

Iron Mountain (UK) plc

Annual report and financial statements for the year ended 31 December 2020

Company No. 01478540



IRON MOUNTAIN (UK) PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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IRON MOUNTAIN (UK) PLC

DIRECTORS AND OTHER INFORMATION

DIRECTORS

N Ford
P Shepley

COMPANY SECRETARY

J Virgo

REGISTERED OFFICE

Ground Floor
4 More, London Riverside
London
United Kingdom
SE1 2AU

REGISTERED NUMBER

01478540

INDEPENDENT AUDITOR

Deloitte LLP
Statutory auditor
Glasgow
United Kingdom

BANKERS

HSBC Bank PLC
8 Canada Square
London
E14 5HQ

SOLICITORS

Shoosmiths
7th Floor
125 Colmore Row
Birmingham
B3 3SH

IRON MOUNTAIN (UK) PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

REVIEW OF THE BUSINESS

The principal activity of the Iron Mountain (UK) plc ("the company") is information management and document storage.

The directors consider the performance of the business to be satisfactory.

Turnover for the year of £177.7 million has remained constant from £177.7 million in 2019. The gross profit margin was 67.8% of turnover (2019: 71.4%), this fall in gross profit margin is largely due to higher rent and property taxes along with higher depreciation and utilities costs. Earnings before interest, taxation, depreciation and amortisation was £45.3million (2019: £51.8 million) due mainly to the lower gross profit margin. Administrative expenses increased by 0.7% from £100.5 million in 2019 to £101.2 million in 2020 as a result of increased amortisation of goodwill, foreign exchange loss, and staff costs partly offset by lower intercompany service charges. Profit before tax fell from £39.8 million in 2019 to £12.6 million in 2020, mainly due to a gain on sale of fixed assets in 2019 of £28.4million offset by lower impairment in investments in the year (note 12) of £0.3 million (2019: £10.9) million as well as the lower operating profit mainly due to the lower gross profit margin.

Finance expenses increased to £7.3 million (2019: £6.6 million).

As at the balance sheet date the company had net current liabilities of £63.1 million (2019: £122.7 million), including a net bank overdraft of £167.7 million (2019: £64.7 million). The increase in the bank overdraft was mainly due to providing an intercompany loan of CAD\$ 256.0 million to Iron Mountain Canada Operations ULC partially offset by increased borrowings of £40.0 million from Barclays bank. Net assets rose to £146.1 million as at 31 December 2020 (2019: £139.0 million) due to the profit in the year.

KEY PERFORMANCE INDICATORS

The company is a member of the Iron Mountain Inc. group of companies. The Iron Mountain group is managed on a geographical basis across service offerings. For this reason, the directors believe that further analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the entity. The development, performance and position of the geographical region, which includes the company, are disclosed in the group's annual report per note 23.

SECTION 172 STATEMENT

The Board of Directors, in line with their duties under s.172 of the Companies Act 2006, act in a way they consider to be in the collective best interests of the Company and its stakeholders. This is critical to the long-term success of our business and key to maintaining engaged and constructive relationships with employees, customers, shareholders, suppliers and the wider communities in which we operate.

The Company's core values which can be found on the group website (<https://www.ironmountain.com/about-us/values>) are acting with honesty and integrity, owning safety and security, build customer value, take ownership and promote inclusion and teamwork. These values mean we are open and honest and live our values every day, we protect ourselves and each other from harm, and secure our customers' assets as if they were our own, we constantly look for ways to better serve our customers and improve their business, we take personal responsibility for the success of our teams, our customers, and our company and we look for and value each other's unique ideas and perspectives to get better results. Without exception it is expected that all involved with the Company (in any capacity) act in accordance with these values. The commitment to these values, coupled with the consistent promotion of an open dialogue culture, enables the Directors to develop a close understanding of: (i) key stakeholders in relation to each decision; and (ii) the needs, concerns and aspirations of these stakeholders. In turn this enables the Board to make decisions in context by balancing competing interests and with due consideration to likely consequences in the short, medium and long-term.

IRON MOUNTAIN (UK) PLC**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****SECTION 172 STATEMENT (continued)**

Our reporting structures and frequent communication throughout our business, both formal and informal, along with our internal controls including Sarbanes Oxley controls and a group internal audit function, ensure that the Board has complete information and is aware of all strategic and material decisions providing confidence that the right decisions are being made at the right time in line with s.172. Our open dialogue culture also enables balanced consideration to be given to factors relating to our operations, the communities in which we operate and support, the natural environment and our social responsibilities.

To demonstrate the aforementioned behaviours, below is a list of our key stakeholders, the methods used to by the Board to engage with them (directly or indirectly) and a non-exhaustive, illustrative, list of some key decisions of the Company highlighting the Board of Director's compliance with the requirements of s.172 and the interplay between the different considerations involved.

Stakeholder	Method of Engagement
Employees	Information is shared with, and feedback sought from, employees on a frequent basis. This takes the form of weekly briefings, group calls and Q&As with the leadership team. In addition the Company has invested in technology and connective platforms to facilitate the real time sharing of information. Additionally the Board periodically visit our sites across the territory to engage directly with employees.
Customers	The Board and senior management routinely engage directly with customers. This is through meetings, feedback panels, surveys and briefings. Further our customer facing teams, including sales and account management personnel, are in touch with our customers daily to understand and service their current and future requirements.
Shareholders	Our ultimate shareholders are engaged through interactive earning calls, meetings and filings. The Board interact throughout the year with the Company's parent company and shareholder.
Suppliers	Our procurement team and employees engage with our suppliers on a frequent basis to ensure that the supply chain is effective, robust and appropriately managed.
Communities	The business encourages all employees to engage with local communities and act in a socially and environmentally responsible manner.

The aforementioned engagement and interactions inform the Board of stakeholder interests and concerns. These are then factored into decision made about actions which will best lead to the success of the Company having regard to the long-term.

Below are some key decisions of the Board (which were made following and considering stakeholder interests) and details of the impacted stakeholders.

COVID-19:

Like many organisations the Company experienced difficulties as a consequence of the pandemic. Almost a third of the Company's standard service revenues were lost overnight as consequence of the lockdown in March 2020. To ensure that the Company remained profitable, we utilised the furlough scheme introduced by the Government. This was reviewed regularly and staffing levels changed accordingly in line with the activity movements of the business. In the third quarter of 2020, the Company took the view that service levels would not recover to the pre COVID-19 position and therefore we took the hard decision to reduce the amount of permanent members of staff accordingly. Service activity has since recovered to 90% of the pre COVID-19 levels which is aligned to the rationale given for reducing staff numbers. Decisions regarding our personnel are never taken lightly, it is our people who make the Company, however on balance it was considered that these changes were the correct ones for our business and were in the long term interests of the majority of employees. A fair process was followed for the impacted employees and all relevant employees had the opportunity to choose to take enhanced voluntary redundancy; the majority of leavers chose to take voluntary redundancy.

IRON MOUNTAIN (UK) PLC

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

SECTION 172 STATEMENT (continued)

SECURE BUSINESS STORAGE:

In recognition of changes in our customers' requirements, the Company has continued to invest significantly in its capability to provide physical storage of items other than hardcopy records ("Secure Business Storage"). This includes pallet storage, art storage and artefact storage. The decision to further invest in these areas was taken to continue to solve challenges faced by our customers and to future proof our business for the benefit of our employees and shareholders. The opportunity cost of this investment was lower capital to invest in other areas of our business, however it was deemed the most prudent use of capital for the business' long-term interests.

