Company Registration No. 07130199

Cable & Wireless Communications Limited

(formerly Cable & Wireless Communications Plc)

Annual report and financial statements for the year ended 31 March 2016

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Contents

1. The business review, Group performance, strategic review and principal risks and uncertainties sections constitute our Strategic report for the year ended 31 March 2016.

Business review

Highlights[1]

- Group revenue of US$2.4 billion up 2% against pro forma prior year, up 2% on a pro forma basis
- Strong performance in the Caribbean driven by 8% mobile revenue growth and lower costs; solid performance in The Bahamas ahead of mobile competition; cost restructuring launched in Panama
- Strong progress with integration plans
  - US$47 million total net cost savings achieved; exit run-rate of US$87 million
  - Unified Flow brand successfully launched across the Caribbean with new store format in five of 15 markets
- Second year of Project Marlin; US$528 million capital investments focused on fixed network integration, fibre rollout and mobile network, improvements representing an 18% decrease on a pro forma basis compared to the prior year
- 5% mobile customer growth to 4.0 million with mobile data subscribers up 23% to 2.1 million representing 51% data penetration across the Group; broadband subscribers up 6% to 696,000

In the year ended 31 March 2016, CWC delivered revenue growth whilst also realising more of the upwardly revised US$125 million of merger synergies from the acquisition of Columbus International Inc. ('Columbus'). The integration of the two businesses has progressed well and we have launched our new mission: 'Connecting communities, transforming lives'.

In our consumer division, we have successfully combined our retail operations, launching a revitalised Flow brand across our markets. We have taken this opportunity to refresh our stores, enabling our customers to experience the high-speed data connectivity services we now offer. We have also invested in leading video content, acquiring regional Premier League broadcast rights and we are excited to be the official Olympics Broadcaster in the Caribbean later this year. Our new Flow Sports channel, launched earlier this year from our new HD broadcast facility in Trinidad, will form the platform for the region's leading sports network.

C&W Business continues to perform well. The investment in our sales and operational teams is driving growth and we have continued to invest in our capabilities, for example recently opening a new Tier 4 datacentre in Colombia.

In C&W Networks, we have increased network capacity across our footprint, expanding our coverage and increasing our resiliency with the completion of the PCCS network, a 6,000 kilometre submarine cable connecting Ecuador, Panama, Colombia, Aruba, Curacao, Tortola (in the British Virgin Islands), and Puerto Rico then terminating in Florida, USA. This capacity not only allows us to serve our customers' current and future needs, but also means we are the go-to player in the region for multinationals that are looking to build their global reach.

The Group continues to target both revenue and profitability growth as new services are deployed across our footprint and the integration of Columbus continues. As outlined in the Strategic review, we continue to make good progress against the Group's strategic objectives.

1 Comparative figures for the year ended 31 March 2015 are unaudited and pro forma to include Columbus operations, excluding US carve-out entities. US carve-out entities are also excluded from audited figures for the year ended 31 March 2016. The pro forma figures and growth rates have not been adjusted for certain less significant acquisitions or to remove the impact of changes in foreign currency exchange rates as the effect of these did not have a material impact.

Business review

Group performance[1]

US$m	Full year ended 31 March 2016	Full year ended 31 March 2015	% Change	Unaudited pro forma Full year ended 31 March 2015[1]	% Change
Revenue	**2,379**	**1,753**	**36%**	**2,331**	**2%**[2]
Capital expenditure	(528)	(456)	(16)%	(647)	18%
Customer numbers (000s)					
Mobile	4,015			3,820	5%
Fixed	1,137			1,131	1%
Broadband	696			658	6%
Video	474			460	3%
Total customers	**6,322**			**6,069**	**4%**
ARPU (US$)					
Mobile	19.2			20.1	(4)%
Fixed	27.2			28.0	(3)%
Broadband	33.7			35.0	(4)%
Video	35.6			35.2	1%
Headcount	**7,162**			**7,297**	**(2)%**

1 Unaudited pro forma figures for the year ended 31 March 2015 include Columbus operations, excluding US carve-out entities. US carve-out entities are also excluded from audited figures for the year ended 31 March 2016.

2 The pro forma revenue growth rate remains at 2% when computed on a like-for-like basis (excluding the impact of Sonitel and currency movements).

Full year revenue was US$2,379 million, representing year-over-year growth of 2% on a pro forma basis.

Mobile revenue of US$936 million was US$7 million (1%) ahead of last year on a pro forma basis, driven by strong performance in the Caribbean where revenue grew 8%, driven by subscriber growth of 16% in Jamaica where there was even greater growth in mobile data plans of 64%. Data penetration across the Group continued to grow and was up 7ppts to 51% with data ARPU also increasing by 26%. These improvements in data usage were partly offset by continued weaknesses in mobile voice due to increasing OTT pressures and ongoing competition, which particularly affected The Bahamas and Panama. Fixed Voice revenue of US$337 million was down US$22 million (6%) on the prior year on a pro forma basis, continuing the trend of substitution to both mobile and other data products. The fall in revenue against the prior period was caused by a reduction in usage, with customer numbers broadly flat on the prior year.

Broadband revenue of US$306 million was up US$16 million (5%) against the prior year on a pro forma basis, as our programme of investment in high-speed data products and relaunch of the Flow brand resulted in an increase in subscribers of 6%. ARPU declined against the prior year due to increased promotional offers aimed at driving subscriber growth.

Video revenue of US$199 million was up US$8 million (4%) against the prior year on a pro forma basis, due to a 3% increase in customers and 1% higher ARPU across the Group. During the year, we invested in additional leading content, and we anticipate that this will continue to drive Video uptake in the markets where we provide the service.

1 Comparative figures for the year ended 31 March 2015 are unaudited and pro forma to include Columbus operations, excluding US carve-out entities. US carve-out entities are also excluded from audited figures for the year ended 31 March 2016. The pro forma figures and growth rates have not been adjusted for certain less significant acquisitions or to remove the impact of changes in foreign currency exchange rates as the effect of these did not have a material impact.

Business review

Managed Services revenue of US$400 million was up US$42 million (12%) against the prior year on a pro forma basis, largely due to the acquisition of Sonitel in September 2014. Excluding Sonitel, revenue would have increased by 9%. This improvement is due to growth in Latin America and the Caribbean, and stabilisation of growth in Panama, partly offset by lower revenue in The Bahamas as we implement our strategy to emphasise services and products that generate recurring revenue streams over one-time sales.

Wholesale revenue of US$201 million was US$3 million (2%) lower than the prior year on a pro forma basis, as increased traffic was offset by pricing pressure across our network.

Operating costs before depreciation, amortisation and impairment of US$1,447 million were US$54 million (4%) lower than the prior year of US$1,501 million, on a pro forma basis, following realisation of synergies from the Columbus acquisition and further cost discipline across the remainder of our markets. We generated in-year cost savings of US$47 million, and run-rate savings of US$87 million as at 31 March 2016.

Capital expenditure of US$528 million was US$119 million (18%) lower than the prior period on a pro forma basis, as we completed the second year of our accelerated capital expenditure programme, Project Marlin. As a percentage of revenue this represented a pro forma reduction of over 500 basis points to 22%. Investment during the year focused on fixed network integration, fibre rollout and mobile network improvements.

Net debt

Net debt of US$2,861 million, US$2,748 million on a proportionate basis, was up US$495 million from US$2,365 million in the prior year. This was due to one-off and non-recurring payments related to the remaining Columbus transaction fees, integration and other exceptional items, pension payments of US$48 million, advisory fees relating to the offer from Liberty Global, and Project Marlin, as well as a working capital outflow of US$128 million. Net debt comprised US$3,028 million gross debt and US$167 million gross cash, increasing from US$2,767 million and US$402 million, respectively, at 31 March 2015.

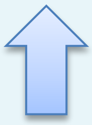
Principal risks and uncertainties

We recognise that there are risks in operating our businesses, influenced by both internal and external factors, some of which are outside our control. The Group has a risk management framework which our business units and corporate functions utilise to ensure risks are understood and mitigated as appropriate.

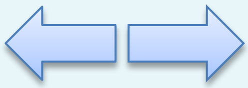
We set out below a description of the principal risks and uncertainties that could have a material adverse effect on the Group and how they are managed. These risks have the potential to impact our business, its reputation, cash flow, profits and/or assets. However, there may be other risks that are currently unknown or regarded as not material.

We update the Group risk register on a rolling 12-month basis. Actions to manage and monitor risks are considered on a quarterly basis by the Group's Executive Team.

Readers should consider the changes in risk, the risks reported, and other information provided in this Annual Report.

Risk and impact	**Trend** **Strategy impacted**	**Mitigation**
Liberty Global Transaction On 16 November 2015, Liberty Global, pursuant to Rule 2.7 of the UK City Code on Takeovers and Mergers, recommended the acquisition of CWC for shares of Liberty Global in a scheme of arrangement. Under the terms of the transaction, which closed on 16 May 2016, CWC shareholders received in the aggregate: 31,607,008 Liberty Global Class A ordinary shares, 77,379,774 Liberty Global Class C ordinary shares, 3,648,513 LiLAC Class A ordinary shares and 8,939,316 LiLAC Class C ordinary shares. Further, CWC shareholders will receive a special dividend in the amount of £0.03 ($0.04) per CWC share at the closing of the transaction, which was in lieu of any previously announced CWC dividend. Under the terms of the agreement CWC was, in part, expected to pay the dividend and estimated fees and expenses. The integration of our business with Liberty Global plc may present significant costs and challenges associated with: realising economies of scale in eliminating duplicative overheads; integrating personnel, networks, financial systems and operational systems; and greater than anticipated expenditures required for compliance with regulatory standards or for investments to improve operating results. We cannot be assured that we will be successful in realising any of the anticipated benefits associated with this transaction.		▪ The CWC Board of Directors and the CWC Executive Leadership Team were actively engaged in structuring the agreement ▪ The appropriate advisors were engaged to assist with structuring the agreement ▪ We continue to communicate and liaise with regulators in our markets ▪ We continue to provide periodic updates to our CWC colleagues

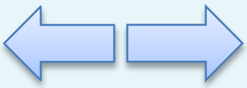
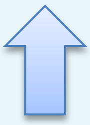
Principal risks and uncertainties

Risk and impact	Trend Strategy impacted	Mitigation
Acquisition and integration of Columbus The acquisition of Columbus raises two key risks: Regulatory risk – while completion of the acquisition was not conditional upon obtaining regulatory approvals in jurisdictions outside of The Bahamas, Barbados, Jamaica, Trinidad and Tobago and the USA, there are a number of jurisdictions in respect of which regulatory notifications and/or approvals were required pursuant to the terms of CWC's operating licences, or by applicable legislation or regulations. The relevant authorities in several jurisdictions have imposed or are considering imposing conditions on the approval of the transaction. In the case of the ECTEL markets we are still negotiating conditions for future legal integration of the overlapping CWC and Columbus operations. The process of negotiating conditions has in some cases caused delay in the approval process. Further, the conditions for approval impose several ongoing compliance obligations on the business and there will be a cost associated with some conditions which we will need to manage. Since closing of the Columbus acquisition in March 2015, the combined Group has been subject to more intensive regulatory scrutiny, which may adversely impact the business. Moreover, in relation to the divestiture conditions imposed by regulators in Trinidad and Tobago and Barbados, it is possible that we will not realise a maximised value from our divestiture of our minority shareholding in TSTT and the Barbados network overlap assets due to the forced nature of the sales.	 ▪ Deliver successful integration ▪ Fixed-mobile convergence ▪ Grow our B2B and B2G business ▪ Video and content leadership ▪ Build a leading wholesale network	▪ We work carefully with local counsel in each market to ensure that the applicable laws and licence conditions are complied with ▪ We consult with relevant local stakeholders to address their concerns, including by offering commercially sound consumer measures where appropriate
Integration and synergy risk – the process of integrating Columbus with CWC may be complex and difficult to complete and will raise risks relating to colleague retention, integrating employee groups, and disruption or failures of networks and services, among others. Additionally, integration may take longer than is expected, difficulties relating to integration may arise, or we may not achieve anticipated cost reductions and efficiencies, which may affect the profitability of the combined business.		▪ We have established an Integration Management Office (IMO) and appointed a Cable & Wireless Executive Team member to lead the integration project ▪ The IMO is overseen by an Integration Steering Committee and Governing Board ▪ Under the oversight of the IMO, we have created several Integration teams including Organisation & Operating Model, Human Resources, Procurement and Supply Chain, Network Operations and Technology, Customer Support and Finance. Each of the integration teams are led by senior management, who are responsible for ensuring the achievement of predefined objectives ▪ We have implemented retention plans to ensure continuity of team members ▪ We have ongoing programmes of communications and events to keep team members abreast of our integration plans

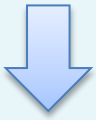
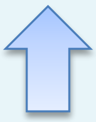
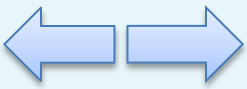
Principal risks and uncertainties

Risk and impact	Trend Strategy impacted	Mitigation
"Over the Top" Disruption Over the Top (OTT) technologies, both 'mainstream' (e.g. AppleTV, Netflix, WhatsApp) and 'unauthorized' (e.g. Popcorn Time, Torrents), are changing consumer behaviours and disrupting the industry's business model. This threatens the Group's revenue, as same or similar services can be provided to the consumer by the OTT providers for free or at a lower cost as OTT providers do not bear the burden of the cost of supply that CWC and other licensed operators do. Failure to proactively respond to this threat or other market changes and trends, could have an adverse impact on revenues, profitability and cash flow.	↑ ▪ Drive to mobile leadership ▪ Fixed-mobile convergence ▪ Video and content leadership	▪ The Group has established a Network Innovation team responsible for defining the product or technology roadmap and monitoring emerging disruptive technologies and consumer trends ▪ The Group has certain agreements in place with 'mainstream' OTT providers ▪ The Group has designed rate plans with 'measured broadband' for fixed line, in an effort to better monetise extreme users of OTT technologies ▪ The Group focuses closely on the pricing of new services to ensure expected returns are achieved ▪ We continue to advocate with regulators on the need to retain commercial flexibility to respond to OTTs through appropriate commercial strategies
Service disruption and network resiliency Our networks form part of a country's critical national infrastructure, and therefore, we are relied upon on a daily basis to deliver a high quality and resilient service. Disruption to our network and IT systems from events such as hurricanes and other natural disasters, fire, security breaches or human error could damage our reputation and also result in a loss of customers or financial claims.	↓ ▪ Drive to mobile leadership ▪ Fixed-mobile convergence ▪ Grow our B2B and B2G business	▪ We have increased our capital investment under Project Marlin, our three-year plan to invest in our networks and improve the reliability and resilience of our networks ▪ We completed our acquisition of Columbus last year, which has accelerated the execution of our strategy and will support our ability to deliver greater network resilience and capacity to improve the overall customer experience ▪ All our businesses have business continuity policies and major incident management plans in place that we continually review to ensure that they remain up to date ▪ We also have insurance coverage where commercially viable to do so in order to mitigate the effects of these risks

Principal risks and uncertainties

Risk and impact	Trend Strategy impacted	Mitigation
Competitive activity We operate in a fiercely competitive environment. Competitor activity and new market entrants could, through a combination of aggressive pricing and promotional activity, reduce our market share and margins. Our mobile monopoly in The Bahamas has expired and a new competitor is expected to enter the market in the near term, as such some loss of market share and increased price pressure is inevitable. The strength of our ability to provide triple and quad play offerings is being challenged by our competitors' attempts to expand their capability in our markets. Failure by the combined Group to compete effectively could have a significant adverse effect on revenues, profitability and cash flow.	 ▪ Drive to mobile leadership ▪ Grow our B2B and B2G business ▪ Video and content leadership ▪ Build a leading wholesale network	▪ We are increasing our capital investment to improve customer experience ▪ Our commercial capability is being strengthened through our Miami operational hub ▪ We have been preparing for the liberalisation of the Bahamian mobile market since we acquired a controlling stake in BTC in 2011 to ensure we are well placed to compete ▪ We engineer our customer propositions based on our strengths relative to competitors – in particular our ability to deliver triple and quad play in many markets
Regulatory risk We need to comply with a large range of regulations and licence terms which govern our operations across the multiple legal jurisdictions in which we operate. In particular we are reliant on Governments and Regulators for access, on mutually beneficial terms, to spectrum both for existing and for next generation mobile services. We are also impacted by key regulatory decisions relating to pricing such as the determination of termination rates and price caps on services we sell. Failure to comply with regulations and regulatory decisions could result in fines or other adverse economic consequences. Similarly, overly restrictive legislation or regulation could have an adverse impact on our revenues, profitability and cash flow. There are also requirements to comply with requests to provide customer records by law which could have adverse implications if we are unable to comply with those requests.	 ▪ Fixed-mobile convergence ▪ Grow our B2B and B2G business ▪ Build a leading wholesale network	▪ We actively liaise with regulators to encourage a positive working relationship based upon open dialogue ▪ We continuously monitor developments in the regulatory environment for all our businesses ▪ Regular reports are made to the Executive Team on regulatory risks ▪ We employ local team members who are experienced in local laws and regulations ▪ In connection with securing regulatory approval for the acquisition of Columbus, we are currently disposing of our 49% stake in TSTT

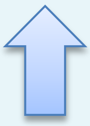
Principal risks and uncertainties

Risk and impact	Trend Strategy impacted	Mitigation
Business development The development of mobile data, pay TV and our B2B/B2G capabilities together with other sources of revenue growth could fail to perform as anticipated. This could result in the Group failing to mobilise into new business lines in sufficient time to offset the structural decline in traditional voice revenues experienced across the telecoms industry. Failure to achieve profitable revenue growth will lead to a reduction in future profitability and cash flow.	 ▪ Grow our B2B and B2G business ▪ Video and content leadership	▪ Our commercial capability is being strengthened through our Miami operational hub and the acquisition of Columbus, which combined, provides us with new opportunities to develop innovative products that appeal to our combined customer base ▪ We ensure focused attention on marketing and product development activities and are increasing our work to cross share initiatives ▪ We focus closely on the pricing of new services to ensure the Group achieves the required return
Economic conditions The challenging economic environment in some of our major territories and the importance of overseas tourism to the economies of some countries could continue to suppress government and consumer spending impacting our profitability and cash flow.		▪ We continue to monitor key economic indicators (which have improved over the past year) and remain prepared to take action to address any indicators of deteriorating economic conditions in our markets ▪ We continuously seek to improve efficiency and reduce costs in order to best meet customer price expectations ▪ Where possible, we try to match the currency of our revenues and expenses, helping to mitigate the risk of devaluing local currencies
Political risk A change in the political environment could lead to changes in law, government policy or attitudes towards foreign investment. This could have an adverse impact on our business operations, investment decisions and profitability.		▪ We have a unique position in key markets such as Panama and The Bahamas in that local Governments are significant investors in our businesses ▪ We monitor political developments in both existing and potential markets closely ▪ We actively liaise with governments and opposition parties to encourage a positive working relationship with open communication at senior levels ▪ We aim to contribute positively to the social and economic development of the communities where we operate

Principal risks and uncertainties

Risk and impact	Trend Strategy impacted	Mitigation
Cybersecurity The Group transacts and stores large volumes of confidential personal, corporate and government data. Additionally, in certain countries, the Group's networks form part of a country's critical national infrastructure making it a greater cybersecurity target. A security breach could lead to reputational damage, fines, litigation and also cause significant disruption to third parties relying on the Group's network. This could have an adverse impact on the Group's business, its reputation and expose the business to litigation.		▪ The Group has information security procedures and controls in place which are regularly reviewed ▪ Remedial action plans are implemented where necessary ▪ We conduct third party data security reviews as required ▪ The Group has a dedicated team of legal and security staff to monitor changes in privacy and security regulations
Technology New technology developments may render our existing products, services and supporting infrastructure obsolete or non-competitive. As a result, the Group may be required to increase its rate and level of investment in new technologies impacting cash flow and profit. Concerns are occasionally expressed that mobile phones and transmitters may pose long-term health risks which, if proven, may result in the Group being exposed to litigation.	▪ Drive to mobile leadership ▪ Fixed-mobile convergence ▪ Video and content leadership	▪ New technology developments are under constant review and new technologies are introduced when appropriate ▪ We continue to keep abreast of the latest research on the potential health risks of mobile phones and transmitters
Key supplier risk The Group is reliant on a relatively small number of key suppliers. A number of key operational functions are outsourced to third parties. There is a risk that such contracts fail to deliver the required operational improvements and/or financial savings exposing us to financial or reputational risk. Business continuity could be impacted in the event that one of our key suppliers fail.	▪ Drive to mobile leadership ▪ Fixed-mobile convergence ▪ Video and content leadership	▪ We conduct due diligence procedures on suppliers to ensure they meet our requirements ▪ We have comprehensive contracts in place with suppliers to define the services supplied and the standards expected ▪ Governance processes are in place to review the performance of our suppliers ▪ Where appropriate, performance guarantees and financial security devices are obtained to secure the performance of suppliers' obligations

Principal risks and uncertainties

Risk and impact	**Trend** **Strategy impacted**	**Mitigation**
Health and safety The Group operates equipment across many geographically dispersed network and cell sites in the countries in which we operate. We are currently rationalising and decommissioning certain of our sites and equipment as part of our network upgrades and integration projects. Due to the age of the sites and equipment, there is an inherent risk in this project that may cause harm to our employees, contractors and members of the public. In the absence of proper operational and access safeguards, this equipment could cause harm or even death to our employees, contractors and members of the public. We could also suffer consequential criminal prosecutions, fines and reputational damage.		▪ Periodic reporting to the Executive Team and the Board on health and safety standards across the Group and any incidents experienced ▪ Incident reports are completed for significant health and safety events ▪ We dedicate increased focus on managing health and safety risks, particularly in the Caribbean ▪ We have continued to invest to upgrade our network in the Caribbean, retire legacy equipment and rationalise property locations ▪ Insurance cover to ensure employer's liability is covered
IT – Business Systems implementations The Group is currently undergoing a number of transformational projects in key areas such as billing systems and management and financial reporting, which will significantly impact customer billings and monitoring business performance. Failure to ensure these transformational projects are completed timely with appropriately designed controls which are implemented prior to the changes may impact the Group's ability to bill customers and manage business performance.		▪ The Executive Leadership Team continuously monitors the mission critical projects and their prioritisation ▪ The Group is supplementing internal resources with third party resources to better manage existing technologies and to plan for system upgrades and new system implementations

Strategic review

Our Group vision is "to grow customer relations and lifetime value by delivering unparalleled customer experience, where customers define 'excellence'" and our Group objective is "to deliver long-term sustainable growth for shareholders through growing the lifetime value of our customer relationships".

Our business model is based on providing customers with communications, information and entertainment services, at a price which delivers value to them, while enabling our Company to make a fair return for our shareholders.

Our strategic plan continues to include the six strategic imperatives announced subsequent to the Columbus transaction:

- Drive to mobile leadership – Deliver the best network, data packages, handset range and customer service
- Fixed-mobile convergence – Leverage our unique combination of fixed and mobile assets
- Video and content leadership – Generate video and broadband growth whilst reducing fixed line churn
- Grow our business (B2B) and government (B2G) business – Build bespoke, customer-centric solutions leveraging our sub-sea and terrestrial assets
- Build a leading wholesale network – Deliver unrivalled intra-regional connectivity; and
- Deliver successful integration – Reduce costs, improve cross selling revenues and create a winning culture.

We have made good progress on each of these imperatives and over the last 12 months we have invested over US$500 million in improving our fixed and mobile networks, enabling us to offer our high-speed data products to a greater number of customers.

Based on the strategic imperatives, we set out a number of goals against which our performance would be measured. We have made good progress against these objectives during the year:

1. Grow top line revenue – Revenue grew 2% at the Group level (pro forma the Columbus acquisition), delivering a solid performance in the first year of the combined business.
2. Maintain cost efficiency – Our operating costs fell US$52 million or 6% year-on-year. Our operating costs to revenue ratio fell by three percentage points to 35%, although this remains above our long-term ambition for the Company. The transformation of our systems and processes is a priority to drive further efficiencies.
3. Make the Company a 'Great Place to Work' – Supported by a Group-wide employee engagement programme, we have successfully launched our new mission and values, greatly contributing to our new culture.
4. Deliver unparalleled customer service – Customer loyalty as measured by Net Promoter Score (NPS) grew by 7 points over the year.
5. Increase returns on capital – Reduced capital expenditure as we near the end of Project Marlin and greater revenue growth through increased penetration of high-speed data products should lead to increased returns on capital.

We anticipate that the investments we have made, and plan to make in our infrastructure will allow us to compete effectively: the business is well placed to capitalise on the growing penetration levels of both fixed and mobile data products across the region as well as the increasing demand for business connectivity solutions.

Strategic review

To support the continued development of our employees, we have launched a new mission and set of values, supporting a refreshed Company-wide culture. Through our corporate social responsibility programmes, we positively impact the lives of the people we serve, with particular emphasis on making a difference through education, community development, sports, culture and health, among other areas of focus. We have also been named a continuing member of the FTSE4GOOD Index for the 15th consecutive year as we look to minimise the impact of our business on the wider environment.

As at 31 March 2016 3,879 of the Group's employee base, including temporary and part-time staff, of 7,922 were female. At the senior management level there were 273 females or 39% from a total of 699. During the year, there were two female Directors serving on our Board out of a total of ten Directors. We remain committed to ensuring that regardless of their gender, our employees have equal access to opportunities for career enhancement on the basis of merit.

Within this year's report, pages 3 to 14 comprising our Business review, our Group performance, our Strategic review, and our Principal risks and uncertainties, constitutes our Strategic report. The Strategic report was approved by the Board and signed on its behalf on 26 May 2016 by the Chief Financial Officer.

Perley McBride Chief Financial Officer
Cable & Wireless Communications Limited

The Directors' report

The Directors present their report for the year ended 31 March 2016.

On 16 May 2016, the acquisition of Cable & Wireless Communications Limited (formerly Cable & Wireless Communications Plc) was completed by Liberty Global plc. The Company was delisted from the London Stock Exchange on that date and subsequently re-registered as a private limited company.

On 20 May 2016, the Company changed its name from Cable & Wireless Communications Plc to Cable & Wireless Communications Limited.

Financial instruments

Financial risk management policies allow for hedging from time to time as deemed appropriate. At 31 March 2016 no hedging instruments were outstanding. Risk management objectives and policies of the Company are discussed further in note 4.9 to the financial statements.

Directors' indemnities

The Company has granted indemnities in favour of its Directors against personal financial exposure that they may incur in the course of their professional duties as Directors of the Company and/or any subsidiaries (as applicable). These indemnities are qualifying third-party indemnity provisions for the purposes of the Companies Act 2006 (the 2006 Act). They were granted on appointment of the Directors and are still in force. Officers of wholly owned subsidiary companies within the Group have also been granted indemnities.

Articles of Association

As a result of the acquisition by Liberty Global on 16 May 2016, and the subsequent re-registration as a limited company on 20 May 2016, the Articles of Association (the 'Articles') were amended on 20 May 2016. The provisions detailed below reflect the Articles of the Company during the year under review.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Articles, including the rules for who is eligible to be elected as a Director and the procedure to be followed to nominate such persons.

The Articles provide that Directors may be appointed by an ordinary resolution of the members or by a resolution of the Directors, provided that, in the latter instance, a Director appointed in this way retires and stands for election at the first AGM following his appointment.

The Company's members may remove a Director by passing an ordinary resolution for which special notice has been given. Any Director will automatically cease to be a Director if: (i) they resign; (ii) they offer to resign and the other Directors accept that offer; (iii) all the other Directors (being at least three) require it; (iv) they are suffering from mental ill health and the Directors require them to cease to be a Director; (v) they have missed Directors' meetings for a continuous period of six months without permission and the other Directors resolve that they shall cease to be a Director; (vi) a bankruptcy order is made against them, or they make an arrangement or composition with their creditors; (vii) they are prohibited from being a Director by law; or (viii) they cease to be a Director under legislation or are removed from office under the Articles.

Dividends

A final dividend of US2.67 cents per ordinary share was paid on 7 August 2015 to ordinary shareholders on the register at the close of business on 29 May 2015. As a result of the acquisition of the Company by Liberty Global, a special dividend of £0.03 per share was paid to all ordinary shareholders on the register at 13 May 2016.

The acquisition of Columbus

Following completion of the acquisition of Columbus in March 2015, and owing to the voting arrangements between the Company and the Principal Vendors (as defined and further described in the circular to shareholders dated 19 November 2014), which, subject to certain limited exceptions, required all voting rights of the consideration shares issued to the Principal Vendors to be exercised and all votes cast in line with the recommendation of the Board for an initial period, the Takeover Panel considered that the Directors from time to time (and their close relatives) were deemed to be acting in concert with the Principal Vendors and the Ultimate Controllers (as defined and further described in the circular to shareholders dated 19 November 2014) (together, the 'Concert Party'). The Concert Party held approximately 36% of CWC's share capital (excluding treasury shares).

The Directors' report

When any person acquires an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company, which is subject to the City Code and the Listing Rules, certain requirements are triggered, including:

- The requirement under Rule 9 of the City Code to make a mandatory offer to all the other shareholders to buy their shares both on initially acquiring the interest and where their shareholding subsequently increases.
- The requirements under the Listing Rules designed to ensure the independence of the Company from any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at a general meeting (the 'controlling shareholders').

Following completion of the acquisition of the Company by Liberty Global and the subsequent de-listing of the Company on 16 May 2016, the Concert Party ruling is no longer applicable.

Takeover Panel – Rule 9

In connection with the Concert Party ruling, on 5 December 2014, the Company's independent shareholders approved a waiver of obligations arising under Rule 9.1 of the City Code (the 'Whitewash'). The effect of the Whitewash was to waive the obligation which would normally oblige a member of the Concert Party to make a mandatory offer to all other shareholders to acquire their shares following the acquisition of certain shares in the Company.

The Whitewash permitted up to the following numbers of interests in shares to be held by the Concert Party without a mandatory offer obligation arising under Rule 9 of the City Code.

Waiver	Maximum interest in CWC shares	Percentage of issued share capital of CWC as at 31 March 2016
Waiver in respect of the issue of the Consideration Shares (in addition to the existing share interests of the Directors of the Company)	1,575,708,553	36.07
Waiver in respect of existing awards under the Performance Share Plan	12,381,422	0.28
Waiver in respect of further awards under the CWC Share Plans	50,000,000	1.15
Waiver in respect of CWC Shares acquired by Directors to meet shareholding requirements	15,000,000	0.34
Waiver in respect of CWC Shares acquired by Directors in proportion to the amount that they would otherwise have received through the dividend reinvestment plan	10,000,000	0.23
Total	**1,663,089,975**	**38.07**

Following completion of the acquisition of the Company by Liberty Global and the subsequent de-listing of the Company on 16 May 2016, the Whitewash is no longer applicable.

Listing rules – controlling shareholder

In addition, as a result of the Concert Party ruling, CWC was required to enter into relationship agreements with the Principal Vendors and all existing and any new Directors to ensure that its controlling shareholders complied with the provisions of the Listing Rules which are intended to ensure the independence of the Company from its controlling shareholders. These agreements (which were entered into on 31 March 2015) included the necessary independent undertakings as follows:

- Any transactions and arrangements between the Company and the controlling shareholder were to be conducted at arm's length and on normal commercial terms
- Neither the controlling shareholder nor any of its associates was to take any action that would have the effect of preventing CWC from complying with its obligations under the Listing Rules
- Neither the controlling shareholder nor any of its associates was to propose or procure the proposal of a shareholder resolution which intended, or appeared to intend, to circumvent the Listing Rules

The Directors' report

Following completion of the acquisition of the Company by Liberty Global and the subsequent de-listing of the Company on 16 May 2016, the relationship agreements have terminated.

Put Option Deeds

As explained in the circular to shareholders dated 19 November 2014, as part of the acquisition of Columbus, the Company also entered into lock-up and put option agreements ('Put Option Deeds') with the Principal Vendors in respect of the consideration shares issued on completion. Following completion of the acquisition of the Company by Liberty Global on 16 May 2016, the Put Option Deeds are no longer in force.

Employee communication and disability

The Group communicates with employees in many ways, including regular briefings by management, newsletters, emails, events, webcasts and intranet sites. These communications help to achieve a common awareness among employees of the financial and operational performance of the Group.

Our employment policies comply with local requirements and relevant statutes. In particular, full and fair consideration with regard to employment and training is given to applicants with disabilities and career development is encouraged on the basis of aptitude and ability. It is Group policy to retain employees who become disabled while in its service and to provide specialist training where appropriate.

Share Information

Company's shareholders

As at 31 March 2016, the Company had been notified of the following substantial holdings of voting rights in the issued share capital of the Company in accordance with the Disclosure and Transparency Rules (to which the Company was subject at that date).

	No. of Ordinary Shares	% as at 31 March 2016	Nature of Holding
CVBI Holdings (Barbados) Inc[1]	788,549,081	19.37%	Direct
Columbus Holding LLC	575,096,759	13.16%	Direct
Orbis Holdings Limited	406,601,830	9.31%	Indirect
UBS AG	269,546,266	6.17%	Indirect
Genesis Investment Management	215,586,003	4.93%	Indirect
Barclays Capital Securities Ltd	153,288,981	3.51%	Indirect
GAMCO Asset Management Inc	141,505,836	3.24%	Indirect
Brendan Paddick	136,077,710	3.12%	Direct

1 The combined shareholding of CVBI Holdings (Barbados) Inc and Clearwater Holdings (Barbados) Limited, both ultimately controlled by John Risley, was 846,355,136 (19.51%) as at 31 March 2016.

As a result of the acquisition of the entire share capital of the Company by Liberty Global plc effective on 16 May 2016, the Company is now a wholly-owned subsidiary of Liberty Global.

Share capital

The called up share capital of the Company, together with details of shares allotted during the year, are shown in note 4.8 to the consolidated financial statements. The share capital of the Company during the year, and as at 31 March 2016 was 4,475,953,616. No new shares were issued during the year under review.

Existing authority to purchase own shares and treasury shares

No resolution to grant authority to purchase shares was put to the Company's shareholders at the 2015 AGM, therefore no shareholder authority currently exist for the Company to purchase its own shares.

The Company held 107,488,873 shares in treasury as at 31 March 2016. On 9 May 2016, 64,757,570 ordinary shares of the Company were transferred out of treasury to The Cable & Wireless Communications Plc Share Ownership Trust (the 'Trust') in connection with the satisfaction of certain employee incentive plan awards of the Company. Subsequently, and in preparation for the acquisition of the Company by Liberty Global, the balance of 42,731,303 shares held by the Company in treasury was cancelled on 12 May 2016.

The Directors' report

Rights and obligations attaching to the ordinary shares

The following section summarises the rights and obligations in the Company's Articles relating to the ordinary shares of the Company as at 31 March 2016. As at 31 March 2016, the Company was still a listed entity on the London Stock Exchange. As a result of the subsequent acquisition of the entire share capital of the Company by Liberty Global plc with effect from 16 May 2016, and the subsequent de-listing of the Company some of the following aspects no longer apply.

