

Cable & Wireless Limited

**Annual report and financial statements
for the nine month period ended 31 December 2016**

Registered office:

Griffin House
161 Hammersmith Road
London
W6 8BS

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Strategic report

The Directors of Cable & Wireless Limited (the "Company") submit their strategic report for the nine month period ended 31 December 2016.

Principal activities and business review

The principal activity of the Company is that of a group holding company.

The Company made a loss after taxation of US\$115 million (31 March 2016: loss of US\$263 million).

On 16 November 2015, the Board of Directors of the ultimate parent company, Cable & Wireless Communications Plc, entered into an agreement with Liberty Global plc to sell all issued and to be issued shares of Cable & Wireless Communications Plc pursuant to certain conditions, regulatory and other approvals (the "Transaction"). Effective 16 May 2016, the Transaction completed, Cable & Wireless Communications Plc was delisted from the London Stock Exchange and renamed Cable & Wireless Communications Limited ("CWC") and Liberty Global plc became the ultimate parent company.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are as follows:

Investments

The Company is exposed to the risk of deterioration in business performance in its Group undertakings which may have an adverse effect on the carrying value of the Company's investments.

Foreign exchange

Given the Cable & Wireless Communications Group's (the "Group") geographical spread, a portion of the Company's income from Group undertakings originates outside US dollar economies. This income and associated investments are exposed to exchange rate fluctuations as a result of the geographical allocation of the Group's income and expenses. The Company is also exposed to foreign exchange fluctuations on its loans denominated in foreign currencies which carries the potential risk of an adverse financial impact to the Company. Short-term exchange rate fluctuations are often offset naturally.

Pensions

The Cable & Wireless Superannuation Fund, a Group-wide defined benefit pension scheme, based in the UK, is well managed and measures have been taken to reduce financial risk exposures. However the value of the scheme's assets and liabilities are affected by market movements and the Company may also have to make additional contributions to the scheme if the scheme's assumptions change. The Company manages this risk by maintaining regular dialogue with the scheme Trustees who manage the scheme's assets with appropriate external advice. The Company also operates unfunded pension schemes which have liabilities which are affected by market movements.

Interest costs

The Company holds a number of loans with Group undertakings on which it is exposed to interest rate fluctuations. This risk is managed by the Group Treasury function.

Litigation

As with most large organisations, there is a risk of litigation against entities within the Group and therefore the Company may be exposed to risks associated with litigation brought against it or subsidiaries. When facing litigation, the Company defends its position vigorously using appropriate legal advice and support.

Brexit

The Directors are assessing the possible impact of the United Kingdom's exit from the European Union. At present the impact cannot be clearly determined but is not expected to be material.

Key performance indicators

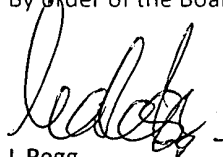
Taking into account the principal activities of the Company, the following key performance indicators have been identified:

	31 December 2016 US\$m	31 March 2016 US\$m
Operating (loss)/profit	(51)	(116)
Finance income	40	17
Finance expense	(158)	(189)
Net assets	5,418	5,602

The Company recorded an operating loss during the year primarily as a result of management fee expense. In addition, direct acquisition costs associated with the acquisition of the Company's ultimate parent company (see note 1 for details) were incurred.

The movement in finance income from prior year is due to an increase in exchange gains on foreign currency denominated loans while finance expense decreased due to a significant decrease in intercompany interest expense.

By order of the Board of Directors:



L Pegg
Company Secretary

Griffin House
161 Hammersmith Road
London
W6 8BS

27 September 2017

Directors' report

The Directors submit their Directors' report together with the audited financial statements of the Company for the nine month period ended 31 December 2016.

Future developments

There are no changes expected in the Company's business in the foreseeable future.

Dividends

The Directors do not recommend the payment of a dividend (31 March 2016: US\$nil).

Directors

The Directors who held office during the period and subsequent to the period end were:

C Underwood (resigned 16 May 2016)
E Martin (resigned 16 May 2016)
C Bracken (appointed 16 May 2016, resigned 20 September 2016)
J Evans (appointed 16 May 2016, resigned 20 September 2016)
L Pegg (appointed 20 September 2016)
B Stockwell (appointed 20 September 2016)

All Directors benefit from qualifying third party indemnity provisions in place during the period and at the date of this report.

Share capital and share premium reduction

On 30 November 2016, the share capital of the Company was reduced by US\$976 million to US\$nil and share premium was reduced by US\$374 million to US\$nil.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Change of accounting reference date

On 16 December 2016, pursuant to section 392 of the Companies Act 2006, the Company altered its financial year to 31 December to conform to that of the ultimate parent company, Liberty Global plc. As such, this financial report has been prepared for the nine month period ended 31 December 2016 and comparative amounts are not entirely comparable.

By order of the Board of Directors:



L Pegg
Company Secretary

Griffin House
161 Hammersmith Road
London
W6 8BS
27 September 2017

Statement of directors' responsibilities in respect of the strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101').

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Cable & Wireless Limited

We have audited the financial statements of Cable & Wireless Limited for the nine month period ended 31 December 2016 set out on pages 7 to 46. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.


Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and Directors' report:

- we have not identified material misstatements in those reports;
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

29 September 2017

**Profit and loss account
for the nine month period ended 31 December 2016**

		Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
	Note		
Administrative expenses	4	(21)	(96)
Other operating income	5	19	14
Other operating expenses	6	(49)	(34)
Operating loss		(51)	(116)
Finance income	7	40	17
Finance expense	8	(158)	(189)
Loss on ordinary activities before taxation		(169)	(288)
Tax credit on loss on ordinary activities	9	54	25
Loss for the period		(115)	(263)

The notes on pages 11 to 46 form an integral part of these financial statements.

**Statement of comprehensive income
for the nine month period ended 31 December 2016**

		Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Note			
Loss for the period		(115)	(263)
Other comprehensive (loss)/income			
Actuarial losses on pension schemes – net of tax	16	(5)	(27)
Share based payment charge		(67)	(12)
<i>Items that will not be reclassified to profit or loss</i>		(72)	(39)
Fair value gains/(losses) on available for sale assets	11	3	(1)
<i>Items that are or may be reclassified to profit or loss</i>		3	(1)
Other comprehensive loss for the period/year, net of income tax		(69)	(40)
Total comprehensive loss for the period/year		(184)	(303)

The notes on pages 11 to 46 form an integral part of these financial statements.

Balance sheet
as at 31 December 2016

		31 December 2016 US\$m	31 March 2016 US\$m
	Note		
Non-current assets			
Investments in Group undertakings	10	12,369	12,369
Held to maturity investments	11	66	75
Available-for-sale investments	11	32	34
Trade and other receivables	12	190	–
		<u>12,657</u>	<u>12,478</u>
Current assets			
Trade and other receivables	12	7,238	2,469
Cash and cash equivalents		–	–
Financial assets at fair value through profit or loss	11	–	29
		<u>7,238</u>	<u>2,498</u>
Current liabilities			
Trade and other payables	13	(12,914)	(9,193)
Provisions	15	–	(2)
		<u>(12,914)</u>	<u>(9,195)</u>
Net current liabilities		<u>(5,676)</u>	<u>(6,697)</u>
Total assets less current liabilities		6,981	5,781
Non-current liabilities			
Trade and other payables	13	(1,439)	–
Pension obligations	16	(124)	(179)
		<u>(1,563)</u>	<u>(179)</u>
Net assets		<u>5,418</u>	<u>5,602</u>
Capital and reserves			
Called up share capital	17	–	976
Share premium account		–	374
Profit and loss account		1,679	1,866
Other reserves		<u>3,739</u>	<u>2,386</u>
Shareholders' funds		<u>5,418</u>	<u>5,602</u>

The notes on pages 11 to 46 form an integral part of these financial statements.

