

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors

Mr M A Blanche
Mr L M Hetherington
Mr T S A Lahtinen
Mr A J P Bloor (appointed 25 May 2021)
Mr S Wright (resigned 25 May 2021)
Mr M S A Hutton
Mr K E J Lindqvist
Mr R Petrie
Mr N McRae
Mr P Knook
Mr M Holt
Mr P R Stevens

Company secretary

Ms B Dube

Registered number

03137929

Registered office

Trinity Court
Trinity Street, Priestgate
Peterborough
Cambridgeshire
PE1 1DA

Independent auditors

Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

LONDON INTERNET EXCHANGE LIMITED
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LONDON INTERNET EXCHANGE LIMITED
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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The company is a membership organisation whose principal activity is to provide Internet Exchange Points for the mutual benefit of its members, to promote the interests of its members and to represent its members in matters of public interest.

LINX's reach is wide and in our services sector we are a very significant player. We continue to attract new worldwide members who are based in Europe, the Middle East, Asia, Africa, the Americas and Australasia.

The London Internet Exchange is a group of four companies. London Internet Exchange Ltd, established in 1994, (LINX) and London Internet Exchange Trading Ltd, established in 2013, (LINX Trading) are the two UK companies in the group in respect of which audited accounts are filed at Companies House.

The group also comprises two overseas companies: LINX USA Inc and LINX America Inc. LINX USA was established in 2013 as the operational vehicle for LINX NoVA, our internet exchange point in North Virginia, and LINX America was established in 2014 to support the promotion of LINX NoVA. The results of these companies are included in this consolidated report and accompanying financial statements.

Business review

The COVID-19 pandemic continued in 2021, but despite the effects of this the Directors consider the company has had a high level of performance and executed on its strategy.

As COVID-19 related restrictions eased staff were allowed to return to the offices and continued until further restrictions were imposed at the end of 2021. The company adapted to the situation early in the pandemic and provided tools for staff to continue to perform their work remotely. This has allowed productivity to remain high and at levels similar to pre-pandemic.

Demand for Internet communications, which drives the need for the company's wholesale products, remain high with the company seeing new traffic peaks several times across all its operating platforms. Peak traffic grew from 5.8Tbps to 6.6Tbps during 2021. The Directors consider this continued growth, as the pandemic slowed, to show that demand will continue independent of the pandemic.

The outcome of 2021 demonstrates the directors' view is justified as connected capacity also continued to grow. In 2021 it grew as in previous years by 18% to 43.7Tbps. (37Tbps in 2020). Performance metrics remained high with network availability over 99.999% across all services and member satisfaction and Net Promoter Scores were very positive.

Financial performance remains high with total sales coming in slightly higher than budget. The restrictions during the pandemic meant that some cost savings were realized leading to a net financial result considerably better than budget, with a surplus of £1.76M.

We remain optimistic about the future, and for 2022 continued our longstanding trend of price reductions. At the start of 2022 a new pricing model was introduced which separates the pricing for the port on the platform from the service and capacity used. This allows for a more granular upgrade path for our members which provides more value. In addition a price reduction of 5% to 10% was also introduced from January 1st 2022, depending on from which LAN services are provided.

Despite the pandemic and associated restrictions LINX made progress on all areas of strategy. LINX completed the ISO27001 certification at the end of 2021, a key project to ensure LINX can meet future security and compliance needs. LINX also made significant progress on automation with all non-Extreme based platforms now under automation. This in combination with the launch of a new membership portal will allow for a high degree of self service and increased scalability as LINX grows.

During 2021 we also deployed the first 400GE port again highlighting the continuous need for increased capacity at LINX. We further signed another contract for managed IXP services with ManxIX in the Isle of Man.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

We see that the demand for general interconnection services, besides our traditional peering platforms, continues to also grow in new enterprise segments. With the Cloud connect, private VLAN and repositioned co-location services all launched in 2021 we are well positioned for capturing this market in the future.

The start of 2022 has been in line with expectations. Following reduced and restructured pricing, delayed CAPEX spend and sales activities in 2021 we have budgeted for a small deficit in 2022, returning to a net surplus in 2023.

Our available cash reserves remain strong and at a higher level than 2020 due to the lower than anticipated spend, including CAPEX, in 2021. This leaves us well placed for the investments planned for 2022 as well as any challenging trading conditions.

