

Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2021
for
Six Degrees Technology Group Limited

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for the Year Ended 31 March 2021

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Six Degrees Technology Group Limited

Company Information
for the Year Ended 31 March 2021

DIRECTORS:

S K Mitchell
S Crawley-Trice

REGISTERED OFFICE:

Commodity Quay
St Katharine Docks
London
E1W 1AZ

REGISTERED NUMBER:

03036806 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Strategic Report
for the Year Ended 31 March 2021

The directors present their Strategic Report, the report of the Directors and the audited financial statements of Six Degrees Technology Group Limited ("the Company") for the year ended 31 March 2021.

REVIEW OF BUSINESS

Six Degrees Technology Group Limited is the main trading entity within the CB-SDG Topco Limited group of companies ("the group") that trades in the market under the brand Six Degrees.

Throughout the period under review, the Group has retained focus on achieving its objective of being the market-leading provider of secure cloud-led converged managed services to UK-based large and mid-market clients. In order to continually strive towards this objective, the Group works as a collaborative technology partner by offering market-facing, tailor made solutions that enable our clients' brilliance and assist them in making a digital transformation.

KEY PERFORMANCE INDICATORS

The directors use key performance indicators (KPIs) to monitor and assess the company's performance.

The figures in the table below provide the performance of the company for the year ended 31 March 2021 and for the comparative year-ended 31 March 2020.

The Company's principal KPIs are shown in the following table:

	2021 £'000	Percentage of turnover	2020 £'000	Percentage of turnover
Turnover	73,389		82,595	
Gross Profit	42,398	58%	44,640	54%
EBITDAE*	7,569	10%	6,930	8%

*Earnings before Interest, Tax, Depreciation, Amortisation and exceptional items ("EBITDAE")

The onset of the COVID-19 pandemic materially impacted the sale and subsequent delivery of both recurring and non-recurring products and services in the first half of the financial year. Usage based revenue in both Private Cloud and Voice saw a material reduction as client consumption patterns changed considerably. Uncertainty remains about the extent to which these patterns and associated usage volumes will return to pre-covid levels. In addition to the impact of Covid-19, the year ended 31 March 2021 also saw the full year impact of a number of client churn events experienced in the prior financial year. This particularly impacted revenue in our Connectivity, Private Cloud and Managed Workplace product.

Despite a strong recovery in sales volumes in the second half of the year, turnover in the year ended 31 March 2021 was 9% lower than the prior year.

In contrast to the reduction in turnover overall, turnover in our key focus areas of Public Cloud, Cyber Security and Agile Workspace all increased year-on-year. Collectively, revenue increased by 21% year-on-year across these three products.

Strategic Report
for the Year Ended 31 March 2021

KEY PERFORMANCE INDICATORS - continued

An ongoing cost optimisation programme across all elements of cost of sales mitigated the impact of the turnover reduction on gross profit, which declined by 16.4%. Operating expenses were also tightly controlled during the year and this meant that EBITDAE increased by 10% compared to the year-ended 31 March 2020.

As at 31 March 2021, net assets of the Company were £43,989k (2020: £38,198k).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a trading entity and is therefore at risk of being directly impacted by the principal risks and uncertainties.

Economic downturn

The success of the business may be affected by any downturn in the general economic environment. In particular, this could influence the availability of finance and the cost of that finance, clients' willingness and ability to take on services or invest in capital goods, client settlement patterns and the incidence of bad debts.

In response to this risk, senior management aim to keep abreast of economic conditions and there are regular reviews of clients' credit worthiness and debt levels.

In relation to the risk of economic downturn presented by Brexit, the United Kingdom formally left the European Union on 29 January 2020 and a new trade deal came into effect on 31 December 2020. Management have performed an updated risk assessment of the impact of the UK's exit and have concluded that there is limited direct risk due to trade being predominantly with United Kingdom based customers, costs are incurred mainly in the United Kingdom and with transactions denominated in sterling.

The potential impact on the company of an economic downturn as a result of the COVID-19 pandemic has been assessed elsewhere within the Strategic Report.

