advance and, to date, there has been no indication that demand for our services or customer payments have been materially impacted by the COVID-19 pandemic.

The Group has also implemented safety measures at each facility, including enhanced access screening, facility restrictions and limitations on size gatherings to limit the spread of the disease in the workplace. Consequently, the going concern principle has been adopted in preparing the annual report and financial statements.

2.3. New standards, amendments and IFRIC interpretations

There are no new accounting standards that are effective for period since the incorporation date, that have a material impact on the Company.

IFRS 16 Leases is effective for accounting periods beginning 1 January 2019. This standard requires all leases to be recognised on the Balance Sheet and replaces, IAS 17 "Leases" where only those categorised as finance leases are to be recognised on the Balance Sheet, with leases categorised as operating leases not recognised on the Balance Sheet and expensed through the Income Statement instead.

2.4. Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Capital expenditures for assets during the course of construction are transferred to the appropriate class of property, plant and equipment when substantially all the activities that are necessary to get the asset ready for use are complete. No depreciation is provided on assets that are under of construction.

2.5. Impairment of property, plant and equipment

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

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

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

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.6. Leases

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

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

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

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Whilst the company is developing the data centre the interest costs in respect of the lease of building are added to the cost of the fit out of data centre until such construction is complete.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.7. Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: amortised cost, financial assets at fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company's financial assets at 31 December 2020 were all classified as amortised cost.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Subsequent to initial recognition these are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.8. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.8. Impairment of financial assets (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.9. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.10. Financial liabilities and equity

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

2.11. Equity instruments

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

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

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.12. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Company's financial liabilities at 31 December 2020 were all classified as other financial liabilities.

2.13. Other financial liabilities

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

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

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

2.14. Finance costs

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

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

2.15. Derecognition of financial liabilities

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

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

2.16. Taxation

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

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.16. Taxation (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

2.17. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18. Foreign currency

Functional and presentation currency

The Company's functional and presentation currency is Pound sterling because that is the currency of the primary economic environment in which the Company operates.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.18. Foreign currency (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

3. Critical accounting judgements and key source of estimation uncertainty

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

Critical accounting judgement - Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For the lease of data centre facility:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including industry lease durations and the costs and business disruption required to replace the leased asset.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation uncertainty - Lease accounting

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

To determine the incremental borrowing rate, the company:

- Where possible, uses recent third-party financing received by the CyrusOne Group companies as a starting point, adjusted to reflect any changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for various factors including the lease term and collateralisation;

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Notes to the financial statements (continued)

For the year ended 31 December 2020

3. Critical accounting judgements and key source of estimation uncertainty (continued)

Estimation uncertainty - Lease accounting (continued)

- Makes adjustments specific to the lease, e.g. term, currency and security. The company used incremental borrowing rates specific to each lease of 2.582%. A 100-basis point increase/(decrease) in the rate would cause the lease liability to (reduce)/increase by (£3.4m) and £3.9m respectively and a corresponding (decrease)/increase in the right-of-use asset by the same amounts.

4. Employee information

The company had no employees in the year ended 31 December 2020 (From incorporation on 20 July 2018 to 31 December 2019: nil).

5. Directors' remuneration

The Directors are remunerated by other group companies. The portion of this remuneration that relates to the Company is considered to be £nil (2019: £nil).

6. Revenue

The company did not trade in the year and as such no revenue has been recognised in these financial statements (2019: £nil).

7. Operating loss

Operating loss is stated after charging:

	31 December 2020	20 July 2018 (date of incorporation) to 31 December 2019
	£	£
Depreciation relating to right-of-use assets	1,786,434	148,870
Fees payable to the Company's auditor for the audit of company accounts	14,100	14,000

8. Taxation on loss

No taxation charge arose during the period. At 31 December 2019, there were accounting losses of £2,970,518 (2019 £258,273) which include expenses not deductible for tax purposes. The remaining trade losses are not allowed to be carried forward and set off against future profits under UK anti-hybrid rules. The Company's expenses are deducted in the wider CyrusOne Group taxation calculations and therefore no further allowance is given in the UK.

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

8. Taxation on loss (continued)

The tax charge for the period can be reconciled to the loss per the Profit and loss account as follows:

	31 December 2020	20 July 2018 (date of incorporation) to 31 December 2019
	£	£
Loss before taxation	(2,970,518)	(258,273)
Tax at the UK corporation tax rate 19%	(564,398)	(49,072)
Effect of:		
Depreciation disallowed	339,422	28,285
Anti-hybrid disallowance	224,976	20,787
Taxation on loss	-	-

No deferred tax asset or liability has been recognised in respect of trading losses or property, plant and equipment temporary differences due to anti-hybrid tax rules.

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%. In directors' view, there is no material impact expected on the company financial statements.