Principal risks and uncertainties

The business regularly reviews a wide range of risk factors across all areas of the business. A comprehensive risk register, that encompasses both operational and financial risks, is regularly updated and discussed at a senior management level, and twice a year at board level.

The interconnection market remains very competitive, yet in this challenging market our membership continued to grow with 95 new member applications received during 2021 (88 in 2020). Our membership totalled 890 at the end of the year (881 in 2020), and they were widespread across 81 countries.

Despite continued price pressure on peering port services and taking into account our 10% price reduction at the start of 2021 as well as the sales campaign we ran during the second half of the year, the port revenue budget came in just 4% below budget. Port revenue makes up 75% of total revenue. We saw continued strong sales for the 100Gbps ports with 194 new ports connected in 2021 (75 in 2020) and a further 23 awaiting provisioning at the end of the year.

Providing excellent levels of service is an important factor in retaining existing and gaining new revenue streams. Our network availability and resilience remained very high and our close relationship with our members enabled us to satisfy their demands, with resulting positive feedback in our membership surveys.

We do not believe that COVID-19 will have an impact on us going forward. We have decided to adopt a hybrid working model permanently and any reimposed restrictions would not have any significant effect on our operations, as proven during 2021.

During 2021 the shortage of semi-conductor components has started to impact the wider telecom industry which has manifested in increasing lead times for new equipment. We are working with our existing vendors and evaluating new opportunities to make sure we can secure the supplies we need. This primarily affects the expansion to any new sites, and to a lesser extent our ability to provision new customers at existing sites. If this problem persists over a longer period, which seems likely, this may start to affect provisioning of new services. For this reason we continue to explore exploring alternatives with our existing and new vendors which will mitigate longer lead times.

The OBR inflation forecast from February 2022 predicts that inflation will continue to rise to a peak in the second half of 2022 after which will recover relatively quickly to target. Inflation mainly affects certain parts of our SG&A costs such as staff costs. At the same time a more permanent rise in inflation might put pressure on pricing, but this is uncertain. Given the current inflation forecast is a relatively temporary increase, this will have little effect on LINX. Activities to reach greater economies of scale combined with forecasted growth will still see us limit the financial impact.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial key performance indicators

Our strategy of ongoing price reductions continues with the objective of maintaining competitiveness, retaining our current revenue streams and sustaining demand. This approach has been vindicated with a 10% increase in turnover during 2021. At the beginning of 2022, in addition to offering further price reductions, we have also restructured our services to allow members to increase the level of the services they take without incurring similar sized price increases.

Difficult business operational conditions are beginning to ease and this will improve our opportunities to capture new business. We expect additional demand to exceed the effects of the lower service prices and total revenues for 2022 should marginally exceed 2021 levels.

As last year our ability to operate normally was not possible. Most marketing and member event activities remained suspended, or conducted remotely with much lower attendance and such were supported by staff working out of their homes. The changed method of operation was a key element to the lower than expected overall expenditure and we will continue to focus on effectively managing our expenditure. However, we plan to reinstate the momentum of our member focused marketing and sales activities and this will result in our expenditure levels rising.

The 2021 net result of a surplus of £1.8M was a 50% increase in comparison with the previous year (£1.2M; 2020). The 2021 result was achieved despite turbulence in the economy following the COVID-19 outbreak, and expenditure was managed in accordance with some activities being curtailed. We expect the increased expenditure in 2022 will result in a deficit which can be readily managed within the level of our reserves.

The directors consider that they continue to maintain an appropriate balance in retaining a strong financial position alongside a policy of reducing prices. Despite the effects of the worldwide pandemic this approach is still vindicated by a continuing inflow of new members, the growth in provided services and the membership endorsed policy of continuing to reduce prices.

Reserves Policy

The Board seeks to maintain a prudent level of cash and operating reserves with a Reserves Policy. The goals of the Reserves Policy are:

- To provide a level of working capital that protects the continuity of business and ensures we have cash available to meet requirements as they arise;
- To provide a level of funding for unexpected opportunities; and
- To provide cover for risks such as unforeseen expenditure and unanticipated loss of income, or delays or failure by our debtors to make payments when due.

The Board notes that LINX's payments cycle, with a significant portion of members paying in advance for services yet to be delivered, means the cash reserves must cover not only a prudent level of operating reserves but also deferred revenue.

