

**Cable & Wireless Limited**

**Annual report and financial statements**

**31 March 2015**

**Registered Office:**

**2<sup>nd</sup> Floor, 62 - 65 Chandos Place**

**London WC2N 4HG**

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## Strategic report

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

### Principal activities and business review

The principal activity of the Company is that of a group holding company.

The Company's loss for the year after taxation amounted to US\$52 million (2013/14 – profit of US\$430 million).

### Principal risks and uncertainties

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

#### *Investments*

The Company is exposed to the risk of deterioration in business performance in its Group undertakings which may have an adverse effect on the carrying value of the Company's investments.

#### *Foreign exchange*

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

#### *Pensions*

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

#### *Interest costs*

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

#### *Litigation*

As with most large organisations, there is a risk of litigation against entities within the Group and therefore the Company may be exposed to risks associated with litigation brought against it or subsidiaries. When facing litigation, the Company defends its position vigorously using appropriate legal advice and support.

**Key performance indicators**

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

	2014/15 US\$m	2013/14 US\$m
Gain on sale of investments	15	-
Operating loss	(30)	(33)
Income from shares in group undertakings and joint ventures	-	560
Interest receivable and similar income	43	12
Interest payable and similar charges	(88)	(119)

Income from shares in group undertakings and joint ventures decreased due to significant dividend income from subsidiaries in 2014. Intercompany loan interest payable decreased in line with a decrease in loans from subsidiaries. Net exchange gains were recognised on foreign currency denominated loans.

By order of the board:



E MARTIN  
Company Secretary

17 September 2015

## Directors' Report

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

### Financial instruments

Financial risk management policies allow for hedging from time to time as deemed appropriate. At 31 March 2015 no hedging instruments were outstanding (31 March 2014 - nil).

### Dividends

The Company did not pay a dividend during the year (2014 - nil).

### Directors

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

NI Cooper (resigned 21 May 2015)

CP Underwood

IJ Lawson (resigned 1 June 2015)

C Patel (resigned 27 February 2015)

E Martin (appointed 22 July 2014)

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves 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 auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board:



E MARTIN  
Company Secretary

17 September 2015

## **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

## Independent Auditor's Report To The Members Of Cable & Wireless Limited

We have audited the financial statements of Cable & Wireless Limited for the year ended 31 March 2015 set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor'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 statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

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

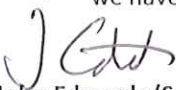
### Opinion on other matter prescribed by the Companies Act 2006

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

**Profit and loss account**

*For the year ended 31 March 2015*

	Note	2015 US\$m	2014 US\$m
Administrative expenses	3	(3)	(29)
Exceptional administrative expenses	3	(52)	-
Other income/(expense)	4	10	(4)
Gain on sale of investments	10	15	-
<b>Operating loss</b>		<b>(30)</b>	<b>(33)</b>
Income from shares in group undertakings and joint ventures	5	-	560
Interest receivable and similar income	6	43	12
Interest payable and similar charges	7	(88)	(119)
<b>(Loss)/profit on ordinary activities before income tax</b>		<b>(75)</b>	<b>420</b>
Tax credit on loss on ordinary activities	8	23	10
<b>(Loss)/profit for the financial year</b>		<b>(52)</b>	<b>430</b>

The accompanying notes on pages 9 to 25 are an integral part of the financial statements of the Company.

**Statement of total recognised gains and losses**

*For the year ended 31 March 2015*

	Note	2015 US\$m	2014 US\$m
(Loss)/profit for the financial year		(52)	430
Actuarial (losses)/gains on pension schemes	15	(4)	2
Share based payment charge	9	(15)	(6)
Fair value gains/(losses) on available for sale assets	11	1	(3)
<b>Total recognised (losses) and gains for the financial year</b>		<b>(70)</b>	<b>423</b>

The accompanying notes on pages 9 to 25 are an integral part of the financial statements of the Company.



**Balance sheet**  
*As at 31 March 2015*

	Note	2015 US\$m	2014 US\$m
<b>Fixed assets investments</b>			
Group undertakings	10	12,406	12,406
Joint ventures	10	-	2
<b>Investments</b>			
Held to maturity investments	11	79	88
Available-for-sale investments	11	36	37
<b>Non current assets</b>		<b>12,521</b>	<b>12,533</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	2,443	4,670
Cash and cash equivalents		100	-
Financial assets at fair value through profit or loss	11	9	23
		<b>2,552</b>	<b>4,693</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(8,958)	(11,041)
Provisions for liabilities and charges	14	(2)	(2)
		<b>(8,960)</b>	<b>(11,043)</b>
<b>Net current liabilities</b>		<b>(6,408)</b>	<b>(6,350)</b>
<b>Total assets less current liabilities</b>		<b>6,113</b>	<b>6,183</b>
Pensions obligations	15	(48)	(48)
<b>Net assets</b>		<b>6,065</b>	<b>6,135</b>
<b>Capital and reserves</b>			
Called-up share capital	16	976	976
Share premium account	17	374	374
Profit and loss account	17	2,298	2,369
Other reserves	17	2,417	2,416
<b>Shareholder's funds</b>		<b>6,065</b>	<b>6,135</b>

The accompanying notes on pages 9 to 25 are an integral part of the financial statements of the Company.

