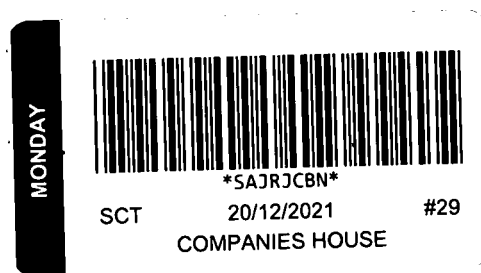


**BYTEMARK LIMITED**

**Annual Report and Financial Statements**

**31 March 2021**



COMPANIES HOUSE

**20 DEC 2021**

EDINBURGH MAILBOX

# **BYTEMARK LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2021**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of comprehensive income</b>	<b>5</b>
<b>Statement of financial position</b>	<b>6</b>
<b>Statement of changes in equity</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

# **BYTEMARK LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2021**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R Donovan  
S Cunningham

#### **COMPANY SECRETARY**

A McDonald

#### **REGISTERED OFFICE**

3<sup>rd</sup> Floor  
11-21 Paul Street  
London  
EC2A 4JU

#### **BANKERS**

Bank of Scotland Plc  
110 St Vincent Street  
Glasgow  
G2 5ER

#### **SOLICITORS**

Pinsent Masons LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

# **BYTEMARK LIMITED**

## **DIRECTORS' REPORT**

### **Year ended 31 March 2021**

The directors present their annual report and the unaudited financial statements for the year ended 31 March 2021. This directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

For the year ended 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The prior year ended 31 March 2020 is audited.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the provision of colocation and managed cloud services.

### **RESULTS AND DIVIDENDS**

The results for the period are set out on page 6. The profit before taxation for the year ended 31 March 2021 was £1,466,993 (2020: £1,153,457).

The directors do not recommend the payment of a dividend for the year ended 31 March 2021 (2020: £nil).

### **DIRECTORS AND THEIR INTERESTS**

The following directors have held office throughout the year and to the date of this report:

A MacSween (resigned 1 October 2020)

R Donovan (appointed 1 October 2020)

S Cunningham

The interests of the directors in the shares of the parent undertaking, iomart Group plc, are disclosed in that company's financial statements.

The Company may under the Company's Articles of Association and subject to the provisions of the Companies Act, indemnify all directors or other officers against liability incurred by them in the execution or discharge of their duties or exercise of their powers, including but not limited to any liability for the costs of legal proceedings where judgement is given in their favour. This indemnity was in place during the financial year and is ongoing up to the date of this report. In addition, the Company has purchased and maintains appropriate insurance cover against legal action brought against directors and officers.

### **FUTURE DEVELOPMENTS**

At the date of writing, Covid-19 continues to impact people and economies around the world. The focus of the business in the immediate is to ensure all employees are safe and supported, whilst ensuring the business continues operating to the highest standards and enhancing the long term prospect of the business.

### **DONATIONS**

No political donations have been made during the year ended 31 March 2021 (2020: £nil).

### **RESEARCH AND DEVELOPMENT**

Research and development activities are undertaken by other subsidiaries within the iomart Group, in order to improve and develop new and existing products. There was no expenditure incurred by the Company during the year (2020: £nil).

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial instruments comprise cash and liquid resources and leases together with various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company does not enter into derivative financial instruments.

**DIRECTORS' REPORT**

**Year ended 31 March 2021**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**Liquidity risk**

The Company seeks to manage financial risk to ensure sufficient liquidity is available for ongoing operations and to meet foreseeable needs and to invest cash safely and profitably.

**Interest rate risk and currency risk**

The Company is not exposed to movements in interest rates. The level of non-monetary and monetary assets and liabilities denominated in foreign currencies in the Company are minimal, therefore, the company is not exposed to currency movements.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company provides standard credit terms (normally 30 days) to some of its customers which has resulted in trade debtors of £62,379 (2020: £114,530) which are stated net of applicable provisions and which represent the total amount exposed to credit risk (note 9). The Company manages trade receivable balances vigilantly and takes prompt action on overdue accounts. The Company's cash at bank is held within clearing banks in the UK. In respect of trade debtors and cash at bank the directors consider the risk of exposure to credit is minimal due to the reasons given above.