When determining a prudent level of operating reserves to target, the Board believes that it is appropriate that LINX maintain a more cautious approach to risks than typical for an ordinary commercial venture of LINX's size, requiring a higher level of cover to protect against those risks. LINX operates Internet Exchange Points that are considered part of the UK's critical national telecommunications infrastructure and we are regulated as an Operator of an Essential Service under the Networks and Information Systems Regulations (2018), as amended and strengthened in 2020. While our regulator, Ofcom, has not yet expressed a view on the level of financial reserves we should maintain, we are aware that it is considering risk management at every level of the business.

The Board also note the limitations in the tools available to it to keep the reserves close to the targeted level. Without the ability to pay a dividend, LINX's primary mechanism for preventing the accumulation of excessive reserves is to cut prices on services to members. Due to our governance and member and market expectations, it is not easy to raise prices once they have been cut. At the time of instituting a price cut, it is not known whether or to what extent a price cut will stimulate further demand. As a result, making steep price cuts

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

intended to reduce excess reserves would run the risk of introducing a structural deficit that may be difficult to recover. The Board intends to approach such choices cautiously, so as to avoid imperilling the long-term financial viability of the business. This introduces a structural bias in targeting error toward the upside of target, which will sometimes result in a larger level of reserves than intended, as at the reporting date. The Board considers this a prudent and appropriate choice in our circumstances, considering the risks of the alternative.

The Board is keeping the level of reserves targeting under review.

Future outlook

LINX strategy has been formulated as;

For LINX to continue to create value for existing members, we need to offer services across the interconnect spectrum and industry segments at an attractive price point.

LINX also needs to be attractive for new members in an increasingly competitive environment in order to bring value for existing members.

To achieve this LINX needs to:

- 1. Strive for greater economies of scale and lower working capital requirements which allows for LINX to follow market pricing.*
- 2. Broaden the interconnect offering to ensure market relevance*
- 3. Ensure broad geographical and industry segment targeting including emerging market segments*

Work will continue to fulfil each of these pillars. We expect to announce further partnerships for managed IXPs in 2022, as well as launch our marketplace which allows member to member sale of services across the platforms. These will both widen LINX's interconnect offering and provide additional value for existing members and prospects.

During 2022 we also further develop automation and tooling, including member facing self-service features in the portal. This will speed up service delivery and provide greater economies of scale. LINX is also doing a refresh of many internal tools and systems during 2022 / 2023 such as finance and billing, engineering tools etc that will allow for more process automation.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Message from the Board

During 2021 the board spent a lot of time around the pricing strategy and model which was voted through at the November EGM. This work is of strategic importance to ensure we can price and provide services in a range that will provide both an affordable growth path for existing members and attractive entry products for new members. Changing the pricing model was a key priority for the board during 2021.

The board proposed three MoU changes, two at the May AGM and one at the November EGM. At the AGM a change to the MoU allowing LINX to decline to interact with certain individuals following unacceptable behaviour was approved and a second resolution that removed the need for LINX to operate a dedicated LAN for Multicast traffic. At the November EGM a resolution was tabled to change the address of the LINX mailing lists as described in the MoU. All resolutions passed after prior consultation with the membership.

The May AGM saw elections for two board seats which became vacant due to two Board members retiring by rotation. Steve Wright did not seek re-election having reached the maximum time limit allowed of nine years. Mike Blanche was re-elected, and Alex Bloor was elected as a new board member.

The board provides oversight of operations with reviews throughout the year of departmental roadmaps and company objectives that are reviewed throughout the year.

During 2021 the board held 11 board meetings.

Pieter Knook
Chairman

How the Board Operates

The Board holds regular board meetings throughout the year, including an annual strategy review session. The Board also meets when necessary to discuss important emerging issues that require Board consideration in addition to scheduled Board meetings.

The board operates three sub-committees whose voting members consist of non-executive directors. Executive directors and staff with specific relevant expertise are invited to attend the meetings where appropriate. Following each meeting, the Chairs of the sub-committees provide updates to the Board, summarising activities undertaken and key decisions taken and/or presenting proposals requiring final Board approval. The three sub-committees are:

- Finance, Risk and Security sub-committee (FRS)
- Governance sub-committee (Govco)
- Remuneration sub-committee (Remco)

The Table below shows the number of board meetings and sub-committee meetings held in 2021.

	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
Board	●		●	●	●	●	●	●	●	●	●	●
FRS				●					●	●		
Govco			●				●					●
Remco							●				●	

Key: ● Scheduled meeting ● Additional meeting

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FOR THE YEAR ENDED 31 DECEMBER 2021

Board Meetings in 2021

The Table below shows the Board members attendance record at board meetings in 2021.

