

**LIQUID TELECOMMUNICATIONS
LIMITED**

Report and Financial Statements

28 February 2015

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LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N T Rudnick
S Masiyiwa
C Fitzgerald
K E M Hennessy
B M Roberts

SECRETARY

St James's Square Secretaries Limited

REGISTERED OFFICE

c/o Kerman & Company
200 Strand
London
WC2R 1DJ

BANKERS

The Royal Bank of Scotland
8th Floor
280 Bishopsgate
London
EC2M 4RB

Standard Chartered Bank
1 Basinghall Avenue
London
EC2V 5DD

SOLICITORS

Kerman & Company
200 Strand
London
WC2R 1DJ

Bird & Bird
15 Fetter Lane
London
EC4A 1JP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

STRATEGIC REPORT

The purpose of the Strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote success of the company).

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The company's principal activity is to conduct the business of a wholesale telecommunications service and technology provider. These services are provided in the United Kingdom and to other companies in other countries worldwide. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

As shown in the company's profit and loss account on page 7, the company's sales increased by 46%, driven by increase in wholesale traffic volumes sent by carriers.

The company's key measurement of effectiveness of its operations is its gross margin. The company achieved a gross margin of 18% (2014 - 14%).

The balance sheet on page 8 shows that the company's financial position at the year-end has improved, in net assets terms. This is due to the ongoing profitability of the company. The average headcount of the company has increased from 60 to 77, resulting from the need to diversify the business into other areas.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company and could result in losing sales to its key competitors. The company manages this risk by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers.

The company's sales to its customers are mainly in US Dollars and therefore the company is exposed to movement in the US Dollar to British Pound exchange rate. The company also settles a proportion of its trade creditors in US Dollars and therefore minimises the risk of exchange rate fluctuations by operating a US Dollar bank account.

The company is financed by its internal cash reserves and therefore has limited exposure to adverse movements in interest rates.

The company's principal financial assets are bank balances, cash and trade and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. A provision is made where there is an identified loss which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

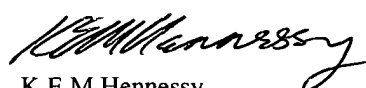
The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

FUTURE PROSPECTS

The directors' long-term strategy is to continue to increase the company's service and technology product lines to diversify the business.

The directors anticipate that it is likely that some years in the future the majority of the company's revenue will be obtained from the provision of services, technology and IP provisioning, as opposed to the current revenue generator composed significantly of traditional voice traffic and circuit provision. The company will continue to restructure itself accordingly over the next financial year in order to meet these challenges.

Approved by the Board of Directors
and signed on behalf of the Board



K E M Hennessy
Director

22 May 2015

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2015.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £218,022 (2014 - £243,559).

The directors do not recommend payment of a dividend for the year ended 28 February 2015 (2014 - £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the principal risks and uncertainties are included in the Strategic Report.

DIRECTORS

The directors who served throughout the year and to the date of this report were as follows:

N T Rudnick
S Masiyiwa
C Fitzgerald
K E M Hennessy
B M Roberts

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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.

GOING CONCERN

The directors' assessment of going concern of the company is disclosed in Note 1 to the financial statements.

BUSINESS REVIEW

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the year, of its position at the end of the year and of the likely future developments in its business.

AUDITOR

Deloitte LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

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

Approved by the Board of Directors
and signed on behalf of the Board



K E M Hennessy

Director

22 May 2015

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIQUID TELECOMMUNICATIONS LIMITED

We have audited the financial statements of Liquid Telecommunications Limited for the year ended 28 February 2015 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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).

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 February 2015 and of its profit 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIQUID
TELECOMMUNICATIONS LIMITED**
(continued)

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.



David Griffin, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

22 May 2015

LIQUID TELECOMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT Year Ended 28 February 2015

	Notes	2015 £	2014 £
Turnover	2	32,148,155	22,057,035
Cost of sales		(26,481,206)	(18,898,057)
Gross profit		<u>5,666,949</u>	<u>3,158,978</u>
Administrative expenses		(11,390,305)	(8,947,789)
Other operating income	4	<u>5,915,126</u>	<u>6,104,991</u>
OPERATING PROFIT		<u>191,770</u>	<u>316,180</u>
Finance income	5	211,063	57,165
Finance cost	5	<u>(74,762)</u>	<u>(13,528)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	328,071	359,817
Tax on profit on ordinary activities	7	<u>(110,049)</u>	<u>(116,258)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u><u>218,022</u></u>	<u><u>243,559</u></u>

All activities are derived from continuing operations.