The financial statements on pages 7 to 46 were approved by the Board of Directors on 6 September 2017 and signed on their behalf by:

Belinda Stockwell

B Stockwell
Director
Cable & Wireless Limited
Registered number - 00238525

**Statement of changes in equity
for the nine month period ended 31 December 2016**

	Note	Share capital US\$m	Share premium US\$m	Special reserve ¹ US\$m	Other reserves ¹ US\$m	Fair value reserve US\$m	Profit and loss account US\$m	Total US\$m
Balance at 1 April 2015		976	374	2,139	232	16	2,168	5,905
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	(263)	(263)
Actuarial losses recognised (net of tax)	16	-	-	-	-	-	(27)	(27)
Fair value movements in available for sale assets	11	-	-	-	-	(1)	-	(1)
Total comprehensive income/(loss) for the year		-	-	-	-	(1)	(290)	(291)
Transactions with owners, recorded directly in equity								
Equity share-based payments		-	-	-	-	-	(12)	(12)
Total contributions by and distributions to owners		-	-	-	-	-	(12)	(12)
Balance at 31 March 2016		<u>976</u>	<u>374</u>	<u>2,139</u>	<u>232</u>	<u>15</u>	<u>1,866</u>	<u>5,602</u>
Balance at 1 April 2016		976	374	2,139	232	15	1,866	5,602
Total comprehensive income for the period								
Loss for the period		-	-	-	-	-	(115)	(115)
Actuarial losses recognised (net of tax)	16	-	-	-	-	-	(5)	(5)
Fair value movements in available for sale assets	11	-	-	-	-	3	-	3
Total comprehensive income/(loss) for the period		-	-	-	-	3	(120)	(117)
Transactions with owners, recorded directly in equity								
Capital reduction		(976)	(374)	-	1,350	-	-	-
Equity share-based payments		-	-	-	-	-	(67)	(67)
Total contributions by and distributions to owners		<u>(976)</u>	<u>(374)</u>	<u>-</u>	<u>1,350</u>	<u>-</u>	<u>(67)</u>	<u>(67)</u>
Balance at 31 December 2016		<u>-</u>	<u>-</u>	<u>2,139</u>	<u>1,582</u>	<u>18</u>	<u>1,679</u>	<u>5,418</u>

1. See note 18 for details.

The notes on pages 11 to 46 form an integral part of these financial statements.

Notes to the financial statements

1. General information

Cable & Wireless Limited is a company incorporated and domiciled in the UK.

The Directors have reviewed the financial position of the Company, including the arrangements with group undertakings, and are satisfied that it remains appropriate to prepare the financial statements on a going concern basis. The Company is dependent on continuing finance being made available by the Cable & Wireless Communications Group (the "Group") to enable it to continue operating and meet its liabilities as they fall due. Cable & Wireless Communications Limited ("CWC") has agreed to continue to provide sufficient financial support for these purposes.

The Company's immediate parent undertaking at 31 December 2016 is CWC. On 16 November 2015, the Board of Directors of Cable & Wireless Communications Plc entered into an agreement with Liberty Global plc to sell all issued and to be issued shares of Cable & Wireless Communications Plc pursuant to certain conditions, regulatory and other approvals (the "Transaction"). The Transaction was approved by the shareholders and Board of Directors of both Cable & Wireless Communications Plc and Liberty Global plc.

Effective 16 May 2016, the Transaction completed, Cable & Wireless Communications Plc was delisted from the London Stock Exchange and renamed Cable & Wireless Communications Limited and Liberty Global plc became the ultimate parent company.

On 16 December 2016, pursuant to section 392 of the Companies Act 2006, the Company altered its financial year to 31 December to conform to that of the ultimate parent company, Liberty Global plc. As such, this financial report has been prepared for the 9 month period ended 31 December 2016 and comparative amounts are not entirely comparable.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.1. Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company will continue to prepare its financial statements in accordance with FRS 101 on an on-going basis until such time as it notifies its shareholders of any change to its chosen accounting framework.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

2.2. Exemptions

The Company's immediate parent undertaking at 31 December 2016, CWC, includes the Company in its consolidated financial statements. The consolidated financial statements of CWC are prepared in accordance with International Financial Reporting Standards ("IFRS") and are available to the public and may be obtained from the address in note 21.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures due to the intermediate parent at 31 December 2016 preparing consolidated IFRS accounts that include the results of the Company:

Notes to the financial statements (continued)

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of CWC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

2.3. Measurement convention

The financial statements are prepared on the historical cost basis with the exception of the following assets and liabilities which are stated at their fair value: derivative financial instruments; financial instruments classified at fair value through the profit or loss; and financial instruments held as available-for-sale.

2.4. Foreign currencies

The Directors consider the US dollar to be the functional currency reflecting the economic effects of the underlying transactions, events and conditions for the Company. The Company has therefore presented its financial statements in US dollars. The principal exchange rates used in preparing the Company financial statements are as follows:

	Nine months ended 31 December 2016	Year ended 31 March 2016
US\$: £		
Average	1.3298	1.5008
Period end	1.2345	1.4114

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes to the financial statements (continued)

2.5. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in Group undertakings, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings.

Investments in Group undertakings

Investments in Group undertakings are carried at cost less impairment.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

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

2.6. Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Notes to the financial statements (continued)

2.6. Impairment (continued)

Financial assets (including trade and other receivables) (continued)

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7. Employee benefits

Post-employment benefits

The Group operates pension schemes for its current and former UK employees for which the Company is the sponsoring employer. These schemes include both defined benefit schemes, where retirement benefits are based on employees' remuneration and length of service, and defined contribution schemes, where retirement benefits reflect the accumulated value of agreed contributions paid by, and in respect of, employees. Contributions to the defined benefit schemes are made in accordance with the recommendations of independent actuaries who value the schemes.

The Company's net obligation recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations. Defined benefit obligations for each plan are calculated annually by independent qualified actuaries using the projected unit credit method and key actuarial assumptions at the reporting date. Defined benefit assets are only recognised to the extent they are deemed recoverable.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they arise through the statement of comprehensive income together with returns on plan assets (excluding net interest taken to the profit and loss account). These re-measurements are not subsequently reclassified to profit and loss.

Other movements in the net deficit or surplus are recognised in the profit and loss account and included within operating costs. These comprise current and past service costs including those arising from settlements and curtailments, and net interest amounts representing the change in the present value of plan obligations and plan assets resulting from the unwinding of the discount.

The Group also operates a defined contribution pension plan under which contributions are recognised as operating costs in the profit and loss account in the period in which they are incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes to the financial statements (continued)

Share-based payment transactions

At 31 December 2016, the Company was part of the Liberty Global Group which operated various equity-settled, share-based compensation plans. The share option schemes allowed employees to acquire shares in the ultimate parent company, Liberty Global plc. There are no grants to employees of equity instruments in the Company and there is no policy of the ultimate parent company making recharges to the Company for the provision of equity instruments. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, which excludes the impact of any non-market vesting conditions (for example, service, profitability and sales growth targets). Non-market vesting conditions are included in the estimates about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original non-market estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

Where continuing employees withdraw from share-based compensation plans the remaining charge is recognised immediately.

Full disclosure regarding share based payments is included in the CWC financial statements which can be obtained from the address in note 21.

2.8. The Cable & Wireless Communications Share Ownership Trust (the "Trust")

The Trust is a discretionary trust, which was funded by loans from the Company, to acquire and hold shares in Cable & Wireless Communications Plc.

At 31 March 2016, the Trust held 26,826,337 shares in Cable & Wireless Communications Plc (of which 866,642 are shares awarded to the Executive Directors under the Deferred Bonus Plan and which carry dividend rights) with a market value of US\$29 million. Subsequently, and in preparation for the acquisition of Cable & Wireless Communication Plc by Liberty Global plc, the balance of shares held in the Trust was issued on 12 May 2016.

2.9. Provisions

Provisions are liabilities of uncertain timing or amount. They are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the balance sheet at the present value of the estimated future outflows expected to be required to settle the obligation. The discount rate is the pre-tax rate reflecting the assessment of the settlement date. Provision charges and reversals are recognised in the profit and loss account. Discount unwinding is recognised as a finance expense.

Redundancy provisions comprise employee termination payments. Legal provisions comprise legal fees and expected settlement costs.

2.10. Finance income and expense

Interest income and expense is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable. Foreign currency gains and losses are reported on a net basis (see note 2.4).

Notes to the financial statements (continued)

2.11. Taxation

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. The directors periodically evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Income tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to Other Comprehensive Income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Notes to the financial statements (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.12. Exceptional items

Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Company that are identified as exceptional by virtue of their size, nature or incidence.

3. Information regarding auditors and directors

Auditor's remuneration for these financial statements was US\$5,000 for the period (31 March 2016: US\$65,000). This has been borne by another Group company.

No remuneration was paid to the Directors for qualifying services to this Company (31 March 2016: US\$nil). All directors' remuneration is paid by and disclosed in the financial statements of Cable & Wireless International HQ Limited, a fellow group undertaking.

4. Administrative expenses

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Pension costs (note 16)	4	11
Share based payments	(27)	(15)
Management fee expense	44	103
Other administration credits	–	(3)
	<u>21</u>	<u>96</u>

5. Other operating income

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Foreign exchange gains on pension obligations	17	14
Other	2	–
	<u>19</u>	<u>14</u>

Notes to the financial statements (continued)

6. Other operating expenses

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Direct acquisition costs	49	34

Direct acquisition costs were incurred in preparation for the acquisition of Cable & Wireless Communications Plc by Liberty Global plc. See note 1.