Board members	Scheduled meetings attended/Eligible meetings to attend
Pieter Knook (Chair)	11/11
Mike Blanche (Vice Chair)	10/11
Seb Lahtinen	11/11
Neil McRae	9/11
Pete Stevens	8/11
Lee Hetherington	11/11
Alex Bloor*	7/7
Kurtis Lindqvist	11/11
Malcolm Hutton	11/11
Malcolm Holt	11/11
Richard Petrie	11/11

*Joined the Board on 25 May 2021

Sub-Committee Meetings in 2021

Finance, Risk and Security sub-committee (FRS)

The FRS delivers oversight of external audit as well as the prudence of financial reporting and controls operating within LINX. Additionally, the FRS reviews the effectiveness of LINX's internal risk management processes and controls to ensure that these respond appropriately to developments, regulatory demands, and external risks.

The Table below shows the Board members attendance record at board meetings in 2021.

FRS members	Scheduled meetings attended/Eligible meetings to attend
Pieter Knook (Chair)	3/3
Neil McRae	3/3
Pete Stevens	3/3
Steve Wright*	1/1
Alex Bloor**	2/2

*Left the Board in May 2021

**Joined the Board in May 2021

In addition to the members, regular attendees of the Govco include the CEO, Director of Legal and Policy and CoSec.

Governance sub-committee (Govco)

The Govco oversees the company's governance arrangements (processes and documents) on behalf of the Board to ensure they are in line with best practice. This includes preparing matters for consultation with the members, including proposed resolutions.

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Govco members	Scheduled meetings attended/Eligible meetings to attend
Seb Lahtinen (Chair)	3/3
Lee Hetherington	2/3
Mike Blanche	3/3
Steve Wright*	1/1
Pete Stevens**	2/2

*Left the Board in May 2021

**Joined Govco in June 2021

In addition to the members, regular attendees of the Govco include the CEO, Director of Legal and Policy and CoSec.

Remuneration sub-committee (Remco)

The RemCo recommend remuneration structures and policies to the Board, that enable LINX to meet its strategic and operational targets. In doing so it reviews and proposes performance measurement mechanisms, pension contributions, pay policy, bonus opportunity, employment terms, etc.

Each year Remco reviews and approves the specific remuneration, terms and performance of senior staff including the CEO, for its relevance and appropriateness. 'Senior staff' means any member of the Senior Management Team, a key employee, or any employee with a full-time equivalent base salary exceeding £90,000 gross annual salary, before any salary sacrifice.

In its activities, the Remco also considers external expert advice including benchmarking data.

Remco members	Scheduled meetings attended/Eligible meetings to attend
Mike Blanche (Chair)	2/2
Lee Hetherington	2/2
Pieter Knook	1/2
Seb Lahtinen	2/2

In addition to the members, regular attendees of the Remco include the CEO, HR Manager and CoSec.

This report therefore covers both LINX and the consolidation of the group as a whole. This report was approved by the board on 27 Apr 2022 and signed on its behalf.

Kurt Erik Lindqvist

K Lindqvist (May 5, 2022, 3:37pm)

Mr K E J Lindqvist
Director

LONDON INTERNET EXCHANGE LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

Mr M A Blanche
Mr L M Hetherington
Mr T S A Lahtinen
Mr A J P Bloor (appointed 25 May 2021)
Mr S Wright (resigned 25 May 2021)
Mr M S A Hutty
Mr K E J Lindqvist
Mr R Petrie
Mr N McRae
Mr P Knook
Mr M Holt
Mr P R Stevens

Results and dividends

The surplus for the year, after taxation, amounted to £1,787,979 (2020 - £1,272,457).

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the surplus or deficit of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

Future developments are covered in the Strategic Report.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There were no post balance sheet events for the year ended 31 December 2021.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 Apr 2022 and signed on its behalf.

Kurt Erik Lindqvist

K. Lindqvist (May 5, 2022, 3:37pm)

Mr K E J Lindqvist
Director

LONDON INTERNET EXCHANGE LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON INTERNET EXCHANGE LIMITED

Opinion

We have audited the financial statements of London Internet Exchange Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Income and Retained Earnings, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON INTERNET EXCHANGE LIMITED
(CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON INTERNET EXCHANGE LIMITED
(CONTINUED)

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 Group 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:

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements, including financial reporting, tax legislation and industry regulations including GDPR, employment law and health and safety.