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses in the current financial year or preceding financial year other than the results reported above.

LIQUID TELECOMMUNICATIONS LIMITED

BALANCE SHEET

Year ended 28 February 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	8	2,167,479	1,572,249
CURRENT ASSETS			
Stocks		-	75,370
Debtors			
- due within one year	9	15,246,159	12,530,402
- due after one year	10	6,084,115	-
Cash at bank and in hand		3,175,772	1,080,794
		<u>24,506,046</u>	<u>13,686,566</u>
CREDITORS: amounts falling due within one year	11	<u>(15,462,728)</u>	<u>(8,210,128)</u>
NET CURRENT ASSETS		<u>9,043,318</u>	<u>5,476,438</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,210,797</u>	<u>7,048,687</u>
CREDITORS: amounts falling due after more than one year	12	<u>(4,547,221)</u>	<u>(603,133)</u>
NET ASSETS		<u><u>6,663,576</u></u>	<u><u>6,445,554</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	23,501	23,501
Profit and loss account	14	6,640,075	6,422,053
SHAREHOLDERS' FUNDS	14	<u><u>6,663,576</u></u>	<u><u>6,445,554</u></u>

The financial statements of Liquid Telecommunications Limited, registered number 4946019, were approved by the Board of Directors and authorised for issue on 22 May 2015

Signed on behalf of the Board of Directors



K E M Hennessy
Director

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company's business activities, together with factors likely to affect future development, performance and position are set out in the Strategic Report on page 2, including exposure to credit risk, cash flow risk and liquidity risk. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to continue to operate for the foreseeable future and manage its business risks.

Based on this and the available liquidity position of the company, the directors believe the company can continue to trade and meet its liabilities as they fall due for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Cash flow statement

The company is a wholly-owned subsidiary of Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius. The ultimate parent is Econet Wireless Global Limited, a company incorporated in Mauritius, which heads the largest group into which the results are consolidated. Consequently, the company has taken advantage of the exemption of preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Turnover from the rental of bandwidth is recognised evenly over the period to which the charge relates. Turnover arising from the interconnection of voice traffic between other telecommunication operators is recognised at the time of transit across the company's network.

Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date.

Exchange rate differences arising from the translation of foreign currency denominated monetary assets or liabilities are recognised in the profit and loss account in the period in which they occur.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is charged on tangible fixed assets at the following rates per annum which are designed to write off their costs over their estimated useful lives.

Computer equipment	-	33% - 50%
Furniture and fittings	-	17%
Short term leasehold improvements	-	20%
Satellite equipment	-	20%
Switching equipment	-	20%

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 and 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.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

2. TURNOVER AND SEGMENTAL REPORTING

Turnover represents the value of goods sold net of VAT from the company's principal activities of international traffic routing.

The directors consider segmental reporting disclosure to be seriously prejudicial to the interests of the entity on the grounds that this will give competitors vital information on margins and pricing. The directors consider the company to operate one class of business, being the supply of telecommunications and related services.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2015 £	2014 £
Directors' emoluments:		
Emoluments	1,994,999	1,773,852
Company contributions to a money purchase pension scheme	37,604	36,034
	<u>2,032,603</u>	<u>1,809,886</u>

Three (2014 - two) directors are members of a defined contribution pension scheme.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2015 £	2014 £
Highest paid director		
Emoluments	1,016,605	987,767
Company contributions to a money purchase pension scheme	30,000	30,000
	<u>1,046,605</u>	<u>1,017,767</u>
Average monthly number of persons employed including directors:	No	No
Technical	59	45
Administration	18	15
	<u>77</u>	<u>60</u>
	£	£
Staff costs, including directors, comprised:		
Wages and salaries	7,291,839	5,352,112
Social security costs	1,067,632	692,447
Pension costs	114,061	100,050
	<u>8,473,532</u>	<u>6,144,609</u>