At a meeting of shareholders held on 28 April 2016, a special resolution was passed to amend the Articles of the Company, these were subsequently amended further on 20 May 2016 as a result of the re-registration from a public to a private limited company. The full amended Articles can be found on the Company's website www.cwc.com.

Amendment of Articles: The Articles may be amended by a special resolution of the shareholders passed at a general meeting of the Company.

Voting: Each share (other than those held in treasury) allows the holder to have one vote at general meetings of the Company on votes taken on a poll. Proxy appointment and voting instructions must be received by the registrars at least 48 hours before the time appointed for the holding of a general meeting or 24 hours before a poll if not taken on the same day as the meeting (in each case subject to the Directors' discretion to specify that the time periods exclude any part of a day that is not a working day).

Dividends: The Company's shareholders can declare dividends by passing an ordinary resolution, but the payment cannot exceed the amount recommended by the Directors. The Directors may also pay interim dividends without shareholder approval if they consider that the financial position of the Company justifies it. The Directors may operate dividend reinvestment plans or, subject to shareholder approval, operate scrip schemes or pay dividends by distributing assets. No dividend carries a right to interest from the Company. If dividends remain unclaimed for 12 years they are forfeited by the shareholder and revert to the Company.

Partly paid shares: The Company has a lien on all partly paid shares (and dividends), which has priority over claims of others to such shares covering any money owed to the Company for the shares. The Directors may sell all or any of such shares where: (i) the money owed by the shareholder is payable immediately; (ii) the Directors have given notice demanding payment, stating the amount due and that the shares will be sold on non-payment; and (iii) the money has not been paid within 14 clear days of the service of the notice.

The Directors may make calls on shareholders to pay any money which has not yet been paid to the Company for their shares. If a call is unpaid, the shareholder will be liable to pay interest and all expenses incurred by the Company as a result of non-payment if the call remains unpaid for 14 clear days after the date of a notice. In addition, failure to comply with any such notice may result in forfeiture of any share which is the subject of the notice, including any unpaid dividends.

The Directors may decline to register the transfer of any shares that are not fully paid, provided that such refusal does not prevent dealings from taking place on an open and proper basis.

Sanctions: Unless the Directors decide otherwise, a shareholder shall not be entitled to vote at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or exercise any other right conferred by membership in relation to general meetings if the shareholder has not paid all amounts relating to those shares which are due at the time of the meeting, or if the shareholder is given a notice following a failure by that shareholder or someone who appears to be interested in the shares to comply with a notice under section 793 of the 2006 Act. Further, if a shareholder holding 0.25% or more of the issued shares of a class (excluding treasury shares) or interested person is in default of a section 793 notice, the Directors may also state in the notice that: (i) the payment of any dividend shall be withheld; (ii) the shareholder shall not be entitled to elect to receive shares in place of dividends withheld; and (iii) the transfer of the shares held by such shareholder shall be restricted.

Certificated shares: The Company can sell any certificated shares at the best price reasonably obtainable at the time of the sale if: (i) in a period of 12 years at least three dividends have become payable and no dividends have been claimed; (ii) the Company has published a notice after the 12-year period stating that it intends to sell the shares; and (iii) during the 12-year period and for three months after the notice, the Company has not heard from the shareholder or any person entitled to sell the shares.

The Directors may decline registration of certificated shares if: (i) a share transfer form is used to transfer more than one class of shares; (ii) transfers are in favour of more than four joint holders; or (iii) the share transfer form is not delivered to the office, or such other place decided on by the Directors, accompanied by the share certificate relating to the shares being transferred (unless the transfer is by a person to whom the Company was not required to, and did not, send a certificate) and any other evidence reasonably asked for by the Directors to show entitlement to transfer the shares.

The Directors' report

Uncertificated shares: The Directors may decline registration of uncertificated shares if the transfer is in favour of more than four joint holders or otherwise in accordance with the Uncertificated Securities Regulations 2001.

Interests in shares: Except where express rights are given, the Company will only recognise a current and absolute right to whole shares. The fact that any share, or any part of a share, may not be owned outright by the registered owner is not of any concern to the Company.

US Holders: The Directors may require a shareholder or other person appearing to be interested in shares, to disclose information relating to the ownership of such shares or to show that such shares are not held by a US Holder (defined in the Articles as being: (i) persons resident in the US who hold shares in the Company and (ii) persons who appear to the Directors to fall within sub-paragraph (i) of the definition of a US Holder). The Directors may require a US Holder to sell their shares to someone who is not a US Holder, failing which, the Company may effect a sale of such shares on the US Holder's behalf.

Disputes: Any disputes between a shareholder and the Company and/or the Directors arising out of or in connection with the Articles shall be exclusively and finally resolved under the Rules of Arbitration of the International Chamber of Commerce, as amended from time to time, in accordance with the Articles.

Change of control

The Group has a number of contracts that are subject to change of control clauses. These primarily relate to financing facilities, bonds, licences and operating agreements.

Under the Group's US$570 million revolving credit facility agreement, on a change of control the lenders are not obliged to fund any further sums and, if the majority lenders require, on not less than 10 days' notice, the facility can be cancelled and all outstanding loans, together with related charges, become immediately due and payable. On acquisition by Liberty Global plc on 16 May 2016, the revolving credit facility agreement was cancelled and a new facility put in place.

Under the terms of the US$400 million 8.75% 2020 senior secured notes, the US$1,250 million 7.375% senior unsecured notes and the US$750 million 6.875% 2022 unsecured notes (together, the Notes), if a change of control event occurs, each holder of the Notes will have a right to require the repurchase of all or any part of their Notes at a redemption price equal to 101% of the principal amount of the Notes purchased, together with accrued (but unpaid) interest. On 16 May 2016, the Company provided a redemption notice on the US$400 million 8.75% 2020 senior secured notes. On 23 May 2016, the Company provided the change of control notice to the bondholder of the US$1,250 million 7.375% senior secured notes which will expire on 20 June 2016.

A number of the Group's operating licences and shareholders' agreements include change of control clauses which may be triggered by the sale of all or a controlling stake in a business, or certain types of restructuring. In the event of a change of control, these clauses may require consideration to determine their impact on the Group.

At present, following the Liberty Global Transaction risks arising from a change of control are not considered to be significant. The Group will take appropriate action to mitigate any risks arising from these events should they occur. Change of control provisions in relation to Directors' service contracts are explained in the Directors' remuneration report on pages 23 and 24.

Greenhouse gas emissions

Taking into account the size and operation of the Company, and the nature of the business under review, the Directors do not believe it is practicable for the Company to obtain all information required to assess the level of greenhouse gas emissions.

Exercise of rights of shares in employee share schemes

The Trustees of The Cable & Wireless Communications Share Ownership Trust (the 'Trust') exercise the voting rights on shares held in the employee trust in accordance with their fiduciary duties as Trustees, which include the duty to act in the best interests of the beneficiaries of the Trust.

Political donations and expenditure

The Company does not make and has no intention of making donations to what are generally regarded as political parties within the European Union. As a precautionary measure and in light of the wide definitions of European Union political organisations for the purposes of the 2006 Act, a resolution was passed at the 2014 AGM permitting the Company to make political donations and incur political expenditure for a period of four years ending on the earlier of the 2018 AGM or 24 July 2018. During the year, the Company did not exercise its authority granted to it at the 2014 AGM to make political donations within the European Union. In aggregate, the sum of US$0.2 million (2014/15 – US$nil) was made to non-EU political parties by non-EU subsidiary companies during the year.

The Directors' report

Directors' report and matters set out in the Strategic report

The Directors' report comprises pages 15 to 20 and the other information in this report that is relevant to, and which is incorporated by reference into, the Directors' report. Pages 3 to 14 inclusive consist of a Strategic report, through which the Board seeks to present a balanced and clear assessment of the Group's activities, position and prospects.

In accordance with section 414C(11) of the 2006 Act, the Board has chosen to set out in the Strategic report those matters required to be disclosed in the Directors' report which it considers to be of strategic importance to the Company, as follows:

- Likely future developments of the Company (throughout the Strategic report)
- Research and development activities (throughout the Strategic report)

Directors

The Directors who held office during the year and as at the date of this report were as follows:

Sir Richard Lapthorne (resigned 16 May 2016)
Simon Ball (resigned 4 November 2015)
Phil Bentley (resigned 16 May 2016)
Charlie Bracken (appointed 16 May 2016)
Jeremy Evans (appointed 16 May 2016)
Robin Freestone (appointed on 17 August 2015, resigned 16 May 2016)
Mark Hamlin (resigned 16 May 2016)
Henry Harris (appointed 16 May 2016, resigned 25 May 2016)
Ruchi Kaushal (appointed 16 May 2016, resigned 25 May 2016)
R. Perley McBride
Brendan Paddick (resigned 16 May 2016)
Alison Platt (resigned 16 May 2016)
Andrea Salvato (appointed 16 May 2016, resigned 25 May 2016)
Barbara Thoralfsson (resigned 16 May 2016)
Ian Tyler (resigned 30 September 2015)
Thad York (resigned 16 May 2016)
John Risley (resigned 16 May 2016)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as each of them is aware, there is no relevant audit information (as defined in section 418(3) of the Companies Act 2006) of which the Company's auditor, KPMG LLP, is unaware; and each Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the Board:

Clare Underwood
Company Secretary

26 May 2016

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

The Directors are responsible for preparing the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law Directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU
- for the Parent Company financial statements, 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 group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report and a Directors' remuneration report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors' remuneration report

This Directors' remuneration report includes an annual report on remuneration, which provides details of how our Remuneration Policy was implemented, the remuneration earned in respect of the 2015/16 financial year, and how our remuneration policy will be implemented in 2016/17. The existing Remuneration Policy which has been implemented in the current year to determine the level of remuneration awarded to senior executives was approved by shareholders at the AGM on 25 July 2014. The Policy took formal effect from the date of approval and was intended to apply for the three years beginning on the date of approval. A full version of the Policy can be found in the 2013/14 Annual Report and Accounts (pages 58 to 67) on the Company's website www.cwc.com. The overall aim of the Policy was deemed to be the establishment of a remuneration structure which encourages, reinforces and rewards the delivery of outstanding business performance measured against a basket of operational KPIs.

The Remuneration Committee (the 'Committee') followed the contractual commitments of the Company in relation to operating the Company's policy for the year ended 31 March 2016, including preparing for the takeover of the Company by Liberty Global plc which completed following the year end.

There were no substantial changes to the policy on Directors' remuneration or how it was implemented during the year.

On 16 November 2015, the Board of the Company and Liberty Global plc announced that they had agreed the terms of a recommended offer through which the entire issued and to be issued share capital of the Company will be acquired by Liberty Global plc. Following this announcement the Company was formally acquired by Liberty Global plc on 16 May 2016. As a result of the Liberty Global Transaction the majority of the Cable & Wireless Directors have resigned from the Company, and Liberty Global plc Directors have been appointed as detailed on page 20. As a result of the transaction, the Company has formally de-listed and therefore the Remuneration Committee is no longer required. Therefore the Policy in place is no longer applicable and all executive remuneration from that date will be determined with reference to the policy of the new ultimate Parent Company, Liberty Global plc. As such, no prospective financial information has been included within this report.

by order of the Board

Jeremy Evans
Director

Annual report on remuneration

Implementation of remuneration policy for financial year 2016/17

The Remuneration Policy, as approved by shareholders at the 2014 AGM was in place on 31 March 2016. However as a result of the acquisition of the entire issued share capital of the Company by Liberty Global plc effective 16 May 2016, the Policy is no longer relevant from 16 May 2016. This section covers the period the policy has been in place between 1 April 2016 and 16 May 2016.

Executive Directors' service contracts

	Effective date of service contract	Notice period
Phil Bentley	1 January 2014	Notice can be served by either party on not less than 12 months' notice
Perley McBride	23 June 2014	Notice can be served by either party on not less than 12 months' notice

The Company allows Executive Directors to hold external directorships subject to agreement by the Chairman on a case by case basis and allows the Directors to retain fees received from these roles.

Service contracts and loss of office payments

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The Company's policy is that Executive Directors will be employed on a contract that can be terminated by the Company on giving no more than 12 months' notice, with the Executive Director required to give 12 months' notice of termination.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain events such as gross misconduct. The circumstances of the termination (taking into account the individual's performance) and an individual's duty and opportunity to mitigate losses are taken into account by the Committee when determining amounts payable on or following termination. The Committee's normal policy is to reduce compensatory payments to former Executive Directors where they receive remuneration from other employment during the compensation period. The Committee will consider the particular circumstances of each leaver on a case by case basis and retain flexibility as to at what point, and to what extent payments would be reduced.

Any share-based entitlements granted under the Company's share plans will be determined on the basis of the relevant plan rules. The default treatment is that any outstanding awards would lapse on cessation of employment. However, under the rules of the LTIP, in certain prescribed circumstances, such as death, redundancy, disability, retirement, the Company business unit employing the individual ceasing to be part of the Group or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status can be applied. In these circumstances a participant's awards vest on a time pro-rated basis and further are subject to the satisfaction of the relevant performance criteria over the original performance period with the balance of the awards lapsing.

The Committee retains discretion to decide not to pro-rate, to alter the basis of time pro-rating, and to alter the date on which performance is calculated, if it feels such decisions are appropriate in the particular circumstances. If, however, the termination of employment is not for one of the specified good leaver reasons, and if the Committee does not exercise its discretion to allow an award to vest, a participant's awards will lapse in full. In determining whether an Executive Director should be treated as a good leaver, the Committee will take into account the performance of the individual and the reasons for their departure. Other than for US participants, shares deferred through the annual bonus plan will vest immediately on cessation of employment other than on cessation of employment for cause, in which case they will lapse. For US tax reasons, shares deferred through the annual bonus plan for US participants will vest on the earlier of the date that is six months following the cessation of employment and the date of death of the participant.

In the event of a takeover of the Company, a scheme of arrangement or similar other major corporate event, LTIP awards will only vest to the extent that any performance conditions have been met at the date of the event, as determined by the Committee. In such an event, LTIP awards will only vest pro-rata to the length of time that has elapsed between the date of award and the date of the relevant event, unless, in appropriate circumstances, the Committee determines otherwise. Any deferred bonus share awards will vest in full and cease to be capable of forfeiture in the event of any such major corporate event during the 12-month deferral period.

However, the early vesting of awards following a change of control will not apply where a company acquires control of the Company and following that acquisition the shareholders of the Company immediately prior to the acquisition between them hold more than 50% of the issued share capital of the acquiring company, unless the Committee decides that the foregoing vesting rules should apply.

As a result of the Liberty Global Transaction, the outstanding share awards issued as part of the performance share plans fully vested.

The Company retains the ability to pay what it feels is an Executive Director's reasonable legal fees associated with agreeing his/her termination and in relevant circumstances outplacement services and related costs.

Annual report on remuneration

In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	Maximum of 12 months
Termination payment	Payment in lieu of notice of base salary, normally subject to mitigation and paid monthly[1,2] In addition, any statutory entitlements would be paid as necessary
Remuneration entitlements	A pro-rata bonus may also become payable for the period of active service along with vesting for outstanding share awards (in certain circumstances – see above) In all cases performance targets would apply
Change of control	Payments on a change of control, where a Director's employment is adversely changed, will be as on termination. There will be no enhanced provisions on a change of control[2]

1 Notwithstanding the Company's normal policy, the Committee retains the flexibility, in exceptional circumstances, to make lump sum termination payments (up to a maximum of 12 months' base salary and contractual benefits) as part of an Executive Director's termination arrangements where it considers it appropriate to do so.

2 The service contracts provide that, in the event of termination without cause and/or a change of control of the Company and an Executive Director's employment being adversely changed, then a payment equal to base salary for the notice period and a time pro-rated annual bonus will be payable. For Phil Bentley all benefits will cease with the exception of life cover and medical insurance which will continue for a period of up to six months or earlier if a new job is commenced, and the Company will pay any costs associated with the early termination of housing and car provision in the US.

Chairman's service contract

The Chairman has a service contract with 12 months' notice of termination on either side. There are no other contractual entitlements on early termination or following a change of control.

Non-executive Directors' letters of appointment

The Non-executive Directors do not have service contracts with the Company, but instead have letters of appointment. Non-executive Directors are permitted to have other external appointments, but these should not adversely affect the ability of the Director to perform his/her duties. Non-executive Directors are appointed for an initial three-year term with the expectation that a further three-year term will follow. After two three-year terms, the continued appointment of any Non-executive Director may be extended on an annual basis on the recommendation of the Nomination Committee. Termination of the appointment may be earlier at the discretion of either party on one month's written notice. Non-executive Directors are not entitled to any compensation if their appointment is terminated. Appointments will be subject to annual re-election at the AGM in accordance with the UK Corporate Governance Code.

	Effective date of initial appointment	Last extension of appointment letter	Unexpired term of appointment letter at 31 March 2016	Notice period
Sir Richard Lapthorne[1]	25 January 2010	–	N/A, Annual re-election by shareholders at AGM	12 months
Mark Hamlin	1 January 2012	1 January 2015	1 years, 9 months	1 month
Alison Platt	1 June 2012	1 June 2015	2 years, 2 months	1 month
Barbara Thoralfsson	7 January 2015	–	1 years, 9 months	1 month
Robin Freestone	17 August 2015	–	2 years, 4 months	1 month
Brendan Paddick	31 March 2015	–	2 years	1 month
John Risley	31 March 2015	–	2 years	1 month
Thad York	31 March 2015	–	2 years	1 month

1 Appointment date shown from date of demerger in 2010. Originally appointed as Chairman to the former Cable and Wireless plc on 10 January 2003.

Annual report on remuneration

Salary

No salary increases will be granted to Executive Directors in financial year 2016/17.

The current salaries as at 1 April 2016 are as follows:

	Salary at 1 April 2015	Salary at 1 April 2016	% increase
Phil Bentley	£800,000	£800,000	No increase
Perley McBride	$600,000	$600,000	No increase

Pension and other benefits

Executive Directors may choose to receive either a cash allowance of 25% of their base salary, an employer's pension contribution at the rate of 25% of base salary or a combination of a cash allowance and employer's pension contribution with a combined value of 25% of base salary. A Director is not required to pay any pension contributions.

The Executive Directors participate in employee benefit programmes including life cover, income protection and health insurance plans. For Phil Bentley, an annual accommodation/car allowance in Miami is provided to recognise the time periods spent between the UK and US. For Perley McBride, an annual accommodation allowance is provided for a period of up to two years or until such time as he relocates to Miami on a permanent basis, whichever is the earlier, and he is tax equalised on any of his CWC income, which is taxable in the UK.

Annual bonus for the Financial Year 2016/17

The measures selected for 2016/17 have been selected to support the key strategic objectives of the Company alongside a number of personal objectives, and remain unchanged from the previous year at 25% each for Revenue growth, Adjusted EBITDA (equivalent to EBITDA as defined in the underlying agreements), Net Promoter Score and Personal performance.

The maximum bonus opportunity will continue to be 150% of salary for the Executive Directors.

The Committee considers that the targets are commercially sensitive and therefore they will not be disclosed until such time as that ceases to be the case.

Share ownership requirements

The required share ownership levels to be achieved will continue to be as follows:

CEO 400% of salary

CFO 300% of salary

Chairman's fee

The Chairman's annual fee of £386,000, effective from his appointment as Chairman of Cable and Wireless plc in January 2003 will remain unchanged for financial year 2016/17. The Chairman receives a cash allowance of £5,500 per month in lieu of the provision of a car.

Non-executive Director fees

No increase to the fees of the Non-executive Directors will be made for the 2016/17 financial year.

The annual fees (which are based in sterling) payable to each Non-executive Director for financial year 2016/17 are shown in the table below.

	Base fee in sterling	Additional fees in sterling
Robin Freestone	75,000	35,000[1]
Mark Hamlin	75,000	35,000[2]
Brendan Paddick	75,000	35,000[3]
Alison Platt	75,000	–
John Risley	75,000	–
Barbara Thoralfsson	75,000	35,000[3]
Thad York	75,000	–

1 Additional fee for role of Senior Independent Director and Chairman of the Audit Committee.

2 Additional fee for Chairman of the Remuneration Committee.

3 Additional fee for special roles including appointment to subsidiary boards.

Annual report on remuneration

Remuneration earned in respect of performance during the financial year 2015/16

Directors' total remuneration table

The table below shows the aggregate emoluments earned by the Directors of Cable & Wireless Communications Limited during the period 1 April 2015 to 31 March 2016.

		Salaries and fees	Benefits in kind[1]	Bonus[2]	Value of LTIP[3]	Pension cash allowance[4]	Other cash allowance[5]	Total
		£	£	£	£	£	£	£
Chairman								
Sir Richard Lapthorne	**2015/16**	**386,000**	**38,021**	**–**	**–**	**–**	**85,920**	**509,941**
	2014/15	386,000	46,262	–	–	–	93,074	525,336
Executive Directors								
Phil Bentley[6]	**2015/16**	**800,000**	**57,818**	**984,000**	**–**	**200,000**	**377,575**	**2,419,393**
	2014/15	800,000	126,018	880,000	–	200,000	410,582	2,416,600
Perley McBride[6]	**2015/16**	**399,780**	**3,288**	**491,729**	**–**	**99,945**	**51,971**	**1,046,713**
	2014/15	291,766	56,756	304,847	–	72,942	37,632	763,943
Nick Cooper	**2015/16**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014/15	375,000	8,891	954,375	2,207,699	93,750	2,814	3,642,529
Non-executive Directors								
Simon Ball[7]	**2015/16**	**52,936**	**–**	**–**	**–**	**–**	**–**	**52,936**
	2014/15	85,000	771	–	–	–	–	85,771
Robin Freestone[8]	**2015/16**	**63,167**	**896**	**–**	**–**	**–**	**–**	**64,063**
	2014/15	–	–	–	–	–	–	–
Mark Hamlin	**2015/16**	**97,500**	**3,615**	**–**	**–**	**–**	**–**	**101,115**
	2014/15	85,000	1,268	–	–	–	–	86,268
Brendan Paddick	**2015/16**	**87,500**	**6,353**	**–**	**–**	**–**	**–**	**93,853**
	2014/15	250	–	–	–	–	–	250
Alison Platt	**2015/16**	**70,000**	**136**	**–**	**–**	**–**	**–**	**70,136**
	2014/15	65,000	376	–	–	–	–	65,376
John Risley	**2015/16**	**70,000**	**–**	**–**	**–**	**–**	**–**	**70,000**
	2014/15	250	–	–	–	–	–	250
Barbara Thoralfsson	**2015/16**	**87,500**	**5,328**	**–**	**–**	**–**	**–**	**92,828**
	2014/15	15,333	880	–	–	–	–	16,213
Ian Tyler[9]	**2015/16**	**42,500**	**–**	**–**	**–**	**–**	**–**	**42,500**
	2014/15	85,000	275	–	–	–	–	85,275
Thad York	**2015/16**	**70,000**	**16,530**	**–**	**–**	**–**	**–**	**86,530**
	2014/15	250	–	–	–	–	–	250
Total 2015/16		**2,226,883**	**131,985**	**1,475,729**	**–**	**299,945**	**515,466**	**4,650,008**
Total 2014/15		2,188,849	241,497	2,139,222	2,207,699	366,692	544,102	7,688,061

Annual report on remuneration

1 'Benefits in kind' include car and fuel benefits, chauffeur provision, benefits associated with travel, accommodation and relocation, the cost of medical insurance and income protection insurance, and the tax settled by the Company in relation to those benefits.

2 For 2015/16 the Executive Directors had annual bonus potential of 150% of salary. The Committee determined that 123% of maximum bonus would be paid based on performance in 2015/16. Half of the bonus is paid in cash and the other half is deferred into shares for one year and subject to claw back at the discretion of the Committee. These shares will count towards each Director's shareholding requirement.

3 No LTIP awards were due to vest based on performance ending in the 2015/16 financial year to any of the current executive Directors.

4 Company pension contributions in financial year 2015/16 were paid to the Directors as either an annual cash allowance and/or employer's pension contributions.

5 Phil Bentley was provided with expatriate allowances relating to a car and accommodation (£358,188) and the tax liability for expatriate benefits incurred whilst living/working in Miami. For Richard Lapthorne, the cash allowance is in part in lieu of a company car (£66,000) and the remainder relates to the settlement of the tax liability on benefits. For Perley McBride the £51,971 relates to an accommodation allowance.

6 The Directors' total remuneration table is presented in sterling and the US amounts paid to Phil Bentley and Perley McBride have been converted to sterling using the average exchange rate of $1:£0.6663 for the tax year 2015/16.

7 Simon Ball stood down from the Board on 4 November 2015.

8 Robin Freestone was appointed to the Board on 17 August 2015 and stood down from the Board on 16 May 2016.

9 Ian Tyler stood down from the Board on 30 September 2015.

The following Directors resigned from the Company on 16 May 2016 as a result of the acquisition of the entire issued share capital of the Company by Liberty Global plc:

Sir Richard Lapthorne
Phil Bentley
Robin Freestone
Mark Hamlin
Brendan Paddick
Alison Platt
John Risley
Barbara Thoralfsson
Thad York

Payments to past directors

Tony Rice and Nick Cooper stepped down from the Board on 31 December 2013 and 31 March 2015 respectively. The LTIP awards granted to Tony Rice and Nick Cooper on 30 May 2013 for the financial year 2013/14 with performance measured over the period 1 April 2013 to 31 March 2016 are due to vest in full on 11 May 2016. Based on the share price as at the close of business on 31 March 2016 the cash equivalent values of the awards are £1,839,244.37 and £1,108,471.35 for Tony Rice and Nick Cooper respectively (which includes reinvested dividends accrued to 31 March 2016).

Annual report on remuneration

Financial bonus targets and performance for financial year 2015/16

For the financial year 2015/16, the measures adopted and their respective weighting for the annual bonus are detailed below.

Measure	Rationale	Weighting of measure out of 100%
Revenue growth	This measure reflects our ability to deliver sustainable long-term growth and will encourage innovation and investment to gain a greater share of customers' telecoms wallet	25%
Adjusted EBITDA (US$m)	This measure, which is defined in the Company's financial statements, seeks to incentivise our business operating effectiveness, encouraging cost control and operational gearing	25%
Net Promoter Score (NPS)[1]	This measure tracks customer service and advocacy, improvements in which deliver an increase in the lifetime value of our customer relationships	25%
Personal performance	Targets specific deliverables and behaviours by each individual. This will be a basket of measures, encompassing the 'how' as well as the 'what'	25%

1 There will continue to be a minimum Adjusted EBITDA underpin to the NPS element of the annual bonus, whereby the NPS element of the annual bonus will only pay out provided that the minimum Adjusted EBITDA target has been achieved.

Financial bonus targets and performance for financial year 2015/16 for the Group

	Start-to-earn (25% payable)	Target (50% payable)	Stretch (100% payable)	Financial year 2015/16 performance
Revenue	$2,374 million	$2,415 million	$2,471 million	$2,379 million
Adjusted EBITDA	$888 million	$908 million	$943 million	$950 million
NPS	15	17	18	20

Bonus payments for financial year 2015/16

	% of salary payable for Revenue performance	% of salary payable for Adjusted EBITDA performance	% of salary payable for NPS performance	% of salary payable for personal performance	Total bonus payable as % of salary	Total bonus paid out of 100%
Phil Bentley	10.5	37.5	37.5[1]	37.5	123.0	82.0
Perley McBride	10.5	37.5	37.5[1]	37.5	123.0	82.0

1 The NPS underpin of Adjusted EBITDA was met.

Bonus was accrued on a straight line basis between the threshold, target and stretch levels.

For bonuses awarded from 2015/16 we have introduced recovery provisions for a period of two years on the cash element of the bonus and a further period of one year's recovery on the portion of the bonus deferred into shares for a year. These provisions will take effect in the event of restatement of the Company's accounts resulting from fraud, error or misrepresentation or any issues of a nature which have a significant effect on the performance of the business.

Annual report on remuneration

Long-term incentive awards granted in the year

Details of awards made to Executive Directors under the Performance Share Plan in the year ended 31 March 2016 are as follows:

	Scheme	Award level	Award date	Face value	Vesting period	Performance conditions
Chief Executive Officer – Phil Bentley	PSP 2011	200% of salary	28 May 2015	£1,600,000	Three year performance period commencing on 1 April 2015	Performance against five measures; Adjusted EBITDA, Revenue, Net Promoter Score (NPS), Economic profit and relative Total Shareholder Return (TSR). Relative TSR will account for 25% of the LTIP (out of 100%) with the remaining four targets representing 18.75% each of the LTIP (out of 100%). There will be a minimum Adjusted EBITDA underpin to the NPS element of the LTIP, whereby the NPS element of the LTIP will only pay out provided that the minimum Adjusted EBITDA LTIP target has been achieved. Given the commercial sensitivity of the three-year financial targets we will not be disclosing the Adjusted EBITDA, Revenue and Economic profit targets until at the latest the end of the performance period. For NPS the range for vesting between threshold and maximum is an NPS improvement of between +26 to +32 from the baseline. For TSR below median ranking against the comparator group no shares will vest, with vesting rising from 25% to 100% for a TSR ranking of between median and upper quartile. The comparator group of companies comprises the companies that were companies comprised in the FTSE250 index as at 1 April 2015.
Chief Financial Officer – Perley McBride		200% of salary	28 May 2015	\$1,200,000 (which at the time of grant was a sterling equivalent of £850,159, using the year end exchange rate of £1:\$1.4115)		

For the purposes of the awards, TSR is calculated using a one month average share price at the beginning and end of the performance period in order to moderate the effect of short-term volatility. The share price for the awards to Phil Bentley and Perley McBride was £0.6841, being the average closing share price of the Company for the five business days commencing on 20 May 2015. Both Performance Share Awards were granted in the form of restricted share awards and a dividend award supplement will apply to awards that vest in accordance with the rules of the plan.

Share ownership

As at 31 March 2016, the Executive Directors' shareholding requirements are summarised in the table below. Where the holding is not already attained it is required to be achieved through retention of shares or the vesting of awards (on a net of tax basis) from share plans.

There has not been any change in the Directors' interests in shares from 31 March 2016 to 16 May 2016 except in respect of Phil Bentley and Perley McBride who were awarded 658,193 shares and 340,093 shares respectively on 6 May 2016 as part of the Deferred Bonus Plan for the year ended 31 March 2016. As a result of the acquisition of the entire share capital of the Company by Liberty Global plc which completed on 16 May 2016, all Directors' interests in shares of the Company ceased to exist on completion.

Annual report on remuneration

Directors' interests in shares as at 31 March 2016

	Beneficially owned shares as at 31 March 2016 or date of resignation	Unvested deferred bonus plan shares[1]	% of shareholding requirement achieved[2]	Share Purchase Plan (unvested)	Performance Share Plan Shares (unvested)	Total Interest in Share Plans
Sir Richard Lapthorne	9,000,000	–	–	–	–	–
Executive Directors[3]						
Phil Bentley	6,035,748	639,534	643%	–	**10,237,108**	**10,237,108**
Perley McBride	927,108	227,108	209%	–	**2,725,487**	**2,725,487**
Non-executive Directors						
Simon Ball[4]	504,348	–	–	–	–	–
Robin Freestone[5]	–	–	–	–	–	–
Mark Hamlin	122,222	–	–	–	–	–
Alison Platt	23,764	–	–	–	–	–
Barbara Thoralfsson	–	–	–	–	–	–
Ian Tyler[6]	4,000	–	–	–	–	–
Brendan Paddick	136,077,710	–	–	–	–	–
John Risley[7]	846,355,136	–	–	–	–	–
Thad York	–	–	–	–	–	–

1 Phil Bentley and Perley McBride received 50% of their total gross bonus payment for the financial year ended 2014/15 in the form of Bonus Plan shares deferred for one year and subject to claw back at the discretion of the Committee. These shares count towards each Director's shareholding requirements and are due to vest 11 May 2016. A proportion of these deferred shares may be sold at the end of the deferral period to meet tax obligations relating to their acquisition/vesting.

2 Shares counting towards achievement of the requirement included beneficially owned shares. Share price as at the close of business on 31 March 2016 (£0.7705). Perley McBride's salary of US$600,000 has been converted into sterling using the closing exchange rate of $1.4115: £1 on 31 March 2016. The required share ownership of 300% of salary will be met by the vesting of the first transfer of performance share plan shares which will occur in June 2017.

3 As potential beneficiaries from outstanding awards which may be satisfied by shares held by the Trust, the Executive Directors are deemed to have an interest in all of the ordinary shares held by the Trust, which at 31 March 2016 amounted to 26,138,240 shares.

4 Simon Ball resigned from the Company on 4 November 2015.

5 Robin Freestone was appointed to the Board on 17 August 2015.

6 Ian Tyler resigned from the Company on 30 September 2015.

7 CVBI Holdings (Barbados) Inc and Clearwater Holdings (Barbados) Limited are both controlled by John Risley. CVBI Holdings (Barbados) Inc owns 788,549,081 shares (18.2 %). Clearwater Holdings (Barbados) Limited owns 57,806,055 shares (1.3%). Further details in respect of this can be found in the Directors' report.

Annual report on remuneration

Directors' share awards

Name and scheme	Award date	Vesting	Market price on date of award of Cable & Wireless Communications Plc shares (pence)	Shares under award at 1 April 2015	Shares awarded	Shares vested	Shares lapsed, cancelled or forfeited	Shares under award at 31 March 2016
Executive Directors								
Phil Bentley								
Performance Shares[1]	02/01/2014	02/06/2017	57.40	–	4,288,011	–	–	**4,288,011**
Performance Shares[DS]	11/01/2014	02/06/2017	56.50	–	61,891	–	–	**61,891**
Performance Shares[DS]	08/08/2014	02/06/2017	47.37	–	141,340	–	–	**141,340**
Performance Shares[DS]	09/01/2015	02/06/2017	49.12	–	74,106	–	–	**74,106**
Performance Shares[DS]	07/08/2015	02/06/2017	64.55	–	113,760	–	–	**113,760**
Performance Shares	29/05/2014	29/05/2017	53.00	–	2,932,013	–	–	**2,932,013**
Performance Shares[DS]	08/08/2014	29/05/2017	47.37	–	96,644	–	–	**96,644**
Performance Shares[DS]	09/01/2015	29/05/2017	49.12	–	50,671	–	–	**50,671**
Performance Shares[DS]	07/08/2015	29/05/2017	64.55	–	77,785	–	–	**77,785**
Performance Shares	28/05/2015	28/05/2018	66.35	–	2,338,839	–	–	**2,338,839**
Performance Shares[DS]	07/08/2015	28/05/2018	64.55	–	62,048	–	–	**62,048**
				–	**10,237,108**	–	–	**10,237,108**
Perley McBride								
Performance Shares	30/06/2014	30/06/2017	49.25	–	1,452,376	–	–	**1,452,376**
Performance Shares[DS]	08/08/2014	30/06/2017	47.37	–	47,872	–	–	**47,872**
Performance Shares[DS]	09/01/2015	30/06/2017	49.12	–	25,100	–	–	**25,100**
Performance Shares[DS]	07/08/2015	30/06/2017	64.55	–	38,531	–	–	**38,531**
Performance Shares	28/05/2015	28/05/2018	66.35	–	1,131,588	–	–	**1,131,588**
Performance Shares[DS]	07/08/2015	28/05/2018	64.55	–	30,020	–	–	**30,020**
				–	**2,725,487**	–	–	**2,725,487**

DS Dividend shares

1 Share award of 4,288,011 CWC shares were granted to Phil Bentley on 2 January 2014 in order to secure his appointment as Chief Executive. The PSP award based on 300% of base salary is subject to performance measured over three years and continued service, and the award of which was contingent on Phil purchasing shares with a value of at least 200% of salary. This requirement has been met by the acquisition of 4,300,000 shares on 2 January 2014 (over 300% of his salary at the date of purchase).