**EMPLOYEES**

Information on our engagement with employees and our regard to this stakeholder on the principal decisions taken by the Company during the financial year is included in the Stakeholder Engagement Report included within the iomart Group plc financial statements on pages 20 to 26.

**SUPPLIERS AND CUSTOMERS**

Information on our engagement with suppliers and customers and our regard to these stakeholders on the principal decisions taken by the Company during the financial year is included in the Stakeholder Engagement Report included within the iomart Group plc financial statements on pages 20 to 26.

**GOING CONCERN**

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks.

The directors have considered the Company budgets and the cash flow forecasts for the next three financial years, and associated risks, including the potential impact of Covid-19 and the availability of bank facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the Company will be able to meet its financial obligations as they fall due and has adequate resources to continue in operational existence for the foreseeable future (being at least 12 months from the date of this report). For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board of Directors  
and signed by order of the Board



A McDonald  
Company Secretary  
17 December 2021

# **BYTEMARK LIMITED**

## **DIRECTORS' REPORT** **Year ended 31 March 2021**

### **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 are required to prepare the financial statements in accordance with the requirements of the Companies Act 2006 and have elected to prepare the Company 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 accounts 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 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 Financial Reporting Standards FRS 101 "Reduced Disclosure Framework" 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.

### **Directors' Responsibility Statement**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 17 December 2021 and is signed on its behalf by:



A McDonald  
Company Secretary



S Cunningham  
Director

# BYTEMARK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2021

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
		<b>£</b>	<b>£</b>
<b>Revenue</b>	3	2,682,934	3,090,000
Cost of sales		(421,854)	(438,728)
<b>Gross profit</b>		2,261,080	2,651,272
Administrative expenses		(791,686)	(1,487,848)
<b>Operating profit</b>	4	1,469,394	1,163,424
Interest payable	5	(2,401)	(9,967)
<b>Profit before taxation</b>		1,466,993	1,153,457
Taxation	7	(267,016)	(220,579)
<b>Profit for the financial year</b>		<u>1,199,977</u>	<u>932,878</u>

All of the activities of the company are classed as continuing and there are no items classed as other comprehensive income.

The accompanying accounting policies and notes form an integral part of these financial statements.

# BYTEMARK LIMITED

## STATEMENT OF FINANCIAL POSITION As at 31 March 2021

	Note	2021 Unaudited £	2020 Audited £
<b>Non-current assets</b>			
Property, plant and equipment	8	630,080	974,211
Deferred tax asset	13	62,588	52,482
		<u>692,668</u>	<u>1,026,693</u>
<b>Current assets</b>			
Debtors	9	2,590,529	1,190,925
Cash at bank and in hand		93,518	79,757
		<u>2,684,047</u>	<u>1,270,682</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(812,447)</u>	<u>(924,963)</u>
<b>Net current assets</b>		<u>1,871,600</u>	<u>345,719</u>
<b>Total assets less current liabilities</b>		<u>2,564,268</u>	<u>1,372,412</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(6,123)</u>	<u>(1,712)</u>
<b>Net assets</b>		<u>2,558,145</u>	<u>1,370,700</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Share based payments reserve		-	12,532
Profit and loss account		<u>2,558,045</u>	<u>1,358,068</u>
<b>Shareholders' funds</b>		<u>2,558,145</u>	<u>1,370,700</u>

For the year ended 31 March 2021, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Directors' responsibilities confirm:

- the members have not required the company to obtain an audit of its accounts for the year ended 31 March 2021 in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements; and
- these financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the Board of Directors and authorised for issue on 17 December 2021 and are signed on their behalf by:



S Cunningham  
Director

Company number: 04484629

The accompanying accounting policies and notes form an integral part of these financial statements.