Liquidity risks

While the addressable market for cloud based converged managed services provided by the company has grown and is forecast to continue to grow, there is a level of uncertainty over the availability of finance available to fund the growth and as a result to what level the anticipated market growth will crystallise as additional revenue for the company.

Whilst this uncertainty remains, a significant proportion of the company's revenue is contracted and is recurring in nature which gives a high degree of visibility and predictability to revenue forecasts that provides a high degree of certainty on the liquidity forecasts and working capital position.

The Company seeks to mitigate any financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash in assets safely and profitably in order to deliver a return on the investment.

Interest rate risk

The Company only faces limited exposure to interest rate risk due to the nature of its operations. The approach to mitigating interest rate risk is managed at a group level; the Group finances its operations through a combination of cash balances and committed external facilities in the form of bank loans. The Group manages its exposure to interest rate fluctuations by the acquisition of an interest rate cap, which limits the Group's exposure to fluctuations in GBP-LIBOR to a maximum of 1.8% on an amount equivalent to 75% of the principal agreed external loan facilities.

Strategic Report
for the Year Ended 31 March 2021

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Credit risk

The Company's principal financial assets are cash and trade debtors. The principal credit risk arises from trade debtors. The Company manages credit risk by setting limits for customers based on a combination of payment history and third party credit references. Credit limits, debtor ageing and collection history are reviewed by the finance department on a regular basis.

Currency risk

The Company only has limited exposure to translation and transaction foreign exchange risk as the significant majority of its transactions are conducted in sterling.

Price risk

The continued success of the Company may be affected by new entrants to the market place increasing competitive pricing pressure. To mitigate this, management ensures that it is constantly abreast of the market so that the Company always offers high value products and services and maintains an ability to flex many costs directly in relation to changes in client demand.

Data protection and cyber security

The Company holds a significant volume of confidential data. Failure to comply with data privacy regulations and standards or weaknesses in internet security, either through an internal weakness or an external attack, may result in a major data privacy breach causing reputational damage to the Company's brand and possible financial loss. To mitigate this risk, the Company has extensive safeguards in place including a number of Cyber Assurance Certificates. These include, but are not limited to, ISO 27001, ISO 9001, SOC1 Type 2 and SOC2 Type 2; to maintain these accreditations, the group is subject to regular and frequent audits by external third parties.

DUTY TO PROMOTE THE SUCCESS OF THE COMPANY - SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires the Directors to act in such a way that they consider, in good faith, would be the most likely to promote the success of the Company for the benefits of its members as a whole, and in doing so have regards to:

- a) The likely consequences of any decision in the long term
- b) The interests of the company's employees
- c) The need to foster the company's business relationships with suppliers, customers and others
- d) The impact of the company's operations on the community and the environment
- e) The desirability of the company maintaining a reputation for high standard of business conduct
- f) The need to act fairly as between the members of the company

The Board confirms that, during the year, it has had due regard to the matters set out above. Further details as to how the Directors have fulfilled their duties with reference to relevant areas within these financial statements, are set out below.

Risk Management

The Board recognises the importance of identification, evaluation and management of the Company's risks. Details of the principal risks and uncertainties of the Company are set out elsewhere in this report.

Community and the environment

The Board recognises their responsibilities to making positive contributions to the community and achieving good environmental practices.

DUTY TO PROMOTE THE SUCCESS OF THE COMPANY - SECTION 172(1) STATEMENT - continued

Business conduct and relationships

The Board recognises the importance of a strong culture that considers the best interests of its employees, business partners and shareholders alongside other external stakeholders including but not limited to clients, contractors and suppliers.

The Company maintains strong relationships with its clients that are critical to achieving the long-term sustainable growth and this is demonstrated by the continual monitoring and review of the Net Promoter Score - a universal measure of customer service excellence and our commitment to the maintaining our current ISO accreditations and achieving further accreditations that enhance those relationships.

The Company also maintains strong relationships with its suppliers as this is critical to ensure that both parties work together to deliver the benefit to our clients. The company performs quarterly reviews with key suppliers to discuss the levels of performance for each of the services being provided by those suppliers and to ensure that the Service Level Agreement (SLA) targets are being achieved.