Annual report on remuneration

Percentage change in remuneration levels

The table below shows the movement in the salary, benefits and annual bonus for the Chief Executive between the current and previous financial year compared to that for the average UK/US employee. The Committee has chosen this comparator as it feels that it provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by movements in the number of employees and variations in wage practices in our overseas markets. For the benefits and bonus per employee, this is based on those employees eligible to participate in such schemes.

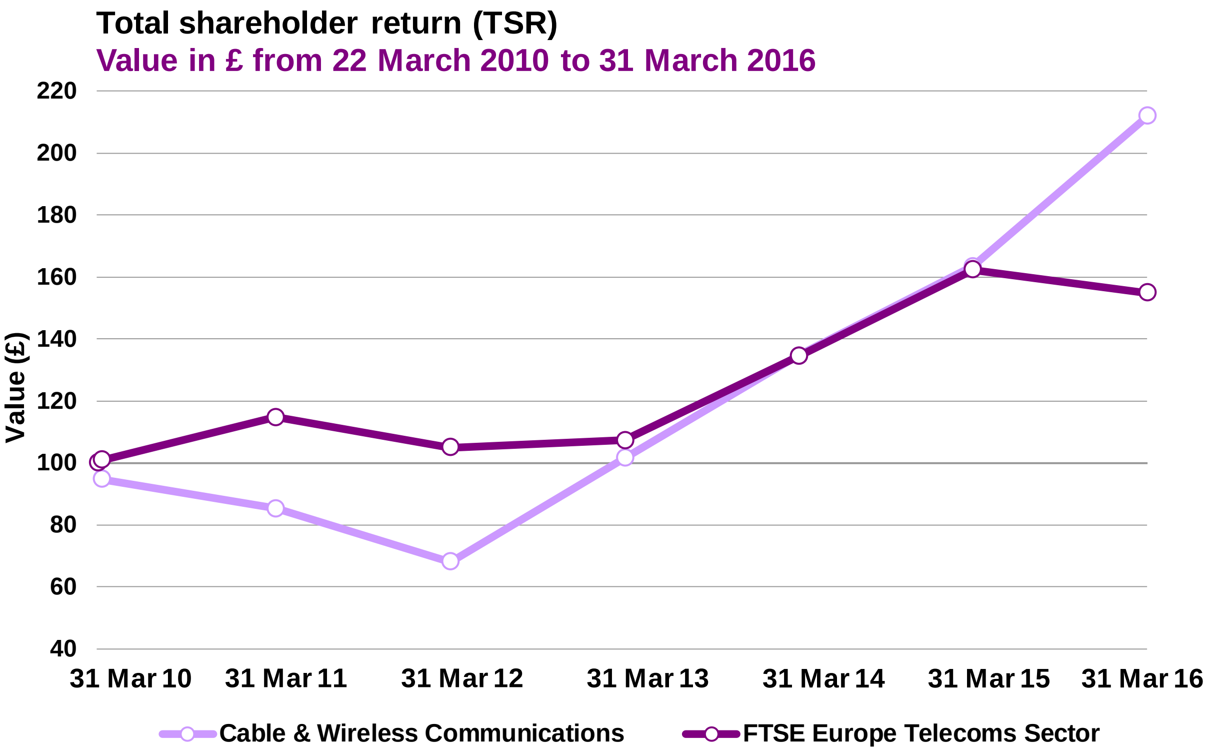
	Role of Chief Executive	Average per employee
Salary	0%	7.2%
Benefits[1]	(8.8)%	23%
Annual bonus paid	(18.9)%	(3.5)%[2]

1 Benefits for the Chief Executive include travel benefits, accommodation allowance and reimbursement of other necessary expenses incurred in the financial year 2014/15, whilst living/working in Miami.

2 Annual bonus paid relates to bonus paid in financial year 2014/15 and financial year 2015/16 in respect of the prior year performance period to enable comparison.

Performance graph and pay table

The chart below shows the Company's TSR performance against the performance of the FTSE Europe Telecoms sector from 22 March 2010 to 31 March 2016. This index was chosen as it represents a broad equity market index, which includes companies of a comparable or larger size and complexity operating in the same sector, but not the same geographies.



This graph shows the total shareholder return by 31 March 2016 for a £100 holding in the Company's shares for the period from 22 March 2010 (the date shares in the Company were admitted to the Official List), compared with £100 invested in the FTSE Europe Telecoms Sector.

Annual report on remuneration

The table below shows the total remuneration figure for the Chief Executive for the seven financial years to 31 March 2016. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus and LTIP percentages show the payout for each year as a percentage of the maximum.

Chief Executive's seven year pay table	2009/10	2010/11	2011/12	2012/13	2013/14[1]	2014/15	**2015/16**
Total remuneration[2]	£2,641,465	£2,336,597	£1,306,651	£1,703,341	£2,093,065	£2,416,600	**£2,419,393**
Annual bonus	0%	77%	76%	56%	89%	73%	**82%**
LTIP vesting	N/A[3]	N/A[3]	0%	0%	0%	0%	**0%**

1 The information for financial year 2013/14 relates to the total remuneration, annual bonus and LTIP vesting for Tony Rice from 1 April 2013 to 31 December 2013 and total remuneration, annual bonus and LTIP vesting for Phil Bentley from 1 January 2014 to 31 March 2014. It also includes travel benefits, accommodation allowance and reimbursement of other necessary expenses incurred for the Chief Executive in the financial year 2013/14, whilst working in London and Miami.

2 The total remuneration in this table has been adjusted to include half of the bonus which is deferred into shares for one year.

3 For the 2009/10 financial year and 2010/11 financial year, the LTIP payment relates to the cash LTIP plan which had no formal award limit. It was structured to vest at the end of its five-year cycle with staged payments between years four and five. 85% vested at the end of year four (2009/10 financial year) of which 50% (£1,090,000) was paid immediately and 35% deferred (for a further year with the balance vesting and payable at the end of the 2010/11 financial year). At the end of 2010/11 financial year, the cash LTIP units were revalued and a further payment of £1,660,000 was made (which included the 35% deferred from 2009/10). The total payment from the cash LTIP during the five year period was £2,750,000.

Relative importance of the spend on pay

The table below shows the movement in spend on staff costs versus that in dividends.

	2014/15	**2015/16**	**% change**
Staff costs[1]	£197 million	£219 million	11.0%
Dividends[2]	£64 million	£77 million	20.4%

1 Staff costs include exceptional employee and other staff expenses and deferred bonus shares issued as disclosed in the prior year single figure amount.

2 Dividends listed above include final dividend in respect of the prior year and interim dividend in respect of the actual year.

External Non-executive Director positions

None of the Executive Directors held external directorships during the year.

Statement of shareholder voting at last year's AGM, the Directors' remuneration report received the following votes from shareholders:

	2015 AGM	**%**
Votes cast in favour	3,314,804,125	98.76%
Votes cast against	41,462,788	1.24%
Total votes cast	**3,356,266,913**	
Abstentions	1,065,112	

Annual report on remuneration

Advisers to the Committee

Aon Hewitt Limited (an Aon plc company) provides advice on remuneration and share plans both for Executive Directors and the wider senior management population, and were appointed by the Committee. In addition, Aon Hewitt provides measurement of the Company's relative and absolute TSR performance and benchmark Non-executive Directors' and the Chairman's fee levels.

The Committee regularly reviews the external adviser relationship and is comfortable that Aon Hewitt's advice remains objective and independent. The Committee reviewed the performance of the adviser during the year. Based on the quality of the advice received, their objectivity, independence and their familiarity with the Company's existing structures and share plans during this period of significant change the Committee reappointed Aon Hewitt until the time of the next review.

Aon Hewitt are signatories to the Remuneration Consultants Group Code of Conduct and any advice provided by them is governed by that code. Aon Hewitt's terms of engagement are available on request from the Company Secretary. Aon Hewitt, other than acting as independent consultant to the Committee, provided no further services to the Company during the year. For the year under review Aon Hewitt's total fees charged were £150,874 (exclusive of value added tax (VAT)) and the fees were charged on a timed basis.

Remuneration Committee membership

Mark Hamlin[1] (Chairman)
Simon Ball[2]
Robin Freestone[3]
Alison Platt
Ian Tyler[4]
Barbara Thoralfsson

1 Mark Hamlin was appointed as Chairman of the Committee with effect from 4 November 2015.

2 Simon Ball resigned as a Director of the Company on 4 November 2015, and also stepped down as member and Chairman of the Committee from that date.

3 Robin Freestone was appointed as a member of the Committee with effect from 17 August 2015 and resigned as a Director of the Company on 16 May 2016.

4 Ian Tyler resigned as a Director of the Company on 30 September 2015, and also stepped down as member of the Committee from that date.

No person is present during any discussion relating to their own remuneration.

Audited information

The sections of the Annual report on remuneration that have been audited by KPMG LLP are from Directors' total remuneration table on page 26 up to and including Long-term incentive awards granted in the year and Directors' interests in shares as at 31 March 2016 on page 30.

This report has been approved on behalf of the Board and signed on its behalf by

Jeremy Evans
Director

26 May 2016

Consolidated financial statements

Income statement

for the year ended 31 March 2016

Continuing operations	Note	2015/16 Pre-exceptional items US$m	2015/16 Exceptional items[1] US$m	2015/16 Total US$m	2014/15 Pre-exceptional items US$m	2014/15 Exceptional items[1] US$m	2014/15 Total US$m
Revenue	2.1	**2,379**	**–**	**2,379**	1,753	–	1,753
Operating costs before depreciation, amortisation and impairment	2.3.1, 2.3.5	**(1,447)**	**(49)**	**(1,496)**	(1,168)	(104)	(1,272)
Depreciation and impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amortisation	3.5	**(111)**	**–**	**(111)**	(47)	–	(47)
Other operating income	2.3.4	**14**	**–**	**14**	42	–	42
Other operating expense	2.3.4	**(34)**	**–**	**(34)**	(62)	–	(62)
Group operating profit/(loss)		**468**	**25**	**493**	309	(231)	78
Share of profit/(loss) of joint ventures and associates	3.7	**(1)**	**–**	**(1)**	12	–	12
Total operating profit/(loss)		**467**	**25**	**492**	321	(231)	90
Gain on sale of businesses	2.4	**–**	**–**	**–**	4	–	4
Finance income	4.1	**32**	**–**	**32**	26	–	26
Finance expense	4.1	**(326)**	**(21)**	**(347)**	(84)	(37)	(121)
Profit/(loss) before income tax		**173**	**4**	**177**	267	(268)	(1)
Income tax (expense)/credit	2.6	**(45)**	**(6)**	**(51)**	(65)	33	(32)
Profit/(loss) for the year from continuing operations		**128**	**(2)**	**126**	202	(235)	(33)
Discontinued operations							
Profit after tax for the year from discontinued operations	2.8	**–**	**–**	**–**	354	–	354
Profit/(loss) for the year		**128**	**(2)**	**126**	556	(235)	321
Profit/(loss) attributable to:							
Owners of the Parent Company		**35**	**(1)**	**34**	458	(205)	253
Non-controlling interests		**93**	**(1)**	**92**	98	(30)	68
Profit/(loss) for the year		**128**	**(2)**	**126**	556	(235)	321
Earnings per share attributable to the owners of the Parent Company during the year (cents per share)[2]	2.5						
– basic				**0.8**			9.7
– diluted				**0.8**			9.7
Earnings/(loss) per share from continuing operations attributable to the owners of the Parent Company during the year (cents per share)	2.5						
– basic				**0.8**			(3.8)
– diluted				**0.8**			(3.8)
Earnings per share from discontinued operations attributable to the owners of the Parent Company during the year (cents per share)	2.5						
– basic				**–**			13.5
– diluted				**–**			13.5

1 Further detail on exceptional items is set out in note 2.3.5 and in the relevant note for each item.

2 Includes discontinued operations (note 2.8).

The notes on pages 43 to 104 are an integral part of these financial statements.

Consolidated financial statements

Commentary on the income statement

i The consolidated income statement includes the majority of our income and expenses for the year with the remainder recorded in the statement of comprehensive income. The commentary below is unaudited. Columbus International Inc. (Columbus) results are included for the first time in 2015/16 after the acquisition on 31 March 2015

Revenue

Group revenue increased by US$626 million to US$2,379 million predominantly due to the acquisition of Columbus. More information is provided in our segmental results in note 2.2.

Adjusted EBITDA

The Group uses Adjusted EBITDA as a key performance measure of its operating segments as it reflects the underlying operational performance of the businesses. Adjusted EBITDA is not a measure defined under IFRS. It is calculated as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income and expense, defined benefit pension scheme interest and share-based payments and exceptional items.

Reconciliation to total operating profit	2015/16 US$m	Restated 2014/15 US$m
Total operating profit	**492**	90
Depreciation and amortisation	**444**	256
Net other operating expense	**20**	20
Share of loss/(profit) after tax of joint ventures and associates	**1**	(12)
Defined benefit pension interest charges	**3**	3
Share-based payment charge	**15**	8
Exceptional items: operating	**49**	104
Exceptional items: impairment	**(74)**	127
Adjusted EBITDA	**950**	596

Operating exceptional items

Exceptional items in the 2015/16 period of US$49 million included charges for the integration of Cable & Wireless and Columbus. These charges relate to rebranding and marketing, legal and consultancy fees and travel related costs.

Pre-exceptional depreciation and amortisation

Depreciation and amortisation at US$444 million was 73% higher, due to the Columbus acquisition and accelerated depreciation of the overlap networks in the Caribbean following the impairment reversal.

Exceptional depreciation and amortisation

Exceptional depreciation gain of US$74 million in the 2015/16 period relates to the partial reversal of the impairment of US$127 million recorded in the prior year due to changes in the expected useful lives of those specific assets.

Net other operating expense/income

The US$20 million net other operating expense for the year comprised a foreign exchange translation gain related to the UK pension schemes of US$9 million and gains on property, plant and equipment of US$5 million which was offset by costs relating to the Liberty Global Transaction of US$34 million. In the prior year the US$20 million net other operating expense comprised US$55 million of transaction fees in relation to the Columbus and Sonitel acquisitions, US$25 million of income in relation to the sub-sea cable partnership with Columbus and a foreign exchange translation gain related to the UK pension schemes.

Joint ventures and associates

Our share of loss after tax from joint ventures and associates was US$1 million, as compared to share of profit after tax from joint ventures and associated of US$12 million during the prior period. This change is due to the classification of our investment in TSTT from an associate to an asset held for sale as at 31 March 2015.

Net finance expense

The US$294 million net finance expense for the Group excluding exceptional items included finance income of US$32 million (2014/15 – US$26 million) and finance expense of US$326 million (2014/15 – US$84 million in 2014/15). The increase in finance expense predominantly related to the financing for the acquisition of Columbus.

Income tax expense

The income tax charge for the continuing Group of US$51 million (2014/15 – US$32 million) was in respect of overseas taxes. This charge represented an effective tax rate of 26% pre-exceptional items.

Reconciliation of basic earnings per share (EPS) to adjusted EPS

Adjusted EPS is a non-GAAP measure and is used by the Group as it provides a measure of underlying earnings attributable to each share. We exclude one-off non-recurring items and also certain non-cash charges such as amortisation of acquired intangibles.

Adjusted EPS has decreased by 13% primarily due to an increase in weighted average number of shares.

Reconciliation of adjusted EPS to loss per share	2015/16 US cents	2014/15 US cents
Earnings/(loss) per share attributable to owners of the Parent Company	**0.8**	(3.8)
Exceptional items[1]	**–**	7.9
Acquisition related transaction costs[1]	**0.8**	2.1
Amortisation of acquired intangibles and property, plant and equipment[1]	**0.8**	0.2
Foreign exchange gains on financing activities	**(0.4)**	(1.5)
Unwinding of put option	**2.1**	–
Gain on disposal of businesses	**–**	(0.2)
Adjusted EPS attributable to owners of the Parent Company	**4.1**	4.7
Weighted average number of shares (million)	**4,322**	2,615

1 Excluding amounts attributable to non-controlling interests.

Consolidated financial statements

Consolidated statement of comprehensive income

for the year ended 31 March 2016

	Note	2015/16 US$m	2014/15 US$m
Profit for the year		**126**	321
Other comprehensive income/(expense) for the year comprised:			
Items that will not be reclassified to profit or loss:			
Actuarial losses in the value of defined benefit retirement plans	3.10	**(3)**	(77)
Income tax relating to items that will not be reclassified to profit or loss		**1**	–
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**(2)**	(77)
Items that are or may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(35)**	(11)
Foreign currency translation reserves recycled on disposal of operations		**–**	(94)
Foreign currency translation reserves recycled on held for sale associate	3.8	**–**	(30)
Fair value gain on available-for-sale financial assets	4.4	**–**	3
Income tax relating to items that may be reclassified to profit or loss		**–**	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(35)**	(132)
Other comprehensive expense for the year, net of tax		**(37)**	(209)
Total comprehensive income for the year		**89**	112
Total comprehensive (loss)/income attributable to:			
Owners of the Parent Company		**(10)**	42
Non-controlling interests		**99**	70
		89	112

The notes on pages 43 to 104 are an integral part of these financial statements.

Consolidated financial statements

Consolidated statement of changes in equity

for the year ended 31 March 2016

	Attributable to the owners of the Parent Company							
	Share capital US$m	Share premium US$m	Foreign currency transla-tion and hedging reserve US$m	Capital and other reserves US$m	Retained earnings US$m	Total US$m	Non-controlling interests US$m	Total equity US$m
Balance at 1 April 2014	133	97	18	3,288	(3,047)	489	350	839
Profit for the year	–	–	–	–	253	253	68	321
Actuarial losses recognised (net of tax)	–	–	–	–	(76)	(76)	(1)	(77)
Foreign currency translation reserves recycled on disposal of operations	–	–	(94)	–	–	(94)	–	(94)
Foreign currency translation reserves recycled on held for sale associate	–	–	(30)	–	–	(30)	–	(30)
Exchange differences on translation of foreign operations	–	–	(14)	–	–	(14)	3	(11)
Fair value movements in available-for-sale financial assets	–	–	–	3	–	3	–	3
Total comprehensive (expense)/income for the year	**–**	**–**	**(138)**	**3**	**177**	**42**	**70**	**112**
Put option arrangements[1]	–	–	–	(879)	–	(879)	–	(879)
Issuance or ordinary shares	91	163	–	1,312	–	1,566	–	1,566
Equity share-based payments	–	–	–	–	28	28	–	28
Dividends	–	–	–	–	(104)	(104)	–	(104)
Total dividends and other transactions with Cable & Wireless Communications Plc shareholders	91	163	–	433	(76)	611	–	611
Dividends paid to non-controlling interests	–	–	–	–	–	–	(86)	(86)
Transfer of BTC non-controlling interest	–	–	–	–	(6)	(6)	6	–
Total dividends and other transactions with non-controlling interests	–	–	–	–	(6)	(6)	(80)	(86)
Balance at 31 March 2015	**224**	**260**	**(120)**	**3,724**	**(2,952)**	**1,136**	**340**	**1,476**
Profit for the year	–	–	–	–	34	34	92	126
Actuarial losses recognised (net of tax)	–	–	–	–	(6)	(6)	4	(2)
Exchange differences on translation of foreign operations	–	–	(38)	–	–	(38)	3	(35)
Total comprehensive (expense)/income for the year	–	–	(38)	–	28	(10)	99	89
Equity share-based payments	–	–	–	–	8	8	–	8
Dividends	–	–	–	–	(116)	(116)	–	(116)
Total dividends and other transactions with Cable & Wireless Communications Plc shareholders	**–**	**–**	**–**	**–**	**(108)**	**(108)**	**–**	**(108)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	(54)	(54)
Total dividends and other transactions with non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(54)**	**(54)**
Balance at 31 March 2016	**224**	**260**	**(158)**	**3,724**	**(3,032)**	**1,018**	**385**	**1,403**

1 Refer to note 4.7 for lock-up and put option arrangements.

The notes on pages 43 to 104 are an integral part of these financial statements.

Consolidated financial statements

Consolidated statement of financial position

as at 31 March 2016

	Note	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Assets			
Non-current assets			
Intangible assets	3.5	**2,972**	3,033
Property, plant and equipment	3.6	**2,756**	2,580
Investments in joint ventures and associates	3.7	**1**	1
Available-for-sale financial assets	4.4	**57**	59
Financial assets at fair value through profit or loss	4.5	**31**	14
Other receivables	3.1	**143**	154
Deferred tax assets	2.7	**36**	56
Retirement benefit assets	3.10	**28**	17
		6,024	5,914
Current assets			
Trade and other receivables	3.1	**631**	556
Inventories	3.2	**58**	50
Loans to related parties	3.1	**56**	56
Cash and cash equivalents	4.2	**167**	402
		912	1,064
Assets held for sale	3.8	**154**	164
		1,066	1,228
Total assets		**7,090**	7,142
Liabilities			
Current liabilities			
Trade and other payables	3.3	**696**	853
Borrowings	4.3	**87**	82
Financial liabilities at amortised cost	4.8	**279**	–
Provisions	3.9	**61**	129
Current tax liabilities		**87**	120
		1,210	1,184
Net current (liabilities)/assets		**(144)**	44
Non-current liabilities			
Trade and other payables	3.3	**315**	306
Borrowings	4.3	**2,941**	2,685
Financial liabilities at amortised cost	4.7	**691**	879
Deferred tax liabilities	2.7	**278**	293
Provisions	3.9	**67**	110
Retirement benefit obligations	3.10	**185**	209
		4,477	4,482
Net assets		**1,403**	1,476
Equity			
Capital and reserves attributable to the owners of the Parent Company			
Share capital	4.8	**224**	224
Share premium		**260**	260
Reserves		**534**	652
		1,018	1,136
Non-controlling interests		**385**	340
Total equity		**1,403**	1,476

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

The notes on pages 43 to 104 are an integral part of these financial statements. These financial statements on pages 35 to 104 were approved by the Board of Directors on 26 May 2016 and signed on its behalf by:

Perley McBride Chief Financial Officer
Cable & Wireless Communications Limited Registered number – 07130199

Consolidated financial statements

Commentary on the statement of financial position

i The Consolidated statement of financial position shows all of our assets and liabilities at 31 March 2016. The commentary below is unaudited.

Intangible assets and property, plant and equipment

The net book value of property, plant and equipment has increased by US$176 million due to capital investments in 4G/HSPA+ mobile data networks in Panama and The Bahamas and LTE upgrades in Jamaica. We also made selective fibre investments in Barbados, Jamaica, Trinidad and The Bahamas. Intangible assets decreased by US$61 million primarily due to amortisation of intangible assets.

Retirement benefit assets and obligations

In May 2014, the Company reached agreement with the Trustees on the actuarial funding valuation as at 31 March 2013. This showed a funding deficit of £109 million (US$154 million). Cash contributions to the Cable & Wireless Superannuation Fund (CWSF) for 2014 to 2016 remained as agreed following the March 2010 triennial review. The first two payments of US$52 million and US$49 million were made in July 2014 and April 2015, respectively. Payments in 2017, 2018 and 2019 will be based on the outcome of the triennial valuation as at 31 March 2016 and will be in the range of £nil to £23 million (US$nil to US$32 million) each year necessary to fund the scheme by April 2019.

As at 31 March 2016, the CWSF had an IAS 19 deficit of £97 million (US$136 million), compared to a deficit of £106 million (US$158 million) as at 31 March 2015. This deficit funding agreed as part of the 2010 triennial valuation constitutes a minimum funding agreement and, in accordance with accounting standards, we are required to account for this within the deficit. The IAS 19 deficit recorded at 31 March 2016 therefore represents the present value of the amounts committed under the minimum funding agreement.

There are other unfunded pension liabilities in the UK of £31 million (US$44 million) (£32 million (US$48 million) at 31 March 2015). The Group holds investments in gilts of £24 million (US$34 million) to partially back the UK unfunded pension liabilities. Other schemes in Jamaica and Barbados have a net surplus of US$28 million (US$17 million surplus at 31 March 2015).

Cash and cash equivalents and borrowings

	As at 31 March 2016 US$m	Restated[1] As at 31 March 2015 US$m
Cash and cash equivalents	**167**	402
Sterling unsecured bonds repayable in 2019	**(207)**	(219)
US$400 million secured bonds due 2020	**(395)**	(394)
US$1,250 million unsecured bonds due 2021	**(1,236)**	(1,233)
US$750 million unsecured bonds due 2022	**(725)**	–
US$390 million secured loan due 2017	**–**	(374)
US$300 million unsecured loan due 2017	**–**	(288)
Revolving Credit Facility (RCF)	**(180)**	–
Other regional debt facilities and overdrafts	**(285)**	(259)
Total debt	**(3,028)**	(2,767)
Total reported net debt	**(2,861)**	(2,365)

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

During the year the Group refinanced the two-year term loans to US$750 million notes which was obtained for the acquisition of Columbus. As at 31 March 2016, the RCF was drawn down by US$180 million and letters of credit in favour of the CWSF of US$140 million were issued. The aggregate amount available under the RCF is US$250 million at year end.

Consolidated net debt as at 31 March 2016 was US$2,861 million with proportionate net debt of US$2,748 million.

In order to provide better insight into our net funds position, we provide a reconciliation on page 80 of the year on year movement.

Financial liabilities at amortised cost

As part of the transaction to acquire Columbus, the Company issued 1,557,529,605 consideration shares of US5 cents each to the Principal Vendors in proportion to their Columbus shareholding. Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its issued consideration shares until 2019.

The liability for the repurchase of these shares under the terms of IAS 32 of US$879 million was valued on initial recognition using the present value technique.

During the year ended 31 March 2016, US$91 million of the put option liability was unwound and recognised within finance expense.

Provisions

Provisions have decreased by US$111 million primarily due to utilisation of provisions relating to Columbus integration, restructuring and legal costs.

Consolidated financial statements

Consolidated statement of cash flows

for the year ended 31 March 2016

	Note	2015/16 US$m	2014/15 US$m
Cash flows from operating activities			
Cash generated – continuing operations (page 42)		**542**	431
Cash generated – discontinued operations		**–**	1
Income taxes paid – continuing operations		**(77)**	(52)
Net cash from operating activities		**465**	380
Cash flows from investing activities			
Finance income		**9**	4
Dividends received		**8**	–
Purchase of available-for-sale assets		**(2)**	(1)
Proceeds on disposal of property, plant and equipment		**2**	1
Purchase of property, plant and equipment		**(498)**	(399)
Purchase of intangible assets		**(30)**	(57)
Proceeds on disposals of subsidiaries (net of cash disposed)		**–**	16
Repayments of loans receivable		**4**	–
Loans to related parties	3.1	**–**	(56)
Acquisitions of subsidiaries (net of cash acquired)	3.11	**–**	(677)
Net cash used in continuing operations		**(507)**	(1,169)
Disposal proceeds (net of cash disposed and transaction costs) for discontinued operations		**–**	403
Other discontinued operations		**–**	(1)
Discontinued operations	2.8	**–**	402
Net cash used in investing activities		**(507)**	(767)
Net cash flow before financing activities		**(42)**	(387)
Cash flows from financing activities			
Dividends paid to the owners of the Parent Company		**(116)**	(104)
Dividends paid to non-controlling interests		**(54)**	(86)
Repayments of borrowings		**(933)**	(176)
Finance costs		**(290)**	(128)
Proceeds from borrowings		**1,199**	900
Proceeds on issuance of shares		**–**	176
Net cash (used in)/received from continuing operations		**(194)**	582
Discontinued operations		**–**	–
Net cash (used in)/received from financing activities		**(194)**	582
Net decrease in cash and cash equivalents – continuing operations		**(236)**	(208)
Net increase in cash and cash equivalents – discontinued operations		**–**	403
Cash and cash equivalents at 1 April	4.2	**402**	208
Exchange movements on cash and cash equivalents		**1**	(1)
Cash and cash equivalents at 31 March	4.2	**167**	402

The notes on pages 43 to 104 are an integral part of these financial statements.

Consolidated financial statements

The reconciliation of profit/(loss) for the year from continuing operations to net cash generated from continuing operations was as follows:

	Note	**2015/16 US$m**	2014/15 US$m
Profit/(loss) for the year from continuing operations		**126**	(33)
Adjustments for:			
Tax expense	2.6	**51**	32
Depreciation before exceptional items	3.6	**333**	210
Amortisation	3.5	**111**	47
Impairment	3.6	**(74)**	127
(Gain)/loss on disposal of property, plant and equipment	3.6	**(5)**	1
Gain on sale of businesses	2.4	**–**	(4)
Finance income	4.1	**(32)**	(26)
Finance expense after exceptional items	4.1	**347**	121
Other net income and expenses		**(9)**	(16)
(Decrease)/increase in provisions		**(114)**	38
Employee benefits		**39**	13
Defined benefit pension scheme contributions		**(4)**	(6)
Defined benefit pension scheme other contributions		**(49)**	(52)
Share of loss/(profit) after tax of joint ventures and associates	3.7	**1**	(12)
Operating cash flows before working capital changes		**721**	440
Changes in working capital (excluding effects of acquisition and disposal of subsidiaries)			
Increase in inventories		**(8)**	(4)
Increase in trade and other receivables		**(80)**	(39)
(Decrease)/increase in payables		**(91)**	34
Cash generated from continuing operations		**542**	431

The notes on pages 43 to 104 are an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 March 2016

Section one – Basis of preparation

1.1. General information

i

Cable & Wireless Communications Limited (the Company or the Parent Company) and its subsidiaries (together Cable & Wireless Communications Group or the Group) is an international telecommunications company incorporated and domiciled in the United Kingdom. Following the acquisition of Columbus on 31 March 2015, the Group has modified its segment information to reflect how management internally reviews the operating performance of the enlarged group. Consequently, for the year ended 31 March 2016, the Group has five principal operations which have been identified as its reportable segments comprising 'Caribbean', 'Panama', 'BTC', 'Networks and LatAm', and 'Seychelles'. Segment information for the comparative financial period has been restated accordingly.

1.1.1. The Company

The Company is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 62-65 Chandos Place, London WC2N 4HG.

On 16 November 2015, the Board of Directors of the Company entered into an agreement with Liberty Global plc ('LG') to sell all issued and outstanding shares of the Company pursuant to certain conditions, regulatory and other approvals (the 'Transaction'). The Transaction was approved by the shareholders and Board of Directors of both the Company and LG. Effective 16 May 2016, the Transaction completed and the Company was de-listed from the London Stock Exchange and acquired by Liberty Global plc (incorporated in England and Wales).

1.2. Basis of preparation and recent accounting changes

1.2.1. Basis of preparation

The consolidated financial statements of the Cable & Wireless Communications Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the European Union ('EU') and the Companies Act 2006 as they apply to the financial statements of the Group for the year ended 31 March 2016.

These consolidated financial statements are presented in US dollars (US$) and rounded to the nearest million.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments held at fair value. Non-current assets and disposal groups are stated at the lower of their carrying amount and fair value less costs to sell.

The Directors have prepared the accounts on a going concern basis.

The preparation of financial statements in accordance with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 5.2.

The accounting policies have been applied consistently by Group entities.

Basis of consolidation

The consolidated financial statements comprise a consolidation of the accounts of the Company and its subsidiaries and include the Group's share of the results and net assets of its joint ventures and associates. The results of the Group's main trading subsidiaries, joint ventures and associates have been prepared to align with the Group's reporting date.

Notes to the consolidated financial statements

Subsidiaries

Subsidiaries are entities controlled by and forming part of the Group. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its investment with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are consolidated from the date on which the Group effectively takes control until the date that control ceases. Accounting policies of subsidiaries are aligned with the policies adopted by the Group to ensure consistency.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations and goodwill

The Group applies the acquisition method to account for business combinations. The consideration transferred for an acquisition is the fair value of the assets transferred, and liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. The determination of the fair values of acquired assets and liabilities is based on judgement and the Directors have 12 months from the date of the business combination to finalise the allocation of the purchase price. The allocation of the purchase price between finite lived assets and indefinite lived assets affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised. Acquisition costs are expensed as incurred.

Joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are entities over which the Group has significant influence.

The Group’s share of its joint ventures’ and associates’ post-acquisition profits or losses is recognised through profit or loss. Its share of post-acquisition movements in reserves is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group’s share of losses in a joint venture and/or associate exceeds its investment (including any other unsecured long-term receivables), the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the investee.

1.2.2. Application of recently issued International Financial Reporting Standards (IFRS)

The Group considered the implications of the following amendments to IFRS during the year ended 31 March 2016:

Title	Effective date	Description and impact on the Group
IFRS 8 *Operating segments*	Annual periods beginning on or after 1 July 2014	Requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This does not have an impact on the Group as there are no operating segments aggregated
IAS 16 *Property, plant and equipment* and IAS 38 *Intangible assets*	Annual periods beginning on or after 1 July 2014	Clarifies when an item of property, plant and equipment or intangible asset requires restatement of accumulated depreciation or amortisation on revaluation. This does not have an impact on the Group as the Group does not have a revaluation policy.
IAS 19 *Defined Benefit Plans: Employee Contributions*	Annual periods beginning on or after 1 July 2014	Amends the requirements for contributions from employees or third parties that are linked to services. This should not have an impact on the Group as there are no contributions from employees or third parties linked to services.

There was no material impact on the Group upon adoption of any of these new IFRS standards and amendments.

Notes to the consolidated financial statements

New and amended standards and interpretations not endorsed by the EU, to be adopted by the Group in subsequent periods:

Title	Effective date	Description and impact on the Group
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38.	Annual periods beginning on or after 1 January 2016	The amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. While this is not an outright ban, it creates a high hurdle for when these methods may be used for intangible assets. The amendments also ban the use of revenue-based amortisation for property, plant and equipment. This does not have an impact on the Group as the Group does not use revenue-based amortisation or depreciation.
IFRS 15 *Revenue from contracts with customers*	Annual periods beginning on or after 1 January 2018 with early adoption permitted	Establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.* The Group is still assessing the impact of IFRS 15 but the new standard could have significant impact on post-paid mobile, product bundling and enterprise contracts.
IFRS 9 *Financial Instruments*	Annual periods beginning on or after 1 January 2018 with early adoption permitted	Revises the existing accounting concerning classification and measurement, impairment (introducing an expected-loss method), hedge accounting, and on the treatment of gains arising from the impact of credit risk on the measurement of liabilities held at fair value. This is not expected to have a significant impact on the Group's net results or net assets, although the full impact will be subject to further assessment.
IFRS 16 *Leases*	Annual periods beginning on or after 1 January 2019	Brings leases onto the statement of financial position, changes how to define leases and determines how lease liabilities are measured. The Group is yet to perform a full assessment of the impact on net results and net assets.

