

**Belgacom International Carrier  
Services UK Limited**

Annual Report and

Financial statements

Year Ended

31 December 2020

Company Number 03610028



## **Belgacom International Carrier Services UK Limited**

### **Company Information**

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|                            |  |
|----------------------------|--|
| <b>Directors</b>           | J A M M J Wouters<br>M Gatta (appointed 1 February 2021)<br>C F E Grandjean<br>D P Kurgan (resigned 26 January 2021) |
| <b>Registered number</b>   | 03610028   |
| <b>Registered office</b>   | Eversheds LLP<br>70 Great Bridgewater Street<br>Manchester<br>M1 5ES   |
| <b>Independent Auditor</b> | Deloitte LLP<br>Statutory Auditor<br>Abbots House<br>Abbey Street<br>Reading<br>RG1 3BD<br>United Kingdom            |
| <b>Bankers</b>             | ING Bank N.V.<br>60 London Wall<br>London<br>EC2M 5TQ  |
| <b>Solicitors</b>          | Law Debenture Corporate Services Limited<br>8th Floor<br>100 Bishopsgate<br>London<br>EC2N 4AG                       |

## **Belgacom International Carrier Services UK Limited**

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## **Belgacom International Carrier Services UK Limited**

### **Directors' Report For the Year Ended 31 December 2020**

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The directors present their report and the audited financial statements for the year ended 31 December 2020.

#### **Principal activity**

Belgacom International Carrier Services UK Limited ("The Company") principal activity continued to be the provision of the network services for international wholesale voice and data communication companies. Such activities are solely provided intra-group to the company's parent, Belgacom International Carrier Services S.A. (BICS SA).

#### **Going concern**

The parent company, Belgacom International Carrier Services SA, has agreed to provide adequate funds to enable the company to meet in full its financial obligations as they fall due for the foreseeable future, as evidenced by the letter of support received for at least 12 months following the date of signing the financial statements.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in business and it expects to realise its assets at the recorded amounts and extinguish its liabilities in the normal course of business.

Following the COVID-19 pandemic affecting the global economy and sector around the world in which the company operates, the directors are of the opinion that the Company will not be materially impacted and will be able to meet its obligations as they fall due over the next twelve months. Accordingly, the financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

#### **Financial Review**

The Statement of Comprehensive Income is set out on page 7 and shows the profit for the year.

The company achieved turnover of £3,193,067 (2019 - £3,380,064) and profit for the year, after taxation, amounted to £21,041 (2019 - £12,222 loss). The company had net assets of £542,809 (2019 - £521,768).

#### **Directors**

The directors, who served throughout the year except as noted, were as follows:

D P Kurgan (resigned 26 January 2021)  
J A M M J Wouters  
C F E Grandjean

#### **Director's Indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Principal risks and uncertainties**

Since the company is fully supported by its parent company, BICS S.A., all risks and uncertainties that would otherwise be borne by the company are borne by the parent company.

## Belgacom International Carrier Services UK Limited

### Directors' Report (continued) For the Year Ended 31 December 2020

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#### Future developments

There are no specific investments foreseen. In general, BICS SA, the parent company of Belgacom International Carrier Services UK Limited, will continue to invest in the development of its Pan European Network as well as in the expansion of its network outside Europe. The use of new generation, more performance equipment, will enable the company to connect more customers at less cost thus increasing the direct margin per customer and at the same time decrease the overall network cost.

#### Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

#### Small Companies Note

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

This report was approved by the board on

and signed on its behalf.

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Director

22nd December 2021

## **Belgacom International Carrier Services UK Limited**

### **Directors' Responsibilities Statement For the Year Ended 31 December 2020**

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The directors are responsible for preparing the annual 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 Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) 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; 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, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Belgacom International Carrier Services UK Limited**

### **Independent Auditor's report to Belgacom International Carrier Services UK Limited**

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#### **Opinion**

In our opinion the financial statements of Belgacom International Carrier Services UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Belgacom International Carrier Services UK Limited**

### **Independent Auditor's report to Belgacom International Carrier Services UK Limited (continued)**

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#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, Corporate Tax Act 2010 and Value Added Tax Act 1994; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Bribery Act 2010.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are described below:

- There is a risk that revenue is not calculated accurately and is incomplete: We have reviewed the Service Agreement between the company and its parent. We have tested the accuracy and completeness of expenses used in the calculation. We have assessed the reasonableness of the arm's length compensation agreement that determines the transaction price of the infrastructure services provided to the parent. We have recalculated revenue based on the verified inputs.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.