7. Finance income

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Interest receivable on loans with group undertakings (note 12)	4	–
Other investment income	1	1
Exchange gains on translation of foreign currency denominated loans	35	16
	40	17

8. Finance expense

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Interest payable on loans from parent undertaking (note 13)	75	93
Interest payable on loans from group undertakings (note 13)	47	79
Write off of loan payable from group undertaking (note 13)	14	–
Other interest expense	4	6
Exchange losses on other financial assets/liabilities	18	11
	158	189

Notes to the financial statements (continued)

9. Tax on loss on ordinary activities

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
<i>Analysis of charge in period</i>		
UK Corporation tax at 20% (31 March 2016: 20%)	–	–
Adjustments relating to prior period/year	54	25
Tax credit on loss on ordinary activities	54	25

Factors affecting the tax charge for the current period:

The current tax credit for the period is higher (year ended 31 March 2016: lower) than the standard rate of corporation tax in the UK 20% (31 March 2016: 20%). The differences are explained below.

	Nine months ended 31 December 2016 US\$m	Year ended 31 March 2016 US\$m
Loss before tax	169	288
Tax at UK statutory rate 20% (31 March 2016: 20%)	34	58
Expenditure not allowable	–	–
Income not taxable	3	2
Creation of unrecognised non-trade deficit	(37)	(60)
Group relief (surrendered without payment)/claimed	–	–
Adjustment in respect of prior periods	54	25
Total tax credit	54	25

Deferred tax

Deferred tax assets are recognised for unused tax losses and allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at 31 December 2016, the Company had unrecognised deferred tax assets in the UK relating to capital losses of US\$37 million (31 March 2016: US\$43 million) and other timing differences of US\$262 million (31 March 2016: US\$253 million).

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September and fully enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets have been calculated using the now enacted rate of 17% (31 March 2016 - 18%).

Notes to the financial statements (continued)

10. Investments in related undertakings

	31 December 2016 US\$m	31 March 2016 US\$m
Cost		
Balance at start of period/year	12,687	12,687
Disposals	–	–
Balance at end of period/year	12,687	12,687
Provisions and amounts written off		
Balance at start of period/year	318	318
Disposals	–	–
Balance at end of period/year	318	318
Net book value	12,369	12,369

The Company has carried out a review to determine whether there has been an impairment in the carrying value of its fixed asset investments. Based on this review it was determined that no impairment was required (31 March 2016: US\$nil).

A full list of subsidiaries, joint arrangements and associated undertakings are as follows at 31 March 2016 and 31 December 2016 are as follows⁶:

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Direct shareholdings					
Cable & Wireless DI Holdings Limited	100%	Ordinary	England	Holding company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless Services UK Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
Cable and Wireless International Finance B.V.	100%	Ordinary	Netherlands	Finance company	Prins Bernhardplein 200 1097 JB Amsterdam
Sable Holding Limited	100%	Ordinary	England	Holding company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless Delaware 1, Inc	100%	Ordinary	U.S.A	Holding company	Corporation Trust Center 1209 Orange Street Wilmington New Castle County Delaware, 19801
Cable and Wireless Pension Trustee Limited	100%	Ordinary	England	Pension company	Go Pensions Limited 1 Dünstall Business Centre, Astwood Lane Féckenham B96 6QH

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Pender Insurance Limited	100%	Ordinary	Isle of Man	Insurance company	Level 2 Samuel Harris House 5-11 St George's Street Douglas IM1 1AJ
Indirect shareholdings					
Cable and Wireless (Investments) Limited	100%	Ordinary	England	Operating company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless Central Holding Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless (Singapore) Pte Limited	100%	Ordinary	Singapore	Holding company	6 Temasek Boulevard #33-03/05 Suntec Tower Four, Singapore 038986
PT Mitracipta Sarananusa ¹	50%	Ordinary	Indonesia	Dormant company	Wisma GKBI Suite 10th Floor Jl Jend Sudirman No. 28 Jakarta 10210
The Western Telegraph Company Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
The Eastern Telegraph Company Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless (UK) Group Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
CWC Overseas Holdco Limited	100%	Ordinary	Cayman Islands	Dormant company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
Cable & Wireless Australia & Pacific Holding B.V. ⁴	100%	Ordinary	Netherlands	In liquidation	Boeing Avenue 53 1119 PE Schiphol-Rijk
CWC UK Finance Limited	100%	Ordinary	England	Financing company	Griffin House 161 Hammersmith Road London W6 8BS
Coral US Co-Borrower, LLC	100%	Ordinary	U.S.A.	Financing company	2711 Centerville Road Suite 400 Wilmington Delaware, 19808

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Petrel Communications Corporation	100%	Ordinary	U.S.A	Dormant company	Corporate Creations Network Inc. 3411 Silverside Road Building Suite 104 Wilmington New Castle County Delaware 19808
Petrel Communications SA ⁴	100%	Ordinary	Switzerland	Dormant company	Societe Fiduciaire Re de Rhone 1204 Genève
CWC Canada Limited	100%	Ordinary	Canada	Dormant company	Suite 1100 Scotia Centre 235 Water Street St. John's Newfoundland A1C 1B6
CWC WS Holdings Cayman Ltd	100%	Ordinary	Cayman Islands	Holding company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
CWC WS Holdings Panama SA	100%	Ordinary	Panama	Operating company	East 53rd Street Marbella Humbolt Tower, 2nd Floor Panama
Cable and Wireless (EWC) Limited	100%	Ordinary	British Virgin Islands	Operating company	Craigmuir Chambers Road Town Tortola
CWC WS (Panama) SA	100%	Ordinary	Panama	Operating company	East 53rd Street Marbella Humbolt Tower, 2nd Floor Panama
CNL-CWC Networks Inc.	100%	Ordinary	Barbados	Operating company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
CWC Wholesale Solutions (Costa Rica) SA	100%	Ordinary	Costa Rica	Holding company	6th floor San José Tejos Montealegre, from Tony Romas 600 meters west General Bank Building
Cable and Wireless Network Services Limited	100%	Ordinary	Bermuda	Dormant company	Cumberland House, 9th Floor, 1 Victoria Street HM11, Hamilton
CWIGroup Limited	100%	Ordinary	Cayman Islands	Dormant company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
CWC Macau Holdings Limited	100%	Ordinary	Cayman Islands	Dormant company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
CWC-US Co Borrower LLC	100%	Ordinary	U.S.A	Financing company	Corporation Trust Center 1209 Orange Street Wilmington New Castle County Delaware, 19801
CWC Communications Limited	100%	Ordinary	England	Operating company	Griffin House 161 Hammersmith Road London W6 8BS
CWIG Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless (Seychelles) Limited	100%	Ordinary	Seychelles	Operating company	Francis Rachel Street Victoria Mahe
Le Chantier Property Limited	100%	Ordinary	Seychelles	Property company	Government of Seychelles Department of Legal Affairs Registration Division Kingsgate House Victoria Mahe
Cable & Wireless Carrier Limited	100%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS
CWC Costa Rica Holdings Limited	100%	Ordinary	Cayman Islands	Holding company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
CWC (Costa Rica) SA	100%	Ordinary	Costa Rica	Holding company	6th floor, San José Tejos Montealegre from Tony Romas 600 meters west General Bank Building
Cable & Wireless (Costa Rica) SA	100%	Ordinary	Costa Rica	Dormant company	6th floor, San José Tejos Montealegre from Tony Romas 600 meters west General Bank Building
Sable International Finance Limited	100%	Ordinary	Cayman Islands	Financing company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
CWIGroup Limited	100%	Ordinary	England	Holding company	Griffin House 161 Hammersmith Road London W6 8BS
Cable & Wireless International HQ Limited	100%	Ordinary	England	Operating company	Griffin House 161 Hammersmith Road London W6 8BS