The financial statements of the Company were approved by the Directors on 17 September 2015 and signed on its behalf by:

C UNDERWOOD  
Director

**Reconciliation of movements in shareholders' funds**

For the year ended 31 March 2015

	2015 US\$m	2014 US\$m
(Loss)/profit for the financial year	(52)	430
Actuarial (losses)/gains on pension schemes	(4)	2
Share based payment charge	(15)	(6)
Fair value gains/(losses) on available for sale assets	1	(3)
<b>(Decrease)/increase in shareholders' funds</b>	<b>(70)</b>	<b>423</b>
Opening shareholders' funds	6,135	5,712
<b>Closing shareholders' funds</b>	<b>6,065</b>	<b>6,135</b>

The accompanying notes on pages 9 to 25 are an integral part of the financial statements of the Company.

## Notes to the financial statements

### 1 Statement of accounting policies

#### 1.1 Accounting Policies

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

#### 1.2 Basis of preparation

The Company's financial statements have been prepared in accordance with accounting standards applicable under generally accepted accounting principles in the United Kingdom and the provisions of the Companies Act 2006. They have been prepared on the historical cost basis where appropriate.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the financial statements of Cable & Wireless Communications Plc in which the Company is consolidated and which are publicly available upon request from the Group's registered office disclosed in note 19.

In respect of the Company, the Directors consider the US dollar to be the functional currency reflecting the economic effects of the underlying transactions, events and conditions for the Company. The Company has therefore presented its financial statements in US dollars. The principal exchange rates used in preparing the Group financial statements are as follows:

	Year ended 31 March 2015	Year ended 31 March 2014
<b>US\$ : £</b>		
Average	<b>1.6113</b>	1.5858
Year end	<b>1.4914</b>	1.6506

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. The Company is dependent on continuing finance being made available by the Group to enable it to continue operating and meet its liabilities as they fall due. Cable & Wireless Communications Plc has agreed to continue to provide sufficient financial support for these purposes.

The Company is exempt under FRS 29 *Financial Instruments: Disclosures* from the requirement to provide its own financial instruments disclosures on the grounds that they are included in publicly available consolidated financial statements which include disclosures that comply with the IFRS equivalent standard.

#### 1.3 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis.

#### 1.4 Investments in Group undertakings and joint ventures

Investments in Group undertakings and joint ventures are included in the balance sheet at historic cost less amounts written off in respect of any impairment.

## Notes to the financial statements (continued)

### 1.5 Financial instruments

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets are held. The basis of determining fair values is set out in note 1.6. Management determines the classification of its financial assets at initial recognition in accordance with FRS 26 *Financial Instruments: Recognition and Measurement* and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

#### *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. Derivatives are also categorised as held for trading.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within one year of the reporting date.

#### *Debtors*

Debtors are non-derivative financial assets with fixed or determinable receipts that are not quoted in an active market. Debtors are recognised initially at fair value and subsequently measured at the amounts considered receivable.

#### *Loans and borrowings*

Loans and borrowings 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 in the profit and loss account over the period of the loans using the effective interest method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

#### *Impairment*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

### 1.6 Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for investments held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The nominal value (less any estimated impairment) of debtors and payables is assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. Discounted cash flows are used to determine the fair value for the majority of remaining financial instruments.

## Notes to the financial statements (continued)

### 1.7 Pensions

The Company is a member of the Group's defined benefit pension scheme ("the Scheme") but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 *Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Company's profit and loss account represents the contributions payable to the Scheme in respect of the accounting period.

The Company also operates an unfunded pension plan to cover the costs of former Directors' and other senior employees' pension entitlements. Provision is made in accordance with FRS 17 *Retirement Benefits* in the Company's financial statements for the expected costs of meeting the associated liabilities. These costs are recorded in administrative expenses.

Costs in respect of the Company's defined contribution pension schemes are charged to the profit and loss account on an accruals basis as contributions become payable.

### 1.8 Tax

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

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences that have arisen but not reversed at the balance sheet date.

### 1.9 The Cable & Wireless Communications Share Ownership Trust (ESOP)

The financial statements of the Company include the assets and related liabilities of The Cable & Wireless Communications Share Ownership Trust (the "Trust").