9. Finance costs

	31 December 2020	20 July 2018 (date of incorporation) to 31 December 2019
	£	£
Interest payable on related party loans	821,531	-
Finance costs	821,531	-

10. Property, plant and equipment

	Construction in progress
	£
Cost	
At 1 January 2020	10,809,831
Additions	5,365,660
At 31 December 2020	16,175,491
Accumulated depreciation	
At 1 January 2020	-
Charge for the period	-
At 31 December 2020	-
Net book value	
At 31 December 2020	16,175,491
At 31 December 2019	10,809,831

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

10. Property, plant and equipment (continued)

Property, plant and equipment represents capital expenditure as the balance sheet date in respect of the development and fit out of the data centre and includes capitalised interest of £1,012,236 (2019: £76,890) incurred on the lease liability. No depreciation has been charged during the period as construction is ongoing. At 31 December 2020, the Directors have determined there is no indication of impairment of the value of the capital expenditures, accordingly there were no impairment adjustments to the carrying value of the Company's property, plant and equipment.

11. Leases

The company has a long lease contract in respect of buildings for its data centre operations. The amounts recognised in the financial statements in relation to the lease is as follows:

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	31 December 2020	31 December 2019
	£	£
Right-of-use assets in respect of buildings	33,793,367	35,579,801
Lease liability		
Current	(1,178,294)	(253,408)
Non-current	(34,880,673)	(35,552,152)
Carrying amount	(36,058,967)	(35,805,560)

(ii) Amounts recognised in the Profit and loss account

Depreciation relating to right-of-use assets of £1,786,434 (2019: £148,870) has been charged to the Profit and loss account. Interest expense of £935,346 (2019: £76,890) has been capitalised and added to the carrying amount of assets under construction as disclosed in note 10, in line with IAS 23 borrowing costs.

Future minimum lease payments at 31 December 2020 are as follows:

	31 December 2020	31 December 2019
	£	£
Not later than one year	2,100,130	681,939
Later than one year and not later than five years	8,690,080	8,471,497
Later than five years	35,454,663	37,773,377
Minimum lease payments	46,244,873	46,926,813
Impact of finance expenses	(10,185,906)	(11,121,253)
Carrying amount of liability	36,058,967	35,805,560

The total cash flow for leases in the period was £681,939 (2019: £nil).

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

12. Debtors

	31 December 2020	31 December 2019
Amounts falling due within one year:	£	£
Prepayments	1,305	2,102
Other taxation	553,272	1,137,572
Other debtors	910	-
Total debtors	555,487	1,139,674

Other taxation represents VAT recoverable from HMRC.

Trade and other receivables are measured at amortised cost less any provisions for impairment, the carrying amount is denominated in sterling and approximates to their fair values due to their short maturity period.

13. Cash and cash equivalents

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

14. Creditors – amounts falling due within one year

	31 December 2020	31 December 2019
	£	£
Trade payables	33,376	11,819
Accruals	175,615	4,234,312
Amounts due to parent undertakings	762	8,084,381
Amounts due to other group companies	19,903,319	126,851
Lease liability (note 11)	1,178,294	253,408
	21,291,366	12,710,771

Trade and other payables are measured at historical cost, which approximates to their fair values due to their short maturity period. From 1 October 2019 amounts due to CyrusOne Dutch Holdings B.V. are charged a fixed annual interest rate of 5.5%, however is still repayable on demand and unsecured. All other amounts due to group companies are unsecured, interest free, and repayable on demand.

15. Called up share capital

	31 December 2020		31 December 2019	
	No.	£	No.	£
Number of shares authorised, allotted and fully paid				
Ordinary shares of £1 each	1	1	1	1

Ordinary shares carry rights to vote at general meetings and rights to dividends.

CyrusOne UK4 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

16. Capital and other commitments

Lease commitments have been disclosed in note 11. Capital expenditure contracted for but not recognised at 31 December 2020 in respect of the construction of the data centre is £104,131 (2019: £nil).

17. Related parties

The Company has taken advantage of the exemption available under FRS 101, whereby it has not disclosed transactions with CyrusOne Inc. group companies.

18. Subsequent events

The company issued a further 500,000 shares for £500K proceeds on 10 August 2021 and received additional debt funding of £500K after 31 December 2020 from its intermediate parent company. The Company has signed a reversionary lease agreement in respect of premises located in Slough, Berkshire, England on 14 June 2021 to extend the existing lease agreement to 2051. No other events occurred subsequent to 31 December 2020 through the date the financial statements were issued that required additional disclosure.

19. Parent undertaking and ultimate controlling party

Following a group restructure during the year, the immediate parent undertaking is CyrusOne UK Limited, a company incorporated in England and Wales with registered address at 3rd Floor, 103 Mount Street, London W1k 2TJ. In the prior year and up to the time of the restructure the immediate parent company was CyrusOe Dutch Holdings B.V., a company incorporated in Netherlands with registered address at Prins Bernhardplein, 200 1097 JB, Amsterdam, Netherlands. The ultimate parent undertaking and the smallest and largest undertakings for which consolidated financial statements are drawn up and publicly available is CyrusOne Inc., which is incorporated in the United States of America. The consolidated financial statements of CyrusOne Inc. are available from the registered office at 2850 N. Harwood Street, Suite 2200, Dallas, Texas 75201 or by visiting CyrusOne Inc.'s website at www.cyrusone.com.

CyrusOne Inc. is also the ultimate controlling party.