REVENUE GROWTH:

In the interests of our Shareholders to ensure that the Company maximized its profitability, in 2020 we looked to maximise revenue growth by implementing stretch targets in both records management and global digital solutions ("GDS"). In respect of records management, pricing was underpinned by a "no dilution" approach to all private sector renewals. In respect of GDS we expanded our operation in Hoddeston and Corby. We overachieved our records management stretch targets but unfortunately the GDS targets were not met; this was attributed to COVID-19 which caused a drop in discretionary spend by customers.

CARBON FOOTPRINT REDUCTIONS:

In 2020 we continued to undertake a significant project to replace existing lighting systems with low energy lightbulbs and motion sensors in 25 facilities. The investment and short-term disruption to our operations during the installation process, demonstrates a firm and consistent commitment reducing our carbon footprint and operating in an environmentally sustainable and responsible manner. Decisions such as these, which go beyond our regulatory requirements, will be to benefit of the Company, the environment and our wider communities and demonstrate Company's aspirations to lead the way in environmentally operational practices.

REAL ESTATE:

The real estate strategy was refreshed to maintain a rolling 5 year view. The Company's traditional business is in decline so to ensure that unnecessary costs are avoided the Company exercised the majority of break options that became available and did not extend leases that came to an end in 2020. Due to the changing nature of the Company's business it was deemed that this was the most prudent course of action for business' long-term interests and the interests of its stakeholders.

INCREASE IN WAGES & CHARITY DAYS:

In 2020 the company increased the base salary of its logistics and transport staff by an average of 2.85%. This was done not only to ensure compliance with regulation and best practices but in part in response to employee feedback and to improve the engagement and likelihood of long tenure within the workforce.

Further the Board of Directors approved all employees being given the opportunity to take paid volunteer days for causes of their choice within their communities. This, among other initiatives detailed at: <https://www.ironmountain.com/about-us/corporate-social-responsibility/our-communities> has helped to develop community relationship and benefited charitable causes.

IRON MOUNTAIN (UK) PLC

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES

SECURITY OF CUSTOMER DATA

The wider group has experienced incidents in which customers' backup tapes or other records have been lost, and it has been informed by customers in some incidents that the lost media or records contained personal information. Although there have been no significant cyber breaches there is also the risk of cyber-attack on the company's systems, which could lead to the loss of personal customer information. Although a potential risk, this is not considered to be a material matter of concern for Iron Mountain (UK) plc.

The increased focus on data security may lead to governmental action and/or changes in customer demand as a result of which the company may be required to modify its operations with the goal of further improving data security or accept increased liabilities or obligations if breaches of data security occur with respect to data in its custody. However, the company may be unable to increase its prices sufficiently to counter the increased costs associated with such modifications to operating practices or such acceptance of increased liabilities and obligations. In addition, any compromise of security, accidental loss or theft of customer data in the company's possession could damage its reputation and expose it to risk of liability, which could harm its business and adversely impact its financial results.

EFFECTS OF ALTERNATIVE TECHNOLOGIES

The company derives most of its revenues from the storage of paper documents and storage related services. This storage requires significant physical space. Alternative storage technologies exist, many of which require significantly less space than paper documents. These technologies include computer media, optical disk and cloud based storage. The company's customers may choose to store most of their records in alternative formats. A significant shift by the company's customers to storage of data through non-paper based technologies, whether now existing or developed in the future, could adversely affect its business.

POTENTIAL LIABILITIES AND COST ASSOCIATED WITH THE REAL ESTATE REQUIRED FOR THE BUSINESS

Due to the company's business being heavily dependent on real estate, it faces risks attributable to the real estate that it owns or leases. Such risks include:

- variable occupancy costs and difficulty locating suitable sites due to fluctuations in the real estate market;
- uninsured losses or damage to our storage facilities due to an inability to obtain full coverage on a cost-effective basis for some casualties, such as natural disasters, or any coverage for certain losses, such as losses from riots or terrorist activities;
- loss of our investment in, and anticipated profits and cash flow from, damaged property that is uninsured;
- liability under environmental laws for the costs of investigation and cleanup of contaminated real estate owned or leased by the company, whether or not the company knows of, or is responsible for, the contamination, or the contamination occurred while it owned or leased the property; and
- costs for reinstatement of leased buildings to their original state and dilapidation costs on lease termination.

IRON MOUNTAIN (UK) PLC

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

COVID-19

In March 2020 the spread of the Covid-19 pandemic, resulted in the UK entering a period of lockdown, resulting in a significant reduction in short term economic activity which reduced demand for the company's services, however the majority of the company's revenue (Note 3) is derived from storage which was largely unaffected. Revenue during the year has been stable however there has been an impact on margin due to higher rent and property taxes along with higher depreciation and utilities costs. There also uncertainties that are considered to have increased the credit risk on collectability of receivables. In response we have sought to reduce costs where possible, including taking up the option of furloughing staff where appropriate, during the year the company made £0.2 million of furlough claims. While we currently anticipate activity levels will improve through 2021, the timing and extent of any improvement is highly uncertain and the circumstances have increased the general economic uncertainties. We continue to monitor the situation closely and review the risks to the business.

FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its activities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the financial risks the directors consider relevant are credit risk, liquidity risk and cash flow risk. The company manages these risks by regularly monitoring debtors and ensuring compliance with continuing banking agreements.

Credit risk

The company's principal financial assets are bank balances, balances due from fellow group companies and trade debtors.

Credit risk associated with trade debtors is managed through regular review of customer risk ratings and collection rates. The credit risk on intra group receivables is not considered to be significant. Further the credit risk on liquid funds is considered limited with the counterparty having a recognised credit rating.

Liquidity risk

The company uses cash generated from operations to fund its activities and also has access to a group cash pooling arrangement. The cash requirements to service and repay external debt facilities are monitored closely to appropriately ensure liquidity is available.

Cash flow risk

The nature of activities expose the company to the risk of changes in foreign currency exchange rates and interest rates, which is managed by the group treasury team.

BREXIT

The United Kingdom exited the European Union in January 2020 after the country voted to leave in a referendum in June 2016. The transition period ended at 11pm on 31 December 2020. The directors do not consider Brexit to pose a significant risk to the business as all external revenue is derived from the United Kingdom. The directors continue to monitor the situation closely and review potential risks to the company.

IRON MOUNTAIN (UK) PLC

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

FUTURE DEVELOPMENTS

The directors expect the company to continue its current activities for the foreseeable future, although some activities are expected to be reduced due to the impact of Covid-19. The directors will continue to pursue opportunities to grow the business and achieve operational efficiencies.

Approved by the board of directors and signed on behalf of the Board by:

DocuSigned by:
Nicholas Ford
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N Ford
Director
30 June 2021

IRON MOUNTAIN (UK) PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2020.

RESULTS

The results for the year ended 31 December 2020 are presented in the profit and loss account on page 22 and the financial position is presented in the balance sheet on page 23. The results are discussed in the strategic report on pages 2 to 7.

