

CABLE & WIRELESS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CABLE & WIRELESS LIMITED

COMPANY INFORMATION

Directors	L H Pegg M E Read
Company secretary	L Pegg
Registered number	00238525
Registered office	Griffin House 161 Hammersmith Road London United Kingdom W6 8BS
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

CABLE & WIRELESS LIMITED

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CABLE & WIRELESS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities and business review

The principal activity of Cable & Wireless Limited (the "company") is that of a group holding company.

The company made a loss after tax of \$592 million (2017 : loss of \$297 million).

The company is a wholly owned subsidiary undertaking of Cable & Wireless Communications Limited ("CWC"), which is itself a wholly owned subsidiary of Liberty Latin America Ltd ("LLA"), an international provider of fixed, mobile and subsea telecommunications services.

LLA is an international provider of fixed, mobile and subsea telecommunications services. We provide residential and business-to-business (B2B) services in (i) 24 countries, primarily in Latin America and the Caribbean, through C&W, (ii) Chile and Costa Rica, through VTR/Cabletica, and (iii) Puerto Rico, through Liberty Puerto Rico. C&W also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over its subsea and terrestrial fiber optic cable networks that connect over 40 markets in that region.

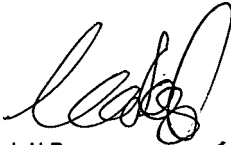
Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the LLA group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the financial statements of LLA which are available from LLA's website at www.lla.com. In addition, given the nature and principal activity of the company, the UK referendum advising for the exit of the UK from the EU commonly referred to as "Brexit", would not have a material impact on our business, financial condition, results of operations and liquidity.

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in the financial statements of LLA which are available from LLA's website at www.lla.com.

This report was by approved by the board and signed on its behalf on 27 September 2019.



L. H. Pegg
Director

CABLE & WIRELESS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Results and dividends

The loss for the year, after tax, amounted to \$592 million (2017 - loss \$297 million).

The directors have not recommended an ordinary dividend (2017 - \$nil).

Directors

The directors who served during the year and thereafter were as follows:

L H Pegg
M E Read (appointed 5 January 2018)
B Stockwell (resigned 5 January 2018)

The directors of the company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force for directors serving during the financial year and as at the date of approving the Directors' report.

Going concern

Notwithstanding net current liabilities of \$5,055 million as at 31 December 2018 and a loss for the year then ended of \$592 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

It is not the practice of the CWC Group to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level. However, forecasts and projections have been prepared for the CWC Group as a whole and these showed that cash on hand, together with cash from operations and the undrawn revolving credit facility, are expected to be sufficient for the CWC Group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements.

This is dependent on the group undertaking not seeking repayment of the amounts currently due to them. The group undertaking funding company is a wholly owned subsidiary of Cable and Wireless Communications Limited (CWC) and CWC has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

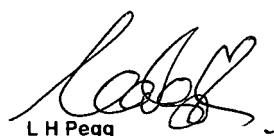
Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

This report was approved by the board and signed on its behalf on 27 September 2019.



L H Pegg
Director

CABLE & WIRELESS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Strategic report, the 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

CABLE & WIRELESS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CABLE & WIRELESS LIMITED

Opinion

We have audited the financial statements of Cable & Wireless Limited (the "company") for the year ended 31 December 2018 which comprise the Strategic report, the Directors' report, Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

CABLE & WIRELESS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CABLE & WIRELESS LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

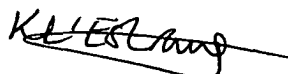
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's member, 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.



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

27 September 2019

CABLE & WIRELESS LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$M	2017 \$M
Administrative expenses		(42)	(62)
Exceptional administrative expenses		(191)	-
Other operating expenses		-	(7)
Operating loss	5	(233)	(69)
Finance income	6	9	15
Finance expense	7	(368)	(243)
Loss before tax		(592)	(297)
Tax on loss	8	-	-
Loss for the year		(592)	(297)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on pension schemes - net of tax		16	(41)
		16	(41)
Total comprehensive expense for the year		(576)	(338)

All results were derived from continuing operations.


The notes on pages 10 to 55 form part of these financial statements.

CABLE & WIRELESS LIMITED
REGISTERED NUMBER:00238525

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 \$M	2017 \$M
Fixed assets			
Investments	9	12,178	12,369
Financial assets	10	103	115
		<u>12,281</u>	<u>12,484</u>
Current assets			
Debtors due within one year	11	7,222	7,285
		<u>7,222</u>	<u>7,285</u>
Creditors: amounts falling due within one year	12	(12,277)	(11,911)
Net current liabilities		<u>(5,055)</u>	<u>(4,626)</u>
Total assets less current liabilities		<u>7,226</u>	<u>7,858</u>
Creditors: amounts falling due after more than one year	13	(2,682)	(2,735)
		<u>4,544</u>	<u>5,123</u>
Pension liability		(39)	(42)
Net assets		<u>4,505</u>	<u>5,081</u>
Capital and reserves			
Share capital	15	-	-
Share premium account	17	-	-
Other reserves	17	1,582	1,582
Fair value reserve	17	19	19
Special reserve	17	2,139	2,139
Profit and loss account	17	765	1,341
Shareholder's funds		<u>4,505</u>	<u>5,081</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.


M E Read
 Director

The notes on pages 10 to 55 form part of these financial statements.