There are no other new or amended standards that are considered to have a material impact on the Group.

Notes to the consolidated financial statements

Section two – Results for the year

i This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, exceptional items, taxation and earnings per share.

2.1. Revenue

Accounting policy detailed in note 5.1.14

Continuing operations	2015/16 US$m	2014/15 US$m
Sales of telecommunications services and related operations	**2,315**	1,680
Sales of telecommunications equipment and accessories	**64**	73
Total revenue	**2,379**	1,753

2.2. Segment information

The Cable & Wireless Communications Group is an international telecommunications service provider. It operates integrated telecommunications companies offering mobile, broadband, video, fixed line and managed services to residential and business customers. This section analyses our performance for the year by reference to our businesses which are managed on a geographical and product basis.

Earnings before interest, tax, depreciation and amortisation and before net other operating and non-operating income/expense, defined benefit pension scheme interest and share based payments and exceptional items (Adjusted EBITDA) remains the Group's key performance indicator. See page 36 for a reconciliation of Adjusted EBITDA to total operating profit.

Following the acquisition of Columbus on 31 March 2015, management has worked to integrate the acquired Columbus business components into the enlarged Group to deliver on expected synergies. This affected a modification to and in certain areas, an overlapping of the internal reporting structure of the Group. With reference to management's matrix structure of the organisation, the financial reporting systems capture the results of the Group by operating legal entity which is aggregated to a geographical view. The chief operating decision maker (the Board) considers the performance of each of these operations in assessing the performance of the Group and in making decisions about the allocation of resources. Accordingly, segment information is provided on a geographical basis and in certain cases, product basis with each country in which the Group operates treated as an operating segment. The aggregation of operating segments into their reporting segments reflects the similar economic and regulatory characteristics within each of those regions in addition to the similar nature of, and the type of customer for, its products and services.

For the year ended 31 March 2016, the Group has modified its segment information to reflect how management internally reviews the operating performance of the enlarged Group. Consequently, the Group has five principal segments which have been identified as the Group's reportable segments, being 'Caribbean', 'Panama', 'BTC', 'Networks and LatAm', and 'Seychelles'. The results of our Business-to-Business and Business-to-Government operations are included in the results of the region to which they relate. Comparative period information for the year ended 31 March 2015 has been restated accordingly.

The Group has another operating segment which is comprised of the corporate centre and operational hub. This segment does not meet the definition of a reporting segment as it earns revenue from its activities that are less than 10% of overall Group revenue. This function primarily acts as an operational support provider for the reportable segments. Eliminations for inter-segment transactions are provided to reconcile the reporting segment results to total Group.

Notes to the consolidated financial statements

Segment revenue and profit

Continuing operations[1]	Caribbean US$m	Panama US$m	BTC US$m	Networks and LatAm US$m	Seychelles US$m	Corporate[2] US$m	Eliminations[3] US$m	Total[4] US$m
Year ended 31 March 2016								
Revenue	**1,103**	**649**	**329**	**263**	**56**	**–**	**(21)**	**2,379**
Cost of sales	**(273)**	**(229)**	**(62)**	**(40)**	**(9)**	**–**	**15**	**(598)**
Gross margin	**830**	**420**	**267**	**223**	**47**	**–**	**(6)**	**1,781**
Pre-exceptional operating costs	**(366)**	**(169)**	**(146)**	**(98)**	**(25)**	**(33)**	**6**	**(831)**
Adjusted EBITDA[5]	**464**	**251**	**121**	**125**	**22**	**(33)**	**–**	**950**
Operating costs excluded from Adjusted EBITDA	**–**	**–**	**–**	**–**	**–**	**(18)**	**–**	**(18)**
Depreciation, amortisation and impairment	**(184)**	**(114)**	**(51)**	**(78)**	**(5)**	**(12)**	**–**	**(444)**
Net other operating (expense)/income	**(6)**	**5**	**(1)**	**(2)**	**–**	**(17)**	**1**	**(20)**
Exceptional income/(costs)	**46**	**(10)**	**–**	**–**	**–**	**(11)**	**–**	**25**
Group operating profit/(loss)	**320**	**132**	**69**	**45**	**17**	**(91)**	**1**	**493**
Share of loss after tax of joint ventures and associates	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Total operating profit/(loss)	**320**	**132**	**69**	**45**	**16**	**(91)**	**1**	**492**
Net finance income/(expense)	**2**	**(13)**	**(1)**	**(11)**	**–**	**(292)**	**–**	**(315)**
Profit/(loss) before income tax	**322**	**119**	**68**	**34**	**16**	**(383)**	**1**	**177**
Income tax (expense)/credit	**(37)**	**(31)**	**–**	**–**	**(6)**	**23**	**–**	**(51)**
Profit/(loss) for the year from continuing operations	**285**	**88**	**68**	**34**	**10**	**(360)**	**1**	**126**
Income taxes paid[6]	**(26)**	**(32)**	**–**	**(7)**	**(6)**	**(6)**	**–**	**(77)**
Year ended 31 March 2015 (restated)[7]								
Revenue	696	636	348	21	52	–	–	1,753
Cost of sales	(151)	(223)	(67)	(9)	(8)	–	–	(458)
Gross margin	545	413	281	12	44	–	–	1,295
Pre-exceptional operating costs	(308)	(172)	(159)	(14)	(25)	(20)	–	(698)
Adjusted EBITDA[5]	237	241	122	(2)	19	(20)	–	597
Operating costs excluded from Adjusted EBITDA	–	–	–	–	–	(12)	–	(12)
Depreciation, amortisation and impairment	(81)	(101)	(43)	(10)	(10)	(11)	–	(256)
Net other operating (expense)/income	(14)	21	–	28	–	(33)	(22)	(20)
Exceptional costs	(175)	(9)	(25)	–	–	(22)	–	(231)
Group operating profit/(loss)	(33)	152	54	16	9	(98)	(22)	78
Share of (loss)/profit after tax of joint ventures and associates	–	–	–	–	(1)	13	–	12
Total operating (loss)/profit	(33)	152	54	16	8	(85)	(22)	90
Gain on sale of businesses	–	–	–	–	–	4	–	4
Net finance income/(expense)	24	(8)	–	–	1	(112)	–	(95)
Profit/(loss) before income tax	(9)	144	54	16	9	(193)	(22)	(1)
Income tax (expense)/credit	(9)	(36)	(1)	–	(8)	22	–	(32)
(Loss)/profit for the year from continuing operations	(18)	108	53	16	1	(171)	(22)	(33)
Income taxes paid[6]	(16)	(24)	(1)	–	(6)	(5)	–	(52)

1 There is trading between segments in relation to interconnect and capacity usage. Transactions between the segments are on commercial terms and charged at arm's-length prices.
2 Corporate includes the corporate centre and operating hub expenses.
3 Eliminations includes eliminations for inter-segment transactions.
4 There are no differences in the measurement of the reportable segments' results and the Group's results.
5 A reconciliation of total operating profit to Adjusted EBITDA is provided on page 36.
6 Income taxes paid represents cash tax paid during the year by consolidated subsidiaries.
7 Comparative period information has been restated to reflect the modification to the Group's reporting segments.

Notes to the consolidated financial statements

Entity-wide disclosures for continuing operations

The revenue from external customers is analysed by product below. Our Business-to-Business and Business-to-Government operations and the results of our sub-sea cable partnership are included in the results of the product category to which they relate.

	2015/16 US$m	2014/15 US$m
Mobile	**936**	929
Fixed voice	**337**	359
Data	**306**	172
Video	**199**	26
Managed services and other	**601**	267
Total	**2,379**	1,753

Revenue for continuing operations from external customers can be classified by country as follows:

	2015/16 US$m	2014/15 US$m
United Kingdom (country of domicile)	**–**	–
The Bahamas	**329**	348
Barbados	**175**	149
Jamaica	**307**	182
Panama	**655**	636
Trinidad and Tobago	**176**	–
Seychelles	**56**	51
All other countries and eliminations	**681**	387
Total	**2,379**	1,753

Revenue has been allocated to a country based on the location in which the telecommunications services were provided. The Group does not have any customers from which revenue exceeds 10% of consolidated Group revenue.

Non-current assets in continuing operations (other than financial instruments, deferred tax assets and defined benefit pension assets) are classified by country as follows:

	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
United Kingdom (country of domicile)	**8**	13
The Bahamas	**445**	405
Jamaica	**608**	560
Panama	**736**	757
Seychelles	**46**	47
Trinidad and Tobago	**1,245**	1,229
United States of America	**36**	28
Networks[2]	**1,666**	1,677
All other countries and eliminations (includes non-operating assets and liabilities)	**1,082**	1,052
Total	**5,872**	5,768

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

2 Our Networks business is located across a number of countries in the Caribbean and Latin America. These assets are mainly sub-sea cable systems connecting landing stations in those countries.

Notes to the consolidated financial statements

2.3. Operating costs and other operating income and expenses

2.3.1. Operating costs

Detailed below are the key expense items charged or (credited) in arriving at our operating profit. Outpayments are amounts paid to other operators when our customers call customers connected to a different network.

An analysis of the operating costs from continuing operations incurred by the Group is presented below, classified by the nature of the cost:

			2015/16			2014/15
Continuing operations	**Pre-exceptional US$m**	**Exceptional items US$m**	**Total US$m**	Pre-exceptional US$m	Exceptional items US$m	Total US$m
Outpayments and direct costs	**598**	**–**	**598**	457	–	457
Employee and other staff expenses	**338**	**5**	**343**	246	77	323
Operating lease rentals:						
– Networks	**50**	**–**	**50**	17	–	17
– Property	**33**	**–**	**33**	22	–	22
Other administrative expenses	**241**	**43**	**284**	231	7	238
Network costs	**117**	**1**	**118**	116	20	136
Property and utility costs	**70**	**–**	**70**	79	–	79
Operating costs before depreciation, amortisation and impairment	**1,447**	**49**	**1,496**	1,168	104	1,272
Depreciation and impairment of property, plant and equipment	**333**	**(74)**	**259**	209	127	336
Amortisation of intangible assets	**111**	**–**	**111**	47	–	47
Operating costs	**1,891**	**(25)**	**1,866**	1,424	231	1,655

Operating costs are stated net of credits or charges arising from the release or establishment of accruals.

2.3.2. Auditor's remuneration

	2015/16 US$m	2014/15 US$m
Audit services:		
Statutory audit services – in respect of the Group's accounts	**2.2**	2.3
Audit of the Group's annual accounts	**2.2**	2.3
Amounts receivable by auditors and their associates:		
Statutory audit services – in respect of other statutory accounts	**2.4**	1.2
Other audit services	**1.9**	–
Audit related regulatory reporting	**0.4**	0.4
	6.9	3.9
Tax services – compliance	**–**	0.2
Tax services – advisory	**–**	0.3
Services related to corporate finance activities	**–**	0.3
Other services (including other assurance services)	**0.7**	0.1
	7.6	4.8

Auditor's remuneration for audit and other services in respect of discontinued operations was US$nil in 2014/15.

All amounts in 2015/16 and 2014/15 relate to KPMG LLP. Fees paid to KPMG LLP for audit and other services to the Company are included in the table above and are not disclosed in its individual accounts as the Group accounts are required to disclose such fees on a consolidated basis.

Notes to the consolidated financial statements

2.3.3. Employee and other staff expenses

This note shows the average number of people employed by the Group during the year and where they are based. It also shows total employment costs.

Accounting policy detailed in note 5.1.11

The pre-exceptional employee and other staff expenses for continuing operations are set out below:

	2015/16 US$m	2014/15 US$m
Wages and salaries	**308**	229
Social security costs	**13**	13
Share-based payments	**15**	5
Pension costs:		
– defined benefit plans	**8**	9
– defined contribution plans	**3**	6
Temporary labour and recruitment	**20**	19
	367	281
Less: Staff costs capitalised	**(29)**	(35)
Staff costs	**338**	246
Exceptional employee and other staff expenses (note 2.3.5)	**5**	77
Total staff costs for continuing operations	**343**	323

Total staff costs in respect of discontinued operations in 2014/15 were US$4 million.

The average number of persons, including Executive Directors, employed by the Group during the year was:

	2015/16	2014/15
Corporate centre and operating hub	**303**	232
Panama	**1,445**	1,547
Caribbean	**3,406**	1,392
BTC	**732**	787
Seychelles	**234**	207
Networks	**1,174**	–
Total	**7,294**	4,165

The average number of employees in discontinued operations up until disposal in 2014/15 was 269.

Notes to the consolidated financial statements

Directors' and key management remuneration

Key management are represented by only those Directors that have authority and responsibility for managerial decisions affecting the future development and business prospects of the Cable & Wireless Communications Group. Further details can also be found in the Directors' remuneration report on pages 22 to 34.

Included within employee costs is key management remuneration relating to continuing operations as follows:

	2015/16 US$m	2014/15 US$m
Salaries and other short-term employment benefits	**6.5**	11.9
Post-employment benefits	**0.5**	0.6
Total Directors' remuneration[1]	**7.0**	12.5
Share-based payments	**3.5**	1.5
Total key management remuneration	**10.5**	14.0

1 Please refer to the Directors' remuneration report on pages 22 to 34 for further information on aggregate Directors' emoluments of US$7.0 million (£4.7 million) (2014/15 – US$12.5 million (£7.7 million)). The Directors' remuneration report is presented in sterling as salaries, benefits and bonuses are paid in sterling.

2.3.4. Other operating income and expense

Other operating income of US$14 million was recorded during the year to 31 March 2016 comprising a gain on sale of property, plant and equipment of US$5 million and US$9 million of foreign exchange translation gains on our UK defined benefit pension schemes. Other operating expense amounting to US$34 million arose from transaction costs associated with the acquisition by Liberty Global plc.

In the prior year, other operating income of US$42 million included US$25 million of income relating to the sub-sea cable partnership with Columbus which existed pre-acquisition, US$16 million of foreign exchange translation gains on our UK defined benefit pension schemes and US$1 million of gain on disposal of property, plant and equipment. Other operating expense of US$62 million included US$55 million of acquisition costs relating to Columbus and Sonitel, US$3 million of integration costs relating to Columbus, US$2 million of transaction costs for the transfer of 2% of our shares to the BTC Foundation and US$2 million of loss on disposal of property, plant and equipment.

2.3.5. Exceptional items

Exceptional items are significant items within profit or loss that derive from individual events that fall within the ordinary activities of the Group. They are identified as exceptional items by virtue of their size, nature or incidence.

Accounting policy detailed in note 5.1.15

The exceptional operating losses totalled US$49 million for the year to 31 March 2016 (2014/15 – US$104 million).

	2015/16 US$m	2014/15 US$m
Exceptional items within operating costs before depreciation and amortisation:		
Staff costs	**5**	77
Integration costs and other	**44**	27
Total exceptional operating costs before depreciation and amortisation	**49**	104

In 2015/16, exceptional operating costs before depreciation, amortisation and impairment comprise Columbus integration costs of US$29 million, a Jamaica defined benefit pension past service cost of US$16 million, and other restructuring and legal costs of US$4 million.

In the prior year, the exceptional costs consisted of Columbus integration costs of US$68 million, Panama restructuring costs of US$9 million, BTC restructuring costs of US$24 million and restructuring and legal costs at the corporate centre of US$3 million.

Notes to the consolidated financial statements

2.4. Gains and losses on sale of businesses

Gains and losses on sale of businesses represents the profit or loss recorded on the sale of smaller businesses as we simplify our portfolio. No businesses were disposed in the year ended 31 March 2016.

During the year ended 31 March 2015, the Group divested its 32.577% shareholding in Solomon Telekom Company Limited ('Soltel') to the Solomon Islands National Provident Fund Board for total cash proceeds of approximately US$16.5 million. The transaction resulted in a gain on disposal of US$4 million. This divestment marks the Group's exit from the South Pacific region as interests in Vanuatu and Fiji have previously been sold.

The business disposed does not constitute a discontinued operation in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* due to its size.

2.5. Earnings per share

Earnings per share (EPS) is the amount of profit after tax attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to equity shareholders of US$34 million (2014/15 – US$253 million) divided by 4,322 million (2014/15 – 2,615 million) being the weighted average number of shares in issue during the year.

Diluted EPS takes into account the dilutive effect of all share options being exercised.

Basic EPS is adjusted in order to more accurately show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. See page 36 for a reconciliation.

	2015/16	2014/15
Profit for the financial year attributable to equity shareholders of the Parent Company (US$m)	**34**	253
Weighted average number of ordinary shares in issue (millions)	**4,322**	2,615
Dilutive effect of share options (millions)	**61**	12
Total weighted average number of ordinary shares in issue used to calculate diluted earnings per share (millions)	**4,383**	2,627
Basic earnings per share (cents per share)	**0.8**	9.7
Diluted earnings per share (cents per share)	**0.8**	9.7
Basic earnings/(loss) per share (cents per share) for continuing operations	**0.8**	(3.8)
Diluted earnings/(loss) per share (cents per share) for continuing operations	**0.8**	(3.8)
Basic earnings per share (cents per share) for discontinued operations	**–**	13.5
Diluted earnings per share (cents per share) for discontinued operations	**–**	13.5

Notes to the consolidated financial statements

2.6. Income tax expense

This section explains how our Group tax charge arises. The current and deferred tax charges or credits in the year together make up the total tax charge in the income statement. The deferred tax section also provides information on our expected future tax charges. A reconciliation of profit or loss before tax to the tax charge is also provided.

Accounting policy detailed in note 5.1.12

	2015/16 US$m	2014/15 US$m
Current tax charge for continuing operations		
UK tax at 20% (2014/15 – 21%)	**–**	–
Double tax relief	**–**	–
	–	–
Overseas tax	**57**	27
Withholding tax	**9**	–
Adjustments relating to prior years	**(22)**	10
Total current tax charge for continuing operations	**44**	37
Deferred tax credit for continuing operations		
Origination and reversal of temporary differences	**19**	(4)
Adjustments relating to prior years	**(12)**	(1)
Total deferred tax credit for continuing operations	**7**	(5)
Total tax charge for continuing operations	**51**	32
Income tax charge relating to discontinued operations (note 2.8)	**–**	1
Total income tax charge	**51**	33

The Group's effective tax rate differs from the UK statutory tax rate as follows:

			2015/16			2014/15
	Continuing US$m	**Discontinued US$m**	**Total US$m**	Continuing US$m	Discontinued US$m	Total US$m
Profit before income tax before exceptional items	**173**	**–**	**173**	267	355	622
Exceptional gains/(costs)	**4**	**–**	**4**	(268)	–	(268)
Profit/(loss) before income tax	**177**	**–**	**177**	(1)	355	354
Income tax charge at UK statutory tax rate: 20% (2014/15 – 21%)	**35**	**–**	**35**	–	75	75
Effect of overseas tax rates	**(24)**	**–**	**(24)**	(17)	1	(16)
Effect of accounting for joint ventures and associates	**–**	**–**	**–**	(2)	–	(2)
Effect of withholding tax and intra-Group dividends	**2**	**–**	**2**	16	–	16
Net effect of expenses not deductible/(income not taxable)	**26**	**–**	**26**	8	(75)	(67)
Effect of changes in unrecognised deferred tax assets	**46**	**–**	**46**	17	–	17
Adjustments relating to prior years	**(34)**	**–**	**(34)**	10	–	10
Total income tax charge	**51**	**–**	**51**	32	1	33
Income tax credit on exceptional items	**6**	**–**	**6**	(33)	–	(33)
Pre-exceptional income tax charge	**45**	**–**	**45**	65	1	66
Pre-exceptional effective tax rate on profit	**26.0%**		**26.0%**	24.3%		10.6%
Effective tax rate on profit	**28.8%**		**28.8%**	nm		9.3%

Notes to the consolidated financial statements

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Due to the Group's operations being predominantly overseas, the deferred tax liability carried forward at 31 March 2016 will not be significantly impacted by this rate change.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future UK tax charge accordingly.

For the analysis of the Group's deferred tax assets and liabilities at the reporting date, including factors affecting the future tax rates, see note 2.7.

2.7. Deferred tax

Accounting policy detailed in note 5.1.12

The movements in deferred tax assets and liabilities during the year are as follows:

	Capital allowances on non-current assets US$m	Tax losses US$m	Pensions US$m	Other US$m	Financial position offset US$m	Total US$m
Deferred tax assets	12	24	1	12	(15)	34
Deferred tax liabilities	(36)	–	(6)	–	15	(27)
At 1 April 2014	(24)	24	(5)	12	–	7
Acquisitions	(233)	3	–	(7)	–	(237)
(Charge)/credit to profit or loss[1]	6	1	–	(3)	–	4
Disposals	–	(7)	–	(3)	–	(10)
Exchange differences	(1)	–	–	–	–	(1)
At 31 March 2015 (restated)[2]	(252)	21	(5)	(1)	–	(237)
Deferred tax assets (restated)[2]	22	28	1	20	(15)	56
Deferred tax liabilities (restated)[2]	(274)	(7)	(6)	(21)	15	(293)
At 1 April 2015	(252)	21	(5)	(1)	–	(237)
(Charge)/credit to profit or loss[1]	(7)	(4)	1	3	–	(7)
Exchange differences	2	–	–	–	–	2
At 31 March 2016	**(257)**	**17**	**(4)**	**2**	**–**	**(242)**
Deferred tax assets	16	21	1	13	(15)	36
Deferred tax liabilities	(273)	(4)	(5)	(11)	15	(278)
At 31 March 2016	**(257)**	**17**	**(4)**	**2**	**–**	**(242)**

1 Including US$nil in relation to discontinued operations (2014/15 – US$1 million).

2 Restated following the finalisation of the Columbus acquisition (see note 3.11).

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Capital allowances available on non-current assets US$m	Tax losses US$m	Pensions US$m	Other US$m	Total US$m
At 31 March 2016	**133**	**7,960**	**186**	**150**	**8,429**
At 31 March 2015	156	7,339	205	70	7,770

Notes to the consolidated financial statements

Tax losses which are unrecognised, which exclude Columbus in the prior year, expire as follows:

	31 March 2016 US$m	31 March 2015 US$m
Within 1 year	**39**	13
Within 3 years	**64**	89
Within 5 years	**182**	124
Within 10 years	**465**	505
After more than 10 years	**509**	1,136

Other tax losses are not subject to expiry.

The US$7,960 million (31 March 2015 – US$7,339 million) tax losses include UK capital losses of US$5,395 million (31 March 2015 – US$5,507 million).

Further tax losses of US$3,124 million (31 March 2015 – US$3,215 million) exist in the US in respect of former US operations but are restricted for use.

Deferred tax is not provided on unremitted earnings of subsidiaries, joint ventures and associates where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, branches, joint ventures and associates for which deferred tax liabilities have not been recognised is US$29 million (31 March 2015 – US$47 million). These temporary differences relate to unremitted earnings.

2.8. Discontinued operations

The following section outlines what the Group is either holding for sale or has disposed of in the year. When the Group has assets and liabilities that are likely to be sold rather than being held for continuing use and when accounting standards require, these assets and liabilities are included in current assets and liabilities and denoted as held for sale, rather than in their usual categories.

If they represent a significant enough portion of the Group, they are also treated as discontinued operations. This means that their trading performance is no longer reported in the income statement and are instead reported in a separate line, net of tax, called 'discontinued operations'. These amounts no longer form part of continuing earnings per share.

Our former Monaco Telecom business, disposed of during 2014/15, was included in discontinued operations in 2014/15. No businesses were classified as discontinued operations in 2015/16.

Accounting policy detailed in note 5.1.10

2.8.1. Monaco

At a General Meeting on 15 May 2014, shareholders of the Company approved the sale of Compagnie Monégasque de Communication SAM (CMC), the holding company for the Group's 55% stake in Monaco Telecom SAM to a private investment vehicle controlled by Xavier Niel. Monaco Telecom also owned 36.75% of Telecom Development Company Afghanistan Limited (Roshan). The sale of the business was completed on 20 May 2014 for a total consideration of US$445 million. In addition, the Group received US$8.6 million relating to the estimated cash, debt and working capital at completion.

Notes to the consolidated financial statements

Results

There are no discontinued operations in 2015/16. The results of our discontinued operations for 2014/15, which relate to Monaco, are shown below.

Year ended 31 March 2015	Total discontinued operations US$m
Revenue	29
Expenses	(20)
Profit before tax	9
Tax	(1)
Profit after tax	8
Profit on disposal of discontinued operations	346
Profit for the year	354
Disposal costs	(8)
	346

Notes to the consolidated financial statements

Section three – Operating assets and liabilities

i This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Assets and liabilities relating to the Group's financing activities are addressed in section four. Deferred tax assets and liabilities are shown in section two.

3.1. Trade and other receivables

Our trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Trade receivables are shown net of an allowance for bad or doubtful debts.

Accounting policy detailed in 5.1.4

	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Gross trade receivables	**425**	369
Impairment allowance	**(81)**	(70)
Net trade receivables	**344**	299
Other receivables	**114**	88
Prepayments and accrued income	**160**	153
Taxation and social security receivables	**12**	15
Loans to related parties	**56**	56
Amounts receivable from joint ventures and associates	**1**	1
Trade and other receivables – current	**687**	612
Other receivables	**26**	27
Prepayments and accrued income	**117**	127
Other receivables – non-current	**143**	154
Total trade and other receivables	**830**	766

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

The maximum exposure to credit risk for receivables is equal to their carrying value. There is no material difference between the carrying value and fair value of trade and other receivables presented.

Concentrations of credit risks with respect to trade receivables are small as the Group customer base is large and unrelated. Receivables predominantly relate to retail customers, governments and corporate entities as well as other telecommunications operators.

Credit risk procedures vary depending on the size or type of customer. These procedures include such activities as credit checks, payment history analysis and credit approval limits. Based on these procedures, management assessed the credit quality of those receivables that are neither past due nor impaired as low risk. There have been no significant changes to the composition of receivables counterparties within the Group that indicate this would change in the future. During the periods presented there was a continued economic weakness in some of the markets in which the Group operated. This would indicate an increased credit risk on receivables that are neither past due nor impaired. However, management assessed this risk and, after providing valuation allowance where necessary, continued to support the assessment of credit quality as low risk.

Notes to the consolidated financial statements

An ageing analysis of the current 'trade receivables' and current 'other receivables' that are not impaired is as follows (excludes prepayments and accrued income, taxation and social security and amounts receivable from joint ventures and associates):

	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Not yet due	**52**	68
Overdue 30 days or less	**171**	141
Overdue 31 to 60 days	**64**	48
Overdue 61 to 90 days	**44**	32
Overdue 91 days to 180 days	**53**	44
Overdue 181 days or more	**74**	54
Current 'trade receivables' and current 'other receivables'	**458**	387

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due by up to 30 days. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods. Generally, interconnection agreements with major carriers result in both receivables and payables balances with the same counterparty. Industry practice is that receivable and payable amounts relating to interconnection revenue and costs for a defined period are agreed between counterparties and settled on a net basis.

An analysis of movements in the trade receivables impairment allowance during the year is as follows:

	2015/16 US$m	2014/15 US$m
At 1 April	**70**	77
Reclassification from held for sale	**1**	2
Business disposals	**–**	(6)
Bad debts written off	**(15)**	(22)
Increase in allowance	**25**	20
Exchange differences	**–**	(1)
At 31 March	**81**	70

In a small number of the Group's operations it is customary and practice to collect security deposits from customers as collateral. These are recorded as liabilities within other payables.

3.2. Inventories

Our inventory primarily consists of mobile handsets, equipment and consumables and is presented net of an allowance for obsolete products.

Accounting policy detailed in note 5.1.6

Inventories of US$58 million (31 March 2015 – US$50 million) are presented net, after recording an allowance of US$8 million (31 March 2015 – US$7 million) made against slow moving or obsolete items.

The cost of inventories held for sale that were expensed within operating costs in 2015/16 was US$139 million (2014/15 – US$148 million). Inventories of the Group are not pledged as security or collateral against any of the Group's borrowings.

Notes to the consolidated financial statements

3.3. Trade and other payables

Our trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued. They also include deferred income which relate to amounts we have billed to our customers but have yet to provide the service. Taxes and social security amounts are due in relation to our role as an employer.

	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Trade payables	**181**	188
Other tax and social security costs	**19**	17
Accruals	**342**	436
Deferred income	**83**	88
Other payables	**71**	124
Trade and other payables – current	**696**	853
Accruals	**20**	13
Deferred income[2]	**288**	290
Other payables	**7**	3
Trade and other payables – non-current	**315**	306
Total trade and other payables	**1,011**	1,159

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

2 Deferred income of US$288 million (31 March 2015 – US$290 million) primarily relates to long-term capacity sales contracts that were acquired through a business combination (note 3.11).

There is no material difference between the carrying value and fair value of trade and other payables presented. For liquidity risk exposure analysis purposes, the carrying amount of trade and other payables is the same as the contractual cash flows, with the contractual maturities of these financial liabilities all due in less than one year.

Notes to the consolidated financial statements

3.4. Impairment review

Impairment occurs when the carrying value of an asset or group of assets is greater than the present value of the cash inflows they are expected to generate.

We perform annual impairment reviews of the carrying value of goodwill in each of the business segments in which we operate. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash inflows, known as cash-generating units ('CGUs'). We have principally determined our CGUs to be the country in which the business operates with the exception of those business segments that have discrete service lines and cash inflows which are monitored by management on that basis.

We consider the carrying value of other assets at least annually. If there are triggers that indicate an impairment of other assets is possible, we then perform a full impairment review.

Accounting policy detailed in note 5.1.5

Goodwill

A review of the carrying value of goodwill has been performed as at 31 March 2016. In performing this review, the recoverable amount has been determined by reference to the higher of the fair value less costs to sell and the value in use of the related CGU. The value in use was determined for each CGU by discounting management forecasts of future cash flows (based on the approved three-year business plan extrapolated at long-term growth rates) at pre-tax discount rates dependent on the risk-adjusted cost of capital of the different parts of the business. Management forecasts take account of the historical trading experience of the relevant business.

No impairment was considered necessary as at 31 March 2016 as a result of the goodwill impairment calculation, except for the goodwill of US$3 million relating to Dekal which was fully impaired.

The Group's remaining significant goodwill balances as at 31 March were as follows:

Continuing operations	Reporting segment	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Networks	Networks	**845**	845
Trinidad and Tobago	Caribbean	**759**	759
Jamaica	Caribbean	**176**	176
Curacao	Caribbean	**97**	97
		1,877	1,877
Other[2]		**267**	283
		2,144	2,160

1 In the prior year, US$2,077 million of goodwill was recognised on the acquisition of Columbus, the allocation of which was finalised as at 31 March 2016 (see note 3.11).

2 Other includes US$63 million (2014/15 – US$63 million) allocated to The Bahamas and US$17 million (2014/15 – US$17 million) allocated to Panama and US$nil (2014/15 – US$3 million) allocated to Dekal following the impairment loss recognised during the year.

Year ended 31 March 2016

The key assumptions used by the Group in the calculation of value in use for its goodwill balances are budgeted Adjusted EBITDA, the pre-tax discount rate, long-term growth rate, and budgeted capital expenditure, as follows:

Year ended 31 March 2016	Networks %	Trinidad and Tobago[1] %	Jamaica %	Curacao[1] %
Budgeted Adjusted EBITDA[2]	9.3-25.2	6.0-9.5	6.8-18.6	6.0-9.0
Pre-tax discount rate	9.2	14.6	11.5	10.9
Long-term growth rate	1.5	5.0	3.5	5.0
Budgeted capital expenditure[3]	8.4-12.9	3.6	17.4-27.5	1.0

1 Value in use has been determined on a maintenance basis which is the level of capital expenditure required to maintain the network at its current level.

2 Budgeted Adjusted EBITDA is expressed as the range of annual growth rates in operations in the initial five years of the value in use calculation used for CGU impairment testing. It is derived from the three-year plan as approved by the Board and extrapolated in the outer years using flat or declining growth rates.

3 The range of budgeted capital expenditure is expressed as a percentage of revenue in the initial five years of the value in use calculation.

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Sensitivity

The estimated recoverable amounts of the Group's operations in Networks, Trinidad and Tobago, Jamaica, and Curacao exceed their carrying values by US$617 million; US$56 million; US$272 million; and US$7 million, respectively. The Group's calculations of value in use for its respective CGUs are sensitive to a number of key assumptions. Other than disclosed below, management does not consider a reasonably possible change in isolation, of any of the key assumptions to cause the carrying value of any CGU to exceed its value in use.

Year ended 31 March 2016	Trinidad and Tobago[1] %	Curacao[1] %
Budgeted Adjusted EBITDA[2]	(1.1)	(0.9)
Pre-tax discount rate	1.1	0.2
Long-term growth rate	(0.3)	(0.3)
Budgeted capital expenditure[3]	1.8	1.9

1 Value in use has been determined on a maintenance basis which is the level of capital expenditure required to maintain the network at its current level.

2 Budgeted Adjusted EBITDA is expressed as the compound of annual growth rates in operations in the initial five years of the value in use calculation used for CGU impairment testing. It is derived from the three-year plan as approved by the Board and extrapolated in the outer years using flat or declining growth rates.

3 Budgeted capital expenditure is expressed as a percentage of revenue in the initial five years of the value in use calculation.

Year ended 31 March 2015

The key assumptions used by the Group in the calculation of value in use for its goodwill balances were budgeted Adjusted EBITDA, the pre-tax discount rate, long-term growth rate, and budgeted capital expenditure. The Group's significant goodwill balance allocated to The Bahamas CGU and reported within the BTC reporting segment had a carrying value of US$63 million. Applied in calculating the CGU's value in use was a pre-tax discount rate of 10% and a long-term growth rate of 0%.

Sensitivity

The value in use of The Bahamas CGU exceeded the carrying value by US$156 million. Whilst the Group did not consider these scenarios to be reasonably possible, the value in use of The Bahamas CGU would not support the carrying value of the goodwill if, in isolation:

- Adjusted EBITDA decreased by more than US$15 million per year.
- the pre-tax discount rate increased by 4% or more.

A change in isolation, of any of the key assumptions was not considered by management to cause the carrying value of any CGU to exceed its value in use.

Impairment losses and reversals

During the year to 31 March 2016, an impairment charge of US$3 million was recorded against the Jamaica CGU. This related to the goodwill recognised following the acquisition of Dekal Wireless, acquired by the Group in December 2014 and considered by management to be underperforming. No events or circumstances were identified to indicate that the carrying value of property, plant and equipment or other intangibles had been impaired during the year.

In the prior year, as a result of the acquisition of Columbus, specific assets in the Columbus overlapping markets and islands were impaired (US$74 million) based on the expected timing of migration of customers to new networks. During the year to 31 March 2016, the timing of the migration plan has been reassessed and extended and as a consequence, management reassessed the discounted cash flow analysis associated to the specific assets and determined that an impairment reversal was appropriate at the reporting date. Accelerated depreciation of US$21 million has been recorded in line with the revised expected useful economic lives of the networks in the overlapping markets.