# Belgacom International Carrier Services UK Limited

## Independent Auditor's report to Belgacom International Carrier Services UK Limited (continued)

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In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



**Suzanne Gallagher FCA** (Senior Statutory Auditor)

For and on behalf of Deloitte LLP,

Statutory Auditor

Reading

United Kingdom

23 December 2021

## Belgacom International Carrier Services UK Limited

### Statement of Comprehensive Income For the Year Ended 31 December 2020

|   | Note | 2020<br>£      | 2019<br>£       |
|---|------|----------------|-----------------|
| Turnover                                    | 4    | 3,193,067      | 3,380,064       |
| Cost of sales                               |      | (2,894,560)    | (3,119,579)     |
| <b>GROSS PROFIT</b>                         |      | <b>298,507</b> | <b>260,485</b>  |
| Administrative expenses                     |      | (208,361)      | (185,915)       |
| <b>OPERATING PROFIT</b>                     | 5    | <b>90,146</b>  | <b>74,570</b>   |
| Interest payable and similar expenses       | 8    | (76,675)       | (82,311)        |
| <b>PROFIT/(LOSS) BEFORE TAX</b>             |      | <b>13,471</b>  | <b>(7,741)</b>  |
| Tax on profit/(loss)                        | 9    | 7,570          | (4,481)         |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b> |      | <b>21,041</b>  | <b>(12,222)</b> |

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 10 to 23 form part of these financial statements.

# Belgacom International Carrier Services UK Limited

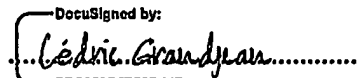
Registered number: 03610028

## Balance Sheet As at 31 December 2020

|   | Note  | 2020<br>£             | 2019<br>£             |
|---|-------|-----------------------|-----------------------|
| <b>FIXED ASSETS</b>                                     |       |                       |                       |
| Intangible assets                                       | 10    | 131,550               | 145,368               |
| Tangible assets   | 11    | 2,290,275             | 2,631,399             |
|   |       | <u>2,421,825</u>      | <u>2,776,767</u>      |
| <b>CURRENT ASSETS</b>                                   |       |                       |                       |
| Debtors: amounts falling due within one year            | 12    | 1,646,125             | 1,198,390             |
| Cash at bank and in hand                                | 13    | 49,213                | 49,412                |
|   |       | <u>1,695,338</u>      | <u>1,247,802</u>      |
| Creditors: amounts falling due within one year          | 14    | (1,074,354)           | (1,002,801)           |
| <b>NET CURRENT ASSETS</b>                               |       | <u>620,984</u>        | <u>245,001</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |       | <u>3,042,809</u>      | <u>3,021,768</u>      |
| Creditors: amounts falling due after more than one year | 15    | (2,500,000)           | (2,500,000)           |
| <b>NET ASSETS</b>                                       |       | <u><u>542,809</u></u> | <u><u>521,768</u></u> |
| <b>CAPITAL AND RESERVES</b>                             |       |                       |                       |
| Called up share capital                                 | 17,18 | 51                    | 51                    |
| Profit and loss account                                 | 18    | 542,758               | 521,717               |
|   |       | <u><u>542,809</u></u> | <u><u>521,768</u></u> |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

DocuSigned by:  
  
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 Director  
 C F E Grandjean

22nd December 2021

The notes on pages 10 to 23 form part of these financial statements.