COVID-19 PANDEMIC

The COVID-19 pandemic and subsequent virus control measures implemented by UK Government have had a significant adverse impact across the UK economy as a whole with a number of industry sectors, most notably the hospitality and retail sectors being those where there has been a significant reduction in economic activity.

The Company has a number of clients that operate predominantly within those sectors most affected by the control measures and in conjunction with the broader potential economic consequences of the pandemic, management has considered the potential knock-on impact on the Company's future financial position and performance in the going concern assessment.

When considering the impact of the COVID-19 pandemic and the steps required to mitigate those risks, the Company has identified the following areas:

Liquidity

Risks

- Reduction in collections as clients hold on to their cash or clients in the badly affected sectors going in administration.
- Suppliers enforcing stricter payment terms to offset the impact of above on their liquidity.

Mitigations and actions

- In March 2020, the Group's Revolving Credit Facility was drawn down in full to ensure funds are available if required.
- Utilisation of Government VAT deferral scheme.
- Actively re-negotiated key supplier agreements to provide short term working capital improvements.
- Address the needs of clients seeking to extend payment terms in the short term by a period of 3 months.
- Increased frequency of reviews of working capital position with additional focus on the escalation process to ensure issues are resolved in short order.
- Additional working capital reporting requirements to Directors and ultimate controlling party.

Strategic Report
for the Year Ended 31 March 2021

COVID-19 PANDEMIC - continued

Outcomes

- Successfully negotiated deferred payments terms with key clients and suppliers ensuring certainty of cash flow projections within the financial forecasts.
- The Group's Revolving Credit Facility was drawn down in full in March 2020 to mitigate the liquidity risks identified; however, this has since been paid back in full by the year-end as the exposure was far lower than anticipated.
- Working capital performance remains in line with forecast.

Financial Performance

Risks

- Potential reduction in recurring/non-recurring revenue resulting from clients reviewing the services that they obtain from the Group to prepare for the "new normal".

Mitigations and actions

- Review of short-term profit and loss forecasts to incorporate forecast changes in the impacted sectors on a service/product group basis.
- Expansion into less-affected sectors to diversify existing customer base.

Outcome

- Reporting EBITDA for the period to the date of this report in line with forecasts.

Whilst the full adverse impact of the COVID-19 pandemic on the wider UK economy continues to remain unclear, it is becoming increasingly apparent that the UK economy has suffered significantly as a result of the COVID-19 pandemic and that a full recovery will take significant time. For the Company, the COVID-19 pandemic materially impacted the sale and subsequent delivery of both recurring and non-recurring products and services in the first half of the financial year ended 31 March 2021. Despite a recovery in sales volumes in the second half of the year, turnover in the year ended 31 March 2021 was 9% lower than the prior year. As the wider economy stabilises, the broad range of service lines and the product categories delivered by the Company should mean that it is somewhat protected from periods of further economic difficulty, due to the breadth of sectors in which it operates. A number of areas in which the Company operates have seen an increase in demand as a result of the pandemic, most notably Agile Workspace, Cloud Services and Cyber Security as those services allow clients to work on an agile and flexible basis and, as a result, have continued to present opportunities for growth.

In the short term this manifested itself in the form of assisting clients in moving to working remotely while maintaining employee productivity and without compromising IT security. In the medium and longer-term, the Company has seen an improvement across those service lines that assist clients in delivering their new working practices.

Strategic Report
for the Year Ended 31 March 2021

COVID-19 PANDEMIC - continued

Whilst appreciating there is an underlying level of uncertainty, based on the scenarios that have been prepared and considering the mitigating actions outlined above, the directors do not expect a long-term material impact on the stability of the business and as such the going concern basis adopted in the financial statements is appropriate.

ON BEHALF OF THE BOARD:

S K Mitchell - Director

26 August 2021

Report of the Directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of data centre space and telecommunications services.

RESULTS

The profit before taxation for the period, before taxation, was £5.5m (2020 - £3.4m)

The net assets of the Company were £44.0m (2020 - £38.2m).