CABLE & WIRELESS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Other reserves	Fair value reserve	Special reserve	Profit and loss account	Shareholder's funds
	\$M	\$M	\$M	\$M	\$M	\$M
At 1 January 2018	-	1,582	19	2,139	1,341	5,081
Comprehensive income for the year						
Loss for the year	-	-	-	-	(592)	(592)
Actuarial gains recognised (net of tax)	-	-	-	-	16	16
Other comprehensive income for the year	-	-	-	-	16	16
Total comprehensive income for the year	-	-	-	-	(576)	(576)
At 31 December 2018	-	1,582	19	2,139	765	4,505

The notes on pages 10 to 55 form part of these financial statements.

CABLE & WIRELESS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Share capital	Other reserves	Fair value reserve	Special reserve	Profit and loss account	Shareholder's funds
	\$M	\$M	\$M	\$M	\$M	\$M
At 1 January 2017	-	1,582	18	2,139	1,679	5,418
Comprehensive income for the year						
Loss for the year	-	-	-	-	(297)	(297)
Actuarial losses recognised (net of tax)	-	-	1	-	(41)	(40)
Other comprehensive income for the year	-	-	1	-	(41)	(40)
Total comprehensive income for the year	-	-	1	-	(338)	(337)
At 31 December 2017	-	1,582	19	2,139	1,341	5,081

The notes on pages 10 to 55 form part of these financial statements.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Company information

Cable & Wireless Limited (the "company") is a company incorporated and domiciled in England and Wales. The registered number is 00238525 and the registered address is Griffin House, 161 Hammersmith Road, London, W6 8BS.

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. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

2.1 Basis of accounting

These financial statements have been prepared on a going concern basis and under the historical cost basis in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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's ultimate parent undertaking, Liberty Latin America Ltd ("LLA"), includes the company in its consolidated financial statements. The consolidated financial statements of LLA are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and are available to the public and may be obtained from LLA's website at www.lla.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

2.2 Going concern

Notwithstanding net current liabilities of \$5.055 million as at 31 December 2018 and a loss for the year then ended of \$592 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

It is not the practice of the CWC Group to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level. However, forecasts and projections have been prepared for the CWC Group as a whole and these showed that cash on hand, together with cash from operations and the undrawn revolving credit facility, are expected to be sufficient for the CWC Group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements.

This is dependent on the group undertaking not seeking repayment of the amounts currently due to them. The group undertaking funding company is a wholly owned subsidiary of Cable and Wireless Communications Limited (CWC) and CWC has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 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 and rounded to the nearest million. The principal exchange rates used in preparing the company financial statements are as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
\$: £		
Average	1.3331	1.2875
Period end	1.2746	1.3524

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.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity interests, trade and other receivables, cash and cash equivalents, trade and other payables.

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.

The Company adopted IFRS 9, Financial Instruments on 1 January 2018. Applying IFRS 9 has resulted in changes to the measurement and disclosure of financial instruments and introduced a new expected loss impairment model, which measures expected credit losses using a lifetime expected loss allowance for all assets held at amortised cost.

We revised the methodologies we use to impair financial assets to reflect the forward-looking 'expected credit loss' model introduced by IFRS 9, in contrast to the backward-looking 'incurred credit loss' model used under IAS 39. In order to assess the impact of IFRS 9 the Company reviewed the last 12 months of actual debtor impairment when calculating the impact of the expected credit loss. The Company now recognises a loss allowance for all expected credit losses on initial recognition of loan receivables.

The company determined that the application of IFRS 9's impairment requirements resulted in an immaterial impairment loss related to loan receivable balance at 1 January 2018. Therefore, the company has not adjusted its opening assets or equity. The cumulative impact of the impairment losses as of 31 December 2018 has been recorded through profit and loss for the year ended 31 December 2018.

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.

Investments in group undertakings

Investments in group undertakings are carried at cost less impairment.

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, less any impairment losses.

Fair value measurement

We use the available-for-sale method to account for our investment in UK Government Gilts, which is measured at fair value. We disclose fair value measurements according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2018, no such transfers were made. Our investment in the UK Government Gilts falls under Level 1 of the fair value hierarchy.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Impairment

Financial assets (including trade and other receivables)

The introduction of IFRS 9 replaces the model previously used by the company to calculate impairments of financial assets not carried at fair value under IAS 39, which was based primarily on incurred losses, with a model based on expected credit losses. The scope of the new model consistently includes all financial assets that are recognised at amortised cost.

The company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The company recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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.

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.

2.6 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.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Employee benefits

Post-employment benefits

The CWC 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 CWC group also operates a defined contribution pension plan for its UK employees 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.

2.8 Interest income and expense

Interest income and expense is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Tax

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 of profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

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 tax authority.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

In the process of applying the company's accounting policies which are described above, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements, except for:

Carrying value of investments

Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

Recoverability of intercompany debtors

Intercompany debtors are stated at their recoverable amount less any necessary provision. Recoverability of intercompany debtors is assessed annually and a provision is recognised as indicated under the expected credit loss impairment model.

Deferred tax assets

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.

Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available.

Pension assets and liabilities

The company provides several defined benefit pension schemes for its current and former UK employees, for which the company is the sponsoring employer. The asset or liability recognised in the balance sheet 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. Changes to these assumptions could materially affect the defined benefit schemes' liabilities and assets.

4. Information regarding directors, employees and auditor

Auditor's remuneration for these financial statements was \$6,500 for the year (2017: \$6,500). This has been borne by another group company.