Notes to the consolidated financial statements

Year ended 31 March 2016 Continuing operations	Reporting segment	Impairment reversal	Impairment US$m	Total US$m
Barbados	Caribbean			
Plant and equipment		(23)	–	(23)
Goodwill		–	–	–
Grenada	Caribbean			
Plant and equipment		(8)	–	(8)
Jamaica	Caribbean			
Plant and equipment		(30)	–	(30)
Goodwill		–	3	3
St Lucia	Caribbean			
Land and buildings		(8)	–	(8)
Plant and equipment		(2)	–	(2)
St Vincent	Caribbean			
Plant and equipment		(3)	–	(3)
Total		**(74)**	**3**	**(71)**

During the year ended 31 March 2015, no events or circumstances were identified to indicate that the carrying value of property, plant and equipment had been impaired. However, as a result of the acquisition of Columbus and also technological upgrades as part of Project Marlin, certain specific assets in the Columbus overlapping markets and islands, which were upgraded as part of Project Marlin, were reviewed for the impact on the carrying value of property, plant and equipment following those events. As a result of the review, a write-off of US$49 million and an impairment of US$78 million were recorded across the Caribbean islands, as noted below. As discussed above, US$74 million of the impairment recorded has been reversed by management in the year to 31 March 2016.

Year ended 31 March 2015 Continuing operations	Reporting segment	Pre-tax Discount rate	Asset write-offs US$m	Impairment US$m	Total US$m
Barbados	Caribbean	15.8%			
Plant and equipment			25	23	48
Cayman	Caribbean	8.7%			
Plant and equipment			12	–	12
Grenada	Caribbean	15.8%			
Plant and equipment			2	8	10
Jamaica	Caribbean	11.8%			
Plant and equipment			2	30	32
St Lucia	Caribbean	20.0%			
Land and buildings			–	8	8
Plant and equipment			1	6	7
St Vincent	Caribbean	21.2%			
Plant and equipment			3	3	6
Turks & Caicos	Caribbean	12.6%			
Plant and equipment			3	–	3
Other Caribbean	Caribbean	14.3%			
Plant and equipment			1	–	1
Total			49	78	127

Notes to the consolidated financial statements

3.5. Intangible assets

The following section shows the non-physical assets used by the Group to generate revenues and profits.

These assets include goodwill, software, licences and operating agreements and customer contracts. Within licence and operating agreements we include the cost of any acquired spectrum we use for our mobile services. The cost of intangible assets is the amount that the Group has paid or, where there has been an acquisition of a business, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights. Goodwill arises when we acquire a business and pay a higher amount than the fair value of the net assets of that business. Goodwill is not amortised but is subject to annual impairment tests. The value of goodwill is an 'intangible' value that comes from, for example, synergies we expect to gain and the value of the acquired businesses' employees.

The value of other intangible assets reduces over the number of years the Group expects to use the asset via an annual amortisation charge. Should an asset's value fall below its carrying value an additional one-off impairment charge is made against profit.

Accounting policy detailed in note 5.1.3

	Goodwill US$m	Software US$m	Licences and operating agreements US$m	Customer contracts and relationships US$m	Brands US$m	Other US$m	**Total US$m**
Cost							
At 1 April 2014	355	260	176	27	–	70	888
Acquisitions	2,097	19	15	625	85	2	2,843
Additions	–	19	39	–	–	1	59
Transfer from tangible assets	–	28	–	–	–	–	28
Reclassification from held for sale	–	5	–	–	–	–	5
Business disposals	(291)	(3)	(135)	–	–	(70)	(499)
Disposals	–	–	–	(6)	–	–	(6)
Exchange differences	(1)	(4)	(1)	–	–	–	(6)
At 31 March 2015 (restated)[1]	2,160	324	94	646	85	3	3,312
Additions	–	30	–	–	–	–	30
Transfer from tangible assets	–	16	27	–	–	–	43
Disposals	–	(3)	–	(4)	–	–	(7)
Exchange differences	(13)	(4)	(7)	–	–	–	(24)
At 31 March 2016	**2,147**	**363**	**114**	**642**	**85**	**3**	**3,354**
Amortisation and impairment							
At 1 April 2014	–	211	89	7	–	55	362
Charge for the year[2]	–	33	8	7	–	1	49
Reclassification from held for sale	–	3	–	–	–	–	3
Business disposals	–	(2)	(68)	–	–	(56)	(126)
Disposals	–	–	–	(6)	–	–	(6)
Exchange differences	–	(3)	–	–	–	–	(3)
At 31 March 2015	–	242	29	8	–	–	279
Charge for the year[2]	–	34	12	54	8	–	108
Transfer from tangible assets	–	2	5	–	–	–	7
Impairment	3	–	–	–	–	–	3
Reclassification from held for sale	–	–	–	–	–	–	–
Business disposals	–	–	–	–	–	–	–
Disposals	–	(3)	–	(4)	–	–	(7)
Exchange differences	–	(2)	(5)	(1)	–	–	(8)
At 31 March 2016	**3**	**273**	**41**	**57**	**8**	**–**	**382**
Net book value							
At 31 March 2016	**2,144**	**90**	**73**	**585**	**77**	**3**	**2,972**
At 31 March 2015 (restated)[1]	2,160	82	65	638	85	3	3,033

1. Restated following the finalisation of the Columbus acquisition (see note 3.11).
2. The charge for the year includes US$nil (2014/15 – US$2 million) in relation to discontinued operations. Refer to note 2.8 for more information.

Notes to the consolidated financial statements

Goodwill balances are allocated to the following acquisitions:

	Monaco Telecom[1] US$m	BTC[2] US$m	Columbus[3] US$m	Grupo Sonitel[4] US$m	Dekal Wireless[5] US$m	Total US$m
At 1 April 2014	292	63	–	–	–	355
Acquisitions	–	–	2,077	17	3	2,097
Business disposal	(291)	–	–	–	–	(291)
Exchange differences	(1)	–	–	–	–	(1)
At 31 March 2015 (restated)[6]	–	63	2,077	17	3	2,160
Impairment	–	–	–	–	(3)	(3)
Exchange differences	–	–	(13)	–	–	(13)
At 31 March 2016	**–**	**63**	**2,064**	**17**	**–**	**2,144**

1. Reporting segment: Discontinued operations (note 2.8).
2. Reporting segment: BTC.
3. Reporting segments: Caribbean, Networks and LatAm.
4. Reporting segment: Panama.
5. Reporting segment: Caribbean.
6. Restated following the finalisation of the Columbus acquisition (see note 3.11).

Notes to the consolidated financial statements

3.6. Property, plant and equipment

The following section shows the physical assets used by the Group to generate revenues and profits. We make significant investments in network plant and equipment – the technology and base stations required to operate our networks – that form the majority of our tangible assets.

Depreciation is calculated by estimating the number of years the Group expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance, the Directors review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value, an additional one-off impairment charge is made against profit.

Accounting policy detailed in note 5.1.2

				2015/16				Restated[1] 2014/15
	Land and buildings US$m	**Plant and equipment US$m**	**Assets under construction US$m**	**Total US$m**	Land and buildings US$m	Plant and equipment US$m	Assets under construction US$m	Total US$m
Cost								
At 1 April	**485**	**5,129**	**298**	**5,912**	423	4,001	220	4,644
Acquisitions	**–**	**–**	**–**	**–**	41	1,054	53	1,148
Additions	**3**	**141**	**360**	**504**	1	12	403	416
Business disposals	**–**	**–**	**–**	**–**	–	(109)	(2)	(111)
Write-offs	**–**	**–**	**–**	**–**	–	(49)	–	(49)
Disposals	**(1)**	**(142)**	**–**	**(143)**	(2)	(94)	–	(96)
Reclassifications from assets held for sale	**–**	**–**	**–**	**–**	8	55	9	72
Transfers to intangible assets	**2**	**(5)**	**(40)**	**(43)**	–	–	(28)	(28)
Transfers between categories	**6**	**342**	**(348)**	**–**	21	334	(355)	–
Transfers to assets held for sale	**–**	**–**	**–**	**–**	–	(42)	–	(42)
Exchange differences	**(7)**	**(54)**	**–**	**(61)**	(7)	(33)	(2)	(42)
At 31 March	**488**	**5,411**	**270**	**6,169**	485	5,129	298	5,912
Depreciation								
At 1 April	**222**	**3,110**	**–**	**3,332**	204	3,022	–	3,226
Charge for the year[2]	**19**	**314**	**–**	**333**	15	195	–	210
Write-offs	**–**	**–**	**–**	**–**	–	49	–	49
Reversal of impairment and impairments	**(22)**	**(52)**	**–**	**(74)**	8	70	–	78
Business disposals	**–**	**–**	**–**	**–**	–	(71)	–	(71)
Disposals	**–**	**(135)**	**–**	**(135)**	(1)	(137)	–	(138)
Reclassifications from assets held for sale	**–**	**–**	**–**	**–**	2	25	–	27
Transfers to assets held for sale	**–**	**–**	**–**	**–**	–	(14)	–	(14)
Transfers to intangible assets	**–**	**(7)**	**–**	**(7)**	–	–	–	–
Exchange differences	**(3)**	**(33)**	**–**	**(36)**	(6)	(29)	–	(35)
At 31 March	**216**	**3,197**	**–**	**3,413**	222	3,110	–	3,332
Net book value at 31 March	**272**	**2,214**	**270**	**2,756**	263	2,019	298	2,580

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

2 The charge includes US$nil relating to discontinued operations (2014/15 – US$1 million). Refer to note 2.8 for more information.

The Group held no assets under finance leases at 31 March 2016 or 31 March 2015.

Additions during the year include interest and own work capitalised during the construction of certain assets of US$8 million (2014/15 – US$12 million) and US$29 million (2014/15 – US$35 million) respectively. None of these amounts in the current or prior year relate to discontinued operations (note 2.8).

Notes to the consolidated financial statements

3.7. Investments in joint ventures and associates

We equity accounted for our material interest in Telecommunications Services of Trinidad and Tobago Limited (TSTT) as an associate up until 31 March 2015 when we reclassified it to an investment held for sale due to the Columbus acquisition and related regulatory requirements.

We hold other interests in associate operations which are not material. These are companies where we either share control with one or more other parties or have a degree of ownership which gives us significant influence.

Our share of joint venture and associates' profit and net assets is recorded as a single line item in the consolidated income statement and the consolidated statement of financial position, respectively. The principal investments in joint ventures and associates at 31 March 2016 are shown in note 5.8.

Accounting policy detailed in note 1.2.1

As the investment in TSTT is classified as held for sale for the year ended 31 March 2016, comparative information for the year ended 31 March 2015 has not been provided.

The following is summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements:

	31 March 2016 US$m	31 March 2015 US$m
Carrying amount of interests in immaterial associates		
Group's share of:		
Loss from continuing operations	**(1)**	(1)
Other comprehensive loss	**—**	—
Total comprehensive loss	**(1)**	(1)

3.8. Assets held for sale

Assets held for sale relate to the reclassification of TSTT from investments in joint ventures and associates due to the conditions included in the regulatory approval from the Telecommunications Authority of Trinidad and Tobago which requires the Group to dispose of our investment in TSTT within a prescribed timeframe. Property, plant and equipment was also transferred to held for sale and primarily relates to the Barbados fibre network which is being divested as part of the regulatory approval from the Barbados Fair Trading Commission.

Accounting policy detailed in note 5.1.9

	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Property, plant and equipment	**25**	27
Telecommunications Services of Trinidad and Tobago	**129**	137
	154	164

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

The investment in TSTT amounts to US$129 million for the year ended 31 March 2016 (2014/15 – US$137 million). During the year, the Group received dividends of US$8 million from its investment in TSTT.

The Group's investment in TSTT is measured at fair value and was calculated using an earnings multiple technique, using inputs that are not based on publicly observable data. The investment represents 49% of the equity of TSTT. The key assumptions used in determining the market value of 100% of the equity of TSTT were the maintainable earnings for TSTT (based on actual 2014/15 results) and comparable transaction multiples for the telecom industry. A 10% variance in earnings would result in an increase or decrease in the valuation of US$13 million.

Notes to the consolidated financial statements

3.9. Provisions

A provision is recognised by the Group where a liability exists relating to events in the past and it is probable that cash will be paid to settle it. A feature of provisions is uncertainty over the timing or amount to be paid and therefore the amounts are estimated.

The main provisions we hold are for redundancies, asset retirement obligations and claims for legal matters.

Accounting policy detailed in note 5.1.13

	Property US$m	Redundancy costs US$m	Network and asset retirement obligations US$m	Legal and other US$m	Total US$m
At 1 April 2015 (restated)[1]	15	82	52	90	239
Additional provisions	–	–	2	42	44
Amounts used	(7)	(59)	(6)	(65)	(137)
Unused amounts released	–	(11)	–	(8)	(19)
Effect of discounting	–	–	2	–	2
Transfers/disposals	(3)	5	(2)	–	–
Exchange differences	–	–	–	(1)	(1)
At 31 March 2016	**5**	**17**	**48**	**58**	**128**
Provisions – current	**5**	**15**	**–**	**41**	**61**
Provisions – non-current	**–**	**2**	**48**	**17**	**67**

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

	Property US$m	Redundancy costs US$m	Network and asset retirement obligations US$m	Legal and other US$m	Total US$m
At 1 April 2014	20	43	30	89	182
Acquisitions	–	–	–	32	32
Business disposals	–	(1)	(2)	(11)	(14)
Additional provisions	–	80	25	18	123
Amounts used	(5)	(37)	–	(29)	(71)
Unused amounts released	–	(3)	–	(9)	(12)
Effect of discounting	–	–	–	–	–
Exchange differences	–	–	(1)	–	(1)
At 31 March 2015 (restated)[1]	15	82	52	90	239
Provisions – current	12	51	2	64	129
Provisions – non-current	3	31	50	26	110

1 Restated following the finalisation of the Columbus acquisition (see note 3.11).

The net expense recognised through profit or loss from movements in provisions relating to discontinued operations at 31 March 2016 was US$nil (31 March 2015 – US$7 million).

Property

Provision has been made for dilapidation costs and for the lower of the best estimate of the unavoidable lease payments or cost of exit in respect of vacant properties. Unavoidable lease payments represent the difference between the rentals due and any income expected to be derived from the vacant properties being sublet. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

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Redundancy

Provision has been made for the total employee related costs of redundancies announced prior to the reporting date. Amounts provided during the year presented primarily relate to integration costs for merging the operations of the new combined group. The provision is expected to be used in the next two years. Amounts used relate to the regional transformation activities in the Caribbean.

Network and asset retirement obligations

Provision has been made for the best estimate of the unavoidable costs associated with redundant leased network capacity. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

Provision has also been made for the best estimate of the asset retirement obligation associated with office sites, technical sites, mobile cell sites, domestic and sub-sea cabling. This provision is expected to be used at the end of the life of the related asset on which the obligation arises.

Legal and other

Legal and other provisions include amounts relating to specific legal claims against the Group together with amounts in respect of certain employee benefits and sales taxes as well as professional and consultancy fees in relation to integration activities. The timing of the utilisation of the provision is uncertain and is largely outside the Group's control, for example, where matters are contingent upon litigation. Legal proceedings are further discussed in note 5.5.

3.10 Retirement benefits obligations

We operate a number of defined benefit and defined contribution pension plans for our employees. The Group's largest defined benefit scheme is the Cable & Wireless Superannuation Fund (CWSF) in the UK. We agreed a new funding agreement with the Trustees of the CWSF in May 2014.

Accounting policy detailed in note 5.1.11

The Group operates pension schemes for its current and former UK employees for which Cable & Wireless Limited is the sponsoring employer. These schemes include both defined benefit schemes, where retirement benefits are based on employees' remuneration and length of service, and defined contribution schemes, where retirement benefits reflect the accumulated value of agreed contributions paid by, and in respect of, employees. Contributions to the defined benefit schemes are made in accordance with the recommendations of independent actuaries who value the schemes.

Cable & Wireless Superannuation Fund

Cable & Wireless Communications operates the CWSF. This plan provides defined benefit and defined contribution arrangements for current and former employees of the Group. The CWSF has been closed to new defined benefit members since 1998 and is being closed to future accrual of benefits effective from 5 April 2016.

Regulatory framework and governance

The assets of the CWSF are held in trustee-administered funds governed by UK regulations, as is the nature of the relationship between the Group and the Trustees. Responsibility for the governance of the CWSF, including investment decisions and contribution schedules, lies with the Board of Trustees who must consult with the Group on such matters. The Board of Trustees must be composed of representatives of the Group, plan participants and an independent trustee in accordance with the CWSF's governing documents.

The weighted average duration of the total expected benefit payments from the CWSF is 16 years, and the weighted average duration of the expected uninsured benefit payments from the CWSF is 21 years.

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Funding arrangements

The latest triennial actuarial valuation of the CWSF was carried out by independent actuaries Towers Watson Limited as at 31 March 2013.

The March 2013 actuarial valuation showed that based on long-term financial assumptions, the contribution rate required to meet the future benefit accrual was 43.5% of pensionable earnings (38.5% employer's and 5.0% employee's). The terms of the CWSF Trust Deed also allow the Trustee or the Company to call for a valuation at any time.

The Group reached agreement with the Trustee on the valuation as at 31 March 2013 which showed a funding deficit of £109 million (US$154 million). The agreed payments for 2014 to 2016 remain as agreed following the March 2010 valuation. The agreed payments in 2017, 2018 and 2019 will be in the range of £nil to £23 million (US$nil to US$32 million) each year based on an actuarial valuation as at 31 March 2016. Future payments will be subject to the outcome of the full valuation due in March 2016.

Cable & Wireless Communications paid a total contribution of US$49 million in 2015/16 (2014/15 – US$51 million), to the CWSF. The best estimate of contributions to the CWSF for 2016/17 is US$47 million for employer contributions.

The Group is party to a Contingent Funding Agreement with the CWSF Trustees, under which the Trustees can call for a letter of credit or cash escrow in certain circumstances, such as the breach by the Group of certain financial covenants, the incurrence by the Group of secured debt above an agreed level or the failure to maintain available commitments under the revolving credit facilities of at least US$150 million. Letters of credit totalling £100 million (US$141 million) were put in place in connection with the acquisition of Columbus International Inc. pursuant to the terms of the Contingent Funding Agreement.

Minimum funding requirement

The deficit recovery funding plan agreed with the Trustees of the CWSF as part of the March 2013 actuarial valuation constitutes a minimum funding requirement. An adjustment to the deficit in the CWSF to account for the minimum funding requirement has been calculated in accordance with IFRIC 14 The limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The adjustment to the deficit, which is recorded in other comprehensive income, was US$91 million as at 31 March 2016 (2014/15 – US$41 million).

Asset-liability matching

During 2008, the CWSF Trustee agreed an insurance buy-in of the UK pensioner liabilities with Prudential Insurance. The buy-in involved the purchase of a bulk annuity policy by the CWSF under which Prudential Insurance assumed responsibility for the benefits payable to the CWSF's UK pensioners. In December 2011, a further 233 pensioners, having commenced with pensions in payment since the original annuity, were brought within the bulk annuity policy. These pensioner liabilities and the matching annuity policy remain within the CWSF. Approximately 63% of the liabilities (2014/15 – 63%) in the CWSF are matched by the annuity policy asset which reduces the funding risk for the Group.

UK unfunded pension arrangements

The Group operates unfunded defined benefit arrangements in the UK. These primarily relate to pension provisions for former Directors and other senior employees in respect of their earnings in excess of the previous Inland Revenue salary cap.

The arrangements are governed by individual trust deeds. One arrangement incorporates a covenant requiring the Group to hold security against the value of the liabilities. The security is in the form of UK Government Gilts which are held separately as available for sale assets (note 4.4).

The weighted average duration of the expected benefit payments from the unfunded arrangements is 16 years.

Overseas schemes

The Group operates other defined benefit pension schemes in Jamaica and Barbados. The schemes are closed to new entrants and the Jamaican scheme is also closed to future accrual. The schemes are governed by local pension laws and regulations.

The Jamaican scheme owns an insurance policy which matches in full the value of the defined benefit liabilities.

When defined benefit funds have an IAS 19 surplus, they are recorded at the lower of that surplus and the future economic benefits available in the form of a cash refund or a reduction in future contributions. Any adjustment to the surplus (net of interest) is recorded in other comprehensive income. The effect of these adjustments, described as asset ceiling adjustments, were US$nil as at 31 March 2016 (31 March 2015 – US$26 million) and relate to the Group's defined benefit arrangements in Jamaica. The maximum economic benefit was determined by reference to the reductions in future contributions available to the Group.

The best estimate of contributions to the overseas schemes for 2015/16 is US$2 million for employer contributions and US$1 million for employee contributions.

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IAS 19 *Employee benefits* valuation – CWSF and other schemes

The IAS 19 valuations of the major defined benefit pension schemes operated by the Group have been updated to 31 March 2016 by qualified independent actuaries. Lane, Clark & Peacock LLP prepared the valuation for the CWSF and the UK unfunded arrangements and reviewed the IAS 19 valuations prepared for Jamaica overseas scheme. Eckler Limited prepared the valuation for the Barbados overseas schemes.

The main financial assumptions applied in the valuations and an analysis of schemes' assets are as follows:

	31 March 2016			31 March 2015		
	CWSF assumption %	**UK unfunded assumption %**	**Overseas schemes assumption[1] %**	CWSF assumption %	UK unfunded assumption %	Overseas schemes assumption[1] %
Significant actuarial assumptions:						
RPI inflation assumption	**2.9**	**2.9**	**4.7**	2.8	2.8	4.1
Discount rate	**3.4**	**3.4**	**8.6**	3.1	3.1	9.2
Discount rate – CWSF uninsured liability	**3.5**	**–**	**–**	3.2	–	–
Other related actuarial assumptions:						
CPI inflation assumption	**1.9**	**1.9**	**–**	1.8	1.8	–
Salary increases	**3.5**	**–**	**5.3**	3.4	–	5.9
Pension increases[2]	**1.8-2.9**	**–**	**2.7**	1.7-2.7	–	2.8

1 Figures shown represent a weighted average assumption of the individual schemes.

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

	31 March 2016		31 March 2015	
	CWSF assets US$m	**Overseas scheme assets US$m**	CWSF assets US$m	Overseas scheme assets US$m
Plan assets:				
– Annuity policies	**1,101**	**96**	1,235	88
– Equities – quoted	**324**	**45**	338	37
– Bonds and gilts – quoted	**247**	**36**	238	39
– Property	**1**	**42**	1	41
– Cash and swaps	**21**	**22**	18	23
	1,694	**241**	1,830	228

Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions shown above for other schemes represent a weighted average of the assumptions used for the individual schemes.

The assumptions regarding current mortality rates in retirement for the CWSF and UK unfunded schemes were set having regard to the actual experience of the CWSF's pensioners and dependants over the six years ended 31 December 2012. In addition, allowance was made for future mortality improvements in line with the 2012 CMI core projections, subject to a long-term rate of improvement of 1.5% p.a.

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

	On 31 March 2016 (years)	On 31 March 2026 (years)	On 31 March 2036 (years)
CWSF and UK unfunded:			
Male pensioners and dependants	28.9	30.1	31.4
Female pensioners	28.4	29.7	30.9
Female dependants	31.4	32.6	33.7

Notes to the consolidated financial statements

Risks

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below. The balance sheet net pension liability is a snapshot view which can be significantly influenced by short-term market factors.

The calculation of the surplus or deficit depends, therefore, on factors which are beyond the control of the Group, principally the value at the balance sheet date of equity shares in which the scheme has invested and long-term interest rates which are used to discount future liabilities. The funding of the scheme is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors:

- Investment returns: The Group's net balance sheet, and contribution requirements are heavily dependent upon the return on the assets invested in by the schemes;
- Longevity: The cost to the Group of the pensions promised to members is dependent upon the expected term of these payments. To the extent that members live longer than expected this will increase the cost of these arrangements; and
- Inflation rate risk: In the UK, the pension promises are, in the main, linked to inflation, and higher inflation will lead to higher liabilities.

The above risks have been mitigated for a large proportion of the CWSF's population and all of the Jamaican scheme's liabilities through the purchase of insurance policies, the payments from which exactly match the promises made to employees. Remaining investment risks in the CWSF have also been mitigated to some extent by diversification of the return-seeking assets.

In addition, the defined benefit obligation as measured under IAS 19 is linked to yields on AA rated corporate bonds, however, the majority of the Group's arrangements invest in a number of other assets which will move in a different manner from these bonds. Therefore, changes in market conditions may lead to volatility in the net pension liability on the Group's balance sheet and in other comprehensive income, and to a lesser extent in the IAS 19 pension expense in the Group's income statement.

Sensitivity analysis	Increase in assumption US$m	Decrease in assumption US$m
CWSF and UK unfunded:		
Discount rate		
Effect on total defined benefit obligation of a 0.25% change	(69)	69
Effect on defined benefit obligation net of bulk annuity of a 0.25% change	(36)	36
RPI inflation (and related increases)		
Effect on total defined benefit obligation of a 0.25% change	48	(48)
Effect on defined benefit obligation net of bulk annuity of a 0.25% change	28	(28)
Life expectancy		
Effect on total defined benefit obligation of a one year change	53	(53)
Effect on defined benefit obligation net of bulk annuity of a one year change	19	(19)
Overseas schemes:		
Discount rate		
Effect on total defined benefit obligation of a 0.25% change	(6)	6
Inflation assumption		
Effect on total defined benefit obligation of a 0.25% change	1	(1)

Methods and assumptions for sensitivity analysis

The above analysis is based on a standalone change in each assumption while holding all other assumptions constant. The impact on the net liability is significantly reduced for the CWSF scheme as a result of the annuity policies held. In the absence of such policies, the impact on the net liability would be much closer to the significantly higher impact on the defined benefit obligation.

The methods used in preparing the sensitivity analysis did not change compared to the prior period.

Using the projected unit method for the valuation of liabilities, the current service cost is expected to increase when expressed as a percentage of pensionable payroll as the members of the scheme approach retirement.

Notes to the consolidated financial statements

Assets and liabilities

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

	31 March 2016				31 March 2015			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
Total fair value of plan assets	**1,694**	**–**	**241**	**1,935**	1,830	–	228	2,058
Present value of funded obligations	**(1,738)**	**–**	**(219)**	**(1,957)**	(1,947)	–	(185)	(2,132)
Excess of (liabilities)/assets of funded obligations	**(44)**	**–**	**22**	**(22)**	(117)	–	43	(74)
Present value of unfunded obligations	**–**	**(44)**	**–**	**(44)**	–	(48)	(3)	(51)
Impact of the minimum funding requirement	**(91)**	**–**	**–**	**(91)**	(41)	–	–	(41)
Effect of asset ceiling	**–**	**–**	**–**	**–**	–	–	(26)	(26)
Net (deficit)/surplus	**(135)**	**(44)**	**22**	**(157)**	(158)	(48)	14	(192)
Defined benefit pension plans in deficit	**(135)**	**(44)**	**(6)**	**(185)**	(158)	(48)	(3)	(209)
Defined benefit pension plans in surplus	**–**	**–**	**28**	**28**	–	–	17	17
Net (deficit)/surplus	**(135)**	**(44)**	**22**	**(157)**	(158)	(48)	14	(192)

Included within these liabilities is an amount of US$30 million (2014/15 – US$32 million) to cover the cost of former Directors' pension entitlements.

The amounts recognised in the income statement were as follows:

	2015/16				2014/15			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
Current service cost	**(1)**	**–**	**(1)**	**(2)**	–	–	(2)	(2)
Exceptional past service cost	**–**	**–**	**(16)**	**(16)**	–	–	–	–
Interest (charge)/credit on net liabilities/assets	**(3)**	**(2)**	**1**	**(4)**	(5)	(2)	2	(5)
Administration expenses	**(2)**	**–**	**–**	**(2)**	(2)	–	–	(2)
Total net charge	**(6)**	**(2)**	**(16)**	**(24)**	(7)	(2)	–	(9)

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

	2015/16				2014/15			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
Net (liability)/asset at 1 April	**(158)**	**(48)**	**14**	**(192)**	(148)	(48)	17	(179)
Effect of exchange rate fluctuations	**8**	**1**	**–**	**9**	11	5	(1)	15
Net (expense)/credit recognised in the income statement	**(6)**	**(2)**	**(16)**	**(24)**	(7)	(2)	–	(9)
Net credit/(expense) recognised outside the income statement	**(28)**	**3**	**22**	**(3)**	(68)	(5)	(4)	(77)
Contributions paid by the employer	**49**	**2**	**2**	**53**	54	2	2	58
Net (liability)/asset at 31 March	**(135)**	**(44)**	**22**	**(157)**	(158)	(48)	14	(192)

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

	2015/16				2014/15			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
At 1 April	**(1,947)**	**(48)**	**(188)**	**(2,183)**	(1,943)	(48)	(185)	(2,176)
Current service cost	**(1)**	**–**	**(1)**	**(2)**	–	–	(2)	(2)
Interest on obligations	**(60)**	**(2)**	**(12)**	**(74)**	(80)	(2)	(13)	(95)
Remeasurements:								
Actuarial gain/(loss) from changes in financial assumptions	**64**	**1**	**(8)**	**57**	(242)	–	(11)	(253)
Actuarial gain/(loss) from experience on obligations	**21**	**2**	**(9)**	**14**	21	(4)	(2)	15
Employee contributions	**–**	**–**	**(1)**	**(1)**	–	–	–	–
Employer disbursements	**–**	**–**	**5**	**5**	–	–	–	–
Administration costs and taxes	**(2)**	**–**	**–**	**(2)**	–	–	–	–
Exceptional past service costs	**–**	**–**	**(16)**	**(16)**	–	–	–	–
Benefits paid	**88**	**2**	**6**	**96**	94	2	20	116
Exchange differences	**99**	**1**	**5**	**105**	203	4	5	212
At 31 March	**(1,738)**	**(44)**	**(219)**	**(2,001)**	(1,947)	(48)	(188)	(2,183)

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

	2015/16				2014/15			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
At 1 April	**1,830**	**–**	**228**	**2,058**	1,817	–	224	2,041
Interest on plan assets	**57**	**–**	**16**	**73**	76	–	17	93
Remeasurements:								
Return on invested plan assets, excluding amount in interest income	**(21)**	**–**	**12**	**(9)**	69	–	(4)	65
Actuarial (loss)/gain from changes in financial assumptions on insured asset	**(28)**	**–**	**–**	**(28)**	115	–	11	126
Actuarial (loss)/gain from experience on insured asset	**(12)**	**–**	**–**	**(12)**	(10)	–	4	(6)
Employer contributions	**49**	**2**	**2**	**53**	52	2	2	56
Employer disbursements	**–**	**–**	**(5)**	**(5)**	–	–	–	–
Employee contributions	**–**	**–**	**1**	**1**	–	–	–	–
Benefits paid	**(88)**	**(2)**	**(6)**	**(96)**	(94)	(2)	(20)	(116)
Administration expenses	**(2)**	**–**	**–**	**(2)**	(2)	–	–	(2)
Exchange differences	**(91)**	**–**	**(7)**	**(98)**	(193)	–	(6)	(199)
At 31 March	**1,694**	**–**	**241**	**1,935**	1,830	–	228	2,058

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

	2015/16				2014/15			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
At 1 April	**(41)**	**–**	**(26)**	**(67)**	(22)	–	(22)	(44)
Interest on minimum funding/asset ceiling requirement	**(1)**	**–**	**(4)**	**(5)**	(1)	–	(2)	(3)
Change in effect of minimum funding/asset ceiling – gain/(loss)	**(54)**	**–**	**29**	**(25)**	(21)	–	(3)	(24)
Exchange differences	**5**	**–**	**1**	**6**	3	–	1	4
At 31 March	**(91)**	**–**	**–**	**(91)**	(41)	–	(26)	(67)

3.11. Acquisitions

3.11.1. Columbus International Inc.

On 6 November 2014, the Company agreed to acquire 100% of the equity of Columbus, a leading privately owned fibre-based telecommunications and technology services provider operating in the Caribbean, Central America and the Andean region with approximately 700,000 residential customers (the Columbus Acquisition).

In the Caribbean, Columbus is one of the leading providers of triple-play cable TV and broadband enabled services over its proprietary fibre optic network infrastructure. Through its wholly owned subsidiary, Columbus Networks Limited, Columbus provides backhaul connectivity to 42 countries in the region, as well as capacity and IT services, corporate data solutions and data centre services throughout the Caribbean, Central American and the Andean region. Columbus also provides next generation connectivity and IT solutions, managed networking and cloud-based services under the brand Columbus Business Solutions. This transaction is in line with the strategy outlined in May 2014 to drive mobile leadership, accelerate fixed-mobile convergence, reinforce TV offer and grow B2B/B2G business.

The consideration for the acquisition was US$2,127 million comprising a mixture of cash, the Company's shares, capitalised share option amounts and the fair value of put options granted to the Columbus Principal Vendors (CVBI Holdings (Barbados) Inc, Clearwater Holdings (Barbados) Limited, Columbus Holding LLC and Brandon Paddick).

As part of the acquisition of Columbus, Columbus' existing US$1,250 million 7.375% Senior Notes due 2021 (the 'Columbus Senior Notes') were acquired by the Company and two two-year term loans were obtained: US$390 million secured term loan ("Senior Secured Term Loan") and US$300 million unsecured term loan ("Senior Unsecured Term Loan"). Additionally, a new revolving credit facility (RCF) of US$570 million was put in place for a term of five years. The Columbus Senior Notes, the Senior Secured Term Loan, The Senior Unsecured Term Loan and drawn RCF amounts are reflected in Borrowings (note 4.3).

The fair value of the consideration for the acquisition of Columbus is comprised as follows:

	US$m
Cash	708
Shares in CWC	1,287
Fair value in put options	103
Replacement share option awards	23
Vendor taxes	6
Total consideration	2,127

- The Company issued 1,557,529,605 consideration shares (Consideration Shares) in the capital of the Company to the Principal Vendors. As a result, the Principal Vendors in aggregate hold 36% of the ordinary shares in the Company. The share consideration includes a lack of marketability discount.
- Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its consideration shares. Under the put option arrangements each Principal Vendor can require the Company to reacquire certain of the consideration shares in four tranches between 2016 and 2019 at a strike price of US$0.7349 per share. The fair value of this put option of US$103 million has been recognised as an equity instrument within other reserves. As this put option meets the definition of an equity instrument, it will not be revalued to fair value at subsequent year ends. The financial liability attaching to the put option was valued using the present value technique at US$879 million (refer to note 4.8 which details the accounting for the repurchase option).

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- As part of the acquisition agreement, Columbus' existing employee incentive plan share option plan was cancelled, with certain employees of Columbus rolling over their options into an equivalent CWC share option plan. As set out in IFRS 3, the fair value of these replacement awards attributable to the pre-acquisition period of service by these employees is taken as part of consideration.
- As a consequence of the Columbus Acquisition, a deemed disposal of the shares of Columbus Dominicana S.A. was triggered giving rise to a potential capital gains tax liability of US$5 million under Dominican Republic tax law. In addition, an indirect ownership transfer was triggered under Panamanian tax law for Columbus Networks S. de R.L, Telecommunications Corporativas Panamenas S.A., Columbus Networks de Panama SRL and Columbus Networks Maritima S. de R.L. giving rise to a tax liability of US$1 million. As set out in IFRS 3, the fair value of these liabilities, which are paid on behalf of the vendor, increases the consideration paid by the Group.