**BYTEMARK LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 March 2021**

	<b>Share Capital £</b>	<b>Profit and loss account £</b>	<b>Share based payments reserve £</b>	<b>Total £</b>
<b>Balance at 1 April 2019 (audited)</b>	<u>100</u>	<u>425,190</u>	<u>3,686</u>	<u>428,976</u>
Profit for the financial year and total comprehensive income	-	932,878	-	932,878
Share based payments	<u>-</u>	<u>-</u>	<u>8,846</u>	<u>8,846</u>
<b>Balance at 31 March 2020 (audited)</b>	<u>100</u>	<u>1,358,068</u>	<u>12,532</u>	<u>1,370,700</u>
Profit for the financial year and total comprehensive income	-	1,199,977	-	1,199,977
Share based payments	<u>-</u>	<u>-</u>	<u>(12,532)</u>	<u>(12,532)</u>
<b>Balance at 31 March 2021 (unaudited)</b>	<u>100</u>	<u>2,558,045</u>	<u>-</u>	<u>2,558,145</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**1. COMPANY INFORMATION**

Bytemark Limited is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is 3<sup>rd</sup> floor, 11-21 Paul Street, London, EC2A 4JU. The nature of the Company's operations and its principal activity is the provision of colocation and cloud based web services.

For the year ended 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The prior year ended 31 March 2020 is audited. These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

**2. ACCOUNTING POLICIES**

**Statement of compliance**

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated.

**Disclosure exemptions adopted**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- a statement of cash flows and related notes;
- the requirement of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the iomart Group as they are wholly owned within the iomart Group;
- disclosure of key management personnel compensation;
- capital management disclosures;
- share based payments;
- disclosures in respect of financial instruments;
- impairment of assets;
- certain disclosure requirements in respect of leases; and
- the effect of future accounting standards not adopted.

**Adoption of new and revised Standards - Amendments to IFRS that are mandatorily effective for the current year**

The company applied the amendments to IAS 1 and IAS 8 Definition of Material for the first time as this is effective for annual periods beginning on or after 1 January 2020. The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Directors consider that this amendment had no impact on the financial statements of the company, nor is there expected to be any future impact to the company.

**New and revised IFRSs in issue but not yet effective and have not been adopted by the Company**

The Company has taken the exemption available under FRS 101 to not disclose the effect of future accounting standards effective but not yet adopted.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**2. ACCOUNTING POLICIES (CONTINUED)**

**Going concern**

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks.

The directors have considered the Company budgets and the cash flow forecasts for the next three financial years, and associated risks, including the potential impact of Covid-19 and the availability of bank facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the Company will be able to meet its financial obligations as they fall due and has adequate resources to continue in operational existence for the foreseeable future (being at least 12 months from the date of this report). For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Parent company**

The Company is a wholly owned subsidiary of iomart Group plc which prepares publicly available consolidated financial statements in accordance with IFRS. This Company is included in the consolidated financial statements of iomart Group plc for the year ended 31 March 2021. These accounts are available from iomart Group plc, Lister Pavilion, Kelvin Campus, West of Scotland Science Park, Glasgow G20 0SP.

**Property, plant and equipment**

Property, plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The following useful lives are applied:

Property improvements	5 to 15 years
Datacentre and computer equipment	3 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

**Leases**

A lease is defined as a contract, or part of a contract, that conveys the right to use of an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company; the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and the Company has the right to direct the use of the identified asset throughout the period of use.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability measured at the present value of future lease payments, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company assesses the right-of-use asset for impairment under IAS 36 'Impairment of Assets' where such indicators exist.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**2. ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot readily be determined, the Company applies an incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the liability by payments made.

The Company re-measures the lease liability (and adjusts the related right-of-use asset) whenever the lease term has changed or a lease contract is modified and the modification is not accounted for as a separate lease.

Lease payments included in the measurement of the lease liability can be made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Under IFRS 16, the Company recognises depreciation of the right-of-use asset and interest on lease liabilities in the consolidated statement of comprehensive income over the period of the lease. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and software and lease liabilities have been included in borrowings due within one year and after more than one year.

**Financial assets**

Financial assets include trade, other receivables, prepayments, and cash and cash equivalents.

**Classification and measurement of financial assets**

The Company classifies financial assets into three categories:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income ("FVTOCI"); and
- Financial assets measured at fair value through profit or loss ("FVTPL").

The classification of financial assets is based on the Company's business model for managing the financial asset and the contractual cash flow characteristics associated with the financial asset. Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cashflows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within a business model whose objective is to both collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at FVTOCI; and
- All other debt investments and equity investments are measured subsequently at FVTPL.