DIVIDENDS

No dividends were distributed for the year ended 31 March 2021 (2020 - £nil).

MATTERS COVERED IN THE STRATEGIC REPORT

The strategic report can be found on pages 2 to 7. This contains the review of business and details of the Company's principal risks and uncertainties.

FUTURE DEVELOPMENTS

The directors expect the company to continue in the same activities in the future.

DIRECTORS

S K Mitchell has held office during the whole of the period from 1 April 2020 to the date of this report.

Other changes in directors holding office are as follows:

S Crawley-Trice was appointed as a director after 31 March 2021 but prior to the date of this report.

D M Howson ceased to be a director after 31 March 2021 but prior to the date of this report.

GOING CONCERN

The directors have adopted the going concern basis in preparing the financial statements since the company has net current assets of £36.2m (2020: £28.0m) as at the balance sheet date.

The directors consider the longer term performance for the group as a whole and then consider the company's position within this. The onset of the COVID-19 pandemic materially impacted the sale and subsequent delivery of both recurring and non-recurring products and services in the first half of the financial year. Usage based revenue in both Private Cloud and Voice saw a material reduction as client consumption patterns changed considerably. Uncertainty remains about the extent to which these patterns and associated usage volumes will return to pre-Covid levels. In addition to the impact of COVID-19, the year-ended 31 March 2021 also saw the full year impact of a number of client churn events experienced in the prior financial year. This particularly impacted revenue in our Connectivity, Private Cloud and Managed Workspace products.

Despite a strong recovery in sales volumes in the second half of the year, turnover in the year-ended 31 March 2021 was 9% lower than the prior year. In contrast to the reduction in revenue overall, revenue in our key focus areas of Public Cloud, Cyber Security and Agile Workspace all increased year-on-year. Collectively, revenue increased by 21% year-on-year across these three products.

Report of the Directors
for the Year Ended 31 March 2021

GOING CONCERN - continued

When producing the financial budget and forecasts for the short and medium term that derive the Group's future cash and revenue projection, and as a result of the income stream that will allow the entity to remain a going concern, the directors have modelled a number of scenarios that incorporate past experience and an assessment of the likely financial impact of the COVID-19 pandemic and associated control measures that were in place as at the balance sheet date.

The scenarios reviewed include a number of downside scenarios where the revenue forecasts are adversely affected by the ongoing COVID-19 pandemic and in each case the directors have factored in a number of reasonable actions which could be taken in order to mitigate any deterioration in the financial performance of the Group. These scenarios also consider the potential upside across a number of business lines that would see an increase in the demand for the services provided by those business lines directly as a result of existing and new clients moving to new agile working practices.

The severe but plausible downside scenario assumes an overall reduction in revenue across each business line but includes a number of assumptions in relation to the internal and external resources required to deliver those services in order to minimise the adverse impact on the financial performance of the Group.

The directors have considered the Group's result for the year ended 31 March 2021 and the current financial performance to date against budget in the year 31 March 2022, the revenue and cash flow projections for the remainder of the financial year alongside the potential impact of Brexit and the COVID-19 pandemic. As a result of these considerations, and the current forecasts management have compiled for the Group going forward, the directors are confident that the Group has sufficient resources to continue as a going concern for a period of not less than 12 months from the date of signing these financial statements. The Company has received a letter of support from its immediate parent undertaking confirming that financial support will be provided to meet Company's current and future liabilities for a period of at least 12 months from the date of approval of the financial statements. As such, the directors are confident that the Company has sufficient resources to continue as a going concern for a period of not less than 12 months from the date of signing these financial statements.

FINANCIAL RISKS AND UNCERTAINTIES

Please refer to the strategic report for the full details in relation to the financial risks and uncertainties.

STREAMLINED ENERGY AND CARBON REPORTING

As a subsidiary entity within the CB-SDG Topco Limited group of companies, the Company has elected to take the exemption not to disclose the Streamlined Energy and Carbon Reporting (SECR) requirements as these are included within the consolidated financial statements of CB-SDG Topco Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Report of the Directors
for the Year Ended 31 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have 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 group and company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S K Mitchell - Director

26 August 2021

Report on the audit of the financial statements

Opinion

In our opinion, Six Degrees Technology Group Limited 's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Reporting on other information - continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors .

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Independent Auditors' Report to the Members of
Six Degrees Technology Group Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to applicable tax legislation and general data protection regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial statement line items through manual journal postings and the use of inappropriate assumptions or management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for governance, including consideration of known or suspected instances of non-compliance with laws and regulation,
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

26 August 2021

Statement of Comprehensive Income
for the Year Ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	4	73,389	82,595
Cost of sales		<u>(30,991)</u>	<u>(37,955)</u>
GROSS PROFIT		42,398	44,640
Administrative expenses		<u>(39,108)</u>	<u>(42,819)</u>
OPERATING PROFIT	6	3,290	1,821
Interest receivable and similar income	7	<u>3,262</u>	<u>4,301</u>
		6,552	6,122
Interest payable and similar expenses	8	<u>(1,045)</u>	<u>(2,698)</u>
PROFIT BEFORE TAXATION		5,507	3,424
Tax on profit	9	<u>284</u>	<u>(331)</u>
PROFIT FOR THE FINANCIAL YEAR		5,791	3,093
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,791</u>	<u>3,093</u>

The notes form part of these financial statements

Balance Sheet
31 March 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	10	183	252
Tangible assets	11	7,605	9,910
Investments	12	<u>1</u>	<u>1</u>
		<u>7,789</u>	<u>10,163</u>
CURRENT ASSETS			
Debtors	13	62,545	73,807
Cash at bank and in hand		<u>3,333</u>	<u>769</u>
		65,878	74,576
CREDITORS			
Amounts falling due within one year	14	<u>(29,678)</u>	<u>(46,541)</u>
NET CURRENT ASSETS		<u>36,200</u>	<u>28,035</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>43,989</u>	<u>38,198</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings	17	<u>43,989</u>	<u>38,198</u>
SHAREHOLDERS' FUNDS		<u>43,989</u>	<u>38,198</u>

The financial statements on pages 15 to 31 were approved by the Board of Directors and authorised for issue on 26 August 2021 and were signed on its behalf by:

S K Mitchell - Director

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019	-	35,105	35,105
Changes in equity			
Total comprehensive income	-	3,093	3,093
Balance at 31 March 2020	-	38,198	38,198
Changes in equity			
Total comprehensive income	-	5,791	5,791
Balance at 31 March 2021	-	43,989	43,989

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Six Degrees Technology Group Limited is a private company, limited by shares, registered and incorporated in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company is that of the provision of data centre space and telecommunications and cyber security services.

The functional and presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below and have been applied consistently to all years presented, unless otherwise stated.

Going concern

The directors have adopted the going concern basis in preparing the financial statements since the company has net current assets of £36.2m (2020: £28.0m) as at the balance sheet date.

The directors consider the longer term performance for the group as a whole and then consider the company's position within this. The onset of the COVID-19 pandemic materially impacted the sale and subsequent delivery of both recurring and non-recurring products and services in the first half of the financial year. Usage based revenue in both Private Cloud and Voice saw a material reduction as client consumption patterns changed considerably. Uncertainty remains about the extent to which these patterns and associated usage volumes will return to pre-Covid levels. In addition to the impact of COVID-19, the year-ended 31 March 2021 also saw the full year impact of a number of client churn events experienced in the prior financial year. This particularly impacted revenue in our Connectivity, Private Cloud and Managed Workspace products.

Despite a strong recovery in sales volumes in the second half of the year, turnover in the year-ended 31 March 2021 was 9% lower than the prior year. In contrast to the reduction in revenue overall, revenue in our key focus areas of Public Cloud, Cyber Security and Agile Workspace all increased year-on-year. Collectively, revenue increased by 21% year-on-year across these three products.

When producing the financial budget and forecasts for the short and medium term that derive the Group's future cash and revenue projection, and as a result of the income stream that will allow the entity to remain a going concern, the directors have modelled a number of scenarios that incorporate past experience and an assessment of the likely financial impact of the COVID-19 pandemic and associated control measures that were in place as at the balance sheet date.