During the year, the Trust held shares in Cable & Wireless Communications Plc. As the shares are not those of the Company, the assets and liabilities have been recognised on balance sheet and recorded at fair value.

### 1.10 Foreign currency translation

Foreign currency transactions are translated into the functional currency using 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 in the profit and loss account.

### 1.11 Exceptional items

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

## Notes to the financial statements (continued)

### 2 Information regarding auditor, directors and employees

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

The Company had no employees during the year (2013/14 - 10) whose costs were borne by a fellow Group undertaking.

In the current year, the auditor remuneration of US\$65,000 (2013/14 - US\$65,000) for the audit of these financial statements has been borne by another group company.

### 3 Administrative expenses

	2014/15 US\$m	2013/14 US\$m
Pension costs	2	6
Share based payment	(2)	(5)
Management fees (expense)/income	3	28
Pre-exceptional administrative expenses	3	29

Exceptional costs relating to additional funding of the Cable and Wireless Superannuation Fund of \$52,009,000 were incurred during the year (2013/14 – nil). See note 15.

### 4 Other income/(expense)

	2014/15 US\$m	2013/14 US\$m
Foreign exchange gains/(losses)	5	(4)
Other	5	-
Other income/(expense)	10	(4)

### 5 Income from shares in group undertakings and joint ventures

	2014/15 US\$m	2013/14 US\$m
Dividends from joint ventures	-	2
Dividends from subsidiaries	-	558
Income from shares in group undertakings and joint ventures	-	560

### 6 Interest receivable and similar income

	2014/15 US\$m	2013/14 US\$m
Other investment income	1	1
Exchange gains on translation of foreign currency denominated loans	33	-
Gains on derivative contracts	9	-
Exchange gains on other financial liabilities	-	11
Interest receivable and similar income	43	12

**Notes to the financial statements (continued)**

**7 Interest payable and similar charges**

	2014/15 US\$m	2013/14 US\$m
Amounts owed to Group undertakings	67	113
Bank loans and overdrafts	-	1
Exchange losses on translation of foreign currency denominated loans	-	5
Exchange losses on other financial assets/liabilities	21	-
Interest payable and similar charges	88	119

**8 Income tax**

**Tax on loss on ordinary activities**

*Analysis of credit in period*

	2014/15 US\$m	2013/14 US\$m
UK corporation tax at 21% (2014 – 23%)	(23)	-
Adjustment in respect of prior years	-	(10)
Tax credit on (loss)/profit on ordinary activities	(23)	(10)

**Factors affecting the tax credit for the current period**

The current tax credit for the year is US\$23 million (2013/14 - US\$10 million). The tax credit was higher (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

<i>Current tax reconciliation</i>	2014/15 US\$m	2013/14 US\$m
(Loss)/profit before taxation	(75)	420
Current tax at 21% (2014: 23%)	(16)	97
Expenditure not deductible for tax purposes	11	-
Other timing differences	-	(5)
Income not taxable	(1)	(129)
Losses generated and not recognised	-	37
Group relief claimed	(17)	-
Current tax credit for the current period	(23)	-
Adjustment in respect of prior periods	-	(10)
Current tax credit	(23)	(10)

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

**Notes to the financial statements (continued)**

**9 Employee share schemes**

***The Cable & Wireless Communications Share Ownership Trust***

The Cable & Wireless Communications Share Ownership Trust (the "Trust") is a discretionary trust which was funded by loans from the Company to acquire shares in the Company. Subsequent to the demerger of Cable & Wireless Worldwide Plc in March 2010, the Trust continues to be used to satisfy existing options and awards under incentive plans.

At 31 March 2015, the Trust held 9,140,970 shares in Cable & Wireless Communications Plc (2013/14 – 26,190,167 shares) with a market value of US\$9 million (2013/14 - US\$23 million).

**10 Fixed asset investments**

	Joint ventures US\$m	Group undertakings US\$m	Total US\$m
<b>Cost</b>			
At 1 April 2014	8	12,687	12,695
Disposal	(8)	-	(8)
<b>At 31 March 2015</b>	<b>-</b>	<b>12,687</b>	<b>12,687</b>
<b>Loans</b>			
At 1 April 2014	-	37	37
<b>At 31 March 2015</b>	<b>-</b>	<b>37</b>	<b>37</b>
<b>Provisions and amounts written off</b>			
At 1 April 2014	(6)	(318)	(324)
Disposal	6	-	6
<b>At 31 March 2015</b>	<b>-</b>	<b>(318)</b>	<b>(318)</b>
<b>Net book value</b>			
At 31 March 2014	2	12,406	12,408
<b>At 31 March 2015</b>	<b>-</b>	<b>12,406</b>	<b>12,406</b>

During the year ended 31 March 2015, the Company divested its 32.577% shareholding in Solomon Telekom Company Limited (Soltel) to the Solomon Islands National Provident Fund Board for total cash proceeds of US\$16.5 million. The transaction resulted in a gain on disposal of US\$15million. The divestment marks the Company's exit from the South Pacific region as interests in Vanuatu and Fiji have previously been sold.