The Group has finalised its assessment of the fair values of the assets and liabilities as at the acquisition date based on total consideration of US$2,127 million. The purchase price allocation is as follows:

	Book value US$m	Provisional fair value adjustments US$m	Final fair value adjustments US$m	Finalised fair value US$m
Intangible assets	174	513	36	723
Goodwill	–	2,034	43	2,077
Property, plant and equipment	1,041	36	57	1,134
Assets held for sale	7	–	(1)	6
Assets held at fair value	14	–	–	14
Other receivables	9	–	(4)	5
Deferred tax assets	23	–	5	28
Trade and other receivables	144	–	(31)	113
Inventories	5	–	–	5
Cash and cash equivalents	80	–	–	80
Trade and other payables	(168)	(3)	(77)	(248)
Borrowings	(1,234)	–	1	(1,233)
Current provisions	–	–	(15)	(15)
Current tax liabilities	(16)	–	4	(12)
Deferred tax liabilities	(85)	(112)	(68)	(265)
Other non-current payables	(341)	–	71	(270)
Non-current provisions	–	–	(15)	(15)
Total	(347)	2,468	6	2,127

The goodwill recognised of US$2,077 million on acquisition was based on the final assessment of the fair values of assets acquired and liabilities assumed. Goodwill arising on the acquisition represents the value of the workforce and expected synergies resulting from the integration into the existing business that did not meet the recognition criteria set out in IAS 38 Intangible Assets as they were unable to be separately identified.

Goodwill of US$nil is expected to be deductible for tax purposes.

Acquisition-related costs of US$54 million were recorded in these financial statements as other operating expenses. Financing costs of US$37 million were recorded in the income statement (note 4.1). These costs relate to requiring backstop facilities for both the Group's US$400 million 8 ¾% senior secured notes due 2020 (the '2020 Notes') Sable International Finance Limited (SIFL) and Columbus Senior Notes, the consent of the holders of the 2020 Notes, Columbus backstop facilities ticking fees and accelerated amortisation of existing RCF capitalised transaction costs. Additionally, fees of US$57 million were capitalised in the balance sheet, relating to debt issuance costs incurred as a result of the Columbus Acquisition.

The fair value adjustments relate to the finalisation of the purchase price accounting report for intangible assets, property, plant and equipment, deferred revenue, deferred tax liabilities and resulting goodwill. There were also fair value adjustments for trade receivables and provisions and reclassifications between current and non-current payables.

The acquisition accounting includes the payment of US$3 million by Columbus Communications Inc to Brendan Paddick as required under the terms of Brendan Paddick's employment contract with Columbus Communications Inc, which was terminated with effect from completion.

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Had the acquisition occurred on 1 April 2014, management estimates that the attributable income statement would have shown an increase in revenue of US$621 million and a loss of US$40 million during 2014/15. The results of the Columbus Acquisition for the year ended 31 March 2016 are included in the consolidated Group results.

3.11.2. Grupo Sonitel

On 12 September 2014, the Group, through its subsidiary Cable & Wireless Panamá, S.A. (CWP), agreed to acquire Panama-based Grupo Sonitel for US$36 million plus contingent consideration of up to an additional US$5 million. Grupo Sonitel operates SSA Sistemas, a provider of end-to-end managed IT solutions and telecoms services to business and government customers in Panama, as well as in El Salvador, Nicaragua and Peru; and Sonset, a provider of IT solutions and services to Small and Medium Enterprise (SME) customers in Panama.

This transaction is in line with the strategy outlined in May to grow B2B and B2G capabilities.

The Group has finalised its assessment of the fair values of the assets and liabilities as at the acquisition date based on total consideration (including contingent consideration) of US$39 million.

	Book value US$m	Fair Value adjustments US$m	Fair value US$m
Property, plant and equipment	2	–	2
Goodwill	–	17	17
Customer contracts and relationships	–	14	14
Trademarks and other intangibles	–	5	5
Other net assets	5	(4)	1
Total	7	32	39

The goodwill recognised of US$17 million on acquisition was based on the final assessment of the fair values of assets acquired and liabilities assumed. Goodwill arising on the acquisition included the value of the workforce and expected synergies resulting from the integration into the existing business that did not meet the recognition criteria set out in IAS 38 *Intangible Assets* as they were unable to be separately identified.

Acquisition-related costs of US$1 million were recorded in 2014/15 as other operating expenses.

Sonitel contributed revenue of US$44 million and profit of US$2 million to the Group's results in 2014/15. If the acquisition had occurred on 1 April 2014, management estimates that revenue would have been US$75 million and profit for the year would have been US$4 million. The results of Grupo Sonitel for the year ended 31 March 2016 are included in the consolidated Group results.

3.11.3. Other acquisitions

Dekal Wireless (Holdings) Limited

On 16 December 2014, a subsidiary acquired 100% share capital of Dekal Wireless (Holdings) Limited for a purchase price of US$6.3 million. The final fair value accounting recognised goodwill of US$3 million.

Islandcom Limited

On 23 March 2015, a subsidiary acquired the trading assets of Islandcom Telecommunications Limited for a purchase price of US$6 million. No goodwill was recognised as part of the acquisition.

Notes to the consolidated financial statements

Section four – Capital structure and financing

i

This section outlines how the Group manages its capital and related financing costs. The Directors determine the appropriate capital structure for the Group, specifically, how much cash is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future.

The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

During the year the Group issued bonds of US$750 million to repay the two two-year term loans entered into for the acquisition of Columbus.

4.1. Finance income and expense

Finance income is mainly comprised of movements in the fair value of derivative financial assets, and interest received from short-term investments in money market funds, external bank deposits and government bonds. Financing costs mainly arise from interest due on bonds, external bank loans and foreign exchange losses primarily due to the translation of foreign currency borrowings.

Accounting policy detailed in note 5.1.4

The pre-exceptional finance income and expense are set out below.

Continuing operations	**2015/16 US$m**	2014/15 US$m
Finance income		
Interest on cash and deposits	**4**	2
Investment income	**5**	2
Foreign exchange gains	**10**	13
Movement in fair value of derivative financial assets	**13**	–
Gains on derivative contracts	**–**	9
Total finance income	**32**	26
Finance expense		
Interest on bank loans	**57**	37
Interest on bonds	**180**	56
Unwinding of discounts on provisions	**3**	3
Unwinding of put option	**91**	–
Foreign exchange losses	**2**	–
	333	96
Less: Interest capitalised	**(7)**	(12)
Finance expense	**326**	84
Exceptional finance expense	**21**	37
Total finance expense	**347**	121

2015/16 exceptional finance expense of US$21 million relates to accelerated amortisation fees following the repayment of the secured US$390 million and the unsecured US$300 million two two-year term loans due March 2017 with the proceeds from the issue of the US$750 million 6.875% senior unsecured notes due 2022.

Notes to the consolidated financial statements

2014/15 exceptional finance costs of US$37 million relate to backstop facilities for both the 2020 Notes and Columbus bonds (bonds assumed in the acquisition of Columbus), the 2020 Notes bondholder consent, Columbus backstop ticking fees and accelerated amortisation of the US$487 million RCF fees (note 4.3). These costs are treated as exceptional due to the nature of these costs which were necessary as bondholder approval and consents were required as part of the Columbus Acquisition.

Tax relief of US$2 million is available on interest capitalised in the year ended 31 March 2016 (2014/15 – US$4 million). Interest has been capitalised within property, plant and equipment at a rate of 1.5% (2014/15 – 3.1%) on qualifying capital expenditure.

4.2. Cash and cash equivalents

The majority of the Group's cash is held in bank deposits or in money market funds that have a maturity of three months or less to enable us to meet our short-term liquidity requirements.

Accounting policy detailed in note 5.1.4

	31 March 2016 US$m	31 March 2015 US$m
Cash at bank and in hand	**165**	396
Short-term bank deposits	**2**	6
Cash and cash equivalents	**167**	402

Short-term bank deposits consist primarily of money market deposits, which can be readily converted to cash at short notice. The effective interest rate on short-term bank deposits at 31 March 2016 was 1.2% (31 March 2015 – 2.2%).

Restricted cash of US$9 million (31 March 2015 – US$9 million) is excluded from cash and cash equivalents and recorded as other receivables (note 3.1). Restricted cash relates to deposits received as part of contractual arrangements.

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value of those financial instruments.

Notes to the consolidated financial statements

4.3. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of secured and unsecured bonds and facilities. Our key borrowings at 31 March 2016 consist of bond and bank loans. During the year ended 31 March 2016 we issued unsecured bonds of US$750 million, maturing on 1 August 2022 with a coupon of 6.875%.

Accounting policy detailed in note 5.1.4

			31 March 2016			Restated[1] 31 March 2015		
	Type	Security	**Interest rate %**	**Carrying value US$m**	**Fair value US$m**	Interest rate %	Carrying value US$m	Fair value US$m
2017 US$390 million loan	Fixed	Secured	**–**	**–**	**–**	5.500	374	374
2017 US$300 million loan	Fixed	Unsecured	**–**	**–**	**–**	6.500	288	288
2019 £200 million bond	Fixed	Unsecured	**8.625**	**207**	**228[2]**	8.625	219	251[2]
2020 US$570 million facility[3]	Floating	Secured	**4.316**	**180**	**180[4]**	4.000	–	–
2020 US$400 million bond	Fixed	Secured	**8.750**	**395**	**420[2]**	8.750	394	431[2]
2021 US$1,250 million bond	Fixed	Unsecured	**7.375**	**1,236**	**1,334[2]**	7.375	1,233	1,309[2]
2022 US$750 million bond[5]	Fixed	Unsecured	**6.875**	**725**	**760[2]**	–	–	–
US Dollar and currencies linked to the US dollar loans and facilities (various dates to 2038)	Fixed and floating	Unsecured	**3.858**	**285**	**285[3]**	3.778	259	259[3]
Total borrowings				**3,028**			2,767	
Borrowings – current				**87**			82	
Borrowings – non-current				**2,941**			2,685	

1 Restated following the finalisation of the Columbus Acquisition (see note 3.11).

2 This value was determined by reference to market values obtained from third parties and are within level 1 of the fair value hierarchy.

3 On 31 December 2014, the Group entered into a five-year borrowing arrangement for US$570 million of revolving credit facilities with a maturity date of 31 March 2020. As at 31 March 2016, the Group had US$246 million undrawn facilities available due to drawdowns of US$180 million and letters of credit in favour of the CWSF of US$141 million (31 March 2015: US$421 million due to US$149 million letters of credit in favour of the CWSF). These facilities incur commitment fees at market rates prevailing when the facilities were arranged.

4 The carrying amount approximates to fair value, based on discounted cash flows and are within level 2 of the fair value hierarchy.

5 On 5 August 2015, the Group issued US$750 million Senior Notes with a maturity date of 1 August 2022. The Senior Notes bear a coupon rate of 6.875% and had an issue price of 98.644%.

The agreements for the facilities entered into during the year contain financial and other covenants which are standard to these types of arrangements.

For liquidity risk exposure analysis purposes, the following are the contractual maturities of loans, including the expected interest payable at rates prevailing at the reporting date:

	31 March 2016 US$m	Restated[1] 31 March 2015 US$m
Borrowings		
Due in less than one year	**316**	276
Due in more than one year but not more than two years	**280**	938
Due in more than two years but not more than five years	**2,710**	1,152
Due in more than five years	**841**	1,364
	4,147	3,730
Less: effect of discount and finance charges	**(1,119)**	(963)
Total borrowings	**3,028**	2,767

1 Restated following the finalisation of the Columbus Acquisition (see note 3.11) and to show maturities gross of debt issuance costs.

Notes to the consolidated financial statements

Interest was payable on borrowings falling due after more than five years at rates of between 0.0% and 6.9% (2014/15 – 0.0% and 7.4%, respectively).

Reconciliation of net funds

Funds are defined as cash at bank and in hand and short-term deposits. Debt is defined as bonds, loans and overdrafts.

Analysis of changes in net funds:

	At 1 April 2015 US$m	Cash flow US$m	Capitalised fees and amortisation US$m	Transfers US$m	Acquisitions US$m	Exchange differences US$m	Net cash from discontinued operations US$m	**At 31 March 2016 US$m**
Cash at bank and in hand	396	(231)	–	–	–	–	–	**165**
Short-term deposits	6	(4)	–	–	–	–	–	**2**
Total funds	402	(235)	–	–	–	–	–	**167**
Debt due within one year	(82)	51	–	(56)	–	–	–	**(87)**
Debt due after more than one year	(2,685)	(318)	(6)	56	–	12	–	**(2,941)**
Total debt	(2,767)	(267)	(6)	–	–	12	–	**(3,028)**
Total net (debt)/funds	(2,365)	(502)	(6)	–	–	12	–	**(2,861)**

	At 1 April 2014 US$m	Cash flow US$m	Capitalised fees and amortisation US$m	Transfers US$m	Acquisitions US$m	Exchange differences US$m	Net cash from discontinued operations US$m	Restated At 31 March 2015 US$m
Cash at bank and in hand	89	(176)	–	–	81	(1)	403	396
Short-term deposits	116	(112)	–	–	2	–	–	6
Total funds	205	(288)	–	–	83	(1)	403	402
Debt due within one year	(58)	26	–	(47)	(4)	1	–	(82)
Debt due after more than one year	(797)	(750)	26	47	(1,233)	22	–	(2,685)
Total debt	(855)	(724)	26	–	(1,237)	23	–	(2,767)
Total net (debt)/funds	(650)	(1,012)	26	–	(1,154)	22	403	(2,365)

1 Restated following the finalisation of the Columbus Acquisition (see note 3.11).

4.4. Available for sale financial assets

Accounting policy detailed in note 5.1.4

	2015/16 US$m	2014/15 US$m
At 1 April	**59**	58
Additions	**–**	2
Disposals	**–**	(1)
Fair value gain recorded in other comprehensive income	**–**	3
Exchange differences	**(2)**	(3)
At 31 March	**57**	59

Available-for-sale financial assets consist of UK and Bahamian government bonds. These assets were measured at fair value based on observable market data and are within level 1 of the fair value hierarchy (note 4.7). The maximum exposure to credit risk for available-for-sale financial assets is equal to their carrying value.

Notes to the consolidated financial statements

4.5. Financial assets at fair value through profit or loss

This relates to the US$1,250 million and US$750 million unsecured notes for which the redemption option associated with each of the notes represents an embedded derivative and requires recognition as a separate asset from the underlying borrowings.

Accounting policy detailed in note 5.1.4

	2015/16 US$m	2014/15 US$m
At 1 April (restated)[1]	**14**	–
Additions	**4**	–
Acquisitions	**–**	14
Movement in fair value of derivative financial assets	**13**	–
At 31 March	**31**	14

1 Restated following the finalisation of the Columbus Acquisition (see note 3.11).

Embedded derivative

As part of the acquisition of Columbus, the Group assumed the existing net debt held by Columbus at the acquisition date. Columbus held senior notes of US$1,250 million at 31 March 2015. The Group assumed all terms agreed by Columbus under the debt agreement. These terms enable the Group to redeem the notes under various scenarios. The redemption terms associated with the notes represent an embedded derivative which required bifurcation where the bifurcated amount is carried at fair value, with charges going through profit or loss. The embedded derivative is held at fair value and is valued using a valuation technique classed as level 2 in the fair value measurement hierarchy. The lowest level inputs to the valuation are directly or indirectly observable. Based on the unique features of the notes, the derivative was valued using a binomial tree/lattice approach based on the Hull-White single factor interest rate term structure model. Under this approach, an interest rate lattice is constructed according to a given short rate volatility and mean reversion constant as implied by the market as at each valuation date. Key inputs to the valuation included: percentages of swaption volatility selected as at 36.73% and 69.24% and the credit spread as at 31 March 2016 was implied to be approximately 4.26% (31 March 2015 between 34% and 74.20% and the credit spread as at 31 March 2015 was implied to be approximately 4.51%).

The financing of the US$750 million unsecured notes included terms that enabled the Group to redeem the notes under various scenarios. The redemption terms associated with the notes represent an embedded derivative which required bifurcation where the bifurcated amount is carried at fair value, with charges going through profit or loss. The embedded derivative is held at fair value and is valued using a valuation technique classed as level 2 in the fair value measurement hierarchy. The lowest level inputs to the valuation are directly or indirectly observable. Based on the unique features of the notes, the derivative was valued using a binomial tree/lattice approach based on the Hull-White single factor interest rate term structure model. Under this approach, an interest rate lattice is constructed according to a given short rate volatility and mean reversion constant as implied by the market as at each valuation date. Key inputs to the valuation included: percentages of swaption volatility selected as at 36.73% and 69.24% and the credit spread as at 31 March 2016 was implied to be approximately 5.46%.

Notes to the consolidated financial statements

4.6. Financial instruments at fair value

The table below analyses financial instruments carried at fair value by valuation method. Accounting standards require us to disclose them into different levels as follows:

Level 1 – Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Fair values measured using inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (from prices) or indirectly (derived from prices).

Level 3 – Fair values measured using inputs for the asset or liability that are not based on observable market data.

At 31 March 2016	Note	**Level 1 US$m**	**Level 2 US$m**	**Level 3 US$m**	**Total US$m**
Financial assets measured at fair value:					
UK and Bahamian government bonds	4.4	**57**	**–**	**–**	**57**
Held for sale equity investment	3.8	**–**	**–**	**129**	**129**
Embedded derivative	4.5	**–**	**31**	**–**	**31**
Total financial assets at fair value		**57**	**31**	**129**	**217**

At 31 March 2015	Note	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
Financial assets measured at fair value:					
UK and Bahamian government bonds	4.4	59	–	–	59
Held for sale equity investment	3.8	–	–	137	137
Embedded derivative	4.5	–	14	–	14
Total financial assets at fair value		59	14	137	210

There were no transfers between levels during the year (2014/15 – no transfers). For a reconciliation of movements in level 3 instruments see note 3.8.

Notes to the consolidated financial statements

4.7. Financial liabilities at amortised cost

As part of the acquisition of Columbus, the Company entered into lock-up and put option agreements ('Put Option Deeds') with the Principal Vendors in respect of the consideration shares issued on completion which (amongst other matters):

- enable each Principal Vendor to either (i) require the Company to purchase for cash up to a certain number of its consideration shares each year from 2016 to 2019 inclusive for the notional issue price of US$0.734917 per share; or (ii) sell up to that number of consideration shares each year from 2016 to 2019 in the market (subject to orderly market arrangements with CWC). Specific shareholder authority for such purchases was obtained at the general meeting held on 5 December 2014;
- grant a right to the Principal Vendors to nominate one Director each to the Board, subject to recommendation by the Nomination Committee. The initial three nominations were agreed at completion, being John Risley, Thad York and Brendan Paddick; and
- restrict the ability of the Principal Vendors to otherwise sell the consideration shares during the period covered by the options.

A lock-up and put option agreement was entered into between the Company and each of the three Principal Vendors for the issued share capital as part of the acquisition of Columbus.

Accounting policy detailed in note 5.1.4

	2015/16 Total US$m	2014/15 Total US$m
At 1 April	**879**	–
Recognition of put option liability (note 4.7.1)	**–**	879
Unwinding of put option liability	**91**	–
At 31 March	**970**	879
Current	**279**	–
Non-current	**691**	879
	970	879

4.7.1. Columbus put option and repurchase liability

As part of the transaction to acquire Columbus, the Company issued 1,557,529,605 consideration shares of US5 cents each to the Principal Vendors in proportion to their Columbus shareholding. As a result, the Principal Vendors in aggregate hold approximately 36% of the ordinary shares in the Company. Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its issued consideration shares until 2019. An exception to the lock-up arrangements will enable each Principal Vendor to require the Company to purchase for cash up to a certain number of its shares each year from 2016 to 2019 inclusive for the notional issue price of US$0.7349 per share. If a Principal Vendor sells some or all of their shareholding (subject to orderly market conditions) then some or all of its future options to require the Company to purchase up to a certain number of shares (as described above) will immediately cease to have effect and will not be capable of exercise.

The liability for the repurchase under the terms of IAS 32 of US$879 million was valued on initial recognition using the present value technique.

During the year ended 31 March 2016, US$91 million of the put option liability was unwound and recognised within finance expense. On 16 May 2016 as a result of the acquisition of the Company by Liberty Global plc, the put option liability was reclassified to reserves as it was no longer in force.

Notes to the consolidated financial statements

4.8. Equity

Called up share capital is the number of shares in issue at their par value of US5 cents each. There were no new ordinary shares issued during the year. In this note we also explain how we manage capital which we define as equity, borrowings and cash and cash equivalents.

Accounting policy detailed in note 5.1.7

Share capital

Issued, called-up and fully paid shares of US5 cents each	Number of shares (000)	US$m
31 March 2016	**4,475,954**	**224**
31 March 2015	4,475,954	224
At 1 April 2014	2,665,612	133

The aggregate nominal value of the shares allotted in the year was US$nil (2014/15 – US$91 million).

On 7 November 2014, a total of 252,812,284 new ordinary shares of US5 cents each in the capital of the Company were placed by Deutsche Bank AG (cash box placement) at a price of 45 pence per placing share, raising gross proceeds of US$180 million (excluding equity transaction costs of US$4 million). The placing shares being issued represented 10% less one share of the issued ordinary share capital of the Company prior to placing.

On 31 March 2015, a total of 1,557,529,605 new ordinary shares of US5 cents each in the capital of the Company were issued to the Principal Vendors. These shares represent approximately 36% of the ordinary shares in CWC (excluding treasury shares).

Included within the number of shares disclosed in the table above are treasury shares and shares held by the Trust. On 12 May 2016, the Company cancelled 42,731,303 ordinary shares held as treasury shares.

No treasury shares of Cable & Wireless Communications Limited were cancelled during the periods presented.

At 31 March 2016, a total of 107,488,873 shares were classified as treasury shares (31 March 2015 – 137,488,873). This represented 2.4% of called-up share capital at the end of the year (2014/15 – 3.1%).

The nominal value and market value of treasury shares held at 31 March 2016 was US$5 million (2014/15 – US$7 million) and US$117 million (2014/15 – US$125 million), respectively. Disclosures in respect of the shares held by the Trust are included in note 5.7.

In accordance with the Company's Articles of Association, each share (other than those held in treasury) entitles the holder to one vote at General Meetings of Cable & Wireless Communications Limited. The Company's shareholders can declare dividends by passing an ordinary resolution but the payment cannot exceed the amount recommended by the Directors. There are no restrictions on the repayment of capital other than those imposed by law.

There were no share allotments in 2015/16. As detailed above, there were share allotments of 252,812,284 ordinary shares on 7 November 2014 and 1,557,529,605 ordinary shares on 31 March 2015, totalling 1,810,341,889 ordinary shares of US5 cents allotted during 2014/15.

Directors' interests in shares

Directors' interests in shares are disclosed within the Directors' remuneration report on page 30.

Capital management

The Group defines capital as equity, borrowings (note 4.3) and cash and cash equivalents (note 4.2). The Group does not have any externally imposed requirements for managing capital, other than those imposed by Company Law.

The Board's objective is to maintain a capital structure that supports the Group's strategic objectives, including, but not limited to, reshaping the portfolio through mergers and acquisitions. In doing so the Board seeks to:

- Manage funding and liquidity risk;
- Optimise shareholder return; and
- Maintain credit ratings.

This strategy is unchanged from the prior year.

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Funding and liquidity risk are reviewed regularly by the Board and managed in accordance with the policies described in note 4.9.

The Articles of Association of the Company permit aggregate borrowing up to the higher of three times the adjusted capital and reserves of the Group or US$3 billion.

The Group ensures that sufficient funds and distributable reserves are held to allow payments of projected dividends to shareholders and it intends to target a sustainable and progressive dividend that reflects the underlying cash generation and growth outlook of the business. This process is managed through the Group's budget and longer-term forecasting process.

In August 2015, the Group financed US$750 million of unsecured bonds, maturing on 1 August 2022 with a coupon of 6.875% (note 4.3).

In May 2014, the Group received total cash proceeds of US$445 million for the Monaco Telecom disposal (note 2.8.1). In addition, the Group received US$8.6 million relating to the estimated cash, debt and working capital at completion. In line with the Board's objectives, these proceeds were used towards the acquisition of Columbus (note 3.11.1).

The US dollar secured bonds of US$400 million maturing in 2020 maintained a credit rating of Ba2 with Moody's and received a BB- with Standard & Poor's (31 March 2015 - BB). The unsecured £200 million sterling bond repayable in 2019 received a credit rating of B with Standard & Poor's (31 March 2015 – B+) and received a credit rating of B1 with Moodys. The unsecured bonds of US$750 million maturing in 2022 received a credit rating of B with Standard and Poor's and Ba3 with Moody's. The US$1,250 million bond maturing in 2021 received a credit rating of BB- from Standard & Poor's and a credit rating of Ba3 from Moody's.

Foreign currency translation and hedging reserve

The foreign currency translation and hedging reserve contains exchange differences on the translation of subsidiaries with a functional currency different to the presentation currency of the Group. It also includes cumulative exchange differences arising on the translation of hedging instruments.

Capital and other reserves

At 31 March 2016, other reserves included a fair value reserve of US$20 million (2014/15 – US$20 million), a capital reserve of US$987 million and other reserves created on demerger of the Cable & Wireless Limited (formerly Cable and Wireless plc) business in 2010 of US$2,289 million (2014/15 – US$2,289 million), less a reserve relating to transactions with non-controlling interests of US$5 million (2014/15 – US$5 million) and a reserve for the repurchase of shares and put option of US$776 million (2014/15 – US$776 million).

A merger reserve is a statutory relief from recognising share premium when issuing equity shares in order to acquire the legal entity shares of another company where specified conditions are met. The merger reserve was formed at 31 March 2015 as the Company acquired 100% of the issued share capital of Columbus and the consideration for Columbus included the issuance of shares. The put option reserve was also formed at 31 March 2015 with the acquisition of Columbus (note 4.8).

On 26 March 2010, a court-approved capital reduction became effective which had the effect of creating a capital reserve of US$1,931 million. This reserve has been released in full to the distributable reserves of the Company by the resolution of the Board of Directors.

4.9. Financial risk management

This note details our treasury management and financial risk management objectives and policies. We discuss the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Treasury policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments.

Treasury policy

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. Day to day management of treasury activities is delegated to the Group's treasury function (Treasury), within specified financial limits for each type of transaction and counterparty.

To the extent that subsidiaries undertake treasury transactions, these are governed by Group policies and delegated authorities. Material subsidiary positions are monitored by Treasury. Where appropriate, transactions are reported to the Board. All subsidiaries are required to report details of their cash and debt positions to Treasury on a monthly basis.

The key responsibilities of Treasury include funding, investment of surplus cash and the management of interest rate and foreign currency risk. The majority of the Group's cash resources (including facilities) and borrowings are managed centrally by Treasury.

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The Group may use derivatives including forward foreign exchange contracts, interest rate swaps, cross-currency swaps and options, where appropriate, in the management of its foreign currency and interest rate exposures. The use of these instruments is in accordance with strategies agreed from time to time by Treasury and subject to policies approved by the Board. Derivatives are not used for trading or speculative purposes and derivative transactions and positions are monitored and reported by Treasury on a regular basis and are subject to policies adopted by the Board.

Exchange rate risk

The Group trades in many countries and a proportion of its revenue is generated in currencies other than US dollars. The Group is exposed to movements in exchange rates in relation to non-dollar currency payments (including external dividends, the corporate centre costs and pensions), dividend income from foreign currency denominated subsidiaries, reported profits of foreign currency denominated subsidiaries and the net asset carrying value of non-US dollar investments. Exchange risk is managed centrally by the corporate centre on a matching cash flow basis including forecast foreign currency cash repatriation inflows from subsidiaries and forecast foreign currency payments. See note 5.1.1 for key exchange rates used.

Where appropriate, the Group manages its exposure to movements in exchange rates on a net basis and uses forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created where currencies do not naturally offset in the short term. The Group may, from time to time undertake hedges to minimise the exposure to individual transactions that create significant foreign exchange exposures for the Group where appropriate. Where cost-effective and possible, foreign subsidiaries are financed in their domestic currency to minimise the impact of translation of foreign currency denominated borrowings.

As part of the overall policy of managing the exposure arising from foreign exchange movements relating to the net carrying value of overseas investments, the Group may, from time to time, elect to match certain foreign currency liabilities against the carrying value of foreign investments.

The reported profits of the Group are translated at average rates of exchange prevailing during the year. Overseas earnings are predominately in US dollars or currencies linked to the US dollar. However the Group also has overseas earnings in other currencies.

The Group is exposed to foreign currency risk in relation to financial instruments which are not in the functional currency of the entity that holds them. In broad terms, based on financial assets and liabilities as at 31 March 2016, the impact of a unilateral 10% weakening of the US dollar would have been to decrease profit from continuing operations by approximately US$38 million (at 31 March 2015 – US$34 million decrease).

Interest rate risk

The Group is exposed to movements in interest rates on its surplus cash balances and variable rate loans although there is a degree of offset between the two. Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate.

At 31 March 2016, 88% (31 March 2015 – 69%) of the Group's loans were at a fixed rate. A reduction in interest rates would have an unfavourable impact upon the fair value of the Group's fixed rate loans. However, no debt is held for trading purposes and it is intended that it will be kept in place until maturity. As a result, there is no exposure to fair value loss on fixed rate borrowings and, as such, its effect has not been modelled.

A one percentage point increase in interest rates will have a US$2 million (2014/15 – US$4 million) favourable impact on the income received from the surplus cash balances of the Group and a US$4 million unfavourable (2014/15 – US$9 million unfavourable) impact on the floating rate loans of the Group. The impact on equity is limited to the impact on profit or loss.

Credit risk

Cash deposits and similar financial instruments give rise to credit risk, which represents the loss that would be recognised if a counterparty failed to perform as contracted. The carrying amount of the financial assets of the Group represents the maximum credit exposure of the Group. Management seeks to reduce this credit risk by ensuring the counterparties to all but a small proportion of the Group's financial instruments are the core relationship banks. These banks are awarded a maximum credit limit based on ratings by Standard & Poor's and Moody's, the level of the banks' credit default swap (CDS) and its associated level of tier one capital. The credit limit assigned to counterparties is monitored on a continuing basis.

The Group Treasury policy approved by the Board contain limits on exposure and prescribes the types of instrument used for investment of funds. Credit risk on receivables is discussed in note 3.1.

Notes to the consolidated financial statements

Liquidity risk

The Group ensures that the operating units manage their own operational liquidity supported by the corporate centre, which manages its own liquidity to meet its financial obligations of servicing and repaying external debt, external dividends, corporate centre costs and strategic initiatives. The principal source of liquidity for the corporate centre is repatriation cash inflows from the operating units supported by bank finance, bond issuances and asset disposals.

At 31 March 2016, the Group had cash and cash equivalents of US$167 million. These amounts are highly liquid and are a significant component of the Group's overall liquidity and capital resources, which also includes the undrawn revolving credit facilities of US$249 million.

Liquidity forecasts are produced on a regular basis to ensure the utilisation of current facilities is optimised, to ensure covenant compliance and that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Group.

At 31 March 2016, approximately 1% of the Group's cash was invested in short-term bank deposits and money market funds (2014/15 –1%).

4.10. Dividends declared and paid

Dividends are one type of shareholder return, historically paid to our shareholders twice a year in January and August. The final dividend for 31 March 2015 was paid during the year. No interim dividend was declared during the year to 31 March 2016 as a result of the Liberty Global Transaction. After year end, a special dividend of £0.03 was declared for the close of the Transaction.

	2015/16 US$m	2014/15 US$m
Final dividend in respect of the prior year	**116**	67
Interim dividend in respect of the current year	**—**	37
Total dividend paid	**116**	104

During the year ended 31 March 2016, the Group declared and paid a final dividend of US2.67 cents per share in respect of the year ended 31 March 2015 (2014/15 – US2.67 cents per share in respect of the year ended 31 March 2014). The Group did not declare an interim dividend in respect of the year ended 31 March 2016 (2014/15 – US1.33 cents per share in respect of the year ended 31 March 2015).

The Trust waived its right to dividends on the shares held in the Trust, with the exception of those shares held for Directors under the deferred annual bonus plan.

Notes to the consolidated financial statements

Section five – Other

i This section includes all other notes including accounting policies and critical judgements, commitments and guarantees, licences and operating agreements, legal proceedings, related party transactions, share-based payments, subsidiaries, associates and joint ventures and events after the reporting period.

5.1. Significant accounting policies

This section sets out the Group's accounting policies that relate to the financial statements as a whole.

5.1.1. Foreign currencies

a) Functional currency

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised through profit or loss.

c) Foreign operations

The results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency of US dollars are translated as follows:

i) Assets and liabilities are translated at the closing rate at the reporting date;

ii) Income and expenses are translated at rates closely approximating the rate at the date of the transactions; and

iii) Resulting exchange differences are recognised in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. On disposal of a foreign entity, accumulated exchange differences are recognised in profit or loss in the same period in which the gain or loss on disposal is recognised.

Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. Where investments are matched in whole or in part by foreign currency loans, the exchange differences arising on the retranslation of such loans are also recorded as movements in the Group's translation reserves and any excess taken to profit or loss.

There are no Group entities that are exposed to hyperinflation.

Notes to the consolidated financial statements

The principal exchange rates used in the preparation of these accounts are as follows:

	2015/16	2014/15
£ : US$		
Average	**0.6663**	0.6206
Year end	**0.7085**	0.6705
€ : US$		
Average	**0.9074**	0.7895
Year end	**0.8942**	0.9101
Jamaican$: US$		
Average	**117.7263**	112.6438
Year end	**121.0900**	114.8900
Seychelles Rupee : US$		
Average	**13.1306**	13.1440
Year end	**13.3310**	13.7550
Colombian Peso: US$		
Average	**2,949.0012**	N/A
Year end	**3,066.9300**	2,544.9250
Trinidad and Tobago$: US$		
Average	**6.3754**	6.3687
Year end	**6.5710**	6.3418

5.1.2. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes borrowing costs, labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment. Plant and equipment represents the Group's network infrastructure assets.

The estimated costs of dismantling and removing assets, typically cell sites and network equipment, and restoring land on which they are located are included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits will flow to the Group and the cost can be measured reliably. All other subsequent costs (primarily repairs and maintenance) are charged to profit or loss as incurred.

Depreciation is not recognised on freehold land or assets under construction. Depreciation is provided to write-off the cost of property, plant and equipment, on a straight line basis over the estimated useful lives of the assets as follows:

	Lives
Freehold buildings	40 years
Leasehold buildings	up to 40 years or term of lease if less
Network equipment	3 to 25 years
Cables	up to 20 years
Ducting	40 years
Other	3 to 10 years

Asset useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its recoverable amount through sale or use.