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Cable & Wireless Communications Insurance Limited	100%	Ordinary	Cayman Islands	Insurance company	Governors Square, Building 4, 2nd Floor 23 Lime Tree Bay Avenue PO Box 1051 Grand Cayman KY1-1102
Cable and Wireless (West Indies) Limited	100%	Ordinary	England	Holding company	Griffin House 161 Hammersmith Road London W6 8BS
CWC Bahamas Holdings Limited	100%	Ordinary	The Bahamas	Holding company	Bayside Executive Park Building 3 West Bay Street & Blake Road P.O. Box N-4875 Nassau
The Bahamas Telecommunications Company Limited ²	49%	Ordinary	The Bahamas	Operating company	John F. Kennedy Drive P.O. Box N-3048 Nassau
Cable & Wireless (Barbados) Limited	81%	Ordinary	Barbados	Operating company	Windsor Lodge Government Hill St Michael
Cable & Wireless Communications, Inc ³	100%	Ordinary	USA	Operating company	c/o Corporation Services Company Bank of America Centre, 16th Floor 1111 East Main Street Richmond Virginia, 23219
Cable & Wireless Antigua & Barbuda Limited	100%	Ordinary	Antigua & Barbuda	Operating company	PO Box 65 Wireless Road St. Johns
Cable & Wireless Dominica Limited	80%	Ordinary	Dominica	Operating company	30 Hanover Street Roseau
Cable & Wireless Grenada Limited	70%	Ordinary	Grenada	Operating company	P.O. Box 119 Mt. Hartman St. George
Cable & Wireless Jamaica Finance (Cayman) Limited	100%	Ordinary	Cayman Islands	Financing company	190 Elgin Avenue George Town Grand Cayman KY1-9005
Cable and Wireless (St Lucia) Limited	100%	Ordinary	St Lucia	Operating company	Corinth Gros-Islet
Cable & Wireless St Kitts & Nevis Limited	77%	Ordinary	St Kitts & Nevis	Operating company	P.O. Box 86 Cayon Street Basseterre
Cable & Wireless St Vincent and the Grenadines Limited	100%	Ordinary	St Vincent and the Grenadines	Operating company	Halifax Street, Kingstown
Cable and Wireless (Anguilla) Limited	100%	Ordinary	Anguilla	Operating company	Telecoms House The Valley AI 2640

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Cable and Wireless (BVI) Limited	100%	Ordinary	British Virgin Islands	Operating company	Craigmuir Chambers Road Town Tortola
Cable and Wireless (CALA Management Services) Limited	100%	Ordinary	England	Operating company	Griffin House 161 Hammersmith Road London W6 8BS
Cable and Wireless (TCI) Limited	100%	Ordinary	Turks & Caicos	Operating company	P.O. Box 560 Upper Floor East Wing The Beatrice Butterfield Building Butterfield Square
CWI Caribbean Limited	100%	Ordinary	Barbados	Operating company	Windsor Lodge Government Hill St Michael
CWC Cable & Wireless Communications Dominican Republic SA	100%	Ordinary	Dominican Republic	Dormant company	Avenida Gustavo Mejia Ricart No. 106 Torre Piantini Suite 802 Santo Domingo
CWC Trinidad Holdings Limited	100%	Ordinary	Trinidad and Tobago	Dormant company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
CWC CALA Holdings Limited	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
Cable & Wireless Panama, SA ¹	49%	Ordinary	Panama	Operating company	Condominio Plaza Internacional Torre C, Via España Apartado Postal (PO Box) 0834-00659. Panama City
Cable & Wireless Panama (Guatemala) SA ^{1,4}	49%	Ordinary	Guatemala	In liquidation	5ª. Avenida Euro Plaza World Business Center Torre 4 Nivel 8 5-55 zona 14
Grupo Sonitel, SA ¹	49%	Ordinary	Panama	Operating company	Via Brasil Calle 1era C Sur. Edificio Sonitel Panamá Ciudad de Panamá
SSA Sistemas Nicaragua, Sociedad Anonima ¹	49%	Ordinary	Nicaragua	Operating company	Km. 4 ½ C. Masaya Edificio CAR 5to piso. Managua
SSA Sistemas El Salvador, SA de CV ¹	49%	Ordinary	El Salvador	Operating company	Edificio World Trade Center Torre 1 Nivel 3. Locales 306-309 San Salvador
Sonitel, SA ¹	49%	Ordinary	Panama	Operating company	Calle Aquilino de la Guardia Torre Banco General Marbella piso 12-14 Panama City

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Latam Technologies Holdings I, LLC ¹	49%	Ordinary	U.S.A	Operating company	2711 Centerville Road, Suite 400 Wilmington Delaware 19808
SSA Sistemas del Peru, S.R.L. ¹	49%	Ordinary	Peru	Operating company	Ave. Victor Andrés Belaunde 147- Via principal 155 Edificio Real Tres Oficina 702. Centro Empresarial Lima 27
Dekal Wireless Holdings Limited	100%	Ordinary	St Lucia	Holding company	10 Manoel Street Castries
Dekal Wireless Jamaica Limited	100%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Cable and Wireless (Cayman Islands) Limited	100%	Ordinary	Cayman Islands	Operating company	94 Solaris Avenue Camana Bay P.O. Box 1348 Grand Cayman KY1-1108
Cable & Wireless Jamaica Limited	82%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Kelfenora Limited	100%	Ordinary	Cayman Islands	Dormant company	190 Elgin Avenue George Town Grand Cayman KY1-9005
Cable & Wireless Trinidad and Tobago Limited	100%	Ordinary	Trinidad and Tobago	Dormant company	Queen's Park Place 17-20 Queens Park West Port-of-Spain
Caribbean Landing Company Limited	82%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Digital Media & Entertainment Limited	82%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Jamaica Digiport International Limited	82%	Ordinary	Jamaica	Operating company	1 Mangrove Way Montego Free Zone Saint James
Columbus International Inc.	100%	Ordinary	Barbados	Holding and financing company	Windsor Lodge Government Hill St Michael
Columbus International Capital (Barbados) Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Communications Inc	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Communications Limited	100%	Ordinary	Bahamas	Holding company	2A, East Mall Drive Columbus Building Freeport
Columbus Jamaica Holdings (Barbados) Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Cable Jamaica (Barbados) Limited	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
S.A.U.C.E. Holdings (Barbados) (I) Limited ⁴	100%	Ordinary	Barbados	In liquidation	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
S.A.U.C.E. Communication Network Limited ⁴	100%	Ordinary	Jamaica	In liquidation	2-6 Carlton Crescent Kingston 10
Columbus Capital (Barbados) Limited	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Northern Cable & Communication Network Limited ⁴	100%	Ordinary	Jamaica	In liquidation	2-6 Carlton Crescent Kingston 10
D. & L. Cable & Satellite Network Limited ⁴	100%	Ordinary	Jamaica	In liquidation	2-6 Carlton Crescent Kingston 10
Columbus Communications Jamaica Limited	100%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Chartfield Development Company Limited	100%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Columbus Curacao (Barbados) Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Communications Curacao N.V.	100%	Ordinary	Curacao	Operating company	Kaya Angel J Leañez Kavel 25-26
Caribbean Data Centres (Barbados) Inc.	100%	Ordinary	Barbados	Operating company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
E-Commercepark N.V.	100%	Ordinary	Curacao	Operating company	Hoek Heelsumstraat/Rotterdamweg Heelsumstraat Saliña
Exploitiemaatschappij E-Zone Vredenberg N.V.	100%	Ordinary	Curacao	Holding company	Hoek Heelsumstraat/Rotterdamweg Heelsumstraat Saliña
CNW Leasing Ltd.	100%	Ordinary	Canada	Dormant company	1300-1969 Upper Water Street Purdy's Wharf Tower II Halifax Nova Scotia B3J 2R7
Columbus Acquisitions Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Caribbean Acquisitions Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Eastern Caribbean (Barbados) Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Eastern Caribbean Holdings Sarl	100%	Ordinary	Luxembourg	Holding company	46A, Avenue J.F. Kennedy L-1855 Luxembourg P.O. Box 415 L-2014
Columbus Holdings France SAS	100%	Ordinary	France	Holding company	38 Rue de Berri 75008 Paris
Columbus Eastern Caribbean (St Lucia) Inc.	100%	Ordinary	St Lucia	Holding company	Hewanorra House Trou Garnier Financial Centre Pointe Seraphine Castries
Columbus Antilles (Barbados) Limited	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Networks Finance Company Limited	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus TTNW Holdings Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Techvision Inc.	100%	Ordinary	St Lucia	Holding company	Hewanorra House Trou Garnier Financial Centre Pointe Seraphine Castries
Bandserve Inc.	100%	Ordinary	St Lucia	Operating company	Hewanorra House Trou Garnier Financial Centre Pointe Seraphine Castries
Columbus Communications St Vincent and the Grenadines Limited	100%	Ordinary	St Vincent	Operating company	Lower Baystreet Kingstown
Columbus Communications (St Lucia) Limited	100%	Ordinary	St Lucia	Operating company	Hewanorra House Trou Garnier Financial Centre Pointe Seraphine Castries
Kelcom International (Antigua & Barbuda) Limited	100%	Ordinary	Antigua and Barbuda	Operating company	P.O Box W1624 Long Street St. John's
Karib Cable Inc.	100%	Ordinary	Barbados	Operating company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
CWC-Columbus Asset Holdings, Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Trinidad (Barbados) Inc	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Investments Inc. ⁴	100%	Ordinary	Barbados	In liquidation	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Communications Trinidad Limited	100%	Ordinary	Trinidad and Tobago	Operating company	5th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Columbus Communications (Grenada) Limited	100%	Ordinary	Grenada	Operating company	St. Martin's Lucas Street St. George's
Columbus Holdings (Barbados) SRL ⁴	100%	Ordinary	Barbados	In liquidation	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Holdings Trinidad Unlimited ⁴	100%	Ordinary	Trinidad and Tobago	In liquidation	5th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Columbus Holdings (Barbados) II SRL ⁴	100%	Ordinary	Barbados	In liquidation	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Trinidad and Tobago Trans-Cable Company Unlimited ⁴	100%	Ordinary	Trinidad and Tobago	In liquidation	5th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Cable Company of Trinidad and Tobago Unlimited ⁴	100%	Ordinary	Trinidad and Tobago	In liquidation	5th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Antilles Crossing (Barbados) IBC, Inc.	100%	Ordinary	Barbados	Holding company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Tele (St Lucia) Inc.	100%	Ordinary	St Lucia	Operating company	Hewanorra House Trou Garnier Financial Centre Pointe Seraphine Castries
Antilles Crossing Holding Company (St Lucia) Limited	100%	Ordinary	St Lucia	Holding company	Hewanorra House Trou Garnier Financial Centre Pointe Seraphine Castries
Columbus Telecommunications (Barbados) Limited	100%	Ordinary	Barbados	Operating company	6th Floor CGI Tower Warrens St Michael
Wamco Technology Group Limited	100%	Ordinary	Barbados	Operating company	6th Floor CGI Tower Warrens St Michael
Columbus Networks, Limited	100%	Ordinary	Barbados	Operating company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Networks Dominicana S.A.	100%	Ordinary	Dominican Republic	Operating company	Calle Central esquina Calle A #100 Zona Industrial de Herrera Santo Domingo
Columbus Networks Sales, Limited	100%	Ordinary	Barbados	Operating company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
New World Network International, Ltd ⁴	100%	Ordinary	Bermuda	In liquidation	c/o Deloitte Ltd Corner House 20 Parliament Street Hamilton HM 12
Columbus Networks (Cayman) Holdco Limited	100%	Ordinary	Barbados	Operating company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Networks Wholesale de Costa Rica S.A.	100%	Ordinary	Costa Rica	Operating company	Escazú Edificio Meridiano 6to piso Calle 50 y 53 Marbella
Lazus Panama S.A ⁹	100%	Ordinary	Panama	Operating company	Edificio P.H. Plaza 2000 piso 9 Apartado Postal 0823-03417
Columbus Networks Puerto Rico (2015), Inc.	100%	Ordinary	Puerto Rico	Operating company	Luz R. Martinez Rivera 270 Munoz Rivera Ave San Juan 00918
Columbus Networks USA (2015), Inc.	100%	Ordinary	USA	Operating company	2711 Centerville Road, Ste 400 Wilmington Delaware 19808
Gemini North Cable (Barbados) Inc	100%	Ordinary	Barbados	Dormant company	Suite 205-207 Dowell House Roebuck & Palmetto Streets Bridgetown
Columbus Networks Jamaica Limited	100%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Columbus Networks Netherlands Antilles N.V.	100%	Ordinary	Curacao	Operating company	Ara Hill Top Building Unit A-6 Pletterijweg Oost 1
Columbus Networks Antilles Offshore N.V.	100%	Ordinary	Curacao	Operating company	Ara Hill Top Building Unit A-6 Pletterijweg Oost 1
Columbus Networks Curacao, N.V	100%	Ordinary	Curacao	Operating company	Ara Hill Top Building Unit A-6 Pletterijweg Oost 1
Columbus Networks (Haiti) S.A.	100%	Ordinary	Haiti	Operating company	c/o Cabinet Sales, 62 rue Geffrard (angle rue Chavannes) HT 6140 Petion-Ville
Columbus Networks (Bonaire) N.V.	100%	Ordinary	Bonaire	Operating company	Kaya Korona 11
SkyOnline MAYA-1. LLC	100%	Ordinary	USA	Operating company	108 West 13th Street Wilmington New Castle Delaware 19801