The Company has carried out a review to determine whether there has been impairment in the carrying values of its fixed asset investments in line with FRS 11 *Impairment of fixed assets and goodwill*. The review was based on a combination of discounted cash flow analysis, using the Group's approved five year business plan, and net asset values. No impairments were recorded.

The valuation was determined by discounting future cash flows based on the approved five year business plan extrapolated at a long term growth rate of nil (2013/14 – nil) at pre-tax discount rates of between 9% and 19% (2013/14 – 9% and 19%) dependent on the risk adjusted cost of capital of the different investments.



Notes to the financial statements (continued)

11 Financial assets

Movements in available-for-sale financial assets for the year are as follows:

	UK Government gilts US\$m
At 1 April 2014	37
Fair value gains	1
Foreign exchange	(2)
<b>At 31 March 2015</b>	<b>36</b>

Movements in other financial assets for the year are as follows:

	Held to maturity investments		Fair value through profit or loss	
	Listed bonds US\$m	Derivative instruments US\$m	ESOP shares US\$m	Total US\$m
At 1 April 2014	88	-	23	23
Movements	-	-	1	1
Disposals	-	-	(15)	(15)
Foreign exchange	(9)	-	-	-
<b>At 31 March 2015</b>	<b>79</b>	<b>-</b>	<b>9</b>	<b>9</b>
Current	-	-	9	9
Non-current	79	-	-	-

The table below analyses financial instruments carried at fair value by valuation method. The different levels are defined 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 2015			
	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
UK Government Gilts	37	-	-	37
Cable & Wireless Communications Plc shares at fair value through profit or loss	9	-	-	9
<b>Total financial assets at fair value</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>46</b>

	At 31 March 2014			
	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
UK Government Gilts	37	-	-	37
Cable & Wireless Communications Plc shares at fair value through profit or loss	23	-	-	23
<b>Total financial assets at fair value</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>

**Notes to the financial statements (continued)**

On demerger, shares in The Cable & Wireless Communications Share Ownership Trust, formerly the Cable and Wireless Employee Share Ownership Plan Trust were converted from 43 million Cable and Wireless plc shares to 43 million Cable & Wireless Communications Plc shares and 43 million Cable & Wireless Worldwide plc shares. The Cable & Wireless Communications Plc shares (a related listed company) and the Cable & Wireless Worldwide plc shares (an unrelated listed company) have been recognised as investments at fair value through profit or loss as they represent shares that are not equity instruments of the Company. The Cable & Wireless Worldwide shares were disposed of during 2013/14.

**12 Debtors**

	2014/15 US\$m	2013/14 US\$m
<b>Amounts falling due within one year</b>		
Amounts owed by parent undertaking	2,443	4,670

There is no material difference between the carrying value and fair value of debtors at 31 March 2015.

**13 Creditors: due within one year**

	2014/15 US\$m	2013/14 US\$m
<b>Amounts falling due within one year</b>		
Amounts owed to subsidiary undertakings	8,872	10,931
Taxation and social security	81	104
Accruals and deferred income	5	6
<b>Total creditors</b>	<b>8,958</b>	<b>11,041</b>

There is no material difference between the carrying value and fair value of debtors at 31 March 2015.

**14 Provisions for liabilities and charges**

	Other US\$m	Total US\$m
At 1 April 2014	2	2
Amounts used	-	-
Unused amounts reversed	-	-
<b>At 31 March 2015</b>	<b>2</b>	<b>2</b>

**Other**

Other provisions include amounts relating to specific legal claims against the Company and amounts relating to acquisitions and disposals of Group companies and investments.

## Notes to the financial statements (continued)

### 15 Pension obligations

The Company is a member of a Group-wide pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 *Retirement Benefits*, the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme.

The latest triennial valuation was carried out by Towers Watson Limited as at 31 March 2013. This showed a funding deficit of £109 million. An agreement was reached between the Trustees of the Group's pension scheme and the Group to remove the deficit calculated by this valuation by 2016.