Notes to the consolidated financial statements

5.1.3. Intangible assets

a) Goodwill

Goodwill arising on a business combination initially represents the excess of the cost of the acquisition, being the aggregate of the consideration transferred, the amount recognised for any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, over the fair value of the identifiable net assets acquired at the acquisition date. If the purchase consideration is less than the fair value of the net assets acquired, the difference is recognised as a gain in the income statement. Acquisition costs are expensed as incurred.

Goodwill represents the future economic benefits that arise from acquired assets that are not capable of being individually identified and separately recognised. At the acquisition date, goodwill acquired in a business combination is allocated to each of the CGUs expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually at the CGU level, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill arising from the acquisition of the Group's interest in a jointly controlled entity or associate being the surplus of the cost of investment over the Group's share of the fair value of the net assets identified is included within the corresponding investment in the jointly controlled entity or associate.

The goodwill recorded in the Group's statement of financial position is calculated using two different methods, depending on the acquisition date, as a result of changes in accounting standards. All business combinations that occurred since 31 March 2010 are accounted for using the acquisition method in accordance with IFRS 3 *Business combinations revised*.

b) Other intangible assets

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Group are recognised as intangible assets. Expenditures that enhance and extend the benefits of computer software programs beyond their original specifications and lives are recognised as a capital improvement and added to the original cost of the software.

Computer software licences purchased from third parties are originally recorded at cost. Intangible assets relating to customer contracts, customer relationships and licences obtained as part of the Group's business combinations are recorded initially at their fair values. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Other intangible assets that do not have indefinite useful lives are amortised on a straight line basis over their respective lives which are usually based on contractual terms. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

	Lives
Software	3 to 5 years
Licences	Up to 25 years or the licence term if less
Customer contracts and relationships	4 to 15 years
Brands	Up to 15 years

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss for the period in which the expenditure is incurred.

5.1.4. Financial instruments

Financial assets

The Group classifies its financial assets into the following categories: cash and cash equivalents; trade and other receivables; financial assets at fair value through profit or loss; and available-for-sale financial assets. The classification depends on the purpose for which the assets are held. The Group does not currently classify any assets as held-to-maturity investments.

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, short-term deposits and money market funds with a maturity of three months or less. They are highly liquid monetary investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents in the statement of financial position is considered to approximate fair value. Bank overdrafts are included within borrowings and classified in current liabilities on the statement of financial position.

Notes to the consolidated financial statements

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are initially stated at fair value and subsequently at amortised cost, less provision for impairment. Provision is made for doubtful debts where there is evidence of a risk of non-payment, taking into account ageing, historical experience and general economic conditions.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either held for trading or those designated upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. These financial assets are recognised initially at fair value. Subsequent changes in fair value are recognised through profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to volatility in foreign exchange and interest rates. The Group does not use derivative financial instruments for speculative trading purposes. Derivatives not specifically designated in a hedging relationship or those that do not qualify for hedge accounting are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value through profit and loss at each reporting date. Any direct transaction costs are recognised immediately in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract and the host contact is not held for trading or designated as fair value through profit or loss. Changes in fair value of such derivatives are recognised in the income statement during the period in which they arise.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are initially recognised at fair value including direct transaction costs. Subsequent changes in fair value, other than impairment losses and foreign currency differences, are recognised in other comprehensive income and presented in the fair value reserve (within Capital and Other reserves) in equity, until the investment is disposed of or is determined to be impaired. When an asset is derecognised, the cumulative gain or loss recognised in equity is reclassified through profit or loss.

Available-for-sale investments are included within non-current assets unless they are expected to be sold within one year.

Financial liabilities

The Group classifies its financial liabilities into the following categories: trade and other payables; and financial liabilities at amortised cost.

Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date for financial liabilities other than those held at fair value.

Trade and other payables

Financial liabilities within trade and other payables are stated at their nominal amount which is usually the original invoiced amount.

Borrowings

Borrowings consisting of interest bearing secured and unsecured loans and overdrafts are recognised initially at fair value net of directly attributable transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using the effective interest method.

Put option arrangements

Where the Group issues put options over the equity of the parent or a subsidiary company and the Group is obliged to settle such options by exchange of a fixed amount of cash or for another financial asset, the amount payable being the present value of the option exercise price is initially recognised as a financial liability within borrowings with a corresponding charge directly to equity. Subsequent changes in the financial liability are measured at amortised cost using the effective interest rate method, with the charge arising recorded as a finance expense. If the option lapses or is cancelled, the financial liability is derecognised with a corresponding adjustment to equity.

5.1.5. Impairment of assets

Financial assets

At each reporting date, the Group assesses the carrying amounts of each of its financial assets not carried at fair value through profit or loss, to determine whether there is any indication that any of those assets has suffered an impairment loss.

Notes to the consolidated financial statements

Non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. All other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows referred to as CGUs. The carrying values of each of the Group's assets (or the CGU to which it belongs) is compared to their recoverable amounts which is the higher of the asset's fair value less costs to sell and its value in use. In assessing value in use, projected future cash flows derived from the Group's approved three-year business plan are discounted to present value using a pre-tax discount rate.

If the recoverable amount of an asset or CGU is determined by the Group to be higher than its carrying amount, the asset or CGU is reduced to its recoverable amount and an impairment charge is immediately recognised in the income statement. An impairment loss attributable to a CGU is allocated firstly to goodwill and then on a pro-rata basis against intangible and other assets.

5.1.6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is the price paid less any rebates, trade discounts or subsidies. It also includes delivery charges and import duties, but does not include value added taxes or advertising and administration costs. Cost is based on the first-in, first-out (FIFO) principle. For inventories held for resale, net realisable value is determined as the estimated selling price in the ordinary course of business less costs to sell. Provision is made for obsolete and slow-moving inventories as required.

5.1.7. Share capital

Incremental costs directly attributable to the issue of new shares, standalone options or the repurchase of shares are recognised in equity against share premium.

Instruments over own shares that convey the right to the option holder to require the Company to pay a fixed amount of cash for a fixed number of shares are classified as equity instruments and recorded in other reserves. Such instruments are not remeasured subsequently. The present value of the redemption amount of the option is recognised as a financial liability with the corresponding debit recognised in other reserves in equity.

5.1.8. Leases

All Group leases are operating leases. Payments made under operating leases, net of lease incentives or premiums received, are charged through profit or loss on a straight-line basis over the period of the lease.

5.1.9. Non-current assets and disposal groups held for sale

When the value of non-current assets is expected to be recovered principally through sale rather than through continuing usage, they are available for immediate sale in their present condition and a sale is highly probable, they are classified as assets held for sale. With the exception of deferred tax assets, assets arising from employee benefits and financial instruments, the assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

Disposal groups are groups of assets and liabilities to be disposed of together as a group in a single transaction. They are recognised as held for sale at the reporting date and are separately disclosed as current assets and liabilities on the statement of financial position. Any amortisation and depreciation ceases when classified as held for sale.

Measurement differences arising between the carrying amount and fair value less cost of disposal are treated as impairment charges and separately disclosed.

5.1.10. Discontinued operations

A discontinued operation is a component of the Group where the operations and cash flows are clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative income statement and cash flow statement are re-presented as if the operation had been discontinued from the start of the comparative year.

The Monaco business was disposed of on 20 May 2014 and is classified as a discontinued operation at 31 March 2015. See note 2.8 for details.

Notes to the consolidated financial statements

5.1.11. Employee benefits

Post-employment benefits

The Group's net obligation recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations. Defined benefit obligations for each plan are calculated annually by independent qualified actuaries using the projected unit credit method and key actuarial assumptions at the reporting date. Defined benefit assets are only recognised to the extent they are deemed recoverable.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they arise through the statement of comprehensive income together with returns on plan assets (excluding net interest taken to the income statement). These remeasurements are not subsequently reclassified to profit and loss.

Other movements in the net deficit or surplus are recognised in the income statement and included within operating costs. These comprise current and past service costs including those arising from settlements and curtailments, and net interest amounts representing the change in the present value of plan obligations and plan assets resulting from the unwinding of the discount.

The Group also operates a defined contribution pension plan under which contributions are recognised as operating costs in the income statement in the period in which they are incurred.

Share-based compensation

The fair value of employee services received in exchange for the grant of shares or options over shares in the Company is recognised as an operating expense on a straight-line basis over the vesting period with a corresponding increase recognised in retained earnings for equity-settled plans and in other payables for cash-settled plans. Fair value is measured using an appropriate valuation model.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, which excludes the impact of any non-market vesting conditions (for example employee service, profitability and cash flow targets) but includes the impact of any market-based performance conditions linked to the price of the shares of the Company (for example, total shareholder return). At each reporting date, the Group revises its estimates of the number of options that are expected to vest and makes adjustments for the effect of non-market vesting conditions. Failure to meet a non-vesting condition that is within the control of the employee is treated as a cancellation and the remaining unrecognised cost is expensed immediately.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits within other provisions when it is demonstrably committed to the action leading to the employee's termination.

Bonus plans

The Group recognises a liability in the statement of financial position in relation to bonuses payable to employees where contractually obliged or where there is a past practice that has created a constructive obligation.

5.1.12. Tax

Income tax for the year comprises the sum of current tax and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the related tax is recognised in other comprehensive income or in equity.

Current tax payable is based on the taxable profit for the year, using rates that have been enacted or substantively enacted at the reporting date. Taxable profit differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in different periods as well as items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except where the difference arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction other than a business combination, affecting neither accounting nor taxable profit; or
- Investments in subsidiaries and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using tax rates that are expected to apply to the period when the temporary differences reverse, based on rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

Notes to the consolidated financial statements

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Tax assets and liabilities are offset only when there is a legally enforceable right to set off the current tax assets and current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis.

5.1.13. Provisions

Provisions are liabilities of uncertain timing or amount. They are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the statement of financial position at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognised through profit or loss. Discount unwinding is recognised as a finance expense.

5.1.14. Revenue recognition

Revenue represents the fair value of consideration receivable in respect of services rendered and goods delivered to customers, net of discounts and sales taxes. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue and associated costs can be measured reliably.

The Group generates revenue from mobile, broadband, TV, fixed line and managed services products comprising access charges, airtime usage, messaging, data services, information provision and sales of equipment, including handsets.

Revenue relating to access charges, airtime usage, and messaging from contract customers is recognised in the period in which the customer uses the service. Unbilled revenue resulting from services provided to contract customers is accrued each period whilst unearned revenue relating to subsequent periods is deferred. Revenue relating to sales of prepaid credit is deferred until the prepaid customer uses the credit or the credit expires.

Revenue relating to subscription fees consisting of monthly charges for access to broadband and TV content, is recognised as the service is provided.

Revenue from interconnect fees and the transmission of voice and data traffic over the Group's network originated by other telecommunications operators is recognised at the time the service is provided. Revenue from data services and information provision is recognised at the time the service is provided and is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees.

Revenue arising from the provision of other services, including maintenance, is recognised over the term of the contract in which the service is provided.

Revenue from sales of telecommunications equipment is recognised upon delivery to the customer and all of the significant risks and rewards of ownership have been transferred.

Where contractual arrangements contain multiple components that have value to the customer on a standalone basis, revenue is allocated to those components on a relative fair value basis. The fair value of each component is determined by amounts charged when sold separately and by reference to sales of equivalent products and services by third parties. The amount of revenue the Group recognises for delivered components is limited to the cash received without the delivery of additional goods or services.

The Group uses independent intermediaries to facilitate the sale and provision of certain services and equipment. Where the Group acts as an agent in a transaction, revenue is recognised net of the directly attributable costs otherwise, customer acquisition costs including dealer commissions and similar payments, are expensed as incurred.

5.1.15. Exceptional items

Exceptional items are significant items within profit or loss that derive from individual events that fall within the ordinary activities of the Group that are identified as exceptional items by virtue of their size, nature or incidence.

5.1.16. Transactions with holders of non-controlling interests

Transactions to acquire or dispose of ownership interests in the Group's subsidiaries that do not result in a loss of control are accounted for as equity transactions. In these cases, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in the Group's relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity attributable to the owners of the Parent Company.

Notes to the consolidated financial statements

5.2. Critical accounting estimates and judgements

A number of estimates and assumptions have been made relating to the reporting of results of operations and the financial condition of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Group's most critical accounting estimates. These particular policies require subjective and complex assessments, often as a result of the need to make estimates about the effect of matters that are uncertain.

5.2.1. Impairment

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Other finite-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

Impairment testing requires management to judge whether the carrying value of each of the Group's assets (or the CGU to which they belong) is supported by the discounted future cash flows arising from them. Future cash flows are determined with reference to the Group's own projections. The key assumptions applied by management in its projections are budgeted Adjusted EBITDA, the pre-tax discount rate, long-term growth rate, and budgeted capital expenditure. Estimates are based on extrapolated approved three-year business plans.

The sensitivity around the selection of particular assumptions including the pre-tax discount rate used in management's cash flow projections could significantly affect the Group's impairment evaluation and therefore the Group's reported assets and results. Note 3.4 sets out the assumptions and estimates used in these assessments.

5.2.2. Receivables allowance

The impairment allowance for trade receivables reflects the Group's estimates of losses arising from the failure or inability of the Group's customers to make required payments. The allowance is based on the ageing of customer accounts, customer creditworthiness and the Group's historical write-off experience. Changes to the allowance may be required if the financial condition of the Group's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs. Historically, changes to the estimate of losses have not been material to the Group's financial position and results.

5.2.3. Revenue recognition

Judgement is required in assessing the application of revenue recognition principles and the specific guidance in respect of Group revenue. This includes the allocation of revenue between multiple deliverables, such as the sale value of telecommunications equipment and ongoing service, where such items are sold as part of a bundled package. See note 5.1.14.

5.2.4. Exceptional items

Judgement is required in assessing the classification of items as exceptional and assessing the timing of recognising exceptional provisions. The Group has established criteria for assessing the classification and a consistent approach is applied each period.

5.2.5. Tax

The calculation of the Group's total tax charge involves a degree of estimation in respect of certain items where the tax treatment cannot be finally determined until a resolution has been reached with the relevant tax authority or, if necessary, through a formal legal process. The final resolution of some of these items may give rise to material income statement and/or cash flow variances.

The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of the administrative and legal processes in the relevant tax jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the tax charge through profit or loss and tax payments made.

Notes to the consolidated financial statements

5.2.6. Pensions

The Group provides several defined benefit pension schemes for its employees. The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:

- The life expectancy of the members;
- The length of service;
- The rate of salary progression;
- The rate used to discount future net pension assets or liabilities; and
- Future inflation rates.

The assumptions used by the Group are set out in note 3.10 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but are comparable to the median estimates in this regard used by FTSE 250 companies. Changes to these assumptions could materially affect the defined benefit schemes' liabilities and assets.

5.2.7. Business combinations

When the Group recognises a business combination (or an acquisition of the Group's interest in a jointly controlled entity or associate), the accounting requires judgements and estimates to be made by management in order to determine the fair value of the purchase consideration transferred, together with the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed at the acquisition date. If necessary, the Group has one year from the date of the business combination to finalise the provisional amounts recognised.

If the purchase consideration exceeds the net fair value of the assets acquired, the incremental amount is recognised as goodwill. If the purchase consideration is less than the net fair value of the assets acquired, the difference is recorded as a gain in the income statement.

The allocation of the purchase price between finite lived assets and indefinite lived assets affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

5.3. Commitments, guarantees and contingent liabilities

5.3.1. Commitments

A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. We have a number of commitments, mainly in relation to leases and agreements to buy fixed assets. The amounts below are the minimum we are committed to pay.

Capital commitments at the end of the financial year for the continuing Group relating to the purchase of plant and equipment was US$46 million (2014/15 – US$45 million). No provision has been made for these commitments. US$ nil (31 March 2015 – US$ nil) of these commitments relate to the Group's share of the capital commitments of its joint ventures and associates.

During the year to 31 March 2016, the Group acquired programming rights in relation to the specific sporting events which total US$109 million over a five year period.

In addition, the Group has a number of operating commitments arising in the ordinary course of the Group's business. The most significant of these relate to network operating and maintenance costs. In the event of default of another party, the Group may be liable to additional contributions under the terms of the agreements.

The Group leases land and buildings and networks under various lease agreements. The leases have varying terms, escalations, clauses and renewal rights.

Notes to the consolidated financial statements

The operating lease expenditure related to the year ended 31 March 2016 is disclosed in note 2.3.1. The aggregate future minimum lease payments under operating leases are:

	31 March 2016 US$m	31 March 2016 US$m
No later than one year	**68**	49
Later than one year but not later than five years	**97**	107
Later than five years	**26**	30
Total minimum operating lease payments	**191**	186

In 2012, Columbus Networks entered into an agreement with one of its customers, (the Customer) whereby the Customer has transferred ownership to Columbus Networks of a subsea link it had constructed to connect Haiti to Columbus Network (the Haiti Link). In exchange for transferring ownership, the Customer received capacity on the Haiti Link and other consideration, which is recorded as deferred revenue. Also as part of the agreement, Columbus Networks and the Customer are entitled to 50% of the revenue collected from the sale or lease of capacity on the Haiti Link until such time as the Customer has recovered the US$12 million cost it incurred to construct the Haiti Link. Once the Customer recovers its construction costs Columbus Networks is entitled to all revenues generated from the Haiti Link into perpetuity thereafter.

On 22 October 2004, a subsidiary of the Group became a party to the Atlantic Cable Maintenance and Repair Agreement (ACMA). ACMA is a consortium of submarine cable systems that collectively share the standing costs of submarine cable system maintenance based on the number of kilometres of cable that comprises their respective cable system. The costs of repairing individual cable faults are in excess of the standing charges and are borne by the respective cable system. The original ACMA contract was twice renewed and recently extended for an additional period expiring on 31 December 2017. The subsidiary's estimated annual minimum payments related to standing charges, net of any credits per contractual terms are approximately US$3 million.

5.3.2. Guarantees

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

	31 March 2016 US$m	31 March 2015 US$m
Trading guarantees	**33**	44
Other guarantees	**464**	473
Total guarantees	**497**	517

Trading guarantees

Trading guarantees principally comprise performance bonds for contracts concluded in the normal course of business, guaranteeing that the Group will meet its obligations to complete projects in accordance with the contractual terms and conditions. The nature of contracts includes projects, service level agreements, installation of equipment, surveys, purchase of equipment and transportation of materials. The guarantees contain a clause that they will be terminated on final acceptance of work to be done under the contract.

Other guarantee

Other guarantees include guarantees for financial obligations principally in respect of property, other leases and letters of credit. The Group is party to a contingent funding agreement with the CWSF Trustees, under which the Trustees can call for a letter of credit or cash escrow in certain circumstances, such as the breach by the Group of certain financial covenants, the incurrence by the Group of secured debt above an agreed level or the failure to maintain available commitments under the revolving credit facilities of at least US$150 million.

Following the Group's issue of the 2020 bonds in January 2012 and the consequential increase in the Group's available secured borrowings, letters of credit totalling £100 million (US$141 million) had been issued in favour of the CWSF Trustee under the Contingent Funding Agreement. These letters of credit expired in February 2014 following the Group's redemption of the 2017 US$500 million bonds and consequential decrease in the Group's available secured borrowings. New letters of credit totalling £100 million were put in place in connection with the acquisition of Columbus pursuant to the terms of the Contingent Funding Agreement.

Notes to the consolidated financial statements

In addition, the Group, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of business disposals. Generally, liability has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. In relation to the Islands disposal to Batelco International Group Holding Limited (note 2.8.2) the Group has provided a guarantee for up to US$300 million in respect of tax-related claims (until April 2020). The Group has also provided indemnities in respect of the Monaco Telecom SAM disposal to a private investment vehicle owned by Xavier Niel (note 2.8.1). The Group also gives warranties and indemnities in relation to certain agreements including facility sharing agreements. Some of these agreements do not contain liability caps.

The Group may be required to provide performance and payment guarantees in respect of its contractual obligations under key supplier or customer arrangements. The provision of these guarantees is made on an exceptional basis and such guarantees terminate upon full satisfaction of the relevant performance and/or payment obligations.

The Group no longer provides guarantees to third parties in respect of trading contracts between third parties and the Cable & Wireless Worldwide Group.

5.3.3. Contingent liabilities

Contingent liabilities are potential future cash outflows where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably. Legal proceedings are discussed in note 5.5.

Separation Agreement

Under the Separation Agreement, Cable & Wireless Communications and Cable & Wireless Worldwide (now wholly owned by Vodafone Group Plc) agree to provide each other with certain customary indemnities on a reciprocal basis in respect of liabilities which the Group may incur but which relate exclusively to the Cable & Wireless Worldwide Group and vice versa and in respect of an agreed proportion of liabilities which do not relate exclusively to one Group or the other.

Pender insurance claims

Whilst Pender, the Group's former insurance operation, ceased to underwrite new business from April 2003, it has in the past written policies in favour of the Group and third parties. Potentially significant insurance claims have been made against Pender under certain of these third-party policies, which have also given rise to uncertainties and potential disputes with reinsurers. Significant progress has been made in resolving these claims. Details of these insurance claims and potential claims are not disclosed as such disclosure may be prejudicial to the outcome of such claims.

Merchant Navy Officers Pension Fund

While the Group has ceased participation in the Merchant Navy Officers Pension Fund (MNOPF), it may be liable for contributions to fund a portion of any funding deficits which may occur in the future. At 31 March 2016, the Group scheduled payments to the MNOPF through September 2020 totalling £1.4 million (31 March 2015 – £1.7 million) relating to the actuarial valuations made by the MNOPF Trustee as at 31 March 2006, 2009, 2012 and 2015. It is possible that the MNOPF Trustee may invoice us in the future for additional amounts to the extent that there is an actuarially determined funding deficit. It is not possible to quantify the amount of any potential additional funding liability at this time.

5.4. Licences and operating agreements

In all countries in which it operates, the Group holds licences to operate or operating agreements. These licences and operating agreements take a variety of forms and their terms, rights and obligations vary significantly. The Group assumes that it will renew these licences and operating agreements as they expire. Previous history indicates this is the most likely outcome.

The Group is currently in the process of renewing its licences and operating agreements in Antigua & Barbuda.

In December 2014, the Group's Anguilla telecommunications licence was renewed for a term of 10 years expiring in December 2024. It was also confirmed that the licence in Montserrat has been renewed for a term expiring in September 2022.

The Columbus subsidiaries operate their local businesses under the applicable telecommunications licences for each jurisdiction. As part of the regulatory clearance process connected with the acquisition, the Group is well advanced in the process of obtaining consents from regulators, where required, for the indirect change of control in the Columbus subsidiaries arising from the acquisition of Columbus.

The Group does not have any concession agreements with governments that fall within the scope of IFRIC 12 *Service concession arrangements*.

Notes to the consolidated financial statements

On demerger of the Cable & Wireless Worldwide business, the Cable & Wireless brand was transferred to a joint venture entity owned by, and for the continuing use of, the Cable & Wireless Communications and Cable & Wireless Worldwide Groups. As part of this transfer, Cable & Wireless Communications received a royalty-free licence, granting rights to use the Cable & Wireless brand in all of the Group's current operating jurisdictions and the wider Caribbean and South American regions. These licence arrangements remain in force despite Vodafone Group Plc's acquisition of Cable & Wireless Worldwide Group in July 2012.

There were no other significant changes to the terms of the licences held by the Group's subsidiaries or operating agreements with governments during the periods presented.

5.5. Legal proceedings

In the ordinary course of business, the Group is involved in litigation proceedings, regulatory claims, investigations and reviews. The facts and circumstances relating to particular cases are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a provision relating to a specific case is necessary or sufficient. Accordingly, significant management judgement relating to provisions and contingent liabilities is required since the outcome of litigation is difficult to predict.

Cable & Wireless Jamaica Limited was the defendant to legal proceedings brought against it by Digicel Jamaica. The dispute related to certain amounts claimed by Digicel as due to them for interconnection. Group management believed that all deductions made by Cable & Wireless Jamaica Limited from amounts paid to Digicel were validly made in accordance with determinations and orders issued by the relevant local regulator. Cable & Wireless Jamaica Limited and Digicel Jamaica entered into a conditional settlement agreement in relation to interconnection charges bringing this dispute to a conclusion during 2014/15.

In 2006, a subsidiary, Columbus Communications Trinidad Limited (Columbus Trinidad), acquired physical and intangible assets from Trinidad and Tobago Trans-Cable Company Unlimited (T&T Trans-Cable). In September 2012, T&T Trans-Cable (which is an ultimately wholly owned subsidiary of Columbus International Inc.) received three notices of assessments from the Board of Inland Revenue (BIR) of the Government of the Republic of Trinidad and Tobago with respect to Columbus Trinidad's acquisition of these assets, and raised three tax assessments for the sale of fixed and intangible assets on the grounds:

i) that the purchase price for the fixed and intangible assets represented income to T&T Trans-Cable and, therefore, subject to corporate income tax;

ii) that the purchase price was a distribution to the T&T Trans-Cable shareholders, and therefore sought withholding tax; and

iii) that VAT was payable on the proceeds from the sale of the T&T Trans-Cable assets.

Management believes that the assessments are not in accordance with Trinidad and Tobago tax law and consequently Columbus Trinidad has objected on all three assessments to the BIR in October 2012. On 3 November 2014, Columbus Trinidad received a notice that the BIR has rejected its claims. Columbus Trinidad brought the BIR's notice to the Trinidad and Tobago Tax Appeal Board on 26 November 2014. The Tax Appeal Board upheld the objection of Columbus Trinidad to the assessment in (iii) above on 19 March 2015 and to the assessment in (ii) above by an order on 21 October 2015.

The assessment as described in (i) above is pending a decision by the Trinidad and Tobago Tax Appeal Board. Management believes that like the other two assessments, this assessment is without merit in Trinidad tax law and accordingly considers no provision for any liability is required.

5.6. Related party transactions

The related parties identified by the Directors include joint ventures, associated undertakings, investments and key management personnel.

To enable users of our financial statements to form a view about the effects of related party relationships on the Group we disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

Transactions with joint ventures and associates

All trade transactions with joint ventures and associates arise in the normal course of business and primarily relate to fees for use of the Group's products and services, network and access charges.

There were no material trade transactions with joint ventures and associates during the year.

Notes to the consolidated financial statements

Transactions with key management personnel

There have been no transactions with key management personnel of the Group other than the Director and key management remuneration.

Director and key management remuneration is disclosed in note 2.3.3.

Transactions with other related parties

There are no controlling shareholders of the Group as defined by IFRS, although certain shareholders have significant influence.

Pension contributions to Group schemes are disclosed in note 3.10.

The Group received dividends of US$8 million from TSTT which is currently held for sale (2014/15 – US$nil).

Group subsidiaries had transactions with TSTT during the current and prior year. The transactions were in relation to the sale and purchase of telecommunication services. In respect of these transactions, US$2 million has been reported within revenue and US$2 million in cost of sales (2014/15 – US$3 million and US$2 million respectively).

The Group has US$56 million (31 March 2015 – US$56 million) of loans receivable and US$19 million (31 March 2015 – US$19 million) of Notes Receivable, other receivables of US$24 million (31 March 2015 – US$1 million) and other payables of US$8 million (31 March 2015 – US$nil) with legal entities controlled by Brendan Paddick, CVBI Holdings (Barbados) Inc. and Clearwater Holdings (Barbados) Limited as of 31 March 2016.

The loan receivable of US$56 million relates to the two year term facility agreement for US$74 million that was entered into on 27 March 2015. The interest rate on the term loan facility is based on the Group's cost of borrowing and payable in arrears. In the year ended 31 March 2016 interest of US$5 million was received (year ended 31 March 2015 – US$nil).

On 16 December 2015, as a requirement of the Liberty Global Transaction, certain US assets were sold to CWC New Cayman Limited in exchange for a Note Receivable of $12 million. CWC New Cayman Limited is controlled by Brendan Paddick, CVBI Holdings (Barbados) Inc. and Clearwater Holdings (Barbados) Limited.

A subsidiary of the Group has a sub-lease with a related party, controlled by one of the Directors for a period of 10 years which expires January 2019 and has an annual lease expense of US$2 million.

A subsidiary of the Group has entered into a contract with a related party, controlled by three of the Directors for software licences to a value of US$2 million for a perpetual term.

Other than the parties disclosed above, the Group has no other material related parties.

5.7. Share-based payments

We have a number of share plans used to award shares to Directors and employees as part of their remuneration package. A charge is recognised in the consolidated income statement to record the cost of these, based on the fair value of the award on the grant date. For further information on how this is calculated refer to 'share-based compensation' under significant accounting policies on page 93. Additional information on options and shares granted to Directors can be found in the Directors' remuneration report on pages 22 to 34.

Accounting policy detailed in note 5.1.11

Share option schemes

The Group does not currently have any outstanding share option awards over its own shares (2014/15 – nil) other than awards of performance shares granted as nil-cost options. There are no outstanding share option awards relating to options granted by Cable and Wireless plc to senior employees (2014/15 – no options outstanding). These options were originally granted over Cable and Wireless plc shares at exercise prices between 101 to 154 pence. All options have vested in full. Subsequent to the demerger, these options were redesignated as an option over a stapled unit of one share in Cable & Wireless Communications Plc and one share in Cable & Wireless Worldwide plc (an unrelated company). The share price of Cable & Wireless Communications Limited at 31 March 2013 and the final share price of Cable & Wireless Worldwide plc prior to its takeover by Vodafone Group were such that the obligation for these stapled unit options was US$nil.

During the year, 10,129,311 options were exercised (2014/15 – 17,049,197 options were exercised). No options lapsed during the year (2014/15 – no options lapsed).

Notes to the consolidated financial statements

Other equity instrument awards

Performance shares

Executive Directors and other senior executives can receive awards of performance shares at nil cost.

The vesting of outstanding performance shares granted in June 2010 and 2011 are subject to Cable & Wireless Communications Plc absolute TSR performance conditions (see performance conditions for share-based award on page 29). For the performance shares granted in January 2013, performance is based on a combination of relative TSR against a bespoke comparator group and earnings per share (EPS) performance measures. For the performance shares granted in May 2013 performance is based on relative TSR against a bespoke comparator group. For the performance shares granted in December 2013 and January 2014 performance is based on non-market performance measures.

A dividend award supplement operates on all these awards. Dividends that would have been paid on the performance shares which vest will be regarded as having been reinvested in additional shares at the notional date of distribution.

Restricted Share Plan

Restricted shares are awarded to senior management and selected other employees, primarily as a retention or a recruitment tool. Generally, restricted shares vest over periods of one to three years from grant date.

Cable & Wireless Communications Share Purchase Plan

The Company also offered its employees, who are chargeable to income tax under Section 15 Income Tax (Earnings and Pensions) Act 2003, the opportunity to participate in the Cable & Wireless Communications Share Purchase Plan which is a HMRC-approved share incentive plan. Under the share purchase plan, employees could contribute up to £1,500 or 10% of salary each tax year (whichever is the lower), to buy partnership shares in the Company, and the Company offered a matching award of one share for each partnership share purchased. From 13 April 2012, the share purchase plan is no longer offered. The existing shares will remain in the plan until such time as they would ordinarily vest in accordance with plan rules.

The Cable & Wireless Communications Share Ownership Trust

The Trust is a discretionary trust, which was funded by loans from Cable & Wireless Limited, a wholly owned Group company, to acquire and hold shares in Cable & Wireless Communications Limited.

At 31 March 2016, the Trust held 26,826,337 shares in Cable & Wireless Communications Limited (of which 866,642 are shares awarded to the Executive Directors under the Deferred Bonus Plan and which carry dividend rights) with a market value of US$29 million.

Share awards

The equity instruments granted during the year can be summarised as follows:

	Awards of Cable & Wireless Communications Limited shares granted during 2015/16			Awards of Cable & Wireless Communications Limited shares granted during 2014/15		
	Shares	**Weighted average fair value (pence/share)**	**Features incorporated in schemes**	Shares	Weighted average fair value (pence/share)	Features incorporated in schemes
Restricted shares	–	–	–	12,990,348	60	–
Performance shares – May 2014, June 2014 and July 2014	–	–	–	15,209,991	53	TSR Conditions and non-market performance measures
Performance shares – May 2015, July 2015 and November 2015	**14,917,273**	**69**	**TSR Conditions and non-market performance measures**	–	–	–

Only the performance share grants made during 2012/13 and 2011/12 have performance criteria attached. A fair value exercise was completed for grants made during 2015/16 and 2014/15 using the Monte Carlo method.

Notes to the consolidated financial statements

The Monte Carlo pricing model assumptions used in the pricing of the performance share grants in 2015/16 and 2014/15 were:

	2015/16	2014/15
Weighted average share price (pence per share)	**42.53**	52.80
Dividend yield	**0.0%**	0.0%
Expected volatility	**22.1%**	28.0% -30.3%
Risk-free interest rates	**0.75%**	1.02% to 1.25%
Expected life in years	**3.0**	3.0-3.39

The total expense during the year related to equity settled share-based payments was US$15 million (2014/15 – US$5 million). A summary of the outstanding share awards at 31 March 2016 and 31 March 2015 are as follows:

	31 March 2016		31 March 2015	
Award	**Number of shares outstanding**	**Weighted average remaining life (rounded to nearest year)**	Number of shares outstanding	Weighted average remaining life (rounded to nearest year)
Restricted shares	**12,993,772**	**2**	13,350,706	3
Restricted shares (LTIP)	**–**	**–**	–	–
Share purchase plan scheme (matching shares)	**38,102**	**–**	120,556	–
Performance shares	**42,691,306**	**1**	43,766,442	2

5.8 Subsidiaries, joint ventures and associates

The Group comprises a large number of companies and it is not practical to include all of them in this list. The list therefore only includes those companies whose results or financial position, in the opinion of the Directors, principally affect the figures shown in the Group's financial statements. The full list of subsidiaries is included on page 110 to 114 of these financial statements.

Refer to note 3.7 for Joint ventures and associates

Accounting policy detailed in note 1.2.1

Continuing operations as at 31 March 2016	Ownership of ordinary shares %	Country of incorporation	Area of operation
Subsidiaries			
The Bahamas Telecommunications Company Limited	49	The Bahamas	The Bahamas
Cable & Wireless Jamaica Limited	82	Jamaica	Jamaica
Cable & Wireless Panama, SA	49	Panama	Panama
Cable & Wireless (Barbados) Limited	81	Barbados	Barbados
Cable and Wireless (West Indies) Limited	100	England	Caribbean
Cable & Wireless Limited	100	England	England
Sable International Finance Limited	100	Cayman	England
Cable and Wireless International Finance B.V.	100	Netherlands	England
Columbus International Inc	100	Barbados	Caribbean/Latin America
Columbus Communications Trinidad Limited	100	Trinidad and Tobago	Trinidad and Tobago
Columbus Communications Jamaica Limited	100	Jamaica	Jamaica
Columbus Networks, Limited	100	Barbados	Caribbean/Latin America

Full details of all subsidiary undertakings, joint ventures and associates and equity investments is included in note 7 of the Company only financial statements.

The Group holds less than 50% share capital in Cable & Wireless Panama S.A. and The Bahamas Telecommunications Company Ltd, however the Group regards these companies as subsidiaries because it controls the majority of the Board of Directors through a shareholders' agreement.