No remuneration was paid to the directors for qualifying services to this company (2017: US\$nil). All directors' remuneration is borne by and included in the financial statements of Cable & Wireless International HQ Ltd and Lilac Communications Inc, both fellow Liberty Latin America group undertakings. The directors have considered the allocation of their total remuneration attributable to providing services to the company. This allocation is not deemed material to warrant further disclosure.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Operating loss

	2018 \$M	2017 \$M
Pension cost	18	3
Management fee expense	-	59
Debt impairment	24	-
Foreign exchange losses on pension obligations	-	7
	<u>42</u>	<u>69</u>
Provision for impairment on investment	191	-
Exceptional administrative expense	<u>191</u>	<u>-</u>

Recoverability of inter-company debtors is assessed annually. Based on the impairment review of inter-company indebtedness as at 31 December 2018, the directors concluded that amounts due from group undertakings required impairment by \$24 million (2017 - \$nil).

6. Finance income

	2018 \$M	2017 \$M
Interest receivable on loans with group undertakings	-	1
Exchange gains on other financial assets/liabilities	18	9
Other investment income	-	1
(Loss)/gain on derivatives	(9)	4
	<u>9</u>	<u>15</u>

7. Finance expense

	2018 \$M	2017 \$M
Interest on amounts owed to group undertakings	363	217
Other interest expense	-	2
Exchange losses on translation of foreign currency denominated loans	5	24
	<u>368</u>	<u>243</u>

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Tax

	2018 \$M	2017 \$M
Current tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on loss	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 \$M	2017 \$M
Loss before tax	(592)	(297)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25.%)	(113)	(57)
Effects of:		
Expenses not deductible	5	-
Impairment not deductible	36	-
Deferred tax previously not recognised	-	(18)
Income not taxable	-	7
Group relief surrendered	72	69
Deferred tax not recognised	-	(1)
Total tax charge for the year	-	-

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 2018, the company had unrecognised deferred tax assets in the UK relating to capital losses of \$37 million (2017: \$39 million) and other timing differences of \$302 million (2017: \$235 million).

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Investments

	Investments in subsidiary undertakings \$M
Cost	
At 1 January 2018	12,687
At 31 December 2018	<u>12,687</u>
Amounts written off	
At 1 January 2018	318
Provision for impairment	191
At 31 December 2018	<u>509</u>
Net book value	
At 31 December 2018	<u>12,178</u>
At 31 December 2017	<u>12,369</u>

Subsidiary undertakings

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are shown in note 21.

As at 31 December 2018, management assessed the recoverable value of the investment in Sable Holding Limited and determined the recoverable value is lower than the carrying value. An impairment charge of \$191,000,000 was recorded based on the net book value of the investee, which approximated the value in use.

CABLE & WIRELESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Financial assets

	Fair value through other comprehensive income (FVTOCI) \$M	Hold and collect contractual cash flow (Amortised cost) \$M	Fair value through profit and loss (FVTPL) \$M	Total \$M
Cost or valuation				
At 1 January 2018	37	72	6	115
Revaluations	-	-	(6)	(6)
Exchange adjustments	(2)	(4)	-	(6)
At 31 December 2018	35	68	-	103
Net book value				
At 31 December 2018	35	68	-	103
At 31 December 2017	37	72	6	115

Financial assets include primarily investments in UK government gilts (FVTOCI) and interest-bearing borrowings issued by a wholly owned subsidiary of the group (Amortised cost).

CABLE & WIRELESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Debtors

	2018 \$M	2017 \$M
Due within one year		
Amounts owed by group undertakings	7,221	7,284
Other debtors	1	1
	<u>7,222</u>	<u>7,285</u>

The analysis of amounts owed by group undertakings is:

	2018 \$M	2017 \$M
Loans receivable from parent undertakings	4,773	4,773
Loans receivable from group undertakings	2,171	2,133
Other receivables from group undertakings	301	377
Other receivables from parent undertakings	-	1
Allowance for impairment	(24)	-
	<u>7,221</u>	<u>7,284</u>

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The components of our loans receivable are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value December 2018 \$m	Carrying amount December 2018 \$m	Face value December 2017 \$m	Carrying amount December 2017 \$m
Receivable from parent undertakings	USD	0.00%	Repayable on demand	4,773	4,756	4,773	4,773
Receivable from group undertakings	USD	0.00%	Repayable on demand	2,152	2,145	2,116	2,116
Receivable from group undertakings	CHF	0.00%	Repayable on demand	18	18	18	18

At 31 December 2018 all loans with group or parent undertakings within the company's portfolio were performing with none past due or credit impaired. In calculating expected credit losses ("ECL") the company has assessed that no loans with group or parent undertakings have experienced a significant increase in credit risk. Accordingly, the expected credit losses are measured based on default events possible within the next 12 months.

A reconciliation of movements in loss allowances is provided as follows:

2018 ECL

	1-Jan-18 \$m	Loss Allowance \$m	31-Dec-18 \$m
Expected credit loss allowance	-	(24)	(24)

The company has determined the ECL allowance through a detailed market comparability analysis. The company based their analysis on the spread of credit default swaps for comparable entities, adjusting the result to take into consideration the historical performance of the ultimate parent and intermediate parent in order to determine a probability of default, which is used to develop the ECL loss allowance noted above.