ACCOUNTING POLICIES - CONTINUED

Going concern - continued

The scenarios reviewed include a number of downside scenarios where the revenue forecasts are adversely affected by the ongoing COVID-19 pandemic and in each case the directors have factored in a number of reasonable actions which could be taken in order to mitigate any deterioration in the financial performance of the Group. These scenarios also consider the potential upside across a number of business lines that would see an increase in the demand for the services provided by those business lines directly as a result of existing and new clients moving to new agile working practices.

The severe but plausible downside scenario assumes an overall reduction in revenue across each business line but includes a number of assumptions in relation to the internal and external resources required to deliver those services in order to minimise the adverse impact on the financial performance of the Group.

The directors have considered the Group's result for the year ended 31 March 2021 and the current financial performance to date against budget in the year 31 March 2022, the revenue and cash flow projections for the remainder of the financial year alongside the potential impact of Brexit and the COVID-19 pandemic. As a result of these considerations, and the current forecasts management have compiled for the Group going forward, the directors are confident that the Group has sufficient resources to continue as a going concern for a period of not less than 12 months from the date of signing these financial statements. The Company has received a letter of support from its immediate parent undertaking confirming that financial support will be provided to meet Company's current and future liabilities for a period of at least 12 months from the date of approval of the financial statements. As such, the directors are confident that the Company has sufficient resources to continue as a going concern for a period of not less than 12 months from the date of signing these financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Six Degrees Technology Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, CB-SDG Midco Ltd, Commodity Quay, St Katharine Docks, London, E1W 1AZ.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. **ACCOUNTING POLICIES - continued**

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue when;

- the significant risks and rewards of ownership have been transferred to the buyer;
- the company retains no continuing involvement or control over the goods;
- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- the specific criteria relating to each of the company's sales channels have been met.

Subject to the revenue recognition conditions noted above being met, the Company reports revenue within each product group as one of the three following categories:

Monthly Recurring Revenue (MRR) - this relates to an on-going delivery of services over a set period, typically up to 3 years. MRR is contracted and includes a full range of managed support, maintenance, subscription and service agreements. MRR is spread over the agreed duration of the contract as services are provided.

Non-Recurring Revenue (NRR) - this relates to one-time revenue billed under a contractual right and typically is either a provision of a one-time service with no on-going commitments or a sale of assets, NRR is typically recognised at the point at which the service is delivered.

Usage - this relates to revenue that is billed on a contractually agreed per-unit rate, based on actual usage in a period. Revenue is recognised in accordance to actual usage.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

	Years
Computer software	3 to 5

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. **ACCOUNTING POLICIES - continued**

Intangible assets - continued

Amortisation is charged to administrative expenses in the profit and loss account. Intangible assets are amortised from the date they are available for use.

Where factors such as technological advancement or changes in market price, indicate the residual value, useful life or amortisation rate require adjusting, they are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Tangible assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the assets to its working condition for its intended use, dismantling and restoration costs.

Depreciation and residual values

Freehold land is not depreciated. Depreciation on other tangible assets is charged to the profit and loss account on a straight line basis so as to write off those assets, adjusted for estimated residual values over the expected useful life of each category shown below. The remaining useful lives of the assets and their residual values are reviewed at the end of each reporting period.

The estimated useful lives are as follows:

	Years
Long leasehold	25 (or the remaining term of the lease, if shorter)
Plant and machinery	3 to 7
Computer equipment	3 to 5
Fixtures and fittings	3 to 5

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefit.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Subsequently, investments are recognised at cost less any accumulated impairment that has been booked.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The Company has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(i) Financial assets - continued

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transactions costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw down occurs. The fee is amortised over the life of the loan. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. **ACCOUNTING POLICIES - continued**

Financial instruments - continued

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise asset and settle the liability simultaneously.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. **ACCOUNTING POLICIES - continued**

Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCER**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Exceptional items

The directors believe that separate presentation of exceptional items is relevant to an understanding of the company's underlying financial performance; this is consistent with the way financial performance is reported internally to management and the Board. These items are identified by reference to their size or nature. In determining whether charges or credits are considered exceptional, management considers quantitative as well as qualitative factors and applies its principles consistently from year to year.