Notes to the consolidated financial statements

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI); before any intra-group eliminations:

Continuing operations as at 31 March 2016	**Panama[1] US$m**	**The Bahamas[2] US$m**	**Jamaica US$m**	**Barbados US$m**	**Other subsidiaries[3] US$m**	**Total US$m**
Ownership interests held by NCI	**51%**	**51%**	**18%**	**19%**	**20-30%**	
Revenue	**649**	**329**	**199**	**147**	**85**	
Profit/(loss)	**86**	**69**	**–**	**45**	**18**	
Other comprehensive income/(loss)	**–**	**–**	**43**	**(4)**	**–**	
Total comprehensive income/(loss)	**86**	**69**	**43**	**41**	**18**	
Profit/(loss) attributable to NCI	**43**	**35**	**–**	**9**	**5**	**92**
Total comprehensive income/(loss) attributable to NCI	**43**	**35**	**8**	**8**	**5**	**99**
Non-current assets	**698**	**405**	**258**	**164**	**121**	
Current assets	**231**	**113**	**53**	**73**	**32**	
Non-current liabilities	**(333)**	**(6)**	**(471)**	**(47)**	**(9)**	
Current liabilities	**(237)**	**(115)**	**(73)**	**(116)**	**(26)**	
Net assets	**359**	**397**	**(233)**	**74**	**118**	
Net assets attributable to NCI	**183**	**202**	**(42)**	**14**	**28**	**385**
Cash flows from operating activities	**203**	**74**	**56**	**43**	**30**	
Cash flows from investing activities	**(101)**	**(75)**	**(67)**	**(16)**	**(15)**	
Cash flows from financing activities	**(85)**	**(16)**	**9**	**(8)**	**(13)**	
Net increase/(decrease) in cash and cash equivalents	**17**	**(17)**	**(2)**	**19**	**2**	
Dividends paid to NCI during the year	**44**	**10**	**–**	**–**	**–**	**54**

Continuing operations as at 31 March 2015	Panama[1] US$m	The Bahamas[2] US$m	Jamaica US$m	Barbados US$m	Other subsidiaries[3] US$m	Total US$m
Ownership interests held by NCI	51%	51%	18%	19%	20-30%	
Revenue	636	348	190	154	85	
Profit/(loss)	108	53	(66)	(20)	7	
Other comprehensive income/(loss)	1	–	9	(2)	–	
Total comprehensive income/(loss)	109	53	(57)	(22)	7	
Profit/(loss) attributable to NCI	55	27	(12)	(4)	2	68
Total comprehensive income/(loss) attributable to NCI	55	27	(10)	(4)	2	70
Non-current assets	714	364	189	138	101	
Current assets	212	120	73	48	29	
Non-current liabilities	(310)	(6)	(443)	(38)	(5)	
Current liabilities	(258)	(129)	(94)	(115)	(25)	
Net assets	358	349	(275)	33	100	
Net assets attributable to NCI	183	178	(50)	6	23	340
Cash flows from operating activities	223	107	18	64	16	
Cash flows from investing activities	(124)	(74)	(67)	(64)	(7)	
Cash flows from financing activities	(101)	(46)	9	(1)	(3)	
Net (decrease)/increase in cash and cash equivalents	(2)	(13)	(40)	(1)	6	
Dividends paid to NCI during the year	63	22	–	–	1	86

1. The Company holds 49% of the share capital but regards CWP as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.
2. The Bahamas Government holds 49% non-controlling interests in BTC. On 24 July 2014, the Company completed the transfer of share capital from our holding, representing 2% of the total issued share capital in BTC, to The BTC Foundation, a charitable trust dedicated to investing in projects for the benefit of Bahamians. The Company currently holds 49% of the share capital but regards BTC as a subsidiary because it controls the majority of the Board of the Directors through a shareholders' agreement.
3. 'Other subsidiaries' includes Dominica, Grenada and St Kitts as the NCI for these subsidiaries is not material individually but is material in the aggregate.

Notes to the consolidated financial statements

5.9. Events after the reporting period

Where the Group receives information in the period between 31 March 2016 and the date of this report about conditions related to certain events that existed at the year end, we update our disclosures that relate to those conditions in light of the new information. Such events can be categorised as adjusting or non-adjusting depending on whether the condition existed at 31 March 2016. If non-adjusting events after the year end are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements.

Accordingly, for each material category of non-adjusting event after the reporting period we disclose in this section the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

On 16 November 2015, the Board of Directors of the Company entered into an agreement with Liberty Global plc ('LG') to sell all issued and outstanding shares of CWC pursuant to certain conditions, regulatory and other approvals. The Transaction was approved by the shareholders and Board of Directors of the Company as well as the shareholders and Board of Directors of LG.

Effective 16 May 2016, the Transaction completed and the Company was acquired by Liberty Global plc (incorporated in England and Wales).

On acquisition by Liberty Global plc on 16 May 2016, the revolving credit facility agreement was cancelled and a new facility put in place. On 16 May 2016, the Company provided a redemption notice on the US$400 million 8.75% 2020 senior secured notes. On 23 May 2016, the Company provided the change of control notice to the bondholder of the US$1,250 million 7.375% senior secured notes which will expire on 20 June 2016.

Due to the acquisition of the Company by LG, the Company's share award schemes vested or were cancelled under the terms of the respective share award schemes.

On 16 May 2016 as a result of the acquisition of the Company by Liberty Global plc, the put option liability was reclassified to reserves as it was no longer in force.

5.9.1. Accounts approval

There have been no events affecting the Group since 31 March 2016 which need to be reflected in the 2015/16 financial statements.

These accounts were approved by the Board of Directors on 26 May 2016 and authorised for issue.

Independent Auditor's Report to the members of Cable & Wireless Communications Limited

We have audited the financial statements of Cable & Wireless Communications Limited for the year ended 31 March 2016 set out on pages 35 to 104. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements 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 part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited 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 May 2016

Company statement of financial position

as at 31 March 2016

	Note	31 March 2016[1] US$m	31 March 2015[1] US$m	31 March 2014[1] US$m
Assets				
Non-current assets				
Investments in subsidiaries	7	**6,139**	6,131	6,103
Loans receivable	8	**100**	100	100
		6,239	6,231	6,203
Current assets				
Trade and other receivables	8	**2**	–	–
Total assets		**6,241**	6,231	6,203
Liabilities				
Current liabilities				
Trade and other payables	9	**3,223**	3,199	4,669
Financial liabilities at amortised cost	10	**279**	–	–
Net current liabilities		**3,502**	3,199	4,669
Non-current liabilities				
Financial liabilities at amortised cost	10	**691**	879	–
Net assets		**2,048**	2,153	1,534
Equity				
Capital and reserves attributable to the owners				
Share capital	11	**224**	224	133
Share premium	12	**260**	260	97
Reserves	12	**1,564**	1,669	1,304
Total equity		**2,048**	2,153	1,534

1. The transition to FRS 101 EU-adopted IFRS had no material impact on the financial statements.

The notes on pages 108 to 118 are an integral part of the financial statements of the Company.

The financial statements of the Company on pages 106 to 118 were approved by the Board of Directors on 26 May 2016 and signed on its behalf by:

Perley McBride Chief Financial Officer
Cable & Wireless Communications Limited

Company statement of changes in equity

for the year ended 31 March 2016

	Notes	Called-up share capital US$m	Share premium US$m	Merger reserve US$m	Other reserve US$m	Profit and loss account US$m	Total US$m
Balance at 1 April 2014 (as previously reported)[1]		133	97	–	987	317	1,534
Profit for the year		–	–	–	–	8	8
Total comprehensive income for the period		–	–	–	–	8	8
Transactions with owners, recorded directly in equity							
Issuance of share capital		91	163	1,209	–	–	1,463
Equity share-based payments		–	–	–	–	28	28
Dividends		–	–	–	–	(104)	(104)
Put option arrangements	12	–	–	–	(776)	–	(776)
Total contributions by and distributions to owners		91	163	1,209	(776)	(76)	611
Balance at 31 March 2015[1]		224	260	1,209	211	249	2,153
Balance at 1 April 2015		**224**	**260**	**1,209**	**211**	**249**	**2,153**
Loss for the year		**–**	**–**	**–**	**–**	**(21)**	**(21)**
Total comprehensive loss for the period		**–**	**–**	**–**	**–**	**(21)**	**(21)**
Transactions with owners, recorded directly in equity							
Equity share-based payments		**–**	**–**	**–**	**–**	**8**	**8**
Dividends		**–**	**–**	**–**	**–**	**(116)**	**(116)**
Allotment of treasury shares		**–**	**–**	**–**	**–**	**24**	**24**
Total contributions by and distributions to owners		**–**	**–**	**–**	**–**	**(84)**	**(84)**
Balance at 31 March 2016[1]		**224**	**260**	**1,209**	**211**	**144**	**2,048**

1. The transition to FRS 101 EU-adopted IFRS had no material impact on the financial statements.

The notes on pages 108 to 118 are an integral part of the financial statements of the Company.

Company notes to the financial statements

for the year ended 31 March 2016

1. General information

Cable & Wireless Communications Limited (the 'Company') is a company incorporated and domiciled in the UK.

On 16 November 2015, the Board of Directors of the Company entered into an agreement with Liberty Global plc ('LG') to sell all issued and outstanding shares of CWC pursuant to certain conditions, regulatory and other approvals (the 'Transaction'). The Transaction was approved by the shareholders and Board of Directors of the Company as well as the shareholders and Board of Directors of LG.

Effective 16 May 2016, the Transaction completed and the Company was acquired by LGE Coral Holdco Limited (incorporated in England and Wales), a wholly owned subsidiary of LG (the 'Ultimate Parent').

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.

These financial statements present information about the Company as an individual undertaking and not about its group.

2. Statement of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 EU-adopted IFRS balance sheet at 1 April 2014 for the purposes of the transition to FRS 101 EU-adopted IFRS.

2.1. Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('EU-adopted IFRS'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

On transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. There has been no change in the reported position and financial performance of the Company as a result of the transition.

2.2. Exemptions

IFRS 1 grants certain exemptions from the full requirements of EU-adopted IFRS in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – business combinations that took place prior to 1 April 2014 have not been restated

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

- a cash flow statement and related notes
- comparative period reconciliations for share capital, tangible fixed assets, and intangible assets
- disclosures in respect of transactions with wholly owned subsidiaries
- disclosures in respect of capital management
- the effects of new but not yet effective IFRS; and
- disclosures in respect of the compensation of key management personnel.

As the Group's consolidated financial statements of Cable & Wireless Communications Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

2.3. Measurement convention

The financial statements are prepared on the historical cost basis.

The financial statements are presented in US dollars (US$), as this is the functional currency of the Company at 31 March 2016, and rounded to the nearest million.

Company notes to the financial statements

for the year ended 31 March 2016

2.4. 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.

2.5. Non-derivative financial instruments

Non-derivative financial instruments comprise loans receivable, trade and other receivables, trade and other payables, investments in equity securities and financial liabilities at amortised cost.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in equity securities

Investments in subsidiaries are carried at cost less impairment.

Financial liabilities at amortised cost

This category includes the redemption option relating to shares issued as part of the acquisition of Columbus. The redemption options were initially recognised at the present value of the future obligations and will be amortised on a straight-line basis over the redemption option period.

2.6. Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.7. Dividends

Dividends are recognised through equity on the earlier of their approval by the Company’s shareholders or their payment.

3. Company’s profit and loss account and statement of comprehensive income

The Company has taken advantage of the exemption contained in section 408(3) of the Companies Act 2006 and has not presented its own profit and loss account. The loss for the year ended 31 March 2016 amounted to US$21 million (2014/15 – profit of US$8 million).

4. Information regarding auditors and directors

Amounts paid to the Company’s auditor in respect of services to the Company, other than the audit of the Company’s financial statements, are disclosed on a consolidated basis in note 2.3.2 to the consolidated financial statements.

Information covering Directors’ remuneration is disclosed in the ‘Annual report on remuneration’ on pages 22 to 34 to the consolidated financial statements. Interests in shares, share options and pension benefits have been borne by a subsidiary company.

Company notes to the financial statements
for the year ended 31 March 2016

5. Staff numbers and costs
There were no persons employed by the Company (including Directors) during the year (2014/15 – none) and as such, no staff costs were incurred for the year ended 31 March 2016 (2014/15 – US$nil).

6. Share-based payments

Accounting policy detailed in note 5.1.11 to the consolidated financial statements

The details of share option schemes and other share-based plans are disclosed in note 5.7 to the consolidated financial statements.

The total additional investment in subsidiaries relating to equity settled share-based payments was US$8 million (2014/15 – US$28 million). See note 7.

7. Investment in subsidiaries

Accounting policy detailed in note 2.5

	Subsidiary undertakings US$m
Cost	
At 1 April 2014	6,103
Capital contribution (note 6)	28
At 1 April 2015	6,131
Capital contribution (note 6)	8
At 31 March 2016	**6,139**
Net book value	
At 31 March 2016	6,139
At 31 March 2015	6,131

Full details of all subsidiary, joint venture and associate undertakings are as follows.

	Effective ownership percentage %	Class of shares	Country of incorporation
Subsidiaries			
CWC Cayman Finance Limited	100%	Ordinary	Cayman Islands
Cable & Wireless DI Holdings Limited	100%	Ordinary	England
Cable & Wireless Central Holding Limited	100%	Ordinary	England
Cable and Wireless (Investments) Limited	100%	Ordinary	England
Cable & Wireless (Singapore) Pte Limited	100%	Ordinary	Singapore
PT Mitracipta Sarananusa[1]	50%	Ordinary	Indonesia
The Western Telegraph Company Limited	100%	Ordinary	England
The Eastern Telegraph Company Limited	100%	Ordinary	England
Cable & Wireless (UK) Group Limited	100%	Ordinary	England
CWC Overseas Holdco Limited	100%	Ordinary	Cayman Islands
Cable & Wireless Australia & Pacific Holding B.V.[4]	100%	Ordinary	Netherlands
Cable & Wireless Services UK Limited	100%	Ordinary	England
Cable and Wireless International Finance B.V.	100%	Ordinary	Netherlands
Sable Holding Limited	100%	Ordinary	England
Cable & Wireless Delaware 1, Inc	100%	Ordinary	USA
Petrel Communications Corporation	100%	Ordinary	USA

Company notes to the financial statements
for the year ended 31 March 2016

	Effective ownership percentage %	Class of shares	Country of incorporation
Petrel Communications SA[4]	100%	Ordinary	Switzerland
Cable and Wireless Pension Trustee Limited	100%	Ordinary	England
Pender Insurance Limited	100%	Ordinary	Isle of Man
CWC WS Holdings Cayman Limited	100%	Ordinary	Cayman Islands
CWC WS Holdings Panama SA	100%	Ordinary	Panama
Cable and Wireless (EWC) Limited	100%	Ordinary	BVI
CWC WS (Panama) SA	100%	Ordinary	Panama
CNL-CWC Networks Inc.	100%	Ordinary	Barbados
CWC Wholesale Solutions (Costa Rica) SA	100%	Ordinary	Costa Rica
Cable and Wireless Network Services Limited	100%	Ordinary	Bermuda
CWIGroup Limited	100%	Ordinary	Cayman Islands
CWC Macau Holdings Limited	100%	Ordinary	Cayman Islands
CWC-US Co Borrower LLC	100%	Ordinary	USA
CWC Communications Limited	100%	Ordinary	England
Cable & Wireless Limited	100%	Ordinary	England
CWIG Limited	100%	Ordinary	England
Cable & Wireless (Seychelles) Limited	100%	Ordinary	Seychelles
Le Chantier Property Limited	100%	Ordinary	Seychelles
Cable & Wireless Carrier Limited	100%	Ordinary	England
CWC Costa Rica Holdings Limited	100%	Ordinary	Cayman Islands
CWC (Costa Rica) SA	100%	Ordinary	Costa Rica
Cable & Wireless (Costa Rica) SA	100%	Ordinary	Costa Rica
Sable International Finance Limited	100%	Ordinary	Cayman Islands
CWIGroup Limited	100%	Ordinary	England
Cable & Wireless International HQ Limited	100%	Ordinary	England
Cable & Wireless Communications Insurance Limited	100%	Ordinary	Cayman Islands
Cable and Wireless (West Indies) Limited	100%	Ordinary	England
CWC Bahamas Holdings Limited	100%	Ordinary	The Bahamas
The Bahamas Telecommunications Company Limited[2]	49%	Ordinary	The Bahamas
Cable & Wireless (Barbados) Limited	81%	Ordinary	Barbados
Cable & Wireless Communications, Inc[3]	100%	Ordinary	USA
Cable & Wireless Antigua & Barbuda Limited	100%	Ordinary	Antigua & Barbuda
Cable & Wireless Dominica Limited	80%	Ordinary	Dominica
Cable & Wireless Grenada Limited	70%	Ordinary	Grenada
Cable & Wireless Jamaica Finance (Cayman) Limited	100%	Ordinary	Cayman Islands
Cable and Wireless (St Lucia) Limited	100%	Ordinary	St Lucia
Cable & Wireless St Kitts & Nevis Limited	77%	Ordinary	St Kitts & Nevis
Cable & Wireless St Vincent and the Grenadines Limited	100%	Ordinary	St Vincent and the Grenadines
Cable and Wireless (Anguilla) Limited	100%	Ordinary	Anguilla
Cable and Wireless (BVI) Limited	100%	Ordinary	BVI
Cable and Wireless (CALA Management Services) Limited	100%	Ordinary	England
Cable and Wireless (TCI) Limited	100%	Ordinary	Turks & Caicos
CWI Caribbean Limited	100%	Ordinary	Barbados
CWC Cable & Wireless Communications Dominican Republic SA	100%	Ordinary	Dominican Republic
CWC Trinidad Holdings Limited	100%	Ordinary	Cayman Islands
CWC CALA Holdings Limited	100%	Ordinary	Barbados
Cable & Wireless Panama, SA[1]	49%	Ordinary	Panama

Company notes to the financial statements

for the year ended 31 March 2016

	Effective ownership percentage %	Class of shares	Country of incorporation
Cable & Wireless Panama (Guatemala) SA[1 4]	49%	Ordinary	Guatemala
Grupo Sonitel, SA[1]	49%	Ordinary	Panama
SSA Sistemas Nicaragua, Socieded Anonima[1]	49%	Ordinary	Nicaragua
SSA Sistemas El Salvador, SA de CV[1]	49%	Ordinary	El Salvador
Sonitel, SA[1]	49%	Ordinary	Panama
Latam Technologies Holdings I, LLC[1]	49%	Ordinary	USA
SSA Sistemas del Peru, S.R.L[1]	49%	Ordinary	Peru
Dekal Wireless Holdings Limited	100%	Ordinary	St Lucia
Dekal Wireless Jamaica Limited	100%	Ordinary	Jamaica
Cable and Wireless (Cayman Islands) Limited	100%	Ordinary	Cayman Islands
Cable & Wireless Jamaica Limited	82%	Ordinary	Jamaica
Kelfenora Limited	100%	Ordinary	Cayman Islands
Cable & Wireless Trinidad and Tobago Limited	100%	Ordinary	Trinidad and Tobago
Caribbean Landing Company Limited	82%	Ordinary	Jamaica
Digital Media & Entertainment Limited	82%	Ordinary	Jamaica
Jamaica Digiport International Limited	82%	Ordinary	Jamaica
Columbus International Inc	100%	Ordinary	Barbados
Columbus International Capital (Barbados) Inc.	100%	Ordinary	Barbados
Columbus Communications Inc	100%	Ordinary	Barbados
Columbus Communications Limited	100%	Ordinary	Bahamas
Columbus Jamaica Holdings (Barbados) Inc.	100%	Ordinary	Barbados
Cable Jamaica (Barbados) Limited	100%	Ordinary	Barbados
S.A.U.C.E. Holdings (Barbados) (I) Limited[4]	100%	Ordinary	Barbados
S.A.U.C.E. Communication Network Limited[4]	100%	Ordinary	Jamaica
Columbus Capital (Barbados) Limited	100%	Ordinary	Barbados
Northern Cable & Communication Network Limited[4]	100%	Ordinary	Jamaica
D. & L. Cable & Satellite Network Limited[4]	100%	Ordinary	Jamaica
Columbus Communications Jamaica Limited	100%	Ordinary	Jamaica
Chartfield Development Company Limited	100%	Ordinary	Jamaica
Columbus Curacao (Barbados) Inc.	100%	Ordinary	Barbados
Columbus Communications Curacao N.V.	100%	Ordinary	Curacao
Caribbean Data Centres (Barbados) Inc.	100%	Ordinary	Barbados
E-Commercepark N.V.	100%	Ordinary	Curacao
Exploitatiemaatschappij E-Zone Vredenberg N.V.	100%	Ordinary	Curacao
CNW Leasing Ltd.	100%	Ordinary	Canada
Columbus Acquisitions Inc.	100%	Ordinary	Barbados
Columbus Caribbean Acquisitions Inc.	100%	Ordinary	Barbados
Columbus Eastern Caribbean (Barbados) Inc.	100%	Ordinary	Barbados
Columbus Eastern Caribbean Holdings Sarl	100%	Ordinary	Luxembourg
Columbus Holdings France SAS	100%	Ordinary	France
Columbus Eastern Caribbean (St Lucia) Inc.	100%	Ordinary	St Lucia
Columbus Antilles (Barbados) Limited	100%	Ordinary	Barbados
Columbus Networks Finance Company Limited	100%	Ordinary	Barbados
Columbus TTNW Holdings Inc.	100%	Ordinary	Barbados
Techvision Inc.	100%	Ordinary	St Lucia
Bandserve Inc.	100%	Ordinary	St Lucia
Columbus Communications St Vincent and the Grenadines Limited	100%	Ordinary	St Vincent and the Grenadines

Company notes to the financial statements
for the year ended 31 March 2016

	Effective ownership percentage %	Class of shares	Country of incorporation
Columbus Communications (St Lucia) Limited	100%	Ordinary	St Lucia
Kelcom International (Antigua & Barbuda) Limited	100%	Ordinary	Antigua and Barbuda
Karib Cable Inc.	100%	Ordinary	Barbados
CWC-Columbus Asset Holdings, Inc.	100%	Ordinary	Barbados
Columbus Trinidad (Barbados) Inc	100%	Ordinary	Barbados
Columbus Investments Inc. [4]	100%	Ordinary	Barbados
Columbus Communications Trinidad Limited	100%	Ordinary	Trinidad and Tobago
Columbus Communications (Grenada) Limited	100%	Ordinary	Grenada
Columbus Holdings (Barbados) SRL[4]	100%	Ordinary	Barbados
Columbus Holdings Trinidad Unlimited[4]	100%	Ordinary	Trinidad and Tobago
Columbus Holdings (Barbados) II SRL[4]	100%	Ordinary	Barbados
Trinidad and Tobago Trans-Cable Company Unlimited[4]	100%	Ordinary	Trinidad and Tobago
Cable Company of Trinidad and Tobago Unlimited[4]	100%	Ordinary	Trinidad and Tobago
Antilles Crossing (Barbados) IBC, Inc.	100%	Ordinary	Barbados
Tele (St Lucia) Inc.	100%	Ordinary	St Lucia
Antilles Crossing Holding Company (St Lucia) Limited	100%	Ordinary	St Lucia
Columbus Telecommunications (Barbados) Limited	100%	Ordinary	Barbados
Wamco Technology Group Limited	100%	Ordinary	Barbados
Columbus Networks, Limited	100%	Ordinary	Barbados
Columbus Networks Dominicana S.A.	100%	Ordinary	Dominican Republic
Columbus Networks Sales, Limited	100%	Ordinary	Barbados
New World Network International, Ltd[4]	100%	Ordinary	Bermuda
Columbus Networks (Cayman) Holdco Limited	100%	Ordinary	Barbados
Columbus Networks Wholesale de Costa Rica S.A.	100%	Ordinary	Costa Rica
Lazus Panama S.A	100%	Ordinary	Panama
Columbus Networks Puerto Rico (2015), Inc.	100%	Ordinary	Puerto Rico
Columbus Networks USA (2015), Inc.	100%	Ordinary	USA
Gemini North Cable (Barbados) Inc	100%	Ordinary	Barbados
Columbus Networks Jamaica Limited	100%	Ordinary	Jamaica
Columbus Networks Netherlands Antilles N.V.	100%	Ordinary	Curacao
Columbus Networks Antilles Offshore N.V	100%	Ordinary	Curacao
Columbus Networks Curacao, N.V	100%	Ordinary	Curacao
Columbus Networks (Haiti) S.A.	100%	Ordinary	Haiti
Columbus Networks (Bonaire) N.V.	100%	Ordinary	Bonaire
SkyOnline MAYA-1. LLC	100%	Ordinary	USA
Columbus Networks International (Trinidad) Ltd	100%	Ordinary	Trinidad and Tobago
Columbus Networks Zona Franca, Limitada	100%	Ordinary	Colombia
Columbus Networks de Colombia, Limitada	100%	Ordinary	Colombia
Lazus Colombia S.A.S. f/k/a Promitel Colombia S.A.S	100%	Ordinary	Colombia
Lazus Infraestructura S.A.S	100%	Ordinary	Colombia
Lazus Peru S.A.C	100%	Ordinary	Peru
Columbus Networks de Mexico SRL	100%	Ordinary	Mexico
Columbus Networks de Ecuador S.A.	100%	Ordinary	Ecuador
Columbus Networks de Guatemala, Limitada	100%	Ordinary	Guatemala
Columbus Networks Nicaragua y Compania Limitida	100%	Ordinary	Nicaragua
Columbus Networks de Costa Rica S.R.L	100%	Ordinary	Costa Rica
Columbus Networks de Honduras, S. de R.L.	100%	Ordinary	Honduras
Columbus Networks Maritima S. de R.L.	100%	Ordinary	Panama

Company notes to the financial statements
for the year ended 31 March 2016

	Effective ownership percentage %	Class of shares	Country of incorporation
Columbus Networks de Panama SRL	100%	Ordinary	Panama
Columbus Networks El Salvador S.A	100%	Ordinary	El Salvador
Columbus Networks Venezuela S.A	100%	Ordinary	Venezuela
Columbus Networks Centroamerica S. de R.L.	100%	Ordinary	Panama
Telecomunicaciones Corporativas Panameñas S.A.	100%	Ordinary	Panama
Joint ventures and associates			
Cable & Wireless Trade mark Management Limited	50%	Ordinary	England
Seychelles Cable System Limited	33%	Ordinary	Seychelles

1. The Company regards this company as a subsidiary because it controls the majority of the Board of Directors through a shareholders agreement.
2. The Bahamas government holds 49% non-controlling interest in BTC. On 24 July 2014 the Company completed the transfer of share capital in BTC, to the BTC Foundation, a charitable trust dedicated to investing in projects for the benefit of Bahamians. The Company currently holds 49% of the share capital but regards BTC as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.
3. Cable & Wireless Holdings, Inc. was renamed Cable & Wireless Communications, Inc on 20 September, 2014.
4. In liquidation.

The Company does not have any direct investment in the subsidiaries, joint ventures and associates listed above with the exception of Cable & Wireless Limited and CWC Cayman Finance Limited.

8. Trade and other receivables

	31 March 2016 US$m	31 March 2015 US$m
Amounts falling due within one year		
Amounts owed from subsidiary undertakings	**2**	–
Total trade and other receivables	**2**	–
Loans falling due after one year		
Loans due from subsidiary undertakings	**100**	100
Total loans receivable	**100**	100

There is no material difference between the carrying amount and fair value of trade and other receivables at 31 March 2016 and 2015.

Amounts due from subsidiary undertakings are repayable on 30 November 2020 with an interest rate of 8.0%. Carrying value approximates fair value.

9. Trade and other payables

	31 March 2016 US$m	31 March 2015 US$m
Amounts falling due within one year		
Loans payable to subsidiary undertakings	**3,223**	3,199
Total trade and other payables	**3,223**	3,199

Loans due to subsidiary undertakings are repayable on demand with interest rates varying from 0% to LIBOR + 400bps. There is no material difference between the carrying amount and fair value of creditors at 31 March 2016 and 2015.

10. Financial liability at amortised cost

The financial liability at amortised cost relates to shares issued as part of the acquisition of Columbus. The redemption options were initially measured at the present value of the future obligations and are amortised on a straight-line basis over the redemption option period. See note 4.7 of the consolidated financial statements for further information.

Company notes to the financial statements

for the year ended 31 March 2016

11. Called-up share capital

Issued, called-up and fully paid shares of US5 cents each	Number of shares (000)	US$m
At 1 April 2014	2,665,612	133
At 31 March 2015	4,475,954	224
At 31 March 2016	**4,475,954**	224

On 7 November 2014, a total of 252,812,284 new ordinary shares of US5 cents each in the capital of the Company were placed by Deutsche Bank AG (cash box placement) at a price of 45 pence per placing share, raising gross proceeds of US$180 million (excluding equity transaction costs of US$4 million). The placing shares being issued represented 10% less one share of the issued ordinary share capital of the Company prior to Placing.

On 31 March 2015, 1,557,529,605 new ordinary shares were issued as consideration in connection with the acquisition of Columbus.

12. Share capital and reserves

Other reserves relate to the cancellation of the B shares, the capital reduction occurring on the demerger of the Cable & Wireless Worldwide business and the lock-up and put option arrangements with the Principal Vendors as part of the acquisition of Columbus. As part of the transaction to acquire Columbus International Inc., the Company issued 1,557,529,605 consideration shares of US5 cents each to the Principal Vendors in proportion to their Columbus shareholding. As a result, the Principal Vendors (CVBI Holdings (Barbados) Inc., Clearwater Holdings (Barbados) Limited, Columbus Holdings LLC and Brendan Paddick) in aggregate hold approximately 36% of the ordinary shares in the Company. Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its issued consideration shares until 2019. An exception to the lock-up arrangements will enable each Principal Vendor to require the Company to purchase for cash up to a certain number of its shares each year from 2016 to 2019 inclusive for the notional issue price of US$0.7349 per share. If a Principal Vendor sells some or all of their shareholding (subject to orderly market conditions) then some or all of its future options to require the Company to purchase up to a certain number of shares will immediately cease to have effect and will not be capable of exercise. The fair value of this put option has been recognised as an equity investment within other reserves. As this put option meets the definition of an equity instrument, it will be revalued to fair value at subsequent year ends.

On 26 March 2010, a court-approved capital reduction became effective which had the effect of creating a capital reserve of US$1,931 million. This reserve has been released in full to the distributable reserves of the Company by the resolution of the Board of Directors.

In the year ended 31 March 2016, 30,000,000 treasury shares were allotted to fulfil share-based payments awards At 31 March 2016, a total of 107,488,873 shares were classified as treasury shares (31 March 2015 – 137,488,873). This represented 2.4% of called-up share capital at the end of the year (2014/15 – 3.1%). On 12 May 2016, the Company cancelled 42,731,303 ordinary shares held as treasury shares.

13. Related party transactions

Under FRS 101.8(k), the Company is exempt from the requirement to disclose transactions with entities that are part of the Cable & Wireless Communications Group, or investees of the Group qualifying as related parties, as all of the Company's voting rights are controlled within the Group.

The Company has no other material related parties.

Related party transactions are detailed in note 5.6 to the consolidated financial statements.

Transactions with key management personnel

FRS 101.8(j) exempts entities from the disclosures in respect of the compensation of key management personnel.

14. Dividends

Accounting policy detailed in note 2.7

Dividend information is detailed in note 4.1.2 to the consolidated financial statements.

Company notes to the financial statements

for the year ended 31 March 2016

15. Accounting estimates and judgements

Due to the nature of operations there are no key assumptions and estimation uncertainty that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

16. Commitments

The Company had no capital commitments at 31 March 2016 (31 March 2015 – no capital commitments).

17. Guarantees and contingent liabilities

Under the Separation Agreement, Cable & Wireless Communications and Cable & Wireless Worldwide (now wholly owned by Vodafone Group Plc) agree to provide each other with certain customary indemnities on a reciprocal basis in respect of liabilities which Cable & Wireless Communications may incur but which relate exclusively to the Cable & Wireless Worldwide Group and vice versa and in respect of an agreed proportion of liabilities which do not relate exclusively to one group or the other.

Whilst Pender, the Group's former insurance operation, ceased to underwrite new business from April 2003, it has in the past written policies in favour of the Group and third parties. Potentially significant insurance claims have been made against Pender under certain of these third-party policies, which have also given rise to uncertainties and potential disputes with reinsurers. Significant progress has been made in resolving these claims. Details of these insurance claims and potential claims are not disclosed as such disclosure may be prejudicial to the outcome of such claims.

In addition, the Company, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of business disposals in prior years. Generally, liability has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. The Company also gives warranties and indemnities in relation to certain agreements including facility sharing agreements. Some of these agreements do not contain liability caps.

Company notes to the financial statements

for the year ended 31 March 2016

18. Reconciliation of transition to FRS 101 from old UK GAAP

		1 April 2014			31 March 2015		
	Notes	UK GAAP US$m US$m	Effect of transition to FRS 101 US$m	FRS 101 US$m	UK GAAP US$m US$m	Effect of transition to FRS 101 US$m	FRS 101 US$m
Assets							
Non-current assets							
Investments in subsidiaries		6,103	–	6,103	6,131	–	6,131
Loans receivable		100	–	100	100	–	100
		6,203	–	6,203	6,231	–	6,231
Current assets							
Trade and other receivables		–	–	–	–	–	–
Total assets		6,203	–	6,203	6,231	–	6,231
Liabilities							
Current liabilities							
Trade and other payables		4,669	–	4,669	3,199	–	3,199
Net current liabilities		1,534	–	1,534	3,032	–	3,032
Non-current liabilities							
Financial liabilities at amortised cost		–	–	–	879	–	879
Net assets		1,534	–	1,534	2,153	–	2,153
Equity							
Capital and reserves attributable to the owners							
Share capital		133	–	133	224	–	224
Share premium		97	–	97	260	–	260
Reserves		1,304	–	1,304	1,669	–	1,669
Total equity		1,534	–	1,534	2,153	–	2,153

Notes to the reconciliation of equity

There are no material differences between old UK GAAP and FRS 101.

19. Post balance sheet events

On 16 November 2015, the Board of Directors of the Company entered into an agreement with Liberty Global plc ('LG') to sell all issued and outstanding shares of CWC pursuant to certain conditions, regulatory and other approvals (the 'Transaction'). The Transaction was unanimously approved by the shareholders and Board of Directors of the Company as well as the shareholders and Board of Directors of LG.

Effective 16 May 2016, the transaction completed and the Company was acquired by LGE Coral Holdco Limited (incorporated in England and Wales), a wholly owned subsidiary of LG (the 'Ultimate Parent').

As a result of the acquisition of the Company by LG effective 16 May 2016, the put options are no longer in force and the liability is extinguished.

Due to the acquisition of the Company by LG, the Company's share award schemes vested or were cancelled under the terms of the respective share award schemes.

Company notes to the financial statements
for the year ended 31 March 2016

Accounts approval
There have been no events affecting the Group since 31 March 2016 which need to be reflected in the 2015/16 financial statements.

These accounts were approved by the Board of Directors on 26 May 2016 and authorised for issue.