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

-agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

-enquiries of management including those responsible for key regulations;

-performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

In addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk

increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON INTERNET EXCHANGE LIMITED
(CONTINUED)

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 Auditors' 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.



Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

5 May 2022

LONDON INTERNET EXCHANGE LIMITED
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CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	16,635,214	14,898,784
Cost of sales		(4,005,713)	(3,433,706)
Gross surplus		<u>12,629,501</u>	<u>11,465,078</u>
Administrative expenses		(10,767,959)	(10,237,256)
Other operating income	5	3,375	36,984
Operating surplus	6	<u>1,864,917</u>	<u>1,264,806</u>
Interest receivable and similar income	10	9,468	23,107
Surplus before tax		<u>1,874,385</u>	<u>1,287,913</u>
Tax on surplus	11	(86,406)	(15,456)
Surplus after tax		<u><u>1,787,979</u></u>	<u><u>1,272,457</u></u>
Retained earnings at the beginning of the year		12,759,912	11,487,455
		<u>12,759,912</u>	<u>11,487,455</u>
Surplus for the year attributable to the owners of the parent		1,787,979	1,272,457
Retained earnings at the end of the year		<u><u>14,547,891</u></u>	<u><u>12,759,912</u></u>
Non-controlling interest at the end of the year			

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED

(A Company Limited by Guarantee)

REGISTERED NUMBER:03137929

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	4,010,862	3,434,376
Investments	13	103,723	-
		<u>4,114,585</u>	<u>3,434,376</u>
Current assets			
Debtors: amounts falling due within one year	14	3,220,963	2,951,162
Cash at bank and in hand	15	9,694,661	8,004,283
		<u>12,915,624</u>	<u>10,955,445</u>
Creditors: amounts falling due within one year	16	(2,465,306)	(1,617,951)
		<u>10,450,318</u>	<u>9,337,494</u>
Net current assets			
		<u>14,564,903</u>	<u>12,771,870</u>
Total assets less current liabilities			
Provisions for liabilities			
		<u>14,564,903</u>	<u>12,771,870</u>
Net assets		<u>14,564,903</u>	<u>12,771,870</u>
Capital and reserves			
Foreign exchange reserve	18	17,012	11,958
Profit and loss account	18	14,547,891	12,759,912
Equity attributable to owners of the parent Company		<u>14,564,903</u>	<u>12,771,870</u>
		<u>14,564,903</u>	<u>12,771,870</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

27 Apr 2022

Kurt Erik Lindqvist

.....
Mr K E J Lindqvist
 Director

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED

(A Company Limited by Guarantee)

REGISTERED NUMBER:03137929

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	3,896,982	3,290,914
Investments	13	103,724	1
		4,000,706	3,290,915
Current assets			
Debtors: amounts falling due within one year	14	4,142,887	3,917,787
Cash at bank and in hand	15	9,100,020	7,429,779
		13,242,907	11,347,566
Creditors: amounts falling due within one year	16	(2,264,856)	(1,416,569)
Net current assets		10,978,051	9,930,997
Total assets less current liabilities		14,978,757	13,221,912
Net assets		14,978,757	13,221,912
Capital and reserves			
Profit and loss account brought forward		13,221,912	11,801,326
Surplus for the year		1,756,845	1,420,586
Profit and loss account carried forward		14,978,757	13,221,912
		14,978,757	13,221,912

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

27 Apr 2022

Kurt Erik Lindqvist

.....
Mr K E Lindqvist (7pm)
 Director

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	11,958	12,759,912	12,771,870
Comprehensive income for the year			
Surplus for the year	-	1,787,979	1,787,979
	<hr/>	<hr/>	<hr/>
Currency translation differences	5,054	-	5,054
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	5,054	1,787,979	1,793,033
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<u>17,012</u>	<u>14,547,891</u>	<u>14,564,903</u>

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	3,984	11,487,455	11,491,439
Comprehensive income for the year			
Surplus for the year	-	1,272,457	1,272,457
Currency translation differences	7,974	-	7,974
Total comprehensive income for the year	<u>7,974</u>	<u>1,272,457</u>	<u>1,280,431</u>
At 31 December 2020	<u><u>11,958</u></u>	<u><u>12,759,912</u></u>	<u><u>12,771,870</u></u>