As discussed in the strategic report the trading results for the year were satisfactory. Turnover for the year was £177.7 million (2019: £177.7 million) and pre-tax profit was £12.6 million (2019: £39.8 million).

No dividends were proposed or paid in respect of the year ended 31 December 2020 (2019: £159.8 million). No dividends have been declared or proposed up to the date of signing these accounts.

STRATEGIC REPORT

The information that fulfils the Companies Act requirements of the business review is included within the strategic report. This includes a review of the development of the business, financial risk management and likely future developments within the business.

EVENTS AFTER THE BALANCE SHEET DATE

On 26 March 2021 the company made a capital contribution to its subsidiary IM Poland Holdings Limited of €5.4 million and on 8 April 2021 purchased the share capital of Martinspeed Limited for £15.4 million. On 22 June the company also sold 4 of its owned buildings for £126.5 million.

GOING CONCERN

The financial statements are prepared on a going concern basis. The company had net current liabilities of £63.1 million as at 31 December 2020 (2019: £122.7 million) which included a net bank overdraft of £167.7 million (2019: £64.7 million) and continues to have access to a group cash pool to fund day to day operations. The directors have received confirmation from the ultimate parent company, Iron Mountain Inc. of its continuing support for a period of at least 18 months from the date of approval of these financial statements. At 31 March 2021 Iron Mountain Inc. had facilities of \$1,686.8 million (2019: \$1,099.5 million) available and not drawn down.

The directors having assessed the financial position and prospects for the company including the current cash balances of the company compared to the likely demands on these cash balances as per forecast cashflows as well as the risks and uncertainties arising from the Covid-19 pandemic, are satisfied that the company has adequate resources to continue to operate as a going concern throughout the twelve months following the date of approval of these financial statements.

COMPANY SECRETARY

S Moynihan resigned as company secretary on 18 May 2020 and was replaced by J Virgo on the same date.

IRON MOUNTAIN (UK) PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS

The directors of the company, who served in the year and to the date of this report are as follows:

P Keddy	(Resigned 08 January 2021)
N Ford	(Appointed 08 January 2021)
P Shepley	(Appointed 08 January 2021)
G Mackie	(Resigned 08 January 2021)

DIRECTORS' INDEMNITIES

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

SECTION 172 STATEMENT

Details of the steps taken by the company to comply with section 172 are discussed in the strategic report.

EMISSIONS AND ENERGY CONSUMPTION FOR IRON MOUNTAIN OPERATIONS IN THE UK

Our Philosophy

We embrace our responsibility to contribute to the fight for a net-zero future for our planet. We seek opportunities to improve environmental performance within our operations. We enable our customers to manage information while meeting their environmental goals. And we partner with our suppliers to unlock opportunities to protect our planet, together.

In 2020, Iron Mountain published our first ever Global Environmental Policy.

Energy and Greenhouse Gas Emissions

Energy management is deeply integrated into our business decisions. For several years, Iron Mountain has focused on reducing Scope 2 emissions by making lighting systems improvements, such as upgrading over 235,000 fixtures to LED. In the UK, specifically, we have upgraded over 50,000 lights to LED across 30 sites in just the past two years.

In 2020, the focus shifted to cutting Scope 1 emissions from natural gas use by improving our heating systems throughout our global portfolio. The program systematically reviewed each site to confirm usage and identified the age and performance of the heating equipment. Based on the results, we put in place a solution to either refresh or replace assets while putting enhanced scheduling controls on over 1,000 units.

These investments contributed to an 18.5% yr/yr decrease in absolute GHG emissions. We do attribute some reduction of Scope 1 emissions to COVID-19 related declines in service and delivery activities. As we continue to implement additional energy-efficiency programs, expand our renewable energy footprint, and begin to see the impacts of fleet electrification, we will draw closer to our goal of reducing Scope 1 and 2 emissions by 25% below our 2019 baseline by 2025.

IRON MOUNTAIN (UK) PLC**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****Energy and Greenhouse Gas Emissions (continued)**

The tables below show the breakdown of green-house gas emissions for Iron Mountain's operations in the UK.

Scope	Emissions mtons CO2-e	Sources
Scope 1	3,116.93	Fleet, Generators, Natural Gas
Scope 2	252.55	Electric power, Green Electric Power, RECs
Scope 3	968.00	Electric Power - Downstream Leased Assets, Electric Power - Upstream T&D Loss, Green Power, Rental Vehicle, Business Travel
TOTAL	4,337.48	
Emissions mtons CO2-e	2020	Sources
Electricity (incl. line loss)*	902.26	Electric Power, Electric Power - Downstream Leased Assets, Electric Power - Downstream Leased Assets, Green Electric Power, RECs, Green Power
Heating	883.34	Natural Gas
Vehicles (incl. third-party fuel)	2,368.18	Fleet - Diesel, Rental Vehicle
Fire suppressants	0.00	
Business travel	148.29	Business Travel (Air)
Other sources (diesel backup generators, refrigerants)	35.41	Generators
TOTAL	4,337.48	

Renewable Energy

100% of our UK operations are supplied by a renewable energy purchase contract including our data center facilities in Slough. In 2020 we completed 5 additional on-site solar systems in the UK bringing the current total to 12 facilities and 1.6 MW of generation capacity. We are continuing to evaluate additional sites to increase these numbers.

The tables below show the breakdown of energy consumption and amount of renewables for Iron Mountain's operations in the UK

Total (kWh)	2020	Sources
Energy Consumption	66,522,592.02	Electric Power, Electric Power - Downstream Leased Assets, Natural Gas, Fleet - Diesel
Electricity (Total) kWh	52,888,500.79	Electric Power, Electric Power - Downstream Leased Assets
Electricity (Data Center) kWh	34,930,337.00	Slough DC
Electricity (Other) kWh	17,958,163.79	Total - Slough DC usage
Renewable Energy	52,224,167.71	Green Electric Power, RECs, Green Power
Non Renewable Energy	664,333.08	Total - RE
Heating (fossil) (incl. Backup gen)	5,023,225.93	Natural Gas + Generators
Transport (Scope 1 only)	8,751,369.17	
Total (kWh)	2020	Sources
Energy Consumption	66,522,592.02	Electric Power, Electric Power - Downstream Leased Assets, Natural Gas, Fleet - Diesel
Elec Consumption Operations	52,888,500.79	Electric Power, Electric Power - Downstream Leased Assets
Renewable Energy	52,224,167.71	Green Electric Power, RECs, Green Power
% RE	98.74%	

IRON MOUNTAIN (UK) PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

The Future of Our Fleet

We wanted to gain a better understanding of the potential impacts of converting our global fleet of around 5,000 cars, vans, and trucks to electric vehicles. To do this, we collaborated with the Environmental Defense Fund (EDF) Climate Corps Fellowship to investigate how vehicle electrification would affect customer service, costs, and access, especially in European cities that are implementing severe restrictions on the use of diesel vehicles. Through this work, we discovered that vehicle electrification can have either positive or negative business consequences depending on how well we prepare.

As a result of this research, we established a senior level, cross-functional electric vehicle (EV) integration steering committee in order to craft a long-term transition plan and identify near-term opportunities for accelerating adoption. So far, the committee has established a roadmap to convert 10% of our global fleet to electric by 2025. Beyond this, our goal is to convert 100% of our corporate cars and 50% of our vans to electric vehicles by 2030.