All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs on initial recognition. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through profit or loss.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within 'finance costs' or 'finance income' except for impairment of trade receivables which is presented within 'administrative expenses'.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021****2. ACCOUNTING POLICIES (continued)****Classification and measurement of financial assets (continued)**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

**Impairment of financial assets**

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss ("ECL") model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The Group recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss ("FVTPL"). The main financial asset that is subject to the new expected credit loss model is trade debtors, which consist of billed receivables arising from contracts.

While cash and cash equivalents and accrued income held at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company has applied the IFRS 9 simplified approach to measuring forward-looking expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The ECL model reflects a probability weighted amount derived from a range of possible outcomes. To measure the ECL, trade debtors have been grouped based on shared credit risk characteristics and the days past due. The Company has established a provision matrix based on the payment profiles of sales over a twenty four month period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information that might affect the ability of customers to settle the receivables, including macroeconomic factors as relevant.

Provision against trade and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the assets carrying amount and the present value of estimated future cash flows. An assessment for impairment is undertaken at least at each reporting date.

**Financial liabilities****Classification and measurement of financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue cost.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised through profit or loss. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs through profit or loss. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or when it expires. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Hedge accounting**

Hedge accounting requirements of IFRS 9 do not apply to the Company.

**Cash and cash equivalents**

Cash comprises cash on hand and demand deposits which is presented as cash at bank and in hand in the statement of financial position.

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**2. ACCOUNTING POLICIES (CONTINUED)**

**Cash and cash equivalents (continued)**

of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

**Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, and discounts.

Revenue from the sale of cloud computing infrastructure and managed services is recognised on an over time basis over the life of the agreement and only after the service has been established. Set-up fees charged on contracts are spread over the life of the contract. Any unearned portion of revenue is included in payables as deferred revenue.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow from the transaction and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on prior experience, taking into consideration the type of customer and the type of transaction.

The Company will typically enter multi-element contracts where more than one service is provided such as a private cloud platform combined with an online backup portal, and in such instances the delivery of these multi-element contracts is treated as a single performance obligation. Revenue is then subsequently recognised over the period of service delivery when the criteria for recognition has been met.

In both the current year and prior year all of the company's revenue has been recognised on an over time basis.

**Dividends paid**

Dividends paid are included in the financial statements when a final dividend is approved by the Directors.

**Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit or loss.

**Taxation**

Current tax is the tax currently payable based on taxable profit for the period. Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. In addition, tax losses available to be carried forward, as well as other income tax credits to the Company, are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates and laws that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the period end.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are recognised directly in other comprehensive income or equity in which case the related deferred tax is also recognised in other comprehensive income or equity accordingly.

**Pensions**

The Company contributes to an auto-enrolment pension scheme and also to a number of personal pension schemes on behalf of some senior employees. The pension costs charged against operating profit are the contributions payable to the schemes in respect of the accounting period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**2. ACCOUNTING POLICIES (CONTINUED)**

**Operating profit**

Operating profit comprises the results of the Company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

**Share based payments**

The company operated a share based payment employee share option schemes during the year. The SAYE sharesave scheme is an in equity only and is summarised below:

<b>Scheme Description</b>	<b>Vesting Period</b>	<b>Maximum Term</b>	<b>Performance Criteria</b>	<b>Requirement to remain in employment</b>
Sharesave Scheme	3 years from grant	6 months after vesting date	No criteria set	Yes

The performance criteria as set by the Remuneration Committee of iomart Group plc (the company's parent company). The Sharesave Scheme is made available to all employees who have successfully passed their relevant probation period.

As disclosed in note 6, a share based payment credit of £12,532 (2020: charge of £8,846) has been recognised in the statement of comprehensive income during the year in relation to the above scheme. The fair value of the employee services received is valued indirectly by valuing the options granted using the Black-Scholes option pricing model.

The detailed assumptions adopted in estimating this charge are outlined within note 26 of the iomart Group plc financial statements to 31 March 2021.

**Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

**Capital and reserves**

Capital and reserves comprise the following:

- "Called up share capital" represents the nominal value of equity shares.
- "Share based payments reserve" represents share-based remuneration plans, which are ultimately recognised as an expense through profit or loss.
- "Profit and loss account" represents all current and prior period retained profits and losses.

**Key judgements and sources of estimation uncertainty**

There is not considered to be any key assumptions, or levels of estimation uncertainty, which could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the past or present financial year.