12. Creditors: amounts falling due within one year

	2018 \$M	2017 \$M
Amounts owed to group undertakings (note 14)	12,277	11,911
	<u>12,277</u>	<u>11,911</u>

There is no material difference between the carrying value and fair value of trade and other payables at 31 December 2018.

CABLE & WIRELESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Creditors: amounts falling due after more than one year

	2018	2017
	\$M	\$M
Amounts owed to group undertakings (note 15)	2,677	2,730
Tax liabilities	-	3
Financial instruments	5	2
	2,682	2,735

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 \$M	31 December 2017 \$M
Amounts falling due after more than one year		
Loans payable to parent undertaking	-	-
Loans payable to group undertakings	2,677	2,730
	2,677	2,730
Amounts falling due within one year		
Loans payable to parent undertaking	2,502	2,361
Loans payable to group undertakings	9,767	9,464
Interest payable to parent undertaking	7	33
Interest payable to group undertakings	1	53
	12,277	11,911

The components of our loans payable are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value December 2018 \$M	Carrying amount December 2018 \$M	Face value December 2017 \$M	Carrying amount December 2017 \$M
Amounts owed to Group undertakings	USD	0% - 7.2665%	2/1/2020 - 12/31/2022	2,677	2,677	2,460	2,460
Amounts owed to Group undertakings	GBP	8.75%	01-Jun-19	174	174	270	270
Loans payable to parent undertaking	USD	Three month LIBOR + 4%	Repayable on demand	2,502	2,502	2,361	2,361
Amounts owed to Group undertakings	USD	0.00%	Repayable on demand	9,593	9,593	9,399	9,399
Amounts owed to Group undertakings	USD	1.80%	Repayable on demand	-	-	65	65

CABLE & WIRELESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Share capital

	2018	2017
	\$	\$
Allotted, called up and fully paid		
1 (2017 - 1) Ordinary share of £0.25	-	-
	<u> </u>	<u> </u>

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..

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Pensions

The company operates pension schemes for its current and former UK and overseas employees. 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")

Cable & Wireless Communications Limited operates the CWSF. This plan provides defined benefit and defined contribution arrangements for current and former employees of the group. The CWSF has been closed to new defined benefit members since 1998 and was closed to future accrual of benefits effective from 31 March 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 14 years, and the weighted average duration of the expected uninsured benefit payments from the CWSF is 19 years.

Funding arrangements

The latest triennial actuarial valuation of the CWSF was carried out by independent actuaries Willis Towers Watson Limited as at 31 March 2016.

The valuation resulted in the group making a single deficit recovery payment to the CWSF of £100 million (\$130 million) in July 2017. No further deficit recovery payments are due under the funding agreement.

Cable & Wireless Communications paid a total contribution of \$1 million over the twelve months to 31 December 2018 (2017 – \$132 million), to the CWSF. The best estimate of contributions to the CWSF for 2019 is \$1 million for expense contributions.

Minimum funding requirement and asset ceiling

All of the deficit recovery payments arising from the deficit recovery funding plan agreed with the trustees of the CWSF as part of the March 2016 actuarial valuation have now been paid. Therefore there are currently no agreed future deficit recovery payments to constitute a minimum funding requirement. An adjustment to the balance sheet in the CWSF to account for the minimum funding requirement (calculated in accordance with IFRIC14 *The limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*) is therefore not required. This was also the case at the previous year end.

There is a surplus in the CWSF as at 31 December 2018. In accordance with IFRIC14 *The limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* an asset ceiling of \$174 million has been applied to restrict the surplus to nil. Last year an asset ceiling of \$123 million was applied.

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 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. In 2017 the pensioner buy-in policy was extended to cover a further 359 members. Approximately 67% of the liabilities in the CWSF are matched by the annuity policy asset which reduces the funding risk for the CWC Group.

GMP inequalities

In October 2018 the High Court ruled in a case involving Lloyds Banking Group that inequalities in pension scheme benefits arising from unequal Guaranteed Minimum Pensions ("GMP's") need to be removed. The legal process is not yet complete, but the case is expected to have an impact on the CWSF. As a result an allowance of \$16.4 million has been included as a past service cost as at October 2018.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 Gilts which are held separately as available for sale assets (note 10).

The weighted average duration of the expected benefit payments from the unfunded arrangements is 13 years.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

IAS 19 Employee benefits valuation – CWSF and UK unfunded scheme

The IAS 19 valuations of the major defined benefit pension schemes and medical plans operated by the group have been updated to 31 December 2018 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 December 2018		31 December 2017	
	CWSF assumption %	UK unfunded assumption %	CWSF assumption %	UK unfunded assumption %
Significant actuarial assumptions				
RPI Inflation assumption	3.20	3.20	3.20	3.20
RPI inflation assumption – CWSF uninsured liability	3.30	-	3.20	-
Discount rate	2.70	2.70	2.40	2.40
Discount rate – CWSF uninsured liability	2.80	-	2.40	-
Other related actuarial assumptions				
CPI inflation assumption	2.20	2.20	2.20	2.20
CPI inflation assumption – CWSF uninsured liability	2.20	-	2.20	-
Pension increases ¹	1.95-3.05	2.40-3.05	1.95-3.05	2.40-3.05

Note:

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

	CWSF assets 31 December 2018 \$M	CWSF assets 31 December 2017 \$M
Plan assets:		
- Annuity policies	1,028	1,148
- Equities – quoted	86	273
- Diversified growth fund	137	223
- Bonds and gilts – quoted	438	166
- Property	1	1
- Cash and swaps	12	60
	1,703	1,871

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 2017 CMI core projections, subject to a long term rate of improvement of 1.25% pa.