In the UK

Our UK fleet operations have a long history with EV operations with testbed vans in service for over 5 years. Currently we operate approximately 8 fully EV vans and we are testing next generation vehicles for wider deployment late this year.

Green Buildings

Over the years, we have made significant investments across our large real estate footprint in order to make our facilities more energy efficient. In addition, we recognize that the majority of a building's lifelong environmental footprint is decided during its design and construction. Because of this, we have been working with green building standards and certification programs for several years.

In the UK

UK operations were among our first to be certified to ISO14001 over 5 years ago. Our new construction addition to our Slough data center campus is currently slated to be among our first to meet BREEAM Green Building standards when it comes on line in 2022.

EMPLOYEES

The board pursues policies designed to encourage employees to identify with the company and use their knowledge and skills actively towards its success. Management is encouraged to make employees aware of the financial and economic factors affecting the company's performance.

Full consideration is given to employment applications from disabled persons who have the necessary aptitudes and abilities. Where an employee becomes disabled while employed, arrangements are made wherever practicable to maintain employment. The company seeks to develop the skills of disabled persons by providing appropriate training, taking into account their particular needs.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed in matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the group magazine and a special edition of the annual financial statements for employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Where there are major changes in the company policy or culture employee steering groups are established to gauge the views of employees.

IRON MOUNTAIN (UK) PLC

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

Approved by the board of directors and signed on behalf of the Board by:

DocuSigned by:

Nicholas Ford

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N Ford

Director

30 June 2021

IRON MOUNTAIN (UK) PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRON MOUNTAIN (UK) PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Iron Mountain (UK) plc (the company):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 24.

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

2. 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- *Risk of impairment in the carrying value of investments in subsidiaries*
- *Risk of impairment in the carrying value of goodwill*

Within this report, key audit matters are identified as follows:

-
- ⓘ Newly identified
 - ⤴ Increased level of risk
 - ⤵ Similar level of risk
 - ⤶ Decreased level of risk
-

Materiality	The materiality that we used in the current year was £2.7m, which was determined on the basis of revenue.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in audit approach	There were no significant changes in our approach.

4. 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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- assessing the financial position and prospects of the company;
- reviewing management's cash flow projections, challenging the key assumptions and performing an analysis based on our knowledge of the business and general market conditions including the uncertainties arising from the Covid-19 pandemic;
- testing the mathematical integrity of the cash flow projections and the accuracy and completeness of the underlying data; and
- evaluating the appropriateness of disclosure made in the financial statements in respect of the company's ability to continue as a going concern.

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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Risk of impairment in the carrying value of investments in subsidiaries

Key audit description	audit matter	The company holds investments in subsidiaries with a total carrying value of £140.0m as at 31 December 2020 (2019: £140.3m), representing 13% (2019: 16%) of total assets, see note 12 to the financial statements.
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Judgement is required by the directors in assessing the recoverability of the carrying value of investments. As disclosed at note 2 to the financial statements, the assessment involves consideration of the financial position and prospects for the individual investments making up the book value as at 31 December 2020.

Where the net assets of individual subsidiaries are lower than the book value of the investment held further assessment of the recoverable value of the investment is performed by considering the estimated discounted future cash flows. The application of inappropriate valuation methodologies or use of inappropriate key assumptions could have a material impact on the resultant assessment. The impairment analysis also includes use of terminal value multiples within the DCF for each investment and sensitivity analysis is performed to ensure this is reasonable.

An impairment of £0.3m (2019: £10.9m) was recognised in the year in relation to the investments held in F.T.S (Freight Forwarders) Limited. The impairment was due to the investment value exceeding the net assets of this entity.

How the scope of our audit responded to the key audit matter	audit matter	We obtained the 31 December 2020 financial information for the underlying investments to assess if they supported the carrying value.
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Where relevant we challenged key assumptions used in the development of the estimated future cash flows, which reflected the economic assessment as at 31 December 2020. Our challenge included consideration of the economic circumstances and prospects, including risks such as Brexit and COVID-19, the consistency of the future cash flows with recent performance, and we assessed the historical accuracy of past forecasts. We also considered the reasonableness of the discount rate and terminal value multiples used in calculating the present value of future cash flows. The level of headroom and risk of reasonable downside sensitivities on available headroom was considered.

Key observations	audit matter	Based on the work performed, we conclude that the carrying value of the investments in subsidiaries is appropriate.
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5.2. Risk of impairment in the carrying value of goodwill

Key audit description	audit matter	Goodwill in excess of the net amount of the identifiable assets, liabilities and contingent liabilities acquired is stated in the balance sheet at £26.9m at 31 December 2020 (2019: £38.9m). As disclosed at note 1 to the financial statements, goodwill is amortised evenly over its estimated useful life, not exceeding 20 years. The average remaining useful life is 4 years.
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Section 27 of FRS102 'Impairment of Assets' requires goodwill acquired to be assessed at each reporting date for any indication of impairment.

Judgement and estimation is involved in the directors' assessment of the recoverability of goodwill. The judgement and estimation includes consideration of

- * Identification of cash generating units (CGUs) and attributable goodwill
- * Identification and consideration of potential impairment indicators
- * Future trading and cash flow projections
- * Application of an appropriate discount rate
- * Sensitivities to goodwill from external forces

How the scope of our audit responded to the key audit matter	audit matter	In evaluating the risk of impairment in the carrying value of goodwill at 31 December 2020, we have:
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- * Considered the existence of impairment indicators in accordance with Section

- 27.7 of FRS 102;
- * Assessed the appropriateness of the CGUs identified by management
- * Considered and challenged as appropriate key assumptions underlying the trading projections by performing an analysis of the 2020 revenue listing and identifying customers acquired as a result of goodwill, and the applied discount rate; and
- * Considered the risk of impairment from downside sensitivities

Key observations Based on the work performed we concluded that the carrying value of goodwill is appropriate.

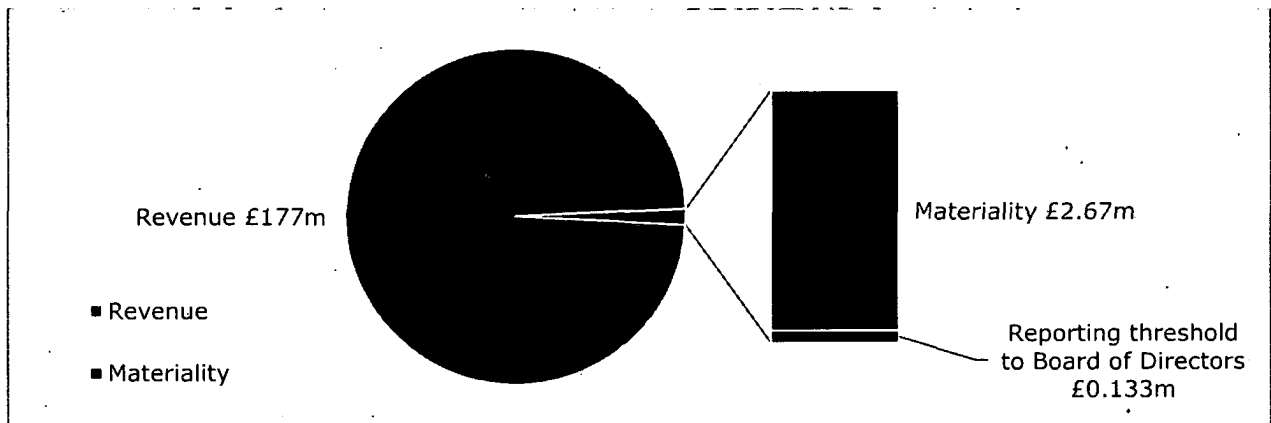
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2.7m (2019: £2.7m)
Basis for determining materiality	1.5% of revenue (2019: 1.5% of revenue)
Rationale for the benchmark applied	Revenue is considered a key metric when assessing business performance and we weighted our assessment of materiality to this measure as opposed to profit measures which are more volatile.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the entity’s overall control environment, and that we consider it appropriate to rely on certain controls over the revenue business process

- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the directors that we would report to the directors all audit differences in excess of £133k (2019: £135k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

We performed walkthroughs and obtained an understanding of controls in each business cycle. We tested and placed reliance on certain controls relating to revenue.

We involved IT specialists in our assessment of the general IT environment and key controls over the Oracle ERP system.

8. 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 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.

9. 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.

10. 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.

11. 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.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and internal audit about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: revenue recognition, specifically manually created invoices. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax and pension legislation.

In addition, we considered provisions of other laws and regulations that 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.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through revenue recognition, obtaining an understanding of, and testing, relevant controls and performed focused detailed tests on the debit memo and credit memo GL activity; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

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

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

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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.

David Crawford

David Crawford CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, UK
30 June 2021

IRON MOUNTAIN (UK) PLC**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Turnover	3		177,673		177,741
Cost of sales			<u>(57,200)</u>		<u>(50,891)</u>
GROSS PROFIT			120,473		126,850
Administrative expenses			<u>(101,212)</u>		<u>(100,514)</u>
OPERATING PROFIT			19,261		26,336
(Loss)/Gain on sale of fixed asset		(57)		28,398	
Other income/(expense)	7	775		(8,265)	
Net finance expense	6	<u>(7,341)</u>		<u>(6,623)</u>	
			<u>(6,623)</u>		<u>13,510</u>
PROFIT BEFORE TAXATION	5		12,638		39,846
Tax charge on profit	8		<u>(5,525)</u>		<u>(6,924)</u>
PROFIT FOR THE FINANCIAL YEAR			<u>7,113</u>		<u>32,922</u>

All results are derived from continuing operations. There are no recognised gains and losses other than those presented above. Accordingly, no separate statement of comprehensive income is presented.

IRON MOUNTAIN (UK) PLC**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Goodwill	10	26,940	38,880
Tangible assets	11	130,347	127,725
Investments	12	623,895	615,842
		<u>781,182</u>	<u>782,447</u>
CURRENT ASSETS			
Debtors – amounts falling due within one year	13	288,391	91,201
Cash at bank and in hand		1,012	5,610
		<u>289,403</u>	<u>96,811</u>
CREDITORS			
Amounts falling due within one year	14	<u>(352,498)</u>	<u>(219,479)</u>
NET CURRENT LIABILITY			
		<u>(63,095)</u>	<u>(122,668)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		718,087	659,779
CREDITORS			
Amounts falling due after more than one year	15	(551,303)	(504,905)
PROVISIONS FOR LIABILITIES			
	17	(20,719)	(15,922)
NET ASSETS			
		<u>146,065</u>	<u>138,952</u>
CAPITAL AND RESERVES			
Called-up share capital	18	5,145	5,145
Capital reserve	19	(1,804)	(1,804)
Profit and loss account	19	142,724	135,611
SHAREHOLDERS FUNDS			
		<u>146,065</u>	<u>138,952</u>

The comparatives for the year ended 31 December 2019 have been restated to reflect a reclassification of £475.6m of intercompany loans that were previously classified as Debtors within Current Assets, to Investments within Fixed Assets, to appropriately reflect the nature of the loans that are intended for use on a continuing basis in the company's activities. There is no impact to the previously reported net assets for the year ended 31 December 2019.

The notes on pages 25 to 43 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 30 June 2021 and signed on its behalf by:

DocuSigned by:

Nicholas Ford

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N Ford

Director

Registered number: 01478540

IRON MOUNTAIN (UK) PLC**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called- up share capital £'000	Capital reserve £'000	Profit and loss reserve £'000	Total £'000
At 1 January 2019	5,145	(1,804)	262,474	265,815
Total comprehensive income and profit for the financial year	-	-	32,922	32,922
Dividends paid	-	-	(159,785)	(159,785)
At 31 December 2019	5,145	(1,804)	135,611	138,952
Total comprehensive income and profit for the financial year	-	-	7,113	7,113
At 31 December 2020	5,145	(1,804)	142,724	146,065

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior year, unless otherwise stated.

GENERAL INFORMATION AND BASIS OF ACCOUNTING

Iron Mountain (UK) plc is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

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

The functional and presentational currency of Iron Mountain (UK) plc is considered to be pounds sterling being the currency of the primary economic environment in which the company operates. All amounts in these financial statements have been rounded to the nearest £1,000.

Iron Mountain (UK) plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of preparing consolidated financial statements because it is a wholly owned subsidiary of a parent company which prepares consolidated financial statements. These consolidated financial statements are publicly available from the address shown in note 23. The ultimate parent company, Iron Mountain Inc., is incorporated in Delaware, United States of America.

The company has also taken advantage of the disclosure exemptions in respect of share-based payments, financial instruments, presentation of a cash flow statement, key management personnel compensation and disclosing related party transactions with entities that are part of the group headed by the ultimate parent company, for which group accounts are prepared. There are no other related party transactions.

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

GOING CONCERN

The financial statements are prepared on a going concern basis. The company had net current liabilities of £63.1 million as at 31 December 2020 (2019: £122.7 million) which included a net bank overdraft of £167.7 million (2019: £64.7 million) and continues to have access to a group cash pool to fund day to day operations. The directors have received confirmation from the ultimate parent company, Iron Mountain Inc. of its continuing support for a period of at least 18 months from the date of approval of these financial statements. At 31 March 2021 Iron Mountain Inc. had facilities of \$1,686.8 million (2019: \$1,099.5 million) available and not drawn down.

The directors having assessed the financial position and prospects for the company including the current cash balances of the company compared to the likely demands on these cash balances as per forecast cashflows as well as the risks and uncertainties arising from the Covid-19 pandemic, are satisfied that the company has adequate resources to continue to operate as a going concern throughout the twelve months following the date of approval of these financial statements.

CLASSIFICATION OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

BASIC FINANCIAL INSTRUMENTS

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****1. ACCOUNTING POLICIES (continued)****BASIC FINANCIAL INSTRUMENTS (continued)****Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	2.5% on cost
Leasehold property	over the lease term
Racking	5%-20% on cost
Fixtures and fittings	20% on cost
Computer equipment	33% on cost

Residual value is calculated at prices prevailing at the date of acquisition or valuation. The costs of assets under the course of construction are capitalised as incurred. Once complete, the assets are transferred to the appropriate asset category and depreciated from that date.

