

**M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2016**



# **M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2016**

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# **M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2016**

### **OFFICERS AND PROFESSIONAL ADVISORS**

#### **DIRECTORS**

M A Webberley  
H M Green

#### **REGISTERED OFFICE**

Point 3  
Haywood Road  
Warwick  
CV34 5AH

#### **AUDITOR**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, UK

# **M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2016.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

## **PRINCIPAL ACTIVITY AND FUTURE PROSPECTS**

The Company acts as an investment holding company and will continue to do so for the foreseeable future.

## **RESULTS AND DIVIDENDS**

The loss of the Company for the year ended 31 March 2016 was £3,402,000 (2015: £437,000 loss). The Directors do not recommend the payment of a dividend (2015: £nil).

The Directors acknowledge that the Company's net current assets position is reliant on an inter-company debtor of £6,270,000. As such, the parent company, telent Limited, has agreed to support the Company for at least the next 12 months, commencing from the date these accounts are signed. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

## **DIRECTORS**

The Directors holding office since 1 April 2015 are listed below:

C G Donaldson (resigned 31 March 2016)

H M Green (appointed 31 March 2016)

M A Webberley

## **AUDITOR**

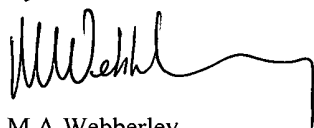
In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, KPMG LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006.

By Order of the Board



M A Webberley

Director

9 November 2016

# **M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing 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 United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

We have audited the financial statements of M Communications International Holdings Limited for the year ended 31 March 2016 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

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

## **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

## **Opinion on financial statements**

In our opinion the financial statements:

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

## **Opinion on other matter prescribed by the Companies Act 2006**

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

## **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the directors were not entitled to not prepare a strategic report, in accordance with the small companies regime; or
- we have not received all the information and explanations we require for our audit.



**Stuart Smith (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham, B4 6GH

Date: 14 November 2016

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2016

	Note	2016 £000	2015 £000
<b>OPERATING RESULT</b>		-	-
Net increase in provisions against fixed asset investments	5	(3,402)	(437)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(3,402)	(437)
Tax on loss on ordinary activities	4	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(3,402)</u>	<u>(437)</u>

The accompanying notes are an integral part of this profit and loss account.

The Company had no recognised gains or losses in either the current or prior years other than the loss set out above. Accordingly no statement of comprehensive income has been prepared.

All results derive from continuing operations.

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital £000	Capital contribution £000	Profit and loss account £000	Total £000
At 1 April 2014	-	18,454	(8,345)	10,109
Loss for the financial year	-	-	(437)	(437)
At 1 April 2015	-	18,454	(8,782)	9,672
Loss for the financial year	-	-	(3,402)	(3,402)
<b>At 31 March 2016</b>	<u>-</u>	<u>18,454</u>	<u>(12,184)</u>	<u>6,270</u>

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## BALANCE SHEET

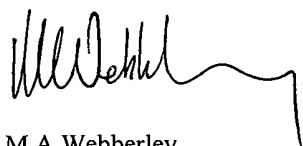
At 31 March 2016

	Note	2016 £000	2015 £000
<b>FIXED ASSETS</b>			
Investments	5	-	-
<b>CURRENT ASSETS</b>			
Amounts due from Group undertakings	6	6,270	9,672
<b>NET CURRENT ASSETS</b>		6,270	9,672
<b>NET ASSETS</b>		6,270	9,672
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	-	-
Capital contribution		18,454	18,454
Profit and loss account		(12,184)	(8,782)
<b>SHAREHOLDER'S FUNDS</b>		6,270	9,672

The accompanying notes are an integral part of this balance sheet.

The Board of Directors approved and authorised for issue the financial statements of M Communications International Holdings Limited, registered number 2204070 on 9 November 2016.

Signed on behalf of the Board of Directors by:



M A Webberley

Director



# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2016

### 1. ACCOUNTING POLICIES

M Communications International Holdings Limited is a company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102"). The Company transitioned from old UK GAAP to FRS 102 as at 1 April 2014. The financial position and financial performance of the Company has not changed as a result of the transition.

The financial statements are prepared in Sterling which is the functional currency of the Company and under the historical cost convention.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation;
- The disclosures required by FRS102.11 (Basic Financial Instruments) and FRS102.12 (Other Financial Instrument Issues) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1.

#### Related party transactions

The Company is a wholly owned subsidiary of **telent** Limited. Advantage has been taken of the exemption permitted by FRS 102 section 33.11 not to disclose transactions with entities that are part of the **telent** Group or investees of the **telent** Group qualifying as related parties. Balances with these entities are disclosed in note 6 of these financial statements.