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Profit and loss account	Total equity
	£	£
At 1 January 2021	13,221,912	13,221,912
Comprehensive income for the year		
Surplus for the year	1,756,845	1,756,845
	<u>1,756,845</u>	<u>1,756,845</u>
Total comprehensive income for the year		
	<u>14,978,757</u>	<u>14,978,757</u>
At 31 December 2021	<u><u>14,978,757</u></u>	<u><u>14,978,757</u></u>

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Profit and loss account £	Total equity £
At 1 January 2020	11,801,326	11,801,326
Comprehensive income for the year		
Surplus for the year	1,420,586	1,420,586
	<u>1,420,586</u>	<u>1,420,586</u>
Total comprehensive income for the year		
	<u>13,221,912</u>	<u>13,221,912</u>
At 31 December 2020	<u><u>13,221,912</u></u>	<u><u>13,221,912</u></u>

The notes on pages 22 to 36 form part of these financial statements.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Surplus for the financial year	1,787,979	1,272,457
Adjustments for:		
Depreciation of tangible assets	1,995,372	2,287,716
Interest received	(9,468)	(23,107)
Taxation charge	86,406	15,456
(Increase) in debtors	(270,482)	(1,152,286)
Increase/(decrease) in creditors	844,380	(56,984)
Corporation tax (paid)	(77,696)	(7,482)
Net cash generated from operating activities	4,356,491	2,335,770
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,571,858)	(2,127,400)
Purchase of unlisted and other investments	(103,723)	-
Interest received	9,468	23,107
Net cash from investing activities	(2,666,113)	(2,104,293)
Net increase in cash and cash equivalents	1,690,378	231,477
Cash and cash equivalents at beginning of year	8,004,283	7,772,806
Cash and cash equivalents at the end of year	9,694,661	8,004,283
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,694,661	8,004,283
	9,694,661	8,004,283

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

London Internet Exchange Limited is a private company limited by guarantee, incorporated in England and Wales. Its registered office is Trinity Court, Trinity Street, Peterborough, PE1 1DA.

The company is a membership organisation whose principal activities are to provide Internet Exchange points for the mutual benefit of members, to promote the interests of members and to represent members in matters of public interest.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

Since the beginning of 2020 Covid-19 (the Coronavirus) has spread rapidly around the world with increasingly drastic effects on society and the economy. At the time of writing the full consequences are impossible to foresee, while the general effects on the economy and society are negative. The directors have considered the effects of the pandemic and whether any adjustments are required to the reported amounts in the financial statements.

The directors have considered a period of at least twelve months from approval of these financial statements in their assessment. The directors consider that the short-term financial impact on LINX's business is likely to be minimal and the resources available to the company will be sufficient for it to be able to continue as a going concern. However, there is a high level of uncertainty about how long the restrictions will last and the level of demand once the restrictions have ended which could affect this assessment.

Accordingly the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the company was not able to continue as a going concern.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Income and Retained Earnings in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property improvements	- 5 years straight line
Plant and machinery	- 3-4 years straight line
Computer equipment	- 2-4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price.

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Income and Retained Earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Income and Retained Earnings.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors have adopted a prudent view and consider the depreciation of fixed assets and accruals to be a critical estimate and judgement applicable to the financial statements.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the group. The analysis of income provided has been derived from the Group's accounting records and as such represents the invoicing address of the member. Were income to be analysed based on the operating location of the members it would provide an alternate analysis which would be in line with the continued global expansion referred to in the Strategic Report.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	9,688,504	8,364,839
Rest of Europe	3,391,058	3,755,035
Rest of the world	3,555,652	2,778,910
	<u>16,635,214</u>	<u>14,898,784</u>

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021 £	2020 £
Rents receivable	-	36,984
CJRS income	3,375	-
	3,375	-

During the year ended 31 December 2021 the Group received £3,375 under the UK Government's Coronavirus Job Retention Scheme.