**3. REVENUE**

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
United Kingdom	2,543,364	2,917,641
Rest of the World	139,570	172,359
	<u>2,682,934</u>	<u>3,090,000</u>

All turnover originates from one class of business which is the provision of colocation and managed cloud services.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**4. OPERATING PROFIT**

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible assets – owned assets (note 8)	302,726	445,601
Depreciation of tangible assets – right-of-use assets (note 12)	86,767	199,931
	<u>389,493</u>	<u>645,532</u>

Included within administrative expenses are fees paid to the Company's auditors:

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
<b>Audit services:</b>		
Fees payable for the audit of the company accounts	-	6,000
	<u>-</u>	<u>6,000</u>

There were no non-audit services undertaken in the current year or prior year.

**5. INTEREST PAYABLE**

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
Interest payable on leases (note 12)	2,401	9,967
	<u>2,401</u>	<u>9,967</u>

**6. DIRECTORS AND EMPLOYEES**

**Number of employees**

The company did not have any employees in the year ended 31 March 2021 (2020: 10). All staff costs within the company in the current year are recharged from other Group entities. The directors are also employed and remunerated by other companies in the iomart Group and they do not receive any remuneration specifically for their services as directors of the company.

**Employee costs were:**

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
Wages and salaries*	314,977	434,282
Social security costs	-	42,944
Pension costs	-	8,487
Share based payments	(12,532)	8,846
	<u>302,445</u>	<u>494,559</u>

*\*Wages and salaries in the current year relates to amounts recharged from other group entities.*

The directors are employed and remunerated by other companies in the iomart Group. They do not receive any remuneration specifically for their services as directors of the Company (2020: £nil).



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**7. TAXATION**

<b>Analysis of the tax charge</b>	<b>2021 Unaudited £</b>	<b>2020 Audited £</b>
<b>Corporation tax:</b>		
Corporation tax – current year	300,343	264,585
Adjustments in respect of prior years	(23,221)	14,488
Total current taxation charge	<u>277,122</u>	<u>279,073</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(18,069)	(38,038)
Adjustment in respect of prior years	7,963	(20,866)
Effect of changes in tax rates	-	410
Total deferred tax credit (note 13)	<u>(10,106)</u>	<u>(58,494)</u>
Total taxation charge	<u>267,016</u>	<u>220,579</u>
<b>Factors affecting the tax charge for the current year</b>	<b>2021 Unaudited £</b>	<b>2020 Audited £</b>
Profit before taxation	<u>1,466,993</u>	<u>1,153,457</u>
Tax at 19% (2020 – 19%) thereon:	278,729	219,157
Effects of:		
Expenses not deductible for tax purposes	190	189
Depreciation on fixed assets not eligible for capital allowances	5,736	5,520
Share based payments	(2,381)	1,681
Adjustments in deferred tax relating to prior periods	7,963	(20,866)
Adjustments in current tax relating to prior periods	(23,221)	14,488
Deferred tax relating to changes in tax rates	-	410
Total taxation charge for the year	<u>267,016</u>	<u>220,579</u>

Deferred tax assets and liabilities at 31 March 2021 have been calculated based on the rate of 19% enacted at the balance sheet date (2020: 19%). At the balance sheet date, the 25% UK corporation tax rate announced by the UK government was not substantively enacted. The rate was enacted on 24 May 2021 and will be applied in the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Property improvements</b>	<b>Datacentre and computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2020	1,229,133	1,944,407	3,173,540
Additions	-	45,362	45,362
	<hr/>	<hr/>	<hr/>
At 31 March 2021	1,229,133	1,989,769	3,218,902
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 April 2020	(704,377)	(1,494,952)	(2,199,329)
Charge for the year	(127,491)	(262,002)	(389,493)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	(831,868)	(1,756,954)	(2,588,822)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2020 (Audited)	524,756	449,455	974,211
	<hr/>	<hr/>	<hr/>
At 31 March 2021 (Unaudited)	397,265	232,815	630,080
	<hr/>	<hr/>	<hr/>

Note 12 provides the movements in the year relating to IFRS 16 right-of-use assets included in datacentre and computer equipment in the above table.