GOODWILL

Goodwill is calculated as the excess of the fair value of consideration over the fair values of the identifiable net assets and liabilities acquired. Goodwill is shown in the balance sheet as an intangible asset and amortised evenly over its estimated useful economic life, which will not exceed 20 years. In addition to annual amortisation any impairment in the book value of goodwill is recognised when identified. Any such write-down is charged against the operating result for the period.

INVESTMENTS

Fixed asset investments are shown at cost less provision for impairment. Impairment is recognised when identified.

EMPLOYEE BENEFITS**Defined contribution plans and other long-term employee benefits**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

PROVISIONS

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is possible that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

TURNOVER

Turnover relates to goods and services supplied to third parties in the normal course of business and intercompany management fees are stated net of trade discounts and VAT. Supplies of goods and services are recognised when the goods or services are rendered. The activities of the business are solely in the United Kingdom.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are included in the profit and loss account.

LEASED ASSETS

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

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

TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

TAXATION (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty – impairment of investments in subsidiaries (note 12)

Determining whether investments in subsidiaries are impaired requires an estimation of their recoverable values, compared to the cost of the investment on an individual basis. This assessment requires consideration of the net assets of the subsidiary and, where necessary its value in use calculated using estimated discounted future cash flows. As well as estimating future cash flows a discount rate has to be applied to calculate the present value. The appropriate discount rates are developed with the assistance of a third party. An impairment in subsidiaries of £0.3 million was identified as at 31 December 2020 and is recognised in the result for the year.

Key sources of judgement and estimation uncertainty – carrying value of goodwill

In assessing the carrying value of goodwill the directors are required to consider the existence of indicators of impairment at the balance sheet date. Where such indicators are identified the carrying value of goodwill is further assessed by calculating the value in use using estimates of future cash flows and a suitable discount rate to calculate the present value. No impairment was identified in the year ended 31 December 2020.

Key sources of estimation uncertainty – property provisions (note 17)

In determining the expected liability for property related provisions for dilapidations and asset retirement obligations estimates are developed through a combination of input from third party advisors and experience of similar transactions. The base assumptions for the calculations are reviewed annually and updated where needed.

Key sources of estimation uncertainty – taxation

Judgement is required in assessing the tax consequences of transactions and estimating the provision for income and corporate taxes. Where the final outcome is different from the amounts initially recorded, such differences will impact the current and deferred taxes assets and liabilities in the period in which such determination is made.

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****3. TURNOVER**

An analysis of the company's revenue is as follows:

	2020 £'000	2019 £'000
Data protection	32,437	31,210
Entertainment storage services	5,105	1,831
Fine arts	1,436	1,668
Records management	138,154	142,760
Other services	541	272
	<hr/>	<hr/>
Total turnover	177,673	177,741

All turnover relates to goods sold and services provided by the company within the United Kingdom.

4. STAFF COSTS

	2020 £'000	2019 £'000
Staff Costs, including directors		
Wages and salaries	16,347	16,151
Social security costs	3,034	2,986
Other pension costs	83	66
	<hr/>	<hr/>
	19,464	19,203

Certain key management and staff hold options over shares in Iron Mountain Inc., the ultimate parent company.

The number of directors who exercised share options in the year was 2 (2019: 3).

Details of the share option schemes can be found in the financial statements of Iron Mountain Inc.

The average monthly number of employees during the period was as follows:

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****4. STAFF COSTS (continued)**

	2020	2019
	Number	Number
Average monthly number of employees, including directors:		
Warehouse and distribution	57	63
Sales and service	229	237
	<u>286</u>	<u>300</u>
	£'000	£'000
Directors		
Directors' remuneration:		
Emoluments	1,009	2,434
Company contribution to pension schemes	9	17
	<u>1,018</u>	<u>2,451</u>

The above represents the total remuneration of the directors for Iron Mountain (UK) plc. The directors also serve as directors of certain other group companies. During the year no directors received payments for compensation for loss of office (2019: 2 directors totalling £399,537 these payments are included in Directors' remuneration in the above table).

The number of directors who were members of pension schemes was as follows:

	2020	2019
	Number	Number
Money purchase schemes	1	2
	<u>1</u>	<u>2</u>
	£'000	£'000
Highest paid director		
Emoluments	858	1,055
	<u>858</u>	<u>1,055</u>

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****5. PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets - own assets	12,782	12,303
Loss/(Gain) on sale of fixed assets	57	(28,398)
Goodwill amortisation	12,190	10,512
Impairment of investment in subsidiaries	262	10,935
Foreign exchange transaction loss/(gain)	379	(69)
Operating lease rentals:		
Property	1,405	1,478
Hire of plant and machinery	222	160
	382	373
Auditor's remuneration		
Audit of company financial statements	382	373

The impairment of investment in subsidiaries relates to F.T.S. (Freight Forwarders) Limited of £0.26 million. The impairment was due to the net book value being lower than the investment value as due to declining performance the entity is not currently generating a profit.

The table below presents a reconciliation of profit before tax to earnings before interest, tax, depreciation and amortisation

	2020	2019
	£'000	£'000
Profit before tax	12,638	39,846
Net finance expense	7,341	6,623
Depreciation of tangible fixed assets - own assets	12,782	12,303
Loss/(Gain) on sale of fixed assets	57	(28,398)
Goodwill amortisation	12,190	10,512
Impairment of investment in subsidiaries	263	10,935
Earnings before interest, tax, depreciation and amortisation	45,271	51,821

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****6. NET FINANCE EXPENSE**

	2020	2019
	£'000	£'000
Interest received from group companies	16,554	14,665
Bond interest (3.875% senior notes)	(15,789)	(15,238)
Loan interest (GBP LIBOR +2.25%)	(3,101)	(949)
Other interest payable	(2,751)	(3,495)
Interest payable to group companies	(2,254)	(1,606)
	(7,341)	(6,623)
Net finance expense	(7,341)	(6,623)

7. OTHER INCOME/(EXPENSE)

	Note	2020	2019
		£'000	£'000
Sublease rental income		821	1,170
Furlough claims		217	-
Dividend Income		-	1,500
Impairment of investment in subsidiaries	5	(263)	(10,935)
		775	(8,265)

On 21 May 2019 the subsidiaries Bonded Services Ltd and F.T.S. (Freight Forwarders) Ltd declared and paid dividends to the company of £1.0 million and £0.5 million respectively.

Sublease rental income is received from various properties rented by the company.

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**8. TAX ON PROFIT**

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax	(2,072)	(2,834)
Adjustments in respect of prior periods	(345)	378
	<u>(2,417)</u>	<u>(2,456)</u>
Deferred Tax		
Origination and reversal of timing differences	(590)	(3,300)
Adjustments in respect of prior periods	(1,719)	(1,168)
Effect of changes in tax rates	(799)	-
	<u>(3,108)</u>	<u>(4,468)</u>
Total tax charge on profit	<u>(5,525)</u>	<u>(6,924)</u>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's/deferred tax balances.