Allowance for bad and doubtful debts

Where there are indicators that a balance may not be recoverable, it is considered for inclusion in the bad debt provision. The approach taken to bad debt is wholly specific. Management will review the specific customer balances and perform a risk assessment through consideration of a number of factors, with a provision made accordingly.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£'000	£'000
United Kingdom	72,047	79,993
Europe	143	264
Other	1,199	2,338
	<u>73,389</u>	<u>82,595</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

5. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2021 nor for the year ended 31 March 2020.

The average number of employees during the year was as follows:

	2021	2020
Directors	<u>2</u>	<u>2</u>

All staff, including directors, are employed by Six Degrees Holdings Limited and CB-SDG Limited, fellow group undertakings, and their costs are recharged via a management fee. It is not practicable to allocate the costs relating to specific employees or for the directors for their time spent on this company.

	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£'000	£'000
Operating lease charges	292	308
Depreciation - owned assets	4,177	4,553
Depreciation - assets on finance leases	-	82
Computer software amortisation	171	266
Foreign exchange differences	<u>(30)</u>	<u>(2)</u>

The audit fee for the year was borne by Six Degrees Holdings Limited, a fellow group undertaking.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	£'000
Interest due from group undertakings	<u>3,262</u>	<u>4,301</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Interest due to group undertakings	1,045	2,647
Hire purchase	-	51
	<u>1,045</u>	<u>2,698</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

9. **TAX ON PROFIT**

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	(275)	331
Deferred tax	(9)	-
Tax on profit	<u>(284)</u>	<u>331</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit before tax	<u>5,507</u>	<u>3,424</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,046	651
Effects of:		
Expenses not deductible for tax purposes	(30)	(49)
Depreciation in excess of capital allowances	49	202
Utilisation of tax losses	(1,053)	(836)
Adjustments to tax charge in respect of previous periods	(275)	331
Transfer pricing adjustment	(12)	32
Deferred tax asset derecognised in year	(9)	-
Total tax (credit)/charge	<u>(284)</u>	<u>331</u>

Factors that may affect future tax charges

In the Budget held on 3 March 2021, the Government announced that the corporation tax charge will increase to 25% from 1 April 2023; however, this change has not yet been substantively enacted.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

10. INTANGIBLE ASSETS

	Patents and licences £'000	Computer software £'000	Totals £'000
COST			
At 1 April 2020	-	1,490	1,490
Additions	-	87	87
Transfer	15	-	15
At 31 March 2021	<u>15</u>	<u>1,577</u>	<u>1,592</u>
AMORTISATION			
At 1 April 2020	-	1,238	1,238
Amortisation for year	-	171	171
At 31 March 2021	-	<u>1,409</u>	<u>1,409</u>
NET BOOK VALUE			
At 31 March 2021	<u>15</u>	<u>168</u>	<u>183</u>
At 31 March 2020	<u>-</u>	<u>252</u>	<u>252</u>

11. TANGIBLE ASSETS

	Long leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 April 2020	1,387	7,522	268	22,732	31,909
Additions	-	194	5	1,657	1,856
Transfer	-	-	8	8	16
At 31 March 2021	<u>1,387</u>	<u>7,716</u>	<u>281</u>	<u>24,397</u>	<u>33,781</u>
DEPRECIATION					
At 1 April 2020	1,084	5,463	254	15,198	21,999
Charge for year	144	790	18	3,225	4,177
At 31 March 2021	<u>1,228</u>	<u>6,253</u>	<u>272</u>	<u>18,423</u>	<u>26,176</u>
NET BOOK VALUE					
At 31 March 2021	<u>159</u>	<u>1,463</u>	<u>9</u>	<u>5,974</u>	<u>7,605</u>
At 31 March 2020	<u>303</u>	<u>2,059</u>	<u>14</u>	<u>7,534</u>	<u>9,910</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

11. **TANGIBLE ASSETS - continued**

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £'000
COST	
At 1 April 2020	751
Transfer	<u>(751)</u>
At 31 March 2021	<u>-</u>
DEPRECIATION	
At 1 April 2020	655
Transfer to ownership	<u>(655)</u>
At 31 March 2021	<u>-</u>
NET BOOK VALUE	
At 31 March 2021	<u>-</u>
At 31 March 2020	<u>96</u>

During the year, leased items totalling £751k, with a NBV of £96k were fully paid and transferred from assets held under lease to owned assets.