**9. DEBTORS**

	<b>2021 Unaudited</b>	<b>2020 Audited</b>
	<b>£</b>	<b>£</b>
Trade debtors	62,379	114,530
Prepayments and other debtors	77,549	59,976
Amounts owed by group undertakings	2,450,601	1,016,419
	<hr/>	<hr/>
	2,590,529	1,190,925
	<hr/>	<hr/>

The Directors consider that the carrying amount of trade and other debtors is approximately equal to their fair value.

Amounts owed by group undertakings are non-interest bearing.

The Company has applied the simplified approach to providing for expected credit losses prescribed, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date, including consideration of the impact of Covid-19. There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2021**

**9. DEBTORS (CONTINUED)**

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer segments.

<b>Risk profile category</b>	<b>2021 Unaudited</b>	<b>ECL rate</b>	<b>2021 ECL allowance</b>	<b>2020 Audited</b>	<b>ECL rate</b>	<b>2020 ECL allowance</b>
<b>(ageing)</b>	<b>£</b>	<b>%</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>£</b>
Current	65,302	3.38%	2,206	120,137	0.21%	249
0-30 days	1,250	0.67%	8	(347)	0%	-
30-60 days	(733)	0%	-	(929)	0%	-
60-90 days	(1,226)	0%	-	(699)	0%	-
Over 90 days	-	0%	-	(3,382)	0%	-
<b>Total</b>	<b>64,593</b>		<b>2,214</b>	<b>114,779</b>		<b>249</b>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2021 Unaudited</b>	<b>2020 Audited</b>
	<b>£</b>	<b>£</b>
Trade creditors	75,439	51,149
Accruals	136,461	128,936
Deferred income	204,799	267,175
Other taxation and social security	95,405	126,961
Corporation tax	300,343	264,585
Lease liabilities (note 12)	-	86,157
	<b>812,447</b>	<b>924,963</b>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2021 Unaudited</b>	<b>2020 Audited</b>
	<b>£</b>	<b>£</b>
Deferred income	6,123	1,712

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**12. LEASES**

Information about leases for which the Company is a lessee is presented below:

<b>Right-of-use assets</b>	<b>Datacentre and Computer Equipment £</b>
Balance at 31 March 2020 (Audited)	86,767
Depreciation	(86,767)
At 31 March 2021 (Unaudited)	-

The right-of-use assets in relation to datacentre and computer equipment are disclosed as non-current assets and are disclosed within property, plant and equipment at 31 March 2021 (note 8).

**Lease liabilities**

Lease liabilities are presented in the balance sheet within creditors due within one year and creditors due after more than one year as follows:

	<b>2021 Unaudited £</b>	<b>2020 Audited £</b>
<b>Creditors: due within one year</b>		
Lease liabilities (note 10)	-	86,157
	-	86,157

The maturity analysis of undiscounted lease liabilities is shown in the table below:

	<b>2021 Unaudited £</b>	<b>2020 Audited £</b>
<b>Amounts payable under leases:</b>		
Within one year	-	86,410
	-	86,410
Unearned interest	-	(253)
Total lease liabilities	-	86,157

Amounts recognised by the Company in relation to IFRS 16 in the statement of comprehensive income is:

	<b>2021 Unaudited £</b>	<b>2020 Audited £</b>
Depreciation charge (note 4)	86,767	199,931
Interest expense (note 5)	2,401	9,967
	89,168	209,898

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**13. DEFERRED TAX**

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
The movement in deferred tax asset included in non-current assets during the year was:		
Balance brought forward	52,482	(6,012)
Profit and loss account movement arising during the year (note 7)	10,106	58,494
	<u>62,588</u>	<u>52,482</u>
Balance carried forward	<u>62,588</u>	<u>52,482</u>

The balance of deferred taxation consists of the tax effect of timing differences in respect of:

Capital allowances	<u>62,588</u>	<u>52,482</u>
--------------------	---------------	---------------

**14. SHARE CAPITAL**

	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>
<b>Authorised, allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company and controlling party is iomart Group plc, a company registered in Scotland, which heads the smallest and largest group in which the results of Bytemark Limited are consolidated.

The consolidated financial statements are available from iomart Group plc, Lister Pavilion, Kelvin Campus, West of Scotland Science Park, Glasgow, G20 0SP.