6. Operating surplus

The operating surplus is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,995,372	2,279,531
Exchange differences	21,924	35,091
Other operating lease rentals	441,849	451,449
Defined contribution pension cost	409,464	387,535
	1,868,609	2,753,606

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	10,800	10,300
	10,800	10,300

Fees payable to the Group's auditor and its associates in respect of:

The auditing of accounts of associates of the group pursuant to legislation	5,150	4,900
Accountancy services	2,400	2,320
Taxation compliance services	1,650	1,580
	9,200	8,800

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	5,176,523	4,757,243	5,158,427	4,702,935
Social security costs	624,359	526,808	622,380	523,272
Cost of defined contribution scheme	409,464	387,535	404,136	373,630
	<u>6,210,346</u>	<u>5,671,586</u>	<u>6,184,943</u>	<u>5,599,837</u>

The senior management team and executive directors are considered to be key management personnel. Total remuneration in respect of these individuals is £1,113,850 (2020: £1,003,844).

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Administrative staff	61	56	61	55
Management staff	6	7	6	7
	<u>67</u>	<u>63</u>	<u>67</u>	<u>62</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	955,096	885,867
Group contributions to defined contribution pension schemes	62,341	62,433
	<u>1,017,437</u>	<u>948,300</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £258,243 (2020 - £242,460).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,167 (2020 - £17,917).

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest receivable

	2021 £	2020 £
Other interest receivable	9,468	23,107
	9,468	23,107
	9,468	23,107

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on surplus for the year	1,988	-
	1,988	-
Foreign tax		
Foreign tax on income for the year	84,418	15,456
Total current tax	86,406	15,456
Deferred tax		
Total deferred tax	-	-
Taxation on surplus on ordinary activities	86,406	15,456

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Surplus on ordinary activities before tax	1,874,385	1,287,913
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	356,133	244,703
Effects of:		
Amounts not subject to corporation tax	(269,727)	(229,247)
Total tax charge for the year	86,406	15,456

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 1 January 2021	798,385	24,316,951	602,297	25,717,633
Additions	-	2,389,744	182,114	2,571,858
At 31 December 2021	<u>798,385</u>	<u>26,706,695</u>	<u>784,411</u>	<u>28,289,491</u>
Depreciation				
At 1 January 2021	745,873	21,015,749	521,635	22,283,257
Charge for the year on owned assets	35,932	1,817,220	142,220	1,995,372
At 31 December 2021	<u>781,805</u>	<u>22,832,969</u>	<u>663,855</u>	<u>24,278,629</u>
Net book value				
At 31 December 2021	<u><u>16,580</u></u>	<u><u>3,873,726</u></u>	<u><u>120,556</u></u>	<u><u>4,010,862</u></u>
At 31 December 2020	<u><u>52,512</u></u>	<u><u>3,301,202</u></u>	<u><u>80,662</u></u>	<u><u>3,434,376</u></u>

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 1 January 2021	798,385	23,867,650	602,297	25,268,332
Additions	-	2,389,744	182,114	2,571,858
At 31 December 2021	<u>798,385</u>	<u>26,257,394</u>	<u>784,411</u>	<u>27,840,190</u>
Depreciation				
At 1 January 2021	745,873	20,709,910	521,635	21,977,418
Charge for the year on owned assets	35,932	1,787,638	142,220	1,965,790
At 31 December 2021	<u>781,805</u>	<u>22,497,548</u>	<u>663,855</u>	<u>23,943,208</u>
Net book value				
At 31 December 2021	<u>16,580</u>	<u>3,759,846</u>	<u>120,556</u>	<u>3,896,982</u>
At 31 December 2020	<u>52,512</u>	<u>3,157,740</u>	<u>80,662</u>	<u>3,290,914</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Land and buildings	16,580	52,512
	<u>16,580</u>	<u>52,512</u>

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Fixed asset investments

Company

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost			
At 1 January 2021	1	-	1
Additions	-	103,723	103,723
At 31 December 2021	<u>1</u>	<u>103,723</u>	<u>103,724</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
London Internet Exchange Trading Limited	Ordinary	100%
LINX USA Incorporated	Ordinary	-%
LINX America Incorporated	Ordinary	-%

The balances and transactions of LINX USA Incorporated have been included in the consolidated financial statements by virtue of the fact that the sole member of LINX USA Incorporated is the company's wholly owned subsidiary, London Internet Exchange Trading Limited. It is therefore deemed to be under the control of the group. LINX America is a wholly owned subsidiary of London Internet Exchange Trading Limited.