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

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	On 31 December 2018 (years)	On 31 December 2028 (years)	On 31 December 2038 (years)
CWSF and UK unfunded			
Male pensioners and dependents	27.9	28.6	29.4
Female pensioners	28.0	28.8	29.6
Female dependants	28.3	29.2	30.0

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:

- Investment returns: The company's net balance sheet, and contribution requirements are 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 a significant proportion of the company'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.

Sensitivity analysis	Increase in assumption \$M	Decrease in assumption \$M
CWSF and UK unfunded		
<i>Discount rate</i>		
Effect on total defined benefit obligation at 1.00% change	(191)	238
Effect on defined benefit obligation net of bulk annuity at 1.00% change	(89)	116
<i>RPI inflation (and related increases)</i>		
Effect on total defined benefit obligation at 1.00% change	134	(128)
Effect on defined benefit obligation net of bulk annuity at 1.00% change	70	(65)
<i>Life expectancy</i>		
Effect on total defined benefit obligation of a one year change	76	(75)
Effect on defined benefit obligation net of a bulk annuity of a one year change	20	(19)

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

	31 December 2018			31 December 2017		
	CWSF \$M	UK unfunded \$M	Total \$M	CWSF \$M	UK unfunded \$M	Total \$M
Total fair value of plan assets	1,703	-	1,703	1,871	-	1,871
Present value of funded obligations	(1,551)	-	(1,551)	(1,748)	-	(1,748)
Excess of liabilities of funded obligations	152	-	152	123	-	123
Present value of unfunded obligations	-	(39)	(39)	-	(44)	(44)
Effect of asset ceiling	(152)	-	(152)	(123)	-	(123)
Net deficit	-	(39)	(39)	-	(44)	(44)
Defined benefit pension plans in deficit	-	(39)	(39)	-	(44)	(44)
Net deficit	-	(39)	(39)	-	(44)	(44)

Included within these liabilities is an amount of \$27 million (2017: \$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 2018			31 December 2017		
	CWSF \$M	UK unfunded \$M	Total \$M	CWSF \$M	UK unfunded \$M	Total \$M
Current service cost	-	-	-	-	-	-
Past service cost	16	-	16	-	-	-
Interest charge on net liabilities	-	1	1	-	1	1
Administration expenses	1	-	1	2	-	2
Total net charge	17	1	18	2	1	3

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

	31 December 2018			31 December 2017		
	CWSF \$M	UK unfunded \$M	Total \$M	CWSF \$M	UK unfunded \$M	Total \$M
Net liability at start of period	-	(44)	(44)	(82)	(42)	(124)
Effect of exchange rate fluctuations	-	2	2	(5)	(4)	(9)
Net expense recognised in profit and loss account	(17)	(1)	(18)	(2)	(1)	(3)
Net (expense)/credit recognised outside the profit and loss account	16	2	18	(43)	1	(42)
Contributions paid by the employer	1	2	3	132	2	134
Net liability at end of period	-	(39)	(39)	-	(44)	(44)

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

	31 December 2018			31 December 2017		
	CWSF \$M	UK unfunded \$M	Total \$M	CWSF \$M	UK unfunded \$M	Total \$M
At start of period	(1,748)	(42)	(1,718)	(1,676)	(42)	(1,718)
Current service cost	-	-	-	-	-	-
Past service cost	(16)	-	(16)	-	-	-
Interest on obligations	(40)	(1)	(41)	(44)	(1)	(45)
<i>Remeasurements</i>						
Actuarial gain/(loss) from changes in demographic assumptions	11	-	11	61	2	63
Actuarial gain/(loss) from changes in financial assumptions	60	2	61	(27)	(1)	(28)
Actuarial gain/(loss) from experience on obligations	-	-	-	2	-	2
Benefits paid	86	2	88	93	2	95
Exchange differences	97	2	99	(157)	(4)	(161)
At end of period	(1,551)	(39)	(1,590)	(1,748)	(44)	(1,792)

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

	31 December 2018			31 December 2017		
	CWSF \$M	UK unfunded \$M	Total \$M	CWSF \$M	UK unfunded \$M	Total \$M
At start of period	1,871	-	1,871	1,666	-	1,666
Interest on plan assets	43	-	43	45	-	45
<i>Remeasurements</i>						
Return on invested plan assets, excluding amount in interest income	3	-	3	(1)	-	(1)
Actuarial gain/(loss) from changes in demographic assumptions on insured asset	(8)	-	(8)	(41)	-	(41)
Actuarial (loss)/gain from changes in financial assumptions on insured asset	(21)	-	(21)	9	-	9
Actuarial (loss)/gain from experience on insured asset	6	-	(5)	(5)	-	(5)
Employer contributions	1	2	3	132	2	132
Benefits paid	(86)	(2)	(88)	(93)	(2)	(93)
Administration expenses	(1)	-	(1)	(2)	-	(2)
Exchange differences	(105)	-	(105)	161	-	161
At end of period	1,703	-	1,703	1,871	-	1,871

CABLE & WIRELESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	31 December 2018			31 December 2017		
	CWSF \$M	UK unfunded \$M	Total \$M	CWSF \$M	UK unfunded \$M	Total \$M
At start of period	123	-	123	72	-	72
Interest on minimum funding/asset ceiling requirement	3	-	3	2	-	2
Change in effect of minimum funding/asset ceiling – loss	34	-	34	41	-	41
Exchange differences	(8)	-	(8)	8	-	8
At end of period	152	-	152	123	-	123

17. 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 \$156 million (2017:\$156 million) and \$76 million (2017:\$76 million) relating to rights granted to equity instruments of the company to the employees of subsidiaries of the company.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Guarantees and contingent liabilities

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

	2018 \$M	2017 \$M
Financial guarantees	4,584	4,398
	<u>4,584</u>	<u>4,398</u>

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.