The Group paid a total contribution of US\$56 million (2013/14 - US\$4 million) during the year, all being normal contributions to meet the cost of future benefit accrual and expenses, to recover part of the deficit on the scheme funding basis and to meet the cost of the agreed de-risking of the scheme's investment strategy. Cash contributions for 2014 to 2016 will remain in line with the agreement following the March 2013 triennial review. In addition to a payment of £30 million made in July 2014, future payments will be: April 2015 - £31 million and April 2016 - £33 million. 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 £0 - £23 million each year as necessary to fund the scheme by April 2019. These contributions are based on best estimated investment returns and are subject to the outcome of the next full valuation due in March 2016.

The Company is not able to separate the performance of the Group-wide scheme to give the element that relates solely to the Company's employees. As an indication, however, the Cable & Wireless Communications Group-wide scheme had a deficit at 31 March 2015, after the impact of minimum funding requirements in respect of contributions due from 2015 to 2016, of US\$158 million, compared with a US\$148 million deficit at 31 March 2014. Further details are included in the financial statements of Cable & Wireless Communications Plc for the year ended 31 March 2015.

The Company also operates unfunded pension plans to cover the costs of former Directors' and other senior employees' pension entitlements. Provision is made in the Company's financial statements for the expected costs of meeting the associated liabilities and is disclosed as the retirement benefit obligation on the Company's balance sheet.

The major assumptions used in the valuation of the Group-wide scheme and unfunded schemes at the end of the year were:

	2014/15	2013/14
	%	%
Inflation assumption	2.8	3.3
Rate of increase in salaries <sup>1</sup>	3.4	3.8
Rate of increase in pensions in payment and deferred pensions <sup>2</sup>	1.7 to 2.7	2.1 to 3.2
Discount rate applied to secured scheme liabilities <sup>1</sup>	3.1	4.3
Discount rate applied to unsecured scheme liabilities	3.2	4.4

#### Notes:

<sup>1</sup> Not applicable to unfunded schemes

<sup>2</sup> In excess of any Guaranteed Minimum Pension element.

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes to the financial statements (continued)

Movements in present value of defined benefit obligation

	Unfunded schemes	
	31 March 2015 US\$m	31 March 2014 US\$m
Obligation at 1 April	(48)	(46)
Interest cost	(2)	(2)
Actuarial losses recognised in equity	(4)	2
Benefits paid	2	2
Exchange differences on translation	4	(4)
<b>Obligation at 31 March</b>	<b>(48)</b>	<b>(48)</b>

16 Called-up share capital

	31 March 2015 US\$m	31 March 2014 US\$m
<b>Allotted, called-up and fully paid</b>		
2,624,571,985 ordinary shares of 25 pence each (2013/14 - 2,624,571,985 ordinary shares of 25 pence each)	<b>976</b>	<b>976</b>

17 Reserves

	Share capital US\$m	Share premium US\$m	Special reserve US\$m	Other reserves US\$m	Fair value reserve US\$m	Profit and loss account US\$m	Total US\$m
At 1 April 2014	976	374	2,139	262	15	2,369	6,135
Loss for the year	-	-	-	-	-	(52)	(52)
Actuarial losses on pension schemes	-	-	-	-	-	(4)	(4)
Fair value gains on available for sale assets	-	-	-	-	1	-	1
Share based payment charge	-	-	-	-	-	(15)	(15)
<b>At 31 March 2015</b>	<b>976</b>	<b>374</b>	<b>2,139</b>	<b>262</b>	<b>16</b>	<b>2,298</b>	<b>6,065</b>

The special reserve relates to the cancellation of the share premium account approved at the 2003 Annual General Meeting and confirmed by the Court in February 2004. It will be reduced from time to time by the amount of any increase in the paid-up share capital and share premium account after 20 February 2004 resulting from the issue of new shares for cash or other new consideration. The special reserve will not be treated as realised profits until any debt or claim outstanding as at 20 February 2004 has been repaid or remedied.

Other reserves include a capital redemption reserve of US\$156 million (2013/14 - US\$156 million), US\$30 million (2013/14 - US\$30 million) relating to unrealised gains on disposal of investments and US\$76 million (2013/14 - US\$76 million) relating to rights granted to equity instruments of the Company to the employees of subsidiaries of the Company.

## Notes to the financial statements (continued)

### 18 Deferred taxation

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. Due to the availability of losses and other relief, no tax is expected to be payable on them in the foreseeable future.

As at 31 March 2015, the Company had unrecognised deferred tax assets in the UK relating to capital allowances of US\$2 million (2013/14 - US\$2 million) and other timing differences of US\$192 million (2013/14 - US\$209 million).

### 19 Related party transactions

Under FRS 8 *Related party disclosures*, the Company is exempt from the requirement to disclose transactions with entities that are part of the Group, or investors of the Group qualifying as related parties, as all of the Company's voting rights are wholly owned within the Group. There are no transactions with any other related parties in the current or prior year.