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Networks International (Trinidad) Ltd	100%	Ordinary	Trinidad and Tobago	Operating company	5th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Columbus Networks Zona Franca, Limitada	100%	Ordinary	Colombia	Operating company	Cra 45 No. 108-27 Torre 3 Of: 901 Bogotá
Columbus Networks de Colombia, Limitada	100%	Ordinary	Colombia	Operating company	Calle 108 # 4530 Oficinas 901 y 1001- Edificio Paralelo 108 Bogotá 110111
Lazus Colombia S.A.S. f/k/a Promitel Colombia S.A.S	100%	Ordinary	Colombia	Operating company	Calle 66 No. 67-123 Barranquilla
Lazus Peru S.A.C	100%	Ordinary	Peru	Operating company	Luis Fernando Martinot Oliart Senior Partner Las Begonias 475 sexto piso San Isidro Lima 27
Columbus Networks de Mexico SRL	100%	Ordinary	Mexico	Operating company	Bosque de Duraznos 69 Miguel Hidalgo Distrito 11700
Columbus Networks de Ecuador S.A. ⁸	100%	Ordinary	Ecuador	Operating company	Site Center Torre 1 Ofic. 301 Calle Del Establo y Calle E Cumbaya Quito
Columbus Networks de Guatemala, Limitada	100%	Ordinary	Guatemala	Operating company	Avenida Reforma 9-55 Z. 10 Edificio Reforma 10 Oficina 5-10
Columbus Networks Nicaragua y Compania Limitada	100%	Ordinary	Nicaragua	Operating company	Planes de Altamira Frente a la Casa del Café Managua
Columbus Networks de Costa Rica S.R.L	100%	Ordinary	Costa Rica	Operating company	San Pedro de Montes de Oca edificio Da Vinci Piso 3 Oficina 9 Orquidea Blanca
Columbus Networks de Honduras, S. de R.L.	100%	Ordinary	Honduras	Operating company	14 Avenida Circunvalacion N.O. Cortes San Pedro Sula
Columbus Networks Maritima S. de R.L.	100%	Ordinary	Panama	Operating company	Calle 50 y 53 Marbella Edificio P.H. Plaza 2000 piso 9 Apartado Postal 0823-03417 Ciudad de Panamá
Columbus Networks de Panama SRL	100%	Ordinary	Panama	Operating company	Calle 50 y 53 Marbella Edificio P.H. Plaza 2000 piso 9 Apartado Postal 0823-03417 Ciudad de Panamá
Columbus Networks El Salvador S.A	100%	Ordinary	El Salvador	Operating company	Calle La Mascota 533 Colonia San Benito San Salvador

Notes to the financial statements (continued)

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Networks Venezuela S.A	100%	Ordinary	Venezuela	Operating company	Centro Lido, Torre C Pisos 5 y 8 Ave. Francisco de Miranda Apartado 50925 Sabana Grande Caracas 1060
Columbus Networks Centroamerica S. de R.L.	100%	Ordinary	Panama	Operating company	Calle 50 y 53 Marbella Edificio P.H. Plaza 2000 piso 9 Apartado Postal 0823-03417 Ciudad de Panamá
Telecomunicaciones Corporativas Panameñas S.A.	100%	Ordinary	Panama	Operating company	Calle 50 y 53 Marbella Edificio P.H. Plaza 2000 piso 9 Apartado Postal 0823-03417 Ciudad de Panamá
Joint arrangements and associated undertakings					
Seychelles Cable System Limited	33%	Ordinary	Seychelles	Operating company	3rd Floor, Caravelle House Manglier Street Victoria Mahe
Telecommunication Services of Trinidad & Tobago Limited ⁵	49%	Ordinary	Trinidad and Tobago	Operating company	1 Edward Street Port of Spain
Cable & Wireless Trade Mark Management Limited	50%	Ordinary	England	Dormant company	Griffin House 161 Hammersmith Road London W6 8BS

Notes:

- The Company regards this entity as a subsidiary because it controls the majority of the Board of Directors through a shareholders agreement.
- The Bahamas government holds 49% non-controlling interest in BTC. On 24 July 2014 the Company completed the transfer of share capital in BTC, to the BTC Foundation, a charitable trust dedicated to investing in projects for the benefit of Bahamians. The Company currently holds 49% of the share capital but regards BTC as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement
- Cable & Wireless Holdings, Inc. was renamed Cable & Wireless Communications, Inc on 20 September 2014
- In liquidation
- The CWC Group accounted for its material interest in Telecommunications Services of Trinidad and Tobago Limited (TSTT) as an associate up until 31 March 2015 when it was reclassified to an investment held for sale due to the Columbus acquisition and related regulatory requirements.
- The following entities were liquidated in the year ended 31 March 2016: CWI Group M&I HQ SAM (100%, Ordinary, Monaco), Des Vieux Telecom, Inc (49%, Ordinary, USA), International Contact Center SA (49%, Ordinary, Panama), IPD Corp (49%, Ordinary, Panama).
- LIME Foundation was renamed Cable & Wireless Jamaica Foundation Limited. Shares are held by the employees of Cable & Wireless Jamaica Limited
- Columbus Networks de Ecuador S.A. was incorporated on 27 April 2015 and therefore was not a subsidiary at 31 March 2015.
- Lazus Infraestructura S.A.S Colombia (at 31 March 2015: 100%, Ordinary, Colombia) was merged into Lazus Panama in November 2015.