12. **INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 1 April 2020 and 31 March 2021	<u>1</u>
NET BOOK VALUE	
At 31 March 2021	<u>1</u>
At 31 March 2020	<u>1</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Carrenza B.V.

Registered office: Netherlands

Nature of business: Trading

	%
Class of shares:	holding
Ordinary	100.00

Carrenza B.V. is registered at Barbara Stozzilaan 101, 1083HN, Netherlands.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

12. **INVESTMENTS - continued**

Capital Support US Inc

Registered office: United States of America

Nature of business: Trading

Class of shares:	%
Ordinary	holding 100.00

Capital Support US Inc is registered at Suite B 1675 S. State St., Dover, Kent 19901 DE.

13. **DEBTORS**

	2021	2020
	£'000	£'000
Trade debtors	12,059	12,371
Amounts owed by group undertakings	42,374	54,961
Other debtors	732	1,859
Tax	-	52
Prepayments and accrued income	7,380	4,564
	<u>62,545</u>	<u>73,807</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest is applied at 9%.

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

	2021	2020
	£'000	£'000
Finance leases (see note 15)	-	20
Trade creditors	5,238	4,352
Amounts owed to group undertakings	13,654	32,830
Tax	-	331
Social security and other taxes	1,709	488
Other creditors	789	781
Accruals and deferred income	8,288	7,739
	<u>29,678</u>	<u>46,541</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest is applied at 9%.

VAT Deferral Scheme

During the year, the company made use of the VAT deferral scheme in respect of the March 2020 liability. As at year end, this balance is outstanding and is due to be settled in the subsequent year.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2021	2020
	£'000	£'000
Gross obligations repayable:		
Within one year	-	21
Finance charges repayable:		
Within one year	-	1
Net obligations repayable:		
Within one year	-	20
	Non-cancellable	operating leases
	2021	2020
	£'000	£'000
Within one year	456	449
Between one and five years	1,597	1,666
In more than five years	2,307	2,695
	<u>4,360</u>	<u>4,810</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
100	Ordinary	1	<u>100</u>	<u>100</u>

17. RESERVES

	Retained earnings £'000
At 1 April 2020	38,198
Profit for the year	5,791
At 31 March 2021	<u>43,989</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

18. RELATED PARTY DISCLOSURES

During the year, the company provided colocation services to Park Place Technologies Limited. The company's ultimate parent, CB-SDG Topco Limited, and Park Place Technologies Limited share the same ultimate shareholder, Charlesbank Capital Partners LLC. The amount invoiced during the year-ended 31 March 2021 was £197,799 (2020: £44,023), of this £15,690 was outstanding at the year-end (2020: £2,659).

19. ULTIMATE CONTROLLING PARTY

The company's immediate parent is Six Degrees Investments Limited; its ultimate parent company is CB-SDG Topco Limited. The smallest group within which the results of the company are consolidated is CB-SDG Midco Limited and the largest group within which the results of the company are consolidated is CB-SDG Topco Limited. Financial Statements for both groups are available from www.companieshouse.gov.uk

Charlesbank Capital Partners LLC, on behalf of funds under its management, is the ultimate controlling party, which is incorporated in the United States of America.

20. TRANSFER OF TRADE AND ASSETS

On 31st March 2021, the following fellow group undertakings transferred their trade and assets through merger accounting at net book value to Six Degrees Technology Group Limited. The net assets are transferred for a consideration equal to their carrying values, as shown below, in the form of a dividend in specie:

CNS HUT3 Limited	£1k
Convergent Holdings (London) Limited	£14k
Convergent Network Solutions Limited	£1,246k

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.