

CWC Communications Limited

**Annual report and financial statements
For the year ended 31 March 2015**

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CWC Communications Limited
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For the year ended 31 March 2015

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Strategic report

The Directors present their strategic report and the audited financial statements for the year ended 31 March 2015.

Principal activities and business review

The Company's principal activity is to provide licences for the Cable & Wireless Communications Group ("the Group") brands, and to provide brand services to the Group.

The Company's profit for the year amounted to \$17,030,000 (2014: \$20,006,000).

Principal risks and uncertainties

As a member of a group of companies, the results of the Company are subject to a number of risks. The principal risks and uncertainties affecting the Company are as follows:

Foreign exchange

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

Pensions

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

Interest costs

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

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Key performance indicators

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

	2014/15 \$'000	2013/14 \$'000
Operating profit	18,179	21,392

Operating profit consists of income from branding fees, offset by operating costs.

By order of the Board



E MARTIN
Company Secretary

26 November 2015

Directors' report

The Directors present their Directors' report for the year ended 31 March 2015.

Dividends

The Directors do not recommend the payment of a dividend (2014: \$54,396,000).

Directors

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

B Bradberry
C P Underwood
I J Lawson (resigned 1 June 2015)
C Patel (resigned 27 February 2015)
E Martin (appointed 22 July 2014)

At the time this report is approved the Directors benefit from qualifying third party indemnity provisions.

Disclosure of information to auditor

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

Independent auditor

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

By order of the Board



E MARTIN
Company Secretary

26 November 2015

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

The Directors are responsible for preparing the strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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 CWC Communications Limited

We have audited the financial statements of CWC Communications Limited for the year ended 31 March 2015 set out on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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
- we have not received all the information and explanations we require for our audit.



John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 November 2015

Profit and loss account

For the year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Revenue		21,396	21,424
Operating costs	3	<u>(3,217)</u>	<u>(32)</u>
Operating profit		<u>18,179</u>	<u>21,392</u>
Profit on ordinary activities before tax		18,179	21,392
Tax expense on profit on ordinary activities	4	<u>(1,149)</u>	<u>(1,386)</u>
Profit for the financial year		<u><u>17,030</u></u>	<u><u>20,006</u></u>

The results for the year are derived entirely from continuing operations.

The notes on pages 9 to 12 form an integral part of these financial statements.

All recognised gains and losses in the financial year have been included in the profit and loss account.

Statement of total recognised gains and losses

For the year ended 31 March 2015

	2015 \$'000	2014 \$'000
Profit for the financial year	<u>17,030</u>	<u>20,006</u>
Total recognised gains for the financial year	<u><u>17,030</u></u>	<u><u>20,006</u></u>

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Balance sheet
As at 31 March 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Debtors – amounts falling due within one year	5	37,038	20,076
		<u>37,038</u>	<u>20,076</u>
Current liabilities			
Creditors – amounts falling due within one year	6	-	(68)
		<u>-</u>	<u>(68)</u>
Net current assets		<u>37,038</u>	<u>20,008</u>
Net assets		<u>37,038</u>	<u>20,008</u>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	37,037	20,007
		<u>37,037</u>	<u>20,007</u>
Total shareholders' funds	9	<u>37,038</u>	<u>20,008</u>

The accompanying notes on pages 9 to 12 are an integral part of the financial statements of the Company. The financial statements of the Company were approved by the Board of Directors on 26 November 2015 and signed on its behalf by:



C UNDERWOOD

Director

Notes to the financial statements (continued)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards under generally accepted accounting principles in the United Kingdom and the provisions of the Companies Act 2006.

The Directors have reviewed the financial position of the Company, including the arrangements with Group undertakings, and are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the financial statements of Cable & Wireless Communications Plc in which the Company is consolidated and which are publicly available from the address in note 11.

Foreign currencies

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.

Tax

The charge for tax is based on the result for the year and takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Revenue recognition

Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of services.

Debtors

Debtors are recognised initially at fair value and subsequently measured at the amounts considered receivable.

2. Information regarding auditor, Directors and employees

Directors' emoluments are borne by other Group companies in the current and prior year.