### 20 Group undertakings and joint ventures

The principal operating undertakings of the Group are as follows:

	Issued share capital (million)	Ownership percentage %	Class of shares	Country of incorporation	Nature of business
<b>Subsidiaries</b>					
Cable & Wireless Jamaica Ltd	16,817	82	Ordinary	Jamaica	Telecommunications
The Bahamas Telecommunications Company Ltd <sup>2</sup>	255	49	Ordinary	The Bahamas	Telecommunications
Cable & Wireless Panama, SA <sup>1</sup>	500	49	Ordinary	Panama	Telecommunications
Cable & Wireless (Barbados) Ltd <sup>3</sup>	72	81	Ordinary	Barbados	Telecommunications
Columbus International Inc..	267	100	Ordinary	Barbados	Holding Company
Cable and Wireless (West Indies) Ltd	5	100	Ordinary	England	Holding Company
Sable Holding Limited	16	100	Ordinary	England	Holding Company
Cable & Wireless International Finance BV	1	100	Ordinary	Netherlands	Finance Company
<b>Joint ventures</b>					
Cable & Wireless Trade mark Management Ltd	-	50	Ordinary	England	Owner of the Cable & Wireless brand

### Notes

<sup>1</sup> The Group regards this company as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.

<sup>2</sup> 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 the 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.

<sup>3</sup> The shares of Cable & Wireless (Barbados) Ltd have no par value and therefore there are no issued shares. Cable and Wireless Limited hold 81% of the share capital.

Cable & Wireless Limited does not have any direct investment in any of the above subsidiaries and joint ventures, with the exception of Sable Holding Ltd, Cable & Wireless International Finance B.V. and Cable & Wireless Trade mark Management Ltd.

The list above only includes those companies whose results or financial position, in the opinion of the Directors, principally affect the figures shown in the financial statements.

**Notes to the financial statements (continued)**

Full details of all subsidiary, joint venture and associate undertakings are as follows:

	Effective Ownership percentage %	Class of Shares	Country of incorporation
<b>Subsidiaries</b>			
Cable & Wireless DI Holdings Ltd	100	Ordinary	England
Cable & Wireless Central Holding Ltd	100	Ordinary	England
The Western Telegraph Company Ltd	100	Ordinary	England
The Eastern Telegraph Company Ltd	100	Ordinary	England
Cable & Wireless (UK) Group Ltd	100	Ordinary	England
Cable and Wireless (Investments) Ltd	100	Ordinary	England
Cable & Wireless (Singapore) Pte Ltd	100	Ordinary	Singapore
PT Mitracipta Saranayasa	50	Ordinary	Indonesia
CWC Overseas Holdco Ltd	100	Ordinary	Cayman Islands
Cable & Wireless Services UK Ltd	100	Ordinary	England
Cable & Wireless Pension Trustee Ltd	100	Ordinary	England
CWC WS Holdings Cayman Ltd	100	Ordinary	Cayman Islands
CWC WS Holdings Panama SA	100	Ordinary	Panama
CWC Wholesale Solutions (Costa Rica) SA	100	Ordinary	Costa Rica
CWC WS (Panama) SA	100	Ordinary	Panama
Cable & Wireless Delaware 1, Inc	100	Ordinary	U.S.A
Cable and Wireless International Finance B.V.	100	Ordinary	Netherlands
Pender Insurance Ltd	100	Ordinary	Isle of Man
Petrel Communications Corporation	100	Ordinary	U.S.A
Petrel Communications SA	100	Ordinary	Switzerland
Sable Holding Ltd	100	Ordinary	England
Sable International Finance Ltd	100	Ordinary	Cayman Islands
Columbus International Inc	100	Ordinary	Barbados
CWC Costa Rica Holdings Ltd	100	Ordinary	Cayman Islands
CWC (Costa Rica) SA	100	Ordinary	Costa Rica
Cable & Wireless (Costa Rica) SA	100	Ordinary	Costa Rica
Cable & Wireless Carrier Ltd	100	Ordinary	England
CWC Communications Ltd	100	Ordinary	England
Cable & Wireless Network Services Ltd	100	Ordinary	Bermuda
CWIG Ltd	100	Ordinary	England
Cable & Wireless (Seychelles) Ltd	100	Ordinary	Seychelles
Le Chantier Property Ltd	100	Ordinary	Seychelles
CWIGroup Limited	100	Ordinary	Cayman Islands
CWIGroup Ltd	100	Ordinary	England
Cable & Wireless International HQ Ltd	100	Ordinary	England
Cable & Wireless Communications Insurance Ltd	100	Ordinary	Cayman Islands
CWI Group M&I HQ SAM	100	Ordinary	Monaco
Cable and Wireless (West Indies) Ltd	100	Ordinary	England
Cable & Wireless (EWC) Ltd	100	Ordinary	BVI
Cable & Wireless (Barbados) Ltd	81	Ordinary	Barbados
Cable & Wireless Antigua & Barbuda Ltd	100	Ordinary	Antigua & Barbuda
Cable & Wireless Grenada Ltd	70	Ordinary	Grenada
Cable & Wireless Jamaica Finance (Cayman) Ltd	50	Ordinary	Cayman Islands
Cable & Wireless St Vincent and the Grenadines Ltd	100	Ordinary	St Vincent and the Grenadines
Cable and Wireless (BVI) Ltd	100	Ordinary	BVI
Cable and Wireless (CALA Management Services) Ltd	100	Ordinary	England
Cable and Wireless (TCI) Ltd	100	Ordinary	Turks & Caicos
CWI Caribbean Ltd	100	Ordinary	Barbados
CWC Cable & Wireless Communications Dominican Republic SA	100	Ordinary	Dominican Republic
CWC Bahamas Holdings Ltd	100	Ordinary	The Bahamas
The Bahamas Telecommunications Company Ltd <sup>3</sup>	49	Ordinary	The Bahamas
Cable & Wireless (St Lucia) Ltd	100	Ordinary	St Lucia
Cable & Wireless Dominica Ltd	80	Ordinary	Dominica