#### Group accounts

The financial statements contain information about M Communications International Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of **telent** Limited, a company registered in England.

#### Going Concern

The Directors acknowledge that the Company's net current assets position is reliant on an inter-company debtor of £6,270,000. As such, the parent company, **telent** Limited, has agreed to support the Company for at least the next 12 months, commencing from the date these accounts are signed. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### Fixed asset investments

Investments in subsidiary undertakings are valued at cost less any provisions necessary for impairment. The impairment review is performed by comparing the carrying value of the investment with the net assets held by the subsidiary. Impairment charges are recognised in the profit and loss account to the extent that the carrying value exceeds the net assets held.

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences arising on foreign currency borrowings, to the extent that they hedge the Company's investment in foreign equity investments, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

# **M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 March 2016**

### **1. ACCOUNTING POLICIES (continued)**

#### **Taxation**

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of profits for the year. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **2. ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors have reviewed the estimates and underlying assumptions used in preparing these accounts and, in their opinion, there are no critical estimates and judgements to disclose.

### **3. DIRECTORS, EMPLOYEES AND AUDITOR**

The Directors are employed and remunerated by other companies in the telent Group. They do not receive any remuneration specifically for their services as Directors of the Company (2015: £nil). The Company had no employees during the year (2015: none). Fees payable to the Company's auditor for the audit of the annual accounts were £1,800 (2015: £1,800), and were borne by another Group company in both the current and preceding years. There were no fees paid for non-audit work in either year.

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2016

### 4. TAX ON LOSS ON ORDINARY ACTIVITIES

#### a) Total tax on loss on ordinary activities

	2016 £000	2015 £000
Total tax on loss on ordinary activities	-	-

#### b) Reconciliation of total tax credit for the period

	2016 £000	2015 £000
Loss on ordinary activities before taxation	(3,402)	(437)
Tax credit on loss at UK statutory rate of 20% (2015: 21%)	(680)	(92)
Non deductible items	680	92
Total tax for the year	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. When substantively enacted, this will reduce the Company's future current tax charge accordingly.

There are no deferred tax assets or liabilities.

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2016

### 5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Total £000
<b>Cost</b>	
At 1 April 2015	40,664
Additions	3,402
	<hr/>
At 31 March 2016	44,066
	<hr/>
<b>Provisions</b>	
At 1 April 2015	40,664
Additions	3,402
	<hr/>
At 31 March 2016	44,066
	<hr/>
<b>Net book value</b>	
At 31 March 2015	-
	<hr/>
At 31 March 2016	-
	<hr/>

Additions during the year represent funding provided to an overseas subsidiary to manage its legacy liabilities, and these were provided for in full. The companies set out below are subsidiary undertakings, all of which are non-trading. The share capital of the undertakings comprises ordinary shares or common stock and is wholly owned by the Company.

	Principal activity	Percentage held %	Country of incorporation and operation
Allard Consultoria em Telecomunicacoes Limitada	Non-trading	99.9	Brazil
M & G Middle East Ltd	In Liquidation	99.0	Saudi Arabia
RSCD Telecommunications Private Limited	Non-trading	100.0	India

In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

### 6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Amounts owed by Group undertakings	6,270	9,672
	<hr/>	<hr/>

The intercompany debtors are considered current as they could be re-called at any time.

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2016

### 7. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
100 (2015: 100) ordinary shares of £1 each	100	100

### 8. CONTINGENT LIABILITIES

The Company is party to a group bank offset arrangement whereby positive and negative cash balances in certain **telent** Group UK companies may be offset. The Company has committed to pay and satisfy to the bank on written demand any money and liabilities owing to it by any of these Group companies in the offset agreement and to indemnify the bank against any loss incurred by it in respect of these liabilities. The maximum liability of the Company at any time shall not exceed the cash balance in the Company's bank account, which amounted to £nil at 31 March 2016 (2015: £nil).

### 9. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of **telent** Limited. Advantage has been taken of the exemption permitted by FRS 102 section 33.11 not to disclose transactions with entities that are part of the **telent** Group or investees of the Group qualifying as related parties. Balances with these entities are disclosed in note 6 of these financial statements.

### 10. PARENT UNDERTAKING

The Company's ultimate controlling party is Tusk Investments LP Inc., a Guernsey registered limited liability partnership. The Company's immediate parent and controlling company is **telent** Limited, which is the only parent undertaking to consolidate the financial statements of the Company.

Copies of the financial statements of **telent** Limited are available from the Secretary at Point 3, Haywood Road, Warwick, CV34 5AH.