As at 31 December, 2017 and 2018, the company, along with other Cable & Wireless Communications group ("group") companies, was a joint and several guarantor of Sable International Finance Limited ("SIFL") in its capacity as issuer under a \$750 million unsecured senior notes issue and a revolving credit facility with a borrowing capacity of \$625 million. These senior notes were issued with a coupon of 6.875% and are due in August 2022.

On 11 October 2018 the company, along with other group companies, became a joint and several guarantor of C&W Senior Financing Designated Activity Company in its capacity as issuer of \$500 million of senior notes due October 2026.

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 \$1,125 million of term loan facilities, which was subsequently increased to \$1,825 million, due January 2025. This facility refinanced SIFL's May 2016 Senior Facilities Agreement. On 9 Feb 2018, the \$1,825 million was refinanced with a \$50 million upsize and one year extension making the new balance \$1,875 million, due January 2026.

On 16 August 2017 the company, along with other group companies, became a joint and several guarantor of C&W Senior Financing Designated Activity Company in its capacity as issuer of \$700 million of senior notes due September 2027.

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 \$300 million in respect of tax related claims (until April 2020).

The company is a guarantor of £200 million 8.625% Guaranteed Bonds issued by Cable & Wireless International Finance B.V. due 2019. £116.4 million has been repurchased since inception leaving an outstanding guarantee of £83.6 million (\$106.6 million). The outstanding bonds were redeemed at maturity in March 2019.

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 ("MNOFF"), it may be liable for contributions to fund a portion of any funding deficits which may occur in the future. At 31 December 2018, the company has scheduled payments to the MNOFF through September 2020 totalling £0.9 million (2017: £0.9 million) relating to the actuarial valuations made by the MNOFF Trustee as at 31 March 2006, 2009, 2012 and 2015. It is possible that the MNOFF 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.

In addition, the following are post balance sheet developments related to guarantees:

In April 2019, the company, along with other CWC Group companies, was a joint and several guarantor of Cable & Wireless Senior Finance Designated Activity Company ("CWSFDAC") in its capacity as issuer under a \$300 million additional senior notes due 2027.

In April 2019, the company, along with other CWC Group companies, was a joint and several guarantor of SIFL in its capacity as issuer under a \$400 million additional senior notes due 2026.

In April 2019, the company, along with other CWC Group companies, was a joint and several guarantor of CWSFDAC in its capacity as issuer under a \$200 million additional senior notes due 2027.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

19. Parent undertaking and controlling party

The company's immediate parent undertaking is Cable & Wireless Communications Limited ("CWC").

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2018 are CWC and LLA, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2018 was LLA.

Copies of the CWC group accounts referred to above which include the results of the company are available from the company secretary, Cable & Wireless Communications Limited, Griffin House, 161 Hammersmith Road, London W6 8BS or from CWC's website: www.cwc.com.

In addition copies of the consolidated LLA accounts are available on LLA's website at www.lla.com.

20. Post balance sheet events

In addition to those mentioned in the notes of the financial statements, the following are the post balance sheet events related to the company:

UTS acquisition

On 31 March 2019, Cable & Wireless Curacao Holdings B.V., a wholly owned subsidiary of CWC, completed the acquisition of a 87.5% stake in United Telecommunications Services, NV ("UTS") and its subsidiaries for a cash purchase price of \$161 million. UTS provides fixed and mobile services to the island nations of Curaçao, St. Maarten, St. Martin, Bonaire, St. Barths, St. Eustatius and Saba. In September 2019, Cable & Wireless Curacao Holdings B.V. acquired the remaining 12.5% stake in UTS for \$12million.

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

21. List of investments

The investments in which the company holds at least 20% of the nominal of any class of share capital, all of which are unlisted, are as follows:

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
<i>Direct shareholdings</i>					
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	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA
Cable and Wireless Pension Trustee Limited	100%	Ordinary	England	Pension company	Premier Pensions, Amp House, Dingwall Road, Croydo, Dingwall Road, Croydon, England, CR0 2LX
Pender Insurance Limited	100%	Ordinary	Isle of Man	Insurance company	Level 2 Samuel Harris House 5-11 St George's Street Douglas IM1 1AJ
Pender Communications SA ²	100%	Ordinary	Switzerland	Dormant company	Societe Fiduciaire Re de Rhone 1204 Geneve
C & W Senior Finance Limited	100%	Ordinary	Cayman Islands	Operating company	94 Solaris Avenue Camana Bay Grand Cayman KY1 1108 Cayman Islands

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
<i>Indirect shareholdings</i>					
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	Holding 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 10 th 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
C&W Senior Secured Parent Limited	100%	Ordinary	Cayman Islands	Operating company	94 Solaris Avenue Camana Bay Grand Cayman KY1-1108
Cable & Wireless Australia & Pacific Holding B.V. ³	100%	Ordinary	Netherlands	In liquidation	Boeing Avenue 53 1119 PE Schiphol-Rijk