4. OTHER OPERATING INCOME

	2015 £	2014 £
Management fees received from group undertakings	5,811,452	6,104,237
Profit on sale of fixed asset	-	754
Sundry income	103,674	-
	<u>5,915,126</u>	<u>6,104,991</u>
Other operating income		

5. NET FINANCE INCOME

	2015 £	2014 £
Interest receivable and similar income comprises:		
Bank and external interest receivable	4,687	12,997
Interest receivable from group companies	206,376	44,168
	<u>211,063</u>	<u>57,165</u>
Interest payable and similar charges comprises:		
External interest payable	<u>(74,762)</u>	<u>(13,528)</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £	2014 £
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation on tangible fixed assets	526,339	542,208
Foreign exchange loss/ (gain)	16,582	(28,255)
Operating lease rentals – Land and Buildings	473,882	435,115
Operating lease rentals – Other	286,303	294,982
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	58,000	58,241
Non audit fees:		
Compliance tax services	25,461	32,095
Advisory tax services	-	47,900
	<u> </u>	<u> </u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £	2014 £
Current tax		
UK corporation tax - current year	-	62,084
Adjustment in respect of prior periods	(27,990)	2,775
Foreign tax suffered	53,406	-
	<u> </u>	<u> </u>
	25,416	64,859
Deferred tax		
Origination and reversal of timing differences	89,814	36,244
Effect of rate change	(218)	19,847
Adjustment in respect of prior periods	(4,963)	(4,692)
	<u> </u>	<u> </u>
Total deferred tax	84,633	51,399
	<u> </u>	<u> </u>
Total tax on profit on ordinary activities	<u>110,049</u>	<u>116,258</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the financial year, based on a weighted average of the UK standard rate of corporation tax is 21.17% (2014 – 23.1%). The actual tax charge for the current and preceding year differs from the standard rate for the reasons explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	328,071	359,817
Tax at 21.17% (2014 – 23.1%) thereon	69,452	83,118
Effects of:		
Expenses not deductible for tax purposes	10,711	8,695
Capital allowances in (excess) of depreciation	(89,815)	(29,729)
Utilisation of tax losses	20,958	-
Higher tax rates on overseas earnings	42,100	-
Adjustment in respect of prior periods	(27,990)	2,775
Current tax charge	25,416	64,859

The amount of deferred taxation asset provided in the accounts is as follows:

	2015 £	2014 £
Recognised deferred tax asset:		
Capital allowances in excess of depreciation	11,439	96,072
The movement on deferred tax is as follows:		
Provision at start of year	96,072	147,470
Origination and reversal of timing differences	(84,851)	(36,243)
Effect of rate change	-	(19,847)
Adjustment in respect of prior periods	218	4,692
Provision at end of year	11,439	96,072

Deferred tax has been recognised on the grounds that it is deemed more likely than not that the company will make taxable profits in the future against which these brought forward losses and timing differences will be reversed.

It was announced in the Chancellor's statement that the main rate of UK corporation tax would reduce to 21% with effect from 1 April 2014 with a further 1% reduction from 1 April 2015 whereby the tax rate will reduce to 20%. These rates were substantively enacted on the balance sheet date therefore the deferred tax has been recognised at 20%, being the rate that the balances are expected to reverse at in future periods.

A deferred tax asset has not been recognised in respect of losses transferred into the company from fellow group company Econet Satellite Services Limited and subsequently carried forward as there is not sufficient evidence that the asset will be recovered. The asset at 28 February 2015 is £7,933 (2014: £7,933).