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
London Internet Exchange Trading Limited	(103,625)	36,087
LINX USA Incorporated	(157,387)	(4,904)
LINX America Incorporated	(158,026)	(73)

LONDON INTERNET EXCHANGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	337,489	788,049	174,112	559,022
Amounts owed by group undertakings	-	-	1,215,395	1,365,497
Other debtors	200,303	22,576	203,920	19,387
Prepayments and accrued income	2,683,171	2,140,537	2,549,460	1,973,881
	<u>3,220,963</u>	<u>2,951,162</u>	<u>4,142,887</u>	<u>3,917,787</u>

15. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	9,694,661	8,004,283	9,100,020	7,429,779
	<u>9,694,661</u>	<u>8,004,283</u>	<u>9,100,020</u>	<u>7,429,779</u>

16. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	532,940	483,298	481,151	473,156
Amounts owed to group undertakings	-	-	-	4,982
Corporation tax	5,832	2,826	3,814	1,826
Other taxation and social security	4,721	242,041	4,721	242,041
Other creditors	55,128	75,815	45,938	39,444
Accruals and deferred income	1,866,685	813,971	1,729,232	655,120
	<u>2,465,306</u>	<u>1,617,951</u>	<u>2,264,856</u>	<u>1,416,569</u>

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17. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at fair value through profit or loss	9,694,661	8,004,283	9,100,020	7,429,779
Financial assets that are debt instruments measured at amortised cost	537,792	810,625	1,593,427	1,943,906
	<u>10,232,453</u>	<u>8,814,908</u>	<u>10,693,447</u>	<u>9,373,685</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>2,454,753</u>	<u>1,373,084</u>	<u>2,256,321</u>	<u>1,172,702</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

18. Reserves

Foreign exchange reserve

Represents accumulated foreign exchange differences arising from the consolidation of wholly owned foreign subsidiaries during the period and prior periods.

Profit and loss account

The company's sole reserve is the income and expenditure account, this represents accumulated comprehensive surplus of the year and prior periods.

19. Analysis of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	8,004,283	1,690,378	9,694,661
	-	-	-
	<u>8,004,283</u>	<u>1,690,378</u>	<u>9,694,661</u>

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20. Company status

The members' liability is limited. Every member of the group undertakes to contribute to the assets of the group in the event of the same being wound up while they are a member, or within one year after they cease to be a member, for payments of the debts and liabilities of the group contracted before they cease to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such and for the amount as may be required not exceeding one pound.

21. Capital commitments

At 31 December 2021 the Group and Company had capital commitments as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Contracted for but not provided in these financial statements	364,093	-	364,093	-
	<u>364,093</u>	<u>-</u>	<u>364,093</u>	<u>-</u>

22. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £409,464 (2020 - £387,535). Contributions totalling £Nil (2020 - £223,303) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	661,664	322,688	661,664	322,688
Later than 1 year and not later than 5 years	129,672	374,140	129,672	374,140
	<u>791,336</u>	<u>696,828</u>	<u>791,336</u>	<u>696,828</u>

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24. Related party transactions

During the year transactions took place with Netconnex Broadband Limited, a company in which director Mr T S A Lahtinen has a significant interest. Sales to Netconnex Broadband Limited totalled £7,772 (2020 - £4,755). At the balance sheet date there were no amounts outstanding (2020 - £Nil) from Netconnex Broadband Limited.

During the year transactions took place with Clear Connect Limited, a company in which director Mr S Wright has a significant interest. Purchases from Clear Connect Limited totalled £6,448 (2020 - £20,187). At the balance sheet date there were no amounts outstanding (2020 - £Nil) with Clear Connect Limited.

During the year transactions took place with 4D Data Centres Limited, a company in which director Mr S Wright has a significant interest. Sales to 4D Data Centres Limited totalled £8,211 (2020 - £7,800). At the balance sheet date there were no amounts outstanding (2020 - £Nil) with 4D Data Centres Limited.

During the year transactions took place with various companies within the Pulsant Group Limited, a company in which director Mr P C Knook has a significant interest. Purchases from Pulsant Group Limited totalled £40,193 (2020 - £14,777). At the balance sheet date there were no amounts outstanding (2020 - £Nil) to Pulsant Group Limited. Sales to Pulsant Group totalled £16,173 (2020 - £18,000).

During the year transactions took place with Mythic Beasts Limited, a company in which director Mr P R Stevens has a significant interest. Purchases from Mythic Beasts Limited totalled £3,104 (2020 - £2,627). At the balance sheet date there were amounts of £287 (2020 - £Nil) payable to Mythic Beasts Limited. Sales to Mythic Beasts Limited totalled £10,441 (2020 - £11,526).