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
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	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA
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
Coral Re SPC, Ltd.	100%	Ordinary	Cayman Islands	Insurance company	Governors Square Building 4 2 nd Floor 23 Lime Tree Bay Avenue PO Box 1051 Grand Cayman KY1-1102
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 53 rd Street Marbella Humbolt Tower, 2 nd 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 53 rd Street Marbella Humbolt Tower, 2 nd Floor Panama

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
CNL-CWC Networks Inc.	100%	Ordinary	Barbados	Operating company	Windsor Lodge Government Hill St Michael Barbados
CWC Wholesale Solutions (Costa Rica) SA	100%	Ordinary	Costa Rica	Holding company	6 th Floor San Jose Tejos Montealegre, From Tony Romas 600 metres west General Bank Building
Cable and Wireless Network Services Limited	100%	Ordinary	Bermuda	Dormant company	Cumberland House, 9 th Floor, 1 Victoria Street, HM11, Hamilton
CWC Acquisitions Holdings Limited	100%	Ordinary	Cayman Islands	Holding company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
Sable International Finance Limited	100%	Ordinary	Cayman Islands	Financing company	Willow House Cricket Square PO Box 709 Grand Cayman KY1-1107
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 and Wireless (Seychelles) Limited	100%	Ordinary	Seychelles	Operating company	Francis Rachel Street Victoria Mahe

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
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
Caribbean Premier Sports Ltd	50%	Ordinary	St Lucia	Operating company	20 Micoud Street Castries St Lucia
C & W Networks (Greater Antilles) Inc.	100%	Ordinary	Barbados	Holding company	Windsor Lodge, Government Hill St Michael Barbados
Columbus Networks de Guatemala Limitada	100%	Ordinary	Guatemala	Operating company	Avenida Reforma 9-55 Z. 10 Edificio Reforma 10 Oficna 5-10
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

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
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 PO Box N-3048 Nassau
Cable & Wireless (Barbados) Limited	100%	Ordinary	Barbados	Operating company	Windsor Lodge Government Hill St Michael
Cable & Wireless Communications, Inc	100%	Ordinary	USA	Operating company	c/o Corporation Services Company Bank of America Centre, 16 th 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	86%	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	Finance company	190 Elgin Avenue George Town Grand Cayman KY1-9005

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
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 AIO 2640
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

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
CWC Trinidad Holdings Limited	100%	Ordinary	Trinidad & Tabago	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 Espana Apartado Postal (PO Box) 0834-00659 Panama City
Grupo Sonitel, SA ¹	49%	Ordinary	Panama	Operating company	Via Brasil Calle 1era C Sur. Edificio Sonitel Panama Ciudad de Panama
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
Latam Technologies Holdings I, LLC ¹	49%	Ordinary	U.S.A	Operating company	2711 Centerville Road Suite 400 Wilmington Delaware, 19808

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
SSA Sistemas del Peru, S.R.L. ¹	49%	Ordinary	Peru	Operating company	Ave. Victor Andres Belaunde 147 – Via principal 155 Edificio Real Tres Oficina 702. Centro Empressarial 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 & 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	87.4%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Kelfenora Limited	100%	Ordinary	Cayman Islands	Dormant company	94 Solaris Avenue Camana Bay P.O. Box 1348 Grand Cayman KY1-1108
Cable & Wireless Trinidad and Tobago Limited	100%	Ordinary	Trinidad and Tobago	Dormant company	Queens Park Place 17-20 Queens Park West Port of Spain
Caribbean Landing Company Limited	87.4%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10
Digital Media & Entertainment Limited	87.4%	Ordinary	Jamaica	Operating company	2-6 Carlton Crescent Kingston 10

CABLE & WIRELESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Jamaica Digiport International Limited	87.4%	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	Windsor Lodge Government Hill St Michael
Columbus Communications Inc	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
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	Windsor Lodge Government Hill St Michael
Cable Jamaica (Barbados) Limited	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
S.A.U.C.E Holdings (Barbados) (I) Limited ²	100%	Ordinary	Barbados	In liquidation	Windsor Lodge Government Hill St Michael
S.A.U.C.E. Communication Network Limited ²	100%	Ordinary	Jamaica	In liquidation	2-6 Carlton Street Kingston 10

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Capital (Barbados) Limited	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
Northern Cable & Communication Network Limited ²	100%	Ordinary	Jamaica	In liquidation	2-6 Carlton Crescent Kingston 10
D. & L. Cable and Satellite Network Limited ²	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	Windsor Lodge Government Hill St Michael
Columbus Communications Curacao N.V.	100%	Ordinary	Curacao	Operating company	Kaya Angel J Leanez Kavel 25-26
Caribbean Data Centres (Barbados) Inc.	100%	Ordinary	Barbados	Operating company	Windsor Lodge Government Hill St Michael
E-Commercepark N.V.	100%	Ordinary	Curacao	Operating company	Hoek Heelsumstaat/ Rotterdamweg Heelsumstraat Salina

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Exploitiemaatschappij E-zone Vredenberg N.V.	100%	Ordinary	Curacao	Holding company	Hoek Heelsumstaat/ Rotterdamweg Heelsumstraat Salina
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	Windsor Lodge Government Hill St Michael
Columbus Caribbean Acquisitions Inc.	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
Columbus Eastern Caribbean (Barbados) Inc.	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
Columbus Eastern Caribbean 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	Windsor Lodge Government Hill St Michael