Notes to the financial statements (continued)

	Effective Ownership percentage %	Class of Shares	Country of incorporation
Cable & Wireless St Kitts & Nevis Ltd	77	Ordinary	St Kitts & Nevis
Cable and Wireless (Anguilla) Ltd	100	Ordinary	Anguilla
CWC CALA Holdings Ltd	100	Ordinary	Barbados
Cable and Wireless (Cayman Islands) Ltd	100	Ordinary	Cayman Islands
Kelfenora Ltd	100	Ordinary	Cayman Islands
Cable & Wireless Jamaica Ltd	82	Ordinary	Jamaica
Cable & Wireless Jamaica Foundation Ltd	82	Ordinary	Jamaica
Caribbean Landing Company Ltd	82	Ordinary	Jamaica
Digital Media & Entertainment Ltd	82	Ordinary	Jamaica
Jamaica Digiport International Ltd	82	Ordinary	Jamaica
Cable & Wireless Panama, SA <sup>1</sup>	49	Ordinary	Panama
Des Vieux Telecom, Inc <sup>1</sup>	49	Ordinary	U.S.A
International Contact Center SA <sup>1</sup>	49	Ordinary	Panama
IPD Corp. <sup>1</sup>	49	Ordinary	Panama
Cable & Wireless Panama (Guatemala) SA <sup>1</sup>	49	Ordinary	Guatemala
Sonitel, SA <sup>1</sup>	49	Ordinary	Panama
Grupo Sonitel, SA <sup>1</sup>	49	Ordinary	Panama
SSA Sistemas El Salvador, SA de CV <sup>1</sup>	49	Ordinary	El Salvador
SSA Sistemas Nicaragua, Sociedad Anonima <sup>1</sup>	49	Ordinary	Nicaragua
Latam Technologies Holdings I, LLC <sup>1</sup>	49	Ordinary	U.S.A
SSA Sistemas del Peru, S.R.L <sup>1</sup>	49	Ordinary	Peru
CWC US Co Borrower LLC	100	Ordinary	U.S.A
CWC Macau Holdings Limited	100	Ordinary	Cayman Islands
CNL-CWC Networks Inc.	100	Ordinary	Barbados
Cable & Wireless Communications, Inc <sup>4</sup>	100	Ordinary	USA
CWC Trinidad Holdings Limited	100	Ordinary	Trinidad and Tobago
Cable & Wireless Trinidad and Tobago Limited	100	Ordinary	Trinidad and Tobago
Dekal Wireless Holdings Limited	100	Ordinary	St Lucia
Dekal Wireless Jamaica Limited	100	Ordinary	Jamaica
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	100	Ordinary	Barbados
S.A.U.C.E. Communication Network Limited	100	Ordinary	Jamaica
Columbus Capital (Barbados) Limited	100	Ordinary	Barbados
Northern Cable & Communication Network Limited	100	Ordinary	Jamaica
D. & L. Cable & Satellite Network Limited	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
Exploitiemaatschappij 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 Vicent
Columbus Communications (St Lucia) Limited	100	Ordinary	St Lucia

Notes to the financial statements (continued)