Notes to the financial statements (continued)

11. Financial assets

Movements in financial assets for the period/year are as follows:

	Available for sale	Held to maturity investments	Fair value through profit or loss
	UK Government gilts US\$m	Listed bonds US\$m	ESOP Shares US\$m
At 1 April 2015	36	79	9
Purchased	–	–	22
Disposals	–	–	(12)
Fair value (loss)/gain	(1)	–	15
Foreign exchange loss	(1)	(4)	(5)
At 31 March 2016	34	75	29
At 1 April 2016	34	75	29
Purchased	–	–	42
Disposals	–	–	(100)
Fair value gain	3	–	28
Foreign exchange loss	(5)	(9)	1
At 31 December 2016	32	66	–

Financial assets held as available for sale or at fair value through profit or loss are valued using a valuation technique classed as level 1 in the fair value measurement hierarchy. The lowest level inputs to the valuation are directly measurable using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the financial statements (continued)

12. Trade and other receivables

	31 December 2016 US\$m	31 March 2016 US\$m
Amounts falling due after more than one year:		
Loans receivable from parent undertaking	79	-
Loans receivable from Group undertakings	111	-
	190	-
Amounts falling due within one year:		
Loans receivable from parent undertaking	4,797	2,420
Loans receivable from Group undertakings	2,135	37
Interest receivable from Group undertakings	3	-
Other receivables from Group undertakings	298	12
Other receivables	5	-
	7,238	2,469

There is no material difference between the carrying value and fair value of trade and other receivables at 31 December 2016.

The components of our loans receivable are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value December 2016 US\$m	Carrying amount December 2016 US\$m	Face value March 2016 US\$m	Carrying amount March 2016 US\$m
Receivable from parent undertaking	USD	6.59%	18 May 2025	79	79	-	-
Receivable from parent undertaking	USD	0%	Repayable on demand	4,797	4,797	9,079	9,079
Receivable from Group undertakings	USD	7.2665%	31 December 2022	11	11	-	-
Receivable from Group undertakings	USD	7%	30 November 2020	100	100	-	-
Receivable from Group undertakings	USD	0%	Repayable on demand	2,118	2,118	19	19
Receivable from Group undertakings	CHF	0%	Repayable on demand	17	17	18	18

Notes to the financial statements (continued)

13. Trade and other payables

	31 December 2016 US\$m	31 March 2016 US\$m
Amounts falling due after more than one year:		
Loans payable to parent undertaking (note 14)	103	–
Loans payable to Group undertaking (note 14)	1,336	–
	1,439	–
Amounts falling due within one year:		
Loans payable to parent undertaking (note 14)	2,098	–
Loans payable to Group undertakings (note 14)	10,624	9,079
Interest owed to parent undertaking	168	–
Interest owed to Group undertakings	13	–
Amounts owed to Group undertakings	4	52
Accruals and deferred income	6	6
Taxation and social security	1	56
Total trade and other payables	12,914	9,193

There is no material difference between the carrying value and fair value of trade and other payables at 31 December 2016.

14. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost.

	31 December 2016 US\$m	31 March 2016 US\$m
Amounts falling due after more than one year		
Loans payable to parent undertaking	103	–
Loans payable to Group undertakings	1,336	–
	1,439	–
Amounts falling due within one year		
Loans payable to parent undertaking	2,098	–
Loans payable to Group undertakings	10,624	9,079
	12,722	9,079

Notes to the financial statements (continued)

14. Interest bearing loans and borrowings (continued)

The components of our loans payable are as follows:

			Face value December 2016 US\$m	Carrying amount December 2016 US\$m	Face value March 2016 US\$m	Carrying amount March 2016 US\$m
Currency	Nominal interest rate	Year of maturity				
Loans payable to parent undertaking	USD	7%	30 November 2020	103	103	–
Amounts owed to Group undertakings	USD	7.189% to 7.2665%	31 December 2022	526	526	–
Amounts owed to Group undertakings	USD	5.744%	31 March 2020	163	163	–
Amounts owed to Group undertakings	USD	0%	1 February 2020	400	400	–
Amounts owed to Group undertakings	GBP	8.75%	1 June 2019	247	247	–
Loans payable to parent undertaking	USD	Three month LIBOR + 4%	Repayable on demand	2,098	2,098	–
Amounts owed to Group undertakings	USD	0% to 0.714%	Repayable on demand	10,624	10,624	9,079

15. Provisions for other liabilities and charges

	Legal and other US\$m	Total US\$m
At 1 April 2016	2	2
Additional provisions	–	–
Amounts released unutilised	(2)	–
At 31 December 2016	–	2

Legal and other

Other provisions include amounts relating to specific legal claims against the Company and amounts relating to acquisitions and disposals of Group companies and investments.

Notes to the financial statements (continued)

16. Pensions

The Group operates pension schemes for its current and former UK employees for which the Company is the sponsoring employer. These schemes include both defined benefit schemes, where retirement benefits are based on employees' remuneration and length of service, and defined contribution schemes, where retirement benefits reflect the accumulated value of agreed contributions paid by, and in respect of, employees. Contributions to the defined benefit schemes are made in accordance with the recommendations of independent actuaries who value the schemes.

Cable & Wireless Superannuation Fund ("CWSF")

The CWSF provides defined benefit and defined contribution arrangements for current and former employees of the Group. The plan has been closed to new defined benefit members since 1998 and is closed to future accrual of benefits effective 5 April 2016.

Regulatory framework and governance

The assets of the CWSF are held in trustee-administered funds governed by UK regulations, as is the nature of the relationship between the Group and the Trustees. Responsibility for the governance of the CWSF, including investment decisions and contribution schedules, lies with the Board of Trustees who must consult with the Group on such matters. The Board of Trustees must be composed of representatives of the Group, plan participants and an independent trustee in accordance with the CWSF's governing documents.

The weighted average duration of the total expected benefit payments from the CWSF is 15 years, and the weighted average duration of the expected uninsured benefit payments from the CWSF is 20 years.

Funding arrangements

The latest triennial actuarial valuation of the CWSF was carried out by independent actuaries Towers Watson Limited as at 31 March 2013.

The Group reached agreement with the Trustee on the valuation as at 31 March 2013 which showed a funding deficit of £109 million (US\$154 million). The agreed payments for 2014 to 2016 remain as agreed following the March 2010 valuation. The payments in 2017, 2018 and 2019 under the agreement are due to be £23 million (US\$28 million) each year based on an actuarial valuation as at 31 March 2016.

The 31 March 2016 triennial actuarial valuation of the CWSF is currently being carried out by independent actuaries Willis Towers Watson Limited. The Trustees are currently consulting with the Group regarding the outcome of the valuation. The outcome of those consultations will determine the Group's future contribution requirements, with any new deficit arising needing to be met through the payment of additional contributions. The terms of the CWSF Trust Deed also allow the Trustee or the Company to call for a valuation at any time.

Cable & Wireless Communications paid a total contribution of US\$44 million over the nine months to 31 December 2016 (2015/16 – US\$49 million), to the CWSF. The best estimate of contributions to the CWSF for 2017 is US\$47 million for employer contributions.

Minimum funding requirement

The deficit recovery funding plan agreed with the Trustees of the CWSF as part of the March 2013 actuarial valuation constitutes a minimum funding requirement. An adjustment to the deficit in the CWSF to account for the minimum funding requirement has been calculated in accordance with IFRIC14 *The limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The adjustment to the deficit, which is recorded in other comprehensive income, was US\$72 million as at 31 December 2016 (31 March 2016 – US\$91 million).

Asset-liability matching

During 2008, the CWSF Trustee agreed an insurance buy-in of the UK pensioner liabilities with Prudential Insurance. The buy-in involved the purchase of a bulk annuity policy by the CWSF under which Prudential Insurance assumed responsibility for the benefits payable to the CWSF's UK pensioners. In December 2011, a

Notes to the financial statements (continued)

16. Pensions (continued)

further 233 pensioners, having commenced with pensions in payment since the original annuity, were brought within the bulk annuity policy. These pensioner liabilities and the matching annuity policy remain within the CWSF. Approximately 60% of the liabilities (31 March 2016 – 63%) in the CWSF are matched by the annuity policy asset which reduces the funding risk for the Group.