The Company had no employees during the year (2014: nil).

In the current year the auditor remuneration of \$3,000 (2014: \$3,000) for the audit of these financial statements has been borne by another Group company.

Notes to the financial statements (continued)

3. Operating costs

	2015 \$'000	2014 \$'000
Legal fees	-	(466)
Management fees	3,217	532
Other costs	-	(34)
	<hr/>	<hr/>
Operating costs	3,217	32
	<hr/>	<hr/>

4. Tax on profit on ordinary activities

Analysis of charge in the period

	2015 \$'000	2014 \$'000
UK corporation tax at 21% (2014: 23%)	1,149	1,386
Double taxation relief	(1,149)	(1,386)
	<hr/>	<hr/>
	-	-
Overseas taxation	1,149	1,386
	<hr/>	<hr/>
Tax expense on profits on ordinary activities	1,149	1,386
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

Tax assessed for the year is lower (2014: lower) than the standard effective rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

Current Tax reconciliation

	2015 \$'000	2014 \$'000
Profit on ordinary activities before tax	18,179	21,392
	<hr/>	<hr/>
Current tax on profits for the year at 21% (2014: 23%)	3,818	4,920
Effects of:		
Group relief claimed without payment	(2,669)	(3,534)
	<hr/>	<hr/>
Total current tax charge	1,149	1,386
	<hr/>	<hr/>

A deferred tax asset of \$21,336,000 (2014: \$24,790,000) has not been recognised on timing differences resulting from capital losses carried forward, as these are not considered recoverable in the foreseeable future.

Reductions in the UK corporation tax rate from 23% to 21% from 1 April 2014 and to 20% in April 2015 were substantively enacted on 2 July 2013.

Notes to the financial statements (continued)

5. Debtors - amounts falling due within one year

	2015 \$'000	2014 \$'000
Amounts owed by group undertakings	37,038	19,735
Other debtors	-	341
	<u>37,038</u>	<u>20,076</u>
Debtors - amounts falling due within one year	<u>37,038</u>	<u>20,076</u>

The loan to group undertakings is unsecured and repayable upon demand.

6. Creditors – amounts falling due within one year

	2015 \$'000	2014 \$'000
Other creditors	-	(68)
	<u>-</u>	<u>(68)</u>

7. Called-up share capital

	2015 \$'000	2014 \$'000
Allotted, and fully paid 1,001 ordinary shares of £1	1	1
	<u>1</u>	<u>1</u>

8. Capital and reserves

	Share capital \$'000	Profit and loss account \$'000	Total \$'000
At 31 March 2014	1	20,007	20,008
Profit for the financial year	-	17,030	17,030
Dividend paid	-	-	-
	<u>1</u>	<u>37,037</u>	<u>37,038</u>
At 31 March 2015	<u>1</u>	<u>37,037</u>	<u>37,038</u>

Notes to the financial statements (continued)

9. Reconciliation of movements in shareholders' funds

	2015	2014
	\$'000	\$'000
Opening shareholders' funds	20,008	54,398
Profit for the financial year	17,030	20,006
Dividend paid	-	(54,396)
Closing shareholders' funds	37,038	20,008

10. Related party transactions

Under FRS8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Cable & Wireless Communications Group, or investors in the Group qualifying as related parties, as all of the Company's voting rights are controlled within that group. There are no material transactions with any other related parties.

11. Ultimate parent undertaking

The Company's immediate parent undertaking is Sable Holding Limited, a company registered in England and Wales.

The Directors regard Cable & Wireless Communications Plc, a company registered in England and Wales, as the ultimate parent company and controlling party.

The smallest and largest group in which the results of the Company are consolidated is that of Cable & Wireless Communications Plc, the ultimate parent company. The consolidated financial statements of Cable & Wireless Communications Plc may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 2nd Floor, 62 – 65 Chandos Place, London, WC2N 4HG. No other group accounts include the results of the Company.

12. Post balance sheet events

On 16 November 2015 a joint announcement made by Cable & Wireless Communications Plc and Liberty Global plc was released in relation to a recommended offer made by Liberty Global plc for the entire issued and to be issued share capital of Cable & Wireless Communications Plc.