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****8. TAX ON PROFIT (continued)****Factors affecting current tax charge in the year**

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

	2020 £'000	2019 £'000
Profit before tax	12,638	39,846
Tax on profit at standard UK corporation tax rate of 19% (2019: 19%)	(2,401)	(7,571)
Effects of :-		
Expenses not deductible for tax purposes	(2,614)	(3,731)
Income not taxable in determining taxable profit	257	5,403
Group relief claimed for nil consideration	2,096	2,911
Impact of changes in tax rate	(799)	558
Taxable gain on sale	-	(3,705)
Adjustments to tax charge in respect of previous years	(2,064)	(789)
Total tax credit for the year	(5,525)	(6,924)

The standard rate of tax applied to reported profit is 19% (2019: 19%).

9. DIVIDENDS ON EQUITY SHARES

No Dividends were proposed or paid in the year. In the prior year a dividend of £14.0 million was proposed on 21 May 2019 and paid and on 5 July 2019 a dividend in specie of £145.8million in the form the company's shareholding in Iron Mountain Nederland Holdings BV was made to Iron Mountain Europe (Group) Limited.

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

10. GOODWILL

	Total £'000
Cost	
At 1 January 2020	132,465
Additions	250
	<hr/>
At 31 December 2020	<u>132,715</u>
Amortisation	
At 1 January 2020	93,585
Change in the year	12,190
	<hr/>
At 31 December 2020	<u>105,775</u>
Net Book Value	
At 31 December 2020	<u>26,940</u>
At 31 December 2019	<u>38,880</u>

The additions arose from an adjustment to the fair value of assets Saracen Datastore Ltd, which were previously transferred to the company.

11. TANGIBLE ASSETS

	Freehold land and buildings £'000	Leasehold property £'000	Racking £'000	Fixtures and fittings £'000	Computer equipment £'000	Assets in the course of £'000	Total £'000
Cost							
At 1 January 2020	100,080	62,057	92,326	2,958	8,348	9,923	275,692
Additions	2,201	6,112	1,508	75	2,627	3,659	16,182
Disposals	-	(365)	(1,461)	(563)	(1,728)	-	(4,117)
Reclassifications	(337)	(291)	699	92	(146)	(17)	-
	<hr/>						
At 31 December 2020	<u>101,944</u>	<u>67,513</u>	<u>93,072</u>	<u>2,562</u>	<u>9,101</u>	<u>13,565</u>	<u>287,757</u>
Depreciation							
At 1 January 2020	34,723	45,482	58,985	1,989	6,788	-	147,967
Charge for the period	2,544	3,709	4,986	369	1,174	-	12,782
Disposals		(275)	(1,129)	(287)	(1,648)	-	(3,339)
	<hr/>						
At 31 December 2020	<u>37,267</u>	<u>48,916</u>	<u>62,842</u>	<u>2,071</u>	<u>6,314</u>	<u>-</u>	<u>157,410</u>
Net book value							
At 31 December 2020	<u>64,677</u>	<u>18,597</u>	<u>30,230</u>	<u>491</u>	<u>2,787</u>	<u>13,565</u>	<u>130,347</u>
At 31 December 2019	<u>65,357</u>	<u>16,575</u>	<u>33,341</u>	<u>969</u>	<u>1,560</u>	<u>9,923</u>	<u>127,725</u>

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****12. INVESTMENTS**

	2020	2019
	£'000	£'000
Subsidiary undertakings	140,035	140,298
Loans to group undertakings	483,860	475,544
	<u>623,895</u>	<u>615,842</u>

The company's direct investments in subsidiaries at the balance sheet date are:

Company	Class of Share	Holding	Principal Activity	Country of Incorporation
Iron Mountain MDM Limited	Ordinary	100%	Dormant	Great Britain
File Express Limited	Ordinary	100%	Dormant - In Liquidation	Great Britain
Recall Limited	Ordinary	100%	Records management	Great Britain
Iron Mountain Poland Holdings Limited	Ordinary	100%	Records and information management	Cyprus
Bonded Services Acquisition Limited	Ordinary	100%	Investment holding company	Great Britain
Haworth Group Holdings (UK) Limited	Ordinary	100%	Investment holding company	Great Britain
Saracen Datastore Limited	Ordinary	100%	Records and information management	Great Britain
DBJ Limited	Ordinary	100%	Records and information management	Jersey
Bonded Services Limited	Ordinary	100%	Records and information management	Great Britain
F.T.S. (Freight Forwarders) Limited	Ordinary	100%	Warehouse and storage facilities	Great Britain

Investments held indirectly by the company as a result of the investment in the above named companies are attached in note 24 to these financial statements.

Subsidiary undertakings

	Total £'000
Cost	
At 1 January 2020	155,812
Additions	3,600
Disposals	(3,600)
	<u>155,812</u>
Provisions for impairment	
At 1 January 2020 - Note 23	15,514
Impairment in year	263
	<u>15,777</u>
Net Book value	
At 31 December 2020	<u>140,035</u>
At 31 December 2019	<u>140,298</u>

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****12. INVESTMENTS (continued)**

During the year the company increased its investment in Bonded Services Acquisition Limited by £3.6 million by way of a capital contribution, whilst reducing its investment in Bonded Services Limited for the same amount. Investments were assessed for impairment as at 31 December 2020. This involved comparing the value of investments to their net assets and, if lower, considering their estimated value in use, calculated by reference to discounted future cash flows. An impairment was identified in the investment held in F.T.S. (Freight Forwarders) Limited of £0.26 million. The impairment was due to the net book value being lower than the investment value as due to declining performance the entity is not currently generating a profit.

Loans to group undertakings

Loans to group undertakings relate to amounts due from group undertakings, containing loans totaling £483.9m (2019: £475.6m), which are intended for use on a continuing basis in the Company's activities. These bear interest at rates of between 2.75% and 3.5%. Per the terms of each loan there is no fixed term repayment date and they are repayable on demand.

13. DEBTORS: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade debtors	36,346	35,136
Prepayments and accrued income	24,004	24,261
Amounts due from group undertakings	221,477	26,118
Corporation tax	1,430	-
Other debtors	5,134	5,686
	288,391	91,201

The other amounts due from group undertakings contain bear interest at between 3.25% and 3.50% per annum payable quarterly. All amounts due from group undertakings are repayable on demand.

14. CREDITORS: Amounts falling due within one year

	2020 £'000	2019 £'000
Bank overdrafts	168,730	70,336
Amounts due to group undertakings	109,101	83,538
Trade creditors	17,535	12,594
Corporation tax	-	1,781
Other taxation and social security	10,073	5,383
Accruals and deferred income	27,776	26,934
Deferred lease liabilities	124	40
Third party bond (3.875% senior notes)	15,656	15,302
Third party loan (GBP LIBOR +2.25%) (note 15)	3,503	3,571
	352,498	219,479

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

15. CREDITORS: Amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts due to group undertakings	30,572	24,819
Deferred lease liabilities	2,099	2,179
Third party – loan (GBP LIBOR +2.25%)	136,161	96,157
Third party - bond (3.875% senior notes)	382,471	381,750
	<u>551,303</u>	<u>504,905</u>
Third party borrowings are repayable as follows:		
Between one and five years – Third party loan (GBP LIBOR +2.25%)	136,161	96,157
Between one and five years – Third party bond (3.875% senior notes)	46,500	46,500
After five years – Third party bond (3.875% senior notes)	335,971	335,250
	<u>518,632</u>	<u>477,907</u>

Deferred lease liabilities

	2020 £'000	2019 £'000
Between one and two years	284	126
Between two and five years	864	765
After five years	951	1,288
	<u>2,099</u>	<u>2,179</u>
On demand or due within one year	124	40
	<u>2,223</u>	<u>2,219</u>

Amounts due to group undertakings are loans which carry interest charged at 6.63% per annum. The interest is compounded quarterly and the amounts are due for repayment in 2026.