UK unfunded pension arrangements

The Group operates unfunded defined benefit arrangements in the UK. These primarily relate to pension provisions for former Directors and other senior employees in respect of their earnings in excess of the previous Inland Revenue salary cap.

The arrangements are governed by individual trust deeds. One arrangement incorporates a covenant requiring the Group to hold security against the value of the liabilities. The security is in the form of UK Government Gilt which are held separately as available for sale assets (note 11).

The weighted average duration of the expected benefit payments from the unfunded arrangements is 15 years.

IAS 19 Employee benefits valuation – CWSF and UK unfunded scheme

The IAS 19 valuations of the major defined benefit pension schemes operated by the Group have been updated to 31 December 2016 by qualified independent actuaries. Lane, Clark & Peacock LLP prepared the valuation for the CWSF and the UK unfunded arrangements.

The main financial assumptions applied in the valuations and an analysis of schemes' assets are as follows:

	31 March 2016		31 March 2016	
	CWSF assumption	UK unfunded assumption	CWSF assumption	UK unfunded assumption
	%	%	%	%
Significant actuarial assumptions				
RPI Inflation assumption	3.25	3.25	2.9	2.9
Discount rate	2.55	2.55	3.4	3.4
Discount rate – CWSF uninsured liability	2.6	–	3.5	–
Other related actuarial assumptions				
CPI inflation assumption	2.25	2.25	1.9	1.9
Salary increases	–	–	3.5	–
Pension increases ¹	2.0-3.1	–	1.8-2.9	–

Note:

- Increases to pensions are primarily linked to RPI inflation before and after retirement.

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes to the financial statements (continued)

16. Pensions (continued)

Movements in present value of defined benefit obligation

	CWSF assets 31 December 2016 US\$m	CWSF assets 31 March 2016 US\$m
Plan assets:		
- Annuity policies	1,007	1,101
- Equities – quoted	364	324
- Bonds and gilts – quoted	281	247
- Property	1	1
- Cash and swaps	13	21
	1,666	1,694

Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions shown above for other schemes represent a weighted average of the assumptions used for the individual schemes.

The assumptions regarding current mortality rates in retirement for the CWSF and UK unfunded schemes were set having regard to the actual experience of the CWSF's pensioners and dependants. In addition, allowance was made for future mortality improvements in line with the 2015 CMI core projections, subject to a long term rate of improvement of 1.5% pa.

Based on these assumptions, the life expectancies of pensioners aged 60 are as follows:

	On 31 December 2016 (years)	On 31 December 2026 (years)	On 31 December 2036 (years)
CWSF and UK unfunded			
Male pensioners and dependents	28.7	29.8	31.0
Female pensioners	28.8	30.0	31.2
Female dependants	29.1	30.4	31.6

Risks

Through its defined benefit pension plans, the Company is exposed to a number of risks, the most significant of which are detailed below. The balance sheet net pension liability is a snapshot view which can be significantly influenced by short-term market factors.

The calculation of the surplus or deficit depends, therefore, on factors which are beyond the control of the Company, principally the value at the balance sheet date of equity shares in which the scheme has invested and long-term interest rates which are used to discount future liabilities. The funding of the scheme is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors.

Notes to the financial statements (continued)

16. Pensions (continued)

- Investment returns: The Company's net balance sheet, and contribution requirements are heavily dependent upon the return on the assets invested in by the schemes;
- Longevity: The cost to the Company of the pensions promised to members is dependent upon the expected term of these payments. To the extent that members live longer than expected this will increase the cost of these arrangements; and
- Inflation rate risk: In the UK, the pension promises are, in the main, linked to inflation, and higher inflation will lead to higher liabilities.

The above risks have been mitigated for a large proportion of the CWSF's population through the purchase of insurance policies, the payments from which exactly match the promises made to employees. Remaining investment risks in the CWSF have also been mitigated to some extent by diversification of the return-seeking assets.

In addition, the defined benefit obligation as measured under IAS 19 is linked to yields on AA rated corporate bonds, however, the majority of the Group's arrangements invest in a number of other assets which will move in a different manner from these bonds. Therefore, changes in market conditions may lead to volatility in the net pension liability on the Company's balance sheet and in other comprehensive income, and to a lesser extent in the IAS 19 pension expense in the Company's profit and loss account.

	Increase in assumption US\$m	Decrease in assumption US\$m
CWSF and UK unfunded		
<i>Discount rate</i>		
Effect on total defined benefit obligation at 0.25% change	(63)	67
Effect on defined benefit obligation net of bulk annuity at 0.25% change	(35)	38
<i>RPI inflation (and related increases)</i>		
Effect on total defined benefit obligation at 0.25% change	40	(40)
Effect on defined benefit obligation net of bulk annuity at 0.25% change	24	(24)
<i>Life expectancy</i>		
Effect on total defined benefit obligation of a one year change	74	(74)
Effect on defined benefit obligation net of a bulk annuity of a one year change	23	(23)

Methods and assumptions for sensitivity analysis

The above analysis is based on a standalone change in each assumption while holding all other assumptions constant. The impact on the net liability is significantly reduced for the CWSF scheme as a result of the annuity policies held. In the absence of such policies, the impact on the net liability would be much closer to the significantly higher impact on the defined benefit obligation.

The methods used in preparing the sensitivity analysis did not change compared to the prior period.

Using the projected unit method for the valuation of liabilities, the current service cost is expected to increase when expressed as a percentage of pensionable payroll as the members of the scheme approach retirement.

Notes to the financial statements (continued)

16. Pensions (continued)

The assets and liabilities of the defined benefit pension schemes operated by the Company were as follows:

	31 December 2016			31 March 2016		
	CWSF US\$m	UK unfunded US\$m	Total US\$m	CWSF US\$m	UK unfunded US\$m	Total US\$m
Total fair value of plan assets	1,666	–	1,666	1,694	–	1,694
Present value of funded obligations	(1,676)	–	(1,676)	(1,738)	–	(1,738)
Excess of liabilities of funded obligations	(10)	–	(10)	(44)	–	(44)
Present value of unfunded obligations	–	(42)	(42)	–	(44)	(44)
Impact of the minimum funding requirement	(72)	–	(72)	(91)	–	(91)
Net deficit	(82)	(42)	(124)	(135)	(44)	(179)
Defined benefit pension plans in deficit	(82)	(42)	(124)	(135)	(44)	(179)
Net deficit	(82)	(42)	(124)	(135)	(44)	(179)

Included within these liabilities is an amount of US\$30 million (31 March 2016: US\$30 million) to cover the cost of former Directors' pension entitlements.

The amounts recognised in the profit and loss account were as follows:

	31 December 2016			31 March 2016		
	CWSF US\$m	UK unfunded US\$m	Total US\$m	CWSF US\$m	UK unfunded US\$m	Total US\$m
Current service cost	–	–	–	1	–	1
Interest charge on net liabilities	2	1	3	4	2	6
Administration expenses	1	–	1	4	–	4
Total net charge	3	1	4	9	2	11

Changes in the net liability recognised in the statement of financial position (after application of asset limit):

	31 December 2016			31 March 2016		
	CWSF US\$m	UK unfunded US\$m	Total US\$m	CWSF US\$m	UK unfunded US\$m	Total US\$m
Net Liability at start of period	(135)	(44)	(179)	(158)	(48)	(206)
Effect of exchange rate fluctuations	14	6	20	13	1	14
Net expense recognised in profit and loss account	(3)	(1)	(4)	(9)	(2)	(11)
Net (expense)/credit recognised outside the profit and loss account	(1)	(4)	(5)	(30)	3	(27)
Contributions paid by the employer	43	1	44	49	2	51
Net Liability at end of period	(82)	(42)	(124)	(135)	(44)	(179)

Notes to the financial statements (continued)

16. Pensions (continued)

Change in the present value of the defined benefit pension obligations are as follows:

	31 December 2016			31 March 2016		
	CWSF US\$m	UK unfunded US\$m	Total US\$m	CWSF US\$m	UK unfunded US\$m	Total US\$m
At start of period	(1,738)	(44)	(1,782)	(1,947)	(48)	(1,995)
Current service cost	–	–	–	(1)	–	(1)
Interest on obligations	(41)	(1)	(42)	(60)	(2)	(62)
<i>Remeasurements</i>						
Actuarial gain/(loss) from changes in financial assumptions	(286)	(8)	(294)	64	1	65
Actuarial gain/(loss) from experience on obligations	100	4	104	21	2	23
Administration costs and taxes	–	–	–	(2)	–	(2)
Benefits paid	60	1	61	88	2	90
Exchange differences	229	6	235	99	1	100
At end of period	(1,676)	(42)	(1,718)	(1,738)	(44)	(1,782)