## Belgacom International Carrier Services UK Limited

### Statement of Changes in Equity For the Year Ended 31 December 2020

|  | Called up<br>share capital | Profit and<br>loss account | Total equity    |
|--|----------------------------|----------------------------|-----------------|
|  | £                          | £                          | £               |
| <b>At 1 January 2019</b>                       | <b>51</b>                  | <b>533,939</b>             | <b>533,990</b>  |
| <b>Comprehensive Income for the year</b>       |                            |                            |                 |
| Loss for the year                              | -                          | (12,222)                   | (12,222)        |
| <b>Total comprehensive income for the year</b> | <b>-</b>                   | <b>(12,222)</b>            | <b>(12,222)</b> |
| <b>At 1 January 2020</b>                       | <b>51</b>                  | <b>521,717</b>             | <b>521,768</b>  |
| <b>Comprehensive income for the year</b>       |                            |                            |                 |
| Profit for the year                            | -                          | 21,041                     | 21,041          |
| <b>Total comprehensive loss for the year</b>   | <b>-</b>                   | <b>21,041</b>              | <b>21,041</b>   |
| <b>At 31 December 2020</b>                     | <b>51</b>                  | <b>542,758</b>             | <b>542,809</b>  |

# **Belgacom International Carrier Services UK Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2020**

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### **1. General Information**

Belgacom International Carrier Services UK Limited ("The Company") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006 having company number 03610028. The address of the registered office is Eversheds LLP, 70 Great Bridgewater Street, Manchester, M1 5ES. The nature of the company's operations and its principal activities are outlined in the directors' report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

#### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A and 33.7.

This information is included in the consolidated financial statements of Belgacom International Carrier Services S.A. as at 31 December 2020 and these financial statements may be obtained from 27, Boulevard du Roi, Albert II, 1030 Brussels, Belgium.

#### **2.3 Going concern**

The parent company, Belgacom International Carrier Services SA, has agreed to provide adequate funds to enable the company to meet in full its financial obligations as they fall due for the foreseeable future, as evidenced by the letter of support received for at least 12 months following the date of signing the financial statements.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in business and it expects to realise its assets at the recorded amounts and extinguish its liabilities in the normal course of business.

Following the COVID-19 pandemic affecting the global economy and sector around the world in which the company operates, the directors are of the opinion that the Company will not be materially impacted and will be able to meet its obligations as they fall due over the next twelve months. Accordingly, the financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

## **Belgacom International Carrier Services UK Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

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#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

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

##### **Rendering of services**

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

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

##### **2.5 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### **2.7 Tangible fixed assets**

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

## **Belgacom International Carrier Services UK Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

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#### **2. Accounting policies (continued)**

##### **2.7 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

|                     |              |
|---------------------|--------------|
| Plant and machinery | - 4-10 years |
|---------------------|--------------|

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

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

## **Belgacom International Carrier Services UK Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

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#### **2. Accounting policies (continued)**

##### **2.8 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.



## **Belgacom International Carrier Services UK Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

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#### **2. Accounting policies (continued)**

##### **(ii) Investments**

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

##### **(iii) Equity Instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

##### **(iv) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### **2.9 Foreign currency translation**

##### **Functional and presentation currency**

The Company's functional and presentational currency is GBP, because that is the currency of the primary economic environment in which the entity operates.

##### **Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

## **Belgacom International Carrier Services UK Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

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#### **2. Accounting policies (continued)**

##### **2.10 Operating leases: Lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

##### **2.11 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

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

In preparing these financial statements and in the application of the Company's policies which are described above, the directors have had to make the following significant judgements:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 11)**  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### 4. Turnover

All turnover arose within the United Kingdom and is derived from the company's principal activities.

#### 5. Operating profit

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

|                                       | 2020<br>£        | 2019<br>£        |
|---------------------------------------|------------------|------------------|
| Depreciation of tangible fixed assets | 802,713          | 983,562          |
| Amortisation of intangible assets     | 43,885           | 47,520           |
| Exchange differences                  | 24,557           | (1,511)          |
| Operating lease rentals               | <u>1,608,234</u> | <u>1,888,509</u> |

#### 6. Auditor's remuneration

|   | 2020<br>£     | 2019<br>£    |
|---|---------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>11,556</u> | <u>8,149</u> |

No fees were payable to the Company's auditor in relation to non-audit services.