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Networks Finance Company Limited	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
Columbus TTNW Holdings Inc.	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
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	Windsor Lodge Government Hill St Michael
CWC-Columbus Asset Holdings, Inc.	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Trinidad (Barbados) Inc.	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
Columbus Investment Inc. ²	100%	Ordinary	Barbados	In Liquidation	Windsor Lodge Government Hill St Michael
Columbus Communications Trinidad Limited	100%	Ordinary	Trinidad and Tobago	Operating company	5 th 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 ²	100%	Ordinary	Barbados	In Liquidation	Windsor Lodge Government Hill St Michael
Columbus Holdings Trinidad Unlimited ²	100%	Ordinary	Trinidad and Tobago	In Liquidation	5 th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Columbus Holdings (Barbados) II SRL ²	100%	Ordinary	Barbados	In Liquidation	Windsor Lodge Government Hill St Michael
Trinidad and Tobago Trans-Cable Company Unlimited ²	100%	Ordinary	Trinidad and Tobago	In Liquidation	5 th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain
Cable Company of Trinidad and Tobago Unlimited ²	100%	Ordinary	Trinidad and Tobago	In Liquidation	5 th Floor Newtown Centre 30-36 Maraval Road Newtown Port of Spain

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Antilles Crossing (Barbados) IBC, Inc	100%	Ordinary	Barbados	Holding company	Windsor Lodge Government Hill St Michael
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	6 th Floor CGI Tower Warrens St Michaels
Wamco Technology Group Limited	100%	Ordinary	Barbados	Operating Company	6 th Floor CGI Tower Warrens St Michaels
Columbus Networks, Limited	100%	Ordinary	Barbados	Operating Company	Windsor Lodge Government Hill St Michael
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	Windsor Lodge Government Hill St Michael

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Networks (Cayman) Holdco Limited	100%	Ordinary	Barbados	Operating company	Windsor Lodge Government Hill St Michael
Columbus Networks Wholesale de Costa Rica S.A	100%	Ordinary	Costa Rica	Operating company	Escazu Edificio Meridiano 6to piso
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	Windsor Lodge Government Hill St Michael
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

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
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	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA
Columbus Networks International (Trinidad) Ltd.	100%	Ordinary	Trinidad and Tobago	Operating company	5 TH Floor Newtown Centre 30- 36 Maraval Road Newtown Port of Spain
Columbus Networks Zona France, Limitada	100%	Ordinary	Colombia	Operating company	Cra 45 No. 108-27 Torre 3 of: 901 Bogota
Columbus Networks de Columbia, Limitada	100%	Ordinary	Colombia	Operating company	Calle 108 # 4530 Oficinas 901 y 1001 Edificio Paralelo 108 Bogota 110111
Lazus Columbia S.A.S. f/k/a Promitel Columbia 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

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
<i>Indirect shareholdings</i>					
CWC New Cayman Limited	100%	Ordinary	Cayman Islands	Holding Company	Cayman Corporate Centre 27 Hospital Road George Town KY1-9008 Cayman Islands
Columbus New Cayman Limited	100%	Ordinary	Cayman Islands	Holding company	Floor 4, Willow House Cricket Square George Town KY1-9010 Cayman Islands
Columbus Networks Puerto Rico, Inc.	100%	Ordinary	Puerto Rico	Operating company	Metro Office Park #7 Street 1, Suite 204 Guaynabo PR 00968 Puerto Rico
ARCOS-1 USA, Inc.	100%	Ordinary	USA	Operating company	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA
Columbus Networks USA, Inc.	100%	Ordinary	USA	Operating company	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA
A.SUR Net, Inc.	100%	Ordinary	USA	Operating company	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA
Columbus Networks Telecommunications Services USA Inc	100%	Ordinary	USA	Operating company	3411 Silverside Road Tatnall Building STE 104 Wilmington New Castle DE 19180 USA

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Entity name	Effective ownership percentage	Class of shares	Country of incorporation	Principal activity	Registered address
Columbus Networks de Mexico SRL	100%	Ordinary	Mexico	Operating company	Bosque de Duraznos 69 Miguel Hidalgo Distrito. 11700
Columbus Networks de Ecuador S.A	100%	Ordinary	Ecuador	Operating company	Site Center Torre 1 Ofic. 301 Callel 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 Orquisdea 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 Panama
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 Panama
Columbus Networks El Salvador S.A	100%	Ordinary	El Salvador	Operating company	Calle La Mascota 533 Colonia San Benito San Salvador

CABLE & WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 Panama
New World Network International Ltd ²	100%	Ordinary	Bermuda	In liquidation	c/o Deloitte Ltd, Corner House 20 Parliament Street Hamilton HM12
C&W Networks Chile SPA	100%	Ordinary	Chile	Operating company	Calle Miraflores No 222 P. 28 Norte Santiago Chile
Joint arrangements and associated undertakings.					
Seychelles Cable System Limited	33%	Ordinary	Seychelles	Operating company	3 rd Floor, Caravelle House Manglier Street Victoria Mahe
Telecommunication Services of Trinidad & Tobago Limited ³	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.
- In Liquidation
- The 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 acquisition of Columbus International Inc. ("Columbus") in March 2015 in related regulatory requirements