Changes in the fair value of defined benefit assets are as follows:

	31 December 2016			31 March 2016		
	CWSF US\$m	UK unfunded US\$m	Total US\$m	CWSF US\$m	UK unfunded US\$m	Total US\$m
At start of period	1,694	–	1,694	1,830	–	1,830
Interest on plan assets	40	–	40	57	–	57
<i>Remeasurements</i>						
Return on invested plan assets, excluding amount in interest income	107	–	107	(21)	–	(21)
Actuarial (loss)/gain from changes in financial assets on insured asset	90	–	90	(28)	–	(28)
Actuarial (loss)/gain from experience on insured asset	(22)	–	(22)	(12)	–	(12)
Employer contributions	44	1	45	49	2	51
Benefits paid	(60)	(1)	(61)	(88)	(2)	(90)
Administration expenses	(1)	–	(1)	(2)	–	(2)
Exchange differences	(226)	–	(226)	(91)	–	(91)
At end of period	1,666	–	1,666	1,694	–	1,694

Notes to the financial statements (continued)

16. Pensions (continued)

Changes in the fair value of minimum funding requirement/asset ceiling are as follows:

	31 December 2016			31 March 2016		
	CWSF US\$m	UK unfunded US\$m	Total US\$m	CWSF US\$m	UK unfunded US\$m	Total US\$m
At start of period	(91)	–	(91)	(41)	–	(41)
Interest on minimum funding/asset ceiling requirement	(2)	–	(2)	(1)	–	(1)
Change in effect of minimum funding/asset ceiling – loss	10	–	10	(54)	–	(54)
Exchange differences	11	–	11	5	–	5
At end of period	(72)	–	(72)	(91)	–	(91)

17. Called up share capital

	At 31 December 2016 US\$m	At 31 March 2016 US\$m
Allotted, called up and fully paid		
1 ordinary share of 25p (31 March 2016: 2,624,571,985 ordinary shares of 25p each)	–	976

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 30 November 2016, there was a capital reduction which reduced the number of shares from 2,624,571,985 to one.

18. Reserves

The special reserve relates to the cancellation of the share premium account approved at the 2003 Annual General Meeting and confirmed by the Court in February 2004. It will be reduced from time to time by the amount of any increase in the paid-up share capital and share premium account after 20 February 2004 resulting from the issue of new shares for cash or other new consideration.

Other reserves include a capital redemption reserve of US\$1,506 million (31 March 2016: US\$156 million) and US\$76 million (31 March 2016: US\$76 million) relating to rights granted to equity instruments of the Company to the employees of subsidiaries of the Company.

Notes to the financial statements (continued)

19. Related party transactions

Under FRS 101.8(k), the Company is exempt from the requirement to disclose transactions with entities that are 100% owned by the Liberty Global plc.

Transactions with other Cable & Wireless businesses that are not 100% owned

Transactions and balances at 31 December 2016:

	Companies related by virtue of common control or ownership US\$m
Interest receivable	3
Loans receivable	100

There are no transactions with any other related parties in the current or prior period.

20. Guarantees and contingent liabilities

Guarantees given by the Company at the end of the period for which no provision has been made in the financial statements are as follows:

	31 December 2016 US\$m	31 March 2016 US\$m
Financial guarantees	2,956	2,227
Total guarantees	2,956	2,227

Financial guarantees include guarantees for financial obligations principally in respect of borrowings, leases and letters of credit. Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make payment under the guarantee.

On 16 May 2016 the Company, along with other Group companies, became a joint and several guarantor of Sable International Finance Limited in its capacity as borrower under the Senior Facilities Agreement being loans of US\$440 million and US\$360 million, and revolving credit facility of US\$570 million. In October 2016, there was an increase in the revolving credit facilities from US\$570 million to US\$625 million and an additional loan of US\$300 million. At 31 December 2016, letters of credit of £100 million (US\$123 million) were issued in favour of the Cable & Wireless Superannuation Fund which are secured on the revolving credit facilities.

On 5 August 2015 the Company, along with other Group companies, became a joint and several guarantor of Sable International Finance Limited in its capacity as issuer under a US\$750 million unsecured notes issue. The bonds were arranged with a coupon of 6.875% and are due to be repaid in 2022.

Along with other Group companies the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as borrower under the revolving credit facilities of US\$570 million that were entered into on 31 December 2014. This facility was refinanced in May 2016.

Notes to the financial statements (continued)

Along with other Group companies, the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as issuer under a US\$400 million secured notes issue. The bonds were arranged with a coupon of 8.75% and were repaid in June 2016.

The Company is a guarantor of £200 million 8.625% Guaranteed Bonds issued by Cable & Wireless International Finance B.V. due 2019. £53.3 million has been repurchased since inception leaving an outstanding guarantee of £146.7 million (US\$181.0 million).

Under the Share Purchase Agreement for the sale of the CWC Group's Islands sub-group, the Company guaranteed obligations that Sable Holding Limited may incur in respect of claims made under warranties included in the agreement. The potential obligation of Sable Holding Limited is US\$300 million in respect of tax related claims (until April 2020).

Whilst Pender, the Group's former insurance operation, ceased to underwrite new business from April 2003, it has in the past written policies in favour of the Group and third parties. Potentially significant insurance claims have been made against Pender under certain of these third party policies, which have also given rise to uncertainties and potential disputes with reinsurers. Significant progress has been made in resolving these claims in the period. Detail of these insurance claims and potential claims are not disclosed as such disclosure may be prejudicial to the outcome of such claims.

In addition, the Company, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of disposals of subsidiary undertakings in prior periods. Generally, liability has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. The Company also gives warranties and indemnities in relation to certain agreements including facility sharing agreements. Some of these agreements do not contain liability caps.

Whilst the Company has ceased participation in the Merchant Navy Officers Pension Fund ("MNOPF"), it may be liable for contributions to fund a portion of any funding deficits which may occur in the future. At 31 December 2016, the Company has scheduled payments to the MNOPF through September 2020 totalling £0.9 million (31 March 2016: £1.4 million) relating to the actuarial valuations made by the MNOPF Trustee as at 31 March 2006, 2009, 2012 and 2015. It is possible that the MNOPF trustee may invoice us in the future for additional amounts to the extent that there is an actuarially determined funding deficit. It is not possible to quantify the amount of any potential additional funding liability at this time.

21. Ultimate parent company

The Company's immediate parent undertaking is CWC, incorporated in England.

The results of the Company are consolidated in the consolidated financial statements of CWC, the immediate parent company at 31 December 2016. The consolidated financial statements of CWC may be obtained from the Corporate Secretary, Cable & Wireless Communications Limited, Griffin House, 161 Hammersmith Road, London W6 8BS or from CWC's website: www.cwc.com.

On 30 December 2016, CWC completed a cross border merger with LG Coral Mergerco Limited. The Company was renamed Cable & Wireless Communications Limited.

Effective 16 May 2016, Liberty Global plc ("Liberty Global") became the ultimate parent company. From this date, the results of the Company are consolidated in the consolidated financial statements of Liberty Global, the ultimate parent company at 31 December 2016. The consolidated financial statements of Liberty Global may be obtained from the Company Secretary, Liberty Global plc, Griffin House, 161 Hammersmith Road, London W6 8BS or from Liberty Global's website: www.libertyglobal.com.

Notes to the financial statements (continued)

22. Accounting estimates and judgements

The Group provides several defined benefit pension schemes for its employees, for which the Company is the sponsoring employer. The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:

- The life expectancy of the members;
- The length of service;
- The rate of salary progression;
- The rate used to discount future net pension assets or liabilities; and
- Future inflation rates.

The assumptions used by the Company are set out in note 16 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but are comparable to the median estimates in this regard used by FTSE 250 companies. Changes to these assumptions could materially affect the defined benefit schemes' liabilities and assets.

The carrying value of investments in related undertakings is considered a significant judgement as a result of the assumptions in the annual impairment testing.

23. Post balance sheet events

On 26 May 2017 the Company, along with other Group companies, became a joint and several guarantor of SIFL in its capacity as issuer under US\$1,125 million of term loan facilities, due January 2025. This facility refinanced SIFL's May 2016 Senior Facilities Agreement.

On 26 June 2017, the Trustees of the Cable & Wireless Superannuation Fund elected to utilise the funding rights under the £100 million (\$130 million at the applicable rate) letters of credit.

On 16 August 2017 the Company, along with other Group companies, became a joint and several guarantor of SIFL in its capacity as issuer of US\$700 million of senior notes due September 2027.