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 7. Employees

The company has no employees. The directors are employees of Belgacom Carrier Services S.A; and are remunerated by this company for their services to the group as a whole. Details of their remuneration can be found in the financial statements of this entity. It is not possible to disaggregate this amount in respect of services performed on behalf of Belgacom International Carrier Services UK Limited in either year.

#### 8. Interest payable and similar expenses

|                               | 2020<br>£     | 2019<br>£     |
|-------------------------------|---------------|---------------|
| Other loan interest payable   | -             | 200           |
| Loans from group undertakings | 76,675        | 82,111        |
|                               | <u>76,675</u> | <u>82,311</u> |

#### 9. Taxation

|  | 2020<br>£       | 2019<br>£       |
|--|-----------------|-----------------|
| <b>Corporation tax</b>                         |                 |                 |
| Current tax on profits/loss for the year       | (87,987)        | 54,599          |
| <b>Total current tax</b>                       | <u>(87,987)</u> | <u>54,599</u>   |
| <b>Deferred tax</b>                            |                 |                 |
| Origination and reversal of timing differences | 2,559           | (50,118)        |
| Adjustments in respect of prior periods        | 78,725          | -               |
| Effect of tax rate change on opening balance   | (867)           | -               |
| <b>Total deferred tax</b>                      | <u>80,417</u>   | <u>(50,118)</u> |
| <b>Taxation on profit/loss</b>                 | <u>(7,570)</u>  | <u>4,481</u>    |

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 9. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|  | 2020<br>£      | 2019<br>£      |
|--|----------------|----------------|
| Profit/(loss) before tax   | <u>13,471</u>  | <u>(7,741)</u> |
| Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | 2,559          | (1,471)        |
| Effects of:  |                |                |
| Deferred tax movement in year  | (10,129)       | 5,952          |
| Total tax charge/(credit) for the year   | <u>(7,570)</u> | <u>4,481</u>   |

##### Factors that may affect future tax charges

A deferred tax asset of £5,683 (2019 - £86,100 deferred tax asset) has been recognised in respect of accelerated capital allowances.

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years but at a slightly lower level than in the current year.

The company has now used all brought forward tax losses, which have significantly reduced tax payments in recent years.

Under legislation, enacted on 17 March 2020, the UK tax rate will remain at 19% from 1 April 2020 onwards. The budget resolution has announced a rise in corporation tax to 25% from 1 April 2023. This was not substantially enacted at the year end and as such has not impacted the tax calculation of deferred tax for 2020. The utilisation of the new corporation tax rate proposed in the recent budget will be considered in future periods.

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 10. Intangible assets

|                       | Patents<br>£          |
|-----------------------|-----------------------|
| <b>Cost</b>           |                       |
| At 1 January 2020     | 2,189,373             |
| Additions             | 30,067                |
| At 31 December 2020   | <u>2,219,440</u>      |
| <b>Amortisation</b>   |                       |
| At 1 January 2020     | 2,044,005             |
| Charge for the year   | 43,885                |
| At 31 December 2020   | <u>2,087,890</u>      |
| <b>Net book value</b> |                       |
| At 31 December 2020   | <u><u>131,550</u></u> |
| At 31 December 2019   | <u><u>145,368</u></u> |

Intangible fixed assets comprise the contractual rights to the use of optical fibre infrastructure under two agreements. Their useful life is not less than the contract terms and as such they are being amortised over the life of the contracts which are five years and 15 years with three and 11 years remaining respectively.

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 11. Tangible fixed assets

|                       | Plant and<br>Machinery<br>£ |
|-----------------------|-----------------------------|
| <b>Cost</b>           |                             |
| At 1 January 2020     | 11,695,531                  |
| Additions             | 470,814                     |
| Disposals             | (14,272)                    |
| At 31 December 2020   | <u>12,152,073</u>           |
| <b>Depreciation</b>   |                             |
| At 1 January 2020     | 9,064,132                   |
| Charge for the year   | 802,713                     |
| Disposals             | (5,047)                     |
| At 31 December 2020   | <u>9,861,798</u>            |
| <b>Net book value</b> |                             |
| At 31 December 2020   | <u><u>2,290,275</u></u>     |
| At 31 December 2019   | <u><u>2,631,399</u></u>     |