The 3.875% senior notes were issued on 13 November 2017, with interest being payable bi-annually on 15 May and 15 November each year. The senior notes are unsecured and due for repayment on 15 November 2025.

During the financial year £91,000 of borrowing costs were capitalised, bringing the total value of borrowing costs capitalised to £7,566,000.

The third party loan is secured on certain owned sites with a book value of £50.4 million at the end of the financial year and bears interest at GBP LIBOR + 2.25%. The loan matures on 23 September 2022 with an option, at the lender's discretion, to extend for an additional year.

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****16. OPERATING LEASE COMMITMENTS**

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

	2020		2019	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Within one year	16,677	5	17,195	18
Between one to five years	57,979	-	57,568	5
More than five years	62,681	-	71,093	-
	137,337	5	145,856	23

17. PROVISION FOR LIABILITIES

	Property provision	Deferred tax	Asset retirement obligation	Total
	£'000	£'000	£'000	£'000
At 1 January 2020	8,661	5,075	2,186	15,922
Utilisation of provision	(665)	-	-	(665)
Additions in the year	2,223	3,108	22	5,353
Settlements in the year	-	-	(126)	(126)
Accretion expense	-	-	235	235
At 31 December 2020	10,219	8,183	2,317	20,719

The property provision relates to onerous lease provisions and property dilapidations. It is estimated that £2,759,811 (2019: £1,809,959) of this expenditure will be incurred in the next financial year and that all of the provision will crystallise within 20 years of the balance sheet date.

The Asset Retirement Obligation provision relates to the provision held for restoring various fixed assets to their original state after use by the company. It is expected that all of this expenditure will be incurred within 20 years of the balance sheet date, however no expectation can be provided as to how much of this expenditure will be incurred in the next financial year.

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****17. PROVISION FOR LIABILITIES (continued)****Deferred tax**

	2020	2019
	£'000	£'000
Accelerated capital allowances	233	(470)
Short-term timing differences	(617)	(1,900)
Rolled over gains	8,567	7,445
	8,183	5,075

The movement in the net deferred tax liability is as follows:

	£'000
Net liability at 1 January 2020	5,075
Amounts charged to profit and loss account	3,108
	8,183
Net liability at 31 December 2020	8,183

18. CALLED-UP SHARE CAPITAL

	2020	2019
	£'000	£'000
Allotted, called-up and fully paid		
5,140,001 ordinary shares of £1.00 each	5,140	5,140
5,000 preference shares of £1.00 each	5	5
	5,145	5,145

The preference shares carry the right, in priority to any payment of dividend on any other class of shares, to a fixed cumulative preferential dividend at the rate of 12% per annum. This is payable at the discretion of the directors. The directors decided no such payments were to be made in the current year or prior period.

On a liquidation or otherwise on a return of assets of the company, the surplus assets of the company remaining after payment of its liabilities will be applied first in repaying preference shareholders the amounts paid up on the shares together with a premium of £1 for each share and together also with a sum equal to any arrears or deficiency of the fixed dividend thereon, such arrears to be calculated down to the date of the return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

Each preference share ranks pari passu with each ordinary share in respect of the right to vote at general meetings of the company.

IRON MOUNTAIN (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

19. RESERVES

The capital reserve is the difference between the consideration paid by the company to File Express Limited for the assets transferred to the company on 1 February 2015 and the net book value of these assets. The balance reflects the consideration paid being more than the net book value of the assets received.

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

20. PENSIONS

Defined benefit scheme

The company-operated defined benefit pension plan was closed in July 2017. The buy-in policy was converted to a buy-out policy and the scheme assets and liabilities were settled.

Defined contribution schemes

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £82,980 (2019: £65,590).

21. CAPITAL AND OTHER COMMITMENTS

Contracts placed for future capital expenditure not provided for in the financial statements amounted to £1,098,050 (2019: £1,279,687).

22. POST BALANCE SHEET EVENTS

On 26 March 2021 the company made a capital contribution to its subsidiary IM Poland Holdings Limited of €5.4 million and on 8 April 2021 purchased the share capital of Martinspeed Limited for £15.4 million. On 22 June the company also sold 4 of its owned buildings for £126.5 million.

23. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Iron Mountain Europe (Group) Limited, a company registered in England & Wales. The company's ultimate parent company and controlling party is Iron Mountain Inc., a company incorporated in Delaware, United States of America.

Iron Mountain Inc. is the largest and smallest group company for which group financial statements are drawn up. Copies of the group financial statements are available from the head office of Iron Mountain Inc. at One Federal Street, Boston, Mass. 02110 USA or online at <http://www.ironmountain.com>.

IRON MOUNTAIN (UK) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****24. INDIRECT INVESTMENTS HELD**

The below is a list of investments held by Iron Mountain (UK) plc indirectly as a result of the investments in subsidiaries held directly as disclosed in note 12 on page 37..

Company	Class of Share	Holding	Principal Activity	Country of Incorporation
Recall GQ Ltd	Ordinary	100%	Records and information management - In liquidation	Great Britain
Recall (London) Limited	Ordinary	100%	Records and information management - In liquidation	Great Britain
Preferred Media Ltd	Ordinary	100%	Records and information management - In liquidation	Great Britain
Recall Shredding Ltd	Ordinary	100%	Records and information management - In liquidation	Great Britain
Iron Mountain Polska Sp z.o.o.	Ordinary	100%	Records and information management	Poland
Iron Mountain Polska Services Sp z.o.o.	Ordinary	100%	Records and information management	Poland
Bonded Services Group Limited	Ordinary	100%	Investment holding company	Great Britain
Novo Group Limited	Ordinary	100%	Investment holding company	Great Britain
Bonded Services International Limited	Ordinary	100%	Records and information management	Hong Kong
Novo Holdings Limited	Ordinary	100%	Investment holding company - In liquidation	Great Britain
Novo Overseas Limited	Ordinary	100%	Warehouse and storage facilities - In liquidation	Great Britain
Film Media Services Limited	Ordinary	100%	Dormant - In liquidation	Great Britain
Fleet Freight Limited	Ordinary	100%	Dormant - In liquidation	Great Britain
FTS Bonded Limited	Ordinary	100%	Dormant - In liquidation	Great Britain
F.T.S. (Great Britain) Limited	Ordinary	100%	Dormant - In liquidation	Great Britain
F.T.S. (Road Transport) Limited	Ordinary	100%	Dormant	Great Britain
Jigsaw Freight Limited	Ordinary	100%	Dormant - In liquidation	Great Britain
Jigsaw Pieces Limited	Ordinary	100%	Dormant - In liquidation	Great Britain
Global Logistics Worldwide Limited	Ordinary	100%	Warehouse and storage facilities - In liquidation	Great Britain
Hawthorn Group Limited	Ordinary	100%	Records and information management	Great Britain
Disaster Recovery Services Limited	Ordinary	100%	Records and information management	Great Britain