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

8. TANGIBLE FIXED ASSETS

	Switching equipment £	Satellite equipment £	Computer equipment £	Furniture and fittings £	Short term leasehold improvements £	Total £
Cost						
At 1 March 2014	1,934,460	1,964,572	1,450,172	276,771	527,714	6,153,689
Additions	855,539	-	123,587	34,996	107,447	1,121,569
Disposals	-	(342,605)	(44,698)	-	-	(387,303)
At 28 February 2015	2,789,999	1,621,967	1,529,061	311,767	635,161	6,887,955
Accumulated Depreciation						
At 1 March 2014	1,193,179	1,963,533	1,237,293	104,344	83,091	4,581,440
Charge for the year	230,234	1,039	143,924	41,325	109,817	526,339
Disposals	-	(342,605)	(44,698)	-	-	(387,303)
At 28 February 2015	1,423,413	1,621,967	1,336,519	145,669	192,908	4,720,476
Net book value						
At 28 February 2015	1,366,586	-	192,542	166,098	442,253	2,167,479
At 28 February 2014	741,281	1,039	212,879	172,427	444,623	1,572,249

9. DEBTORS: DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	3,828,921	2,686,645
Amounts owed by group undertakings	10,268,962	9,000,963
Prepayments and accrued income	627,207	341,012
Corporate tax receivable	93,264	-
Deferred tax (Note 7)	11,439	96,072
Other debtors	416,366	405,710
	<u>15,246,159</u>	<u>12,530,402</u>

10. DEBTORS: DUE AFTER ONE YEAR

	2015 £	2014 £
Amounts owed by group undertakings	6,084,115	-
	<u>6,084,115</u>	<u>-</u>

The original loan amount is \$9,215,997 and is denominated in US\$. Its subject to interest rate at 5.5% above USD 3 month LIBOR, is unsecured and to be repaid in full by 28 February 2020. The purpose of the loan is for operating and capital expansion.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	1,926,450	826,164
Amounts owed to group undertakings	9,592,680	5,760,756
Corporation tax payable	-	49,270
Accruals and deferred income	2,765,768	1,573,938
Short-term portion of long-term liability (Note 12)	1,177,830	-
	<u>15,462,728</u>	<u>8,210,128</u>

12. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2015 £	2014 £
Trade creditors	129,777	603,133
Long-term liability (*)	4,417,444	-
	<u>4,547,221</u>	<u>603,133</u>

(*) The liability is for a loan facility from an external equipment supplier of \$10,000,000 and is denominated in US\$. It's secured through a guarantee from Liquid Telecommunications Holdings Limited, subject to interest of 3.067% per year and repayable in fixed monthly instalments from October 2014.

The long-term liability is repayable as follows:

Within one year	1,177,830
Between one and two years	1,126,369
Between two and five years	3,291,075
	<u>5,595,274</u>

13. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Called up, allotted and fully paid		
47,002 ordinary shares of 50p each	<u>23,501</u>	<u>23,501</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

14. RECONCILIATION OF MOVEMENTS IN RESERVES IN SHAREHOLDERS' FUNDS AND RESERVES

	Called up share capital £	Profit and loss account £	Total 2015 £	Total 2014 £
Balance at 1 March 2014	23,501	6,422,053	6,445,554	6,201,995
Profit for the financial year	-	218,022	218,022	243,559
Balance at 28 February 2015	<u>23,501</u>	<u>6,640,075</u>	<u>6,663,576</u>	<u>6,445,554</u>

15. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Less than one year	34,368	576,255	-	472,836
Between one and five years	3,415,901		522,675	-
After five years	958,849	-	-	-
	<u>4,409,118</u>	<u>576,225</u>	<u>522,675</u>	<u>472,836</u>

16. RELATED PARTY BALANCES

The company has taken advantage of the exemption included in Financial Reporting Standard 8 "Related Party Disclosures" for wholly-owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties.

17. CONTINGENT LIABILITIES

The company is one of the guarantors on the Liquid Telecommunications Holdings Limited \$150,000,000 loan facility that has been borrowed at October 2014 and is expected to be paid at May 2019.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2015

18. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius, which also heads the smallest group into which the results of the company are consolidated. Econet Wireless Group Limited, a Mauritius registered corporation, is the ultimate parent company and heads the largest group into which the results of the company are consolidated.

Copies of the group financial statements of Liquid Telecommunications Holdings Limited (incorporated in Mauritius) can be obtained from:

Liquid Telecommunications Holdings Limited
10th Floor, Raffles Tower 19 Cyberville Ebene
Mauritius

Mr S Masiyiwa, a director of the company, is also the ultimate controlling party.