#### 12. Debtors

|                                    | 2020<br>£               | 2019<br>£               |
|------------------------------------|-------------------------|-------------------------|
| Trade debtors                      | 11,927                  | 162,314                 |
| Amounts owed by group undertakings | 196,760                 | 68,157                  |
| Other debtors                      | 121,910                 | 33,923                  |
| Prepayments and accrued income     | 384,430                 | 376,220                 |
| VAT receivable                     | 925,415                 | 471,676                 |
| Deferred taxation (note 16)        | 5,683                   | 86,100                  |
|                                    | <u><u>1,646,125</u></u> | <u><u>1,198,390</u></u> |

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 13. Cash and cash equivalents

|                          | 2020<br>£     | 2019<br>£     |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 49,213        | 49,412        |
|                          | <u>49,213</u> | <u>49,412</u> |

#### 14. Creditors: Amounts falling due within one year

|                                    | 2020<br>£        | 2019<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 136,240          | 238,391          |
| Amounts owed to group undertakings | 521,928          | 317,953          |
| Corporation tax                    | -                | 54,598           |
| Intercompany loan interest         | 74,625           | 74,625           |
| Accruals and deferred income       | 341,561          | 317,234          |
|                                    | <u>1,074,354</u> | <u>1,002,801</u> |

Amounts owed to group undertakings are unsecured, and aside from the cash pool account, are non-interest bearing.

Amounts owed to group undertakings include at 31 December 2020 a cash pool account of £490,717 (2019 - £317,953). Interest on the cash pool account is repayable at a rate between 1.11375% and 0.93188%.

#### 15. Creditors: Amounts falling due after more than one year

|                   | 2020<br>£        | 2019<br>£        |
|-------------------|------------------|------------------|
| Intercompany loan | 2,500,000        | 2,500,000        |
|                   | <u>2,500,000</u> | <u>2,500,000</u> |

The intercompany loan is repayable by one bullet repayment on the final maturity date of the 31 December 2027.

The outstanding amount of the loan produces interest at an all-in rate of 2.985% with interest being payable annually in arrears, in principle on each January 1st.

The company has an undrawn overdraft credit facility of 2,000,000 EUR granted by Belgacom International Carrier Services SA.



# Belgacom International Carrier Services UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 16. Deferred taxation

|                            | 2020<br>£    | 2019<br>£     |
|----------------------------|--------------|---------------|
| At beginning of year       | 86,100       | 35,982        |
| Credited to profit or loss | (80,417)     | 50,118        |
| At end of year             | <u>5,683</u> | <u>86,100</u> |

The deferred taxation asset/(liability) is made up as follows:

|                                | 2020<br>£    | 2019<br>£     |
|--------------------------------|--------------|---------------|
| Accelerated capital allowances | (20,797)     | 86,060        |
| Tax losses carried forward     | 26,480       | 40            |
|                                | <u>5,683</u> | <u>86,100</u> |

### 17. Share capital

|  | 2020<br>£ | 2019<br>£ |
|--|-----------|-----------|
| Allotted, called up and fully paid           |           |           |
| 51 (2019 - 51) Ordinary shares of £1.00 each | <u>51</u> | <u>51</u> |

### 18. Reserves

The Company's capital and reserves are as follows:

#### Share Capital

Called up share capital represents the nominal value of the shares issued

#### Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

## Belgacom International Carrier Services UK Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 19. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| Not later than 1 year                        | 614,585          | 365,468          |
| Later than 1 year and not later than 5 years | 1,314,576        | 1,255,863        |
| Later than 5 years                           | -                | 267,198          |
|  | <u>1,929,161</u> | <u>1,888,529</u> |

#### 20. Controlling party

The immediate parent undertaking of the company is Belgacom International Carrier Services S.A; and the ultimate parent undertaking and controlling party of the company is Proximus S.A; a company incorporated in Belgium. Copies of Proximus S.A's consolidated financial statements are publicly available from the registered office of the parent company : 27 Boulevard du Roi, Albert II, 1030 Brussels, Belgium. This also comprises the smallest and largest group of which the company is a member and group accounts are prepared.