	Effective Ownership percentage %	Class of Shares	Country of incorporation
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.	100	Ordinary	Barbados
Columbus Communications Trinidad Limited	100	Ordinary	Trinidad and Tobago
Columbus Communications (Grenada) Limited	100	Ordinary	Grenada
Columbus Holdings (Barbados) SRL	100	Ordinary	Barbados
Columbus Holdings Trinidad Unlimited	100	Ordinary	Trinidad and Tobago
Columbus Holdings (Barbados) II SRL	100	Ordinary	Barbados
Trinidad and Tobago Trans-Cable Company Unlimited	100	Ordinary	Trinidad and Tobago
Cable Company of Trinidad and Tobago Unlimited	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.	94	Ordinary	Dominican Republic
Columbus Networks Sales, Limited	100	Ordinary	Barbados
New World Network International, Ltd	100	Ordinary	Bermuda
Columbus Networks (Cayman) Holdco Limited	100	Ordinary	Barbados
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	Columbia
Columbus Networks de Colombia, Limitada	100	Ordinary	Columbia
Lazus Colombia S.A.S. f/k/a Promitel Colombia S.A.S	100	Ordinary	Columbia
Lazus Infraestructura S.A.S	100	Ordinary	Columbia
Lazus Peru S.A.C	100	Ordinary	Peru
Lazus Panama S.A	100	Ordinary	Panama
Columbus Networks Wholesale de Costa Rica S.A.	100	Ordinary	Costa Rica
Columbus Networks de Mexico SRL	100	Ordinary	Mexico
Columbus Networks de Guatemala, Limitada	100	Ordinary	Guatemala
Columbus Networks Nicaragua y Compania Limitada	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
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 Panamenas S.A	100	Ordinary	Panama



**Notes to the financial statements (continued)**

	Effective Ownership percentage %	Class of Shares	Country of incorporation
<b>Joint ventures and associates</b>			
Cable & Wireless Trade mark Management Ltd	50	Ordinary	England
Telecommunication Services of Trinidad & Tobago Limited	49	Ordinary	Trinidad and Tobago
Seychelles Cable System Ltd	33	Ordinary	Seychelles

**Notes:**

<sup>1</sup> The Group regards this company as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.

<sup>2</sup> This company is audited by a firm other than KPMG and its international member firms.

<sup>3</sup> 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 the 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.

<sup>4</sup> Cable & Wireless Holdings, Inc. was renamed Cable & Wireless Communications, Inc. on 20 September, 2014.

The Company has no trade investments.

## Notes to the financial statements (continued)

### 21 Guarantees and contingent liabilities

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

	31 March 2015 US\$m	31 March 2014 US\$m
Trading guarantees	-	-
Other guarantees	2,179	1,429
<b>Total guarantees</b>	<b>2,179</b>	<b>1,429</b>

Trading guarantees principally comprise performance bonds for contracts concluded in the normal course of business, guaranteeing that the Group companies will meet their 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 guarantees include guarantees for financial obligations principally in respect of borrowings, leases and letters of credit. Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make payment under the guarantee.

Along with other Group companies the Company was joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as borrower under a US\$487 million revolving credit facility. On 31 March 2015, this facility was cancelled and replaced.

Along with other Group companies the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as borrower under the revolving credit facilities of US\$570 million that were entered into on 31 December 2014.

Along with other Group companies, the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as issuer under a US\$400 million secured notes issue. The bonds were arranged with a coupon of 8.75% and are due to be repaid in 2020.

Along with other Group companies, the Company was a joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as borrower under a US\$390 million secured loan and a US\$300 million unsecured loan. On 5 August 2015 these loans were repaid in full.

The Company is a guarantor of £200 million 8.625% Guaranteed Bonds issued by Cable & Wireless International Finance B.V. due 2019. £53.3 million has been repurchased since inception leaving an outstanding guarantee of £146.7 million (\$218.8 million).

Under the Share Purchase Agreement for the sale of the CWC Group's Islands sub-group, the Company guaranteed obligations Sable Holding Limited may incur in respect of claims made under warranties included in the agreement. The potential obligation of Sable Holding Limited is \$300 million in respect of tax related claims (until April 2020) and all other indemnity claims (until April 2015).

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 in the year. Detail of these insurance claims and potential claims are not disclosed as such disclosure may be prejudicial to the outcome of such claims.

## Notes to the financial statements (continued)

In addition, the Company, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of disposals of subsidiary undertakings 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.

Whilst the Company has ceased participation in the Merchant Navy Officers Pension Fund (MNOF), it may be liable for contributions to fund a portion of any funding deficits which may occur in the future. At 31 March 2015, the Company has scheduled payments to the MNOF through September 2020 totalling £1.7 million, relating to the actuarial valuations made by the MNOF trustee as at 31 March 2006, 2009 and 2012. It is possible that the MNOF 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.

### 22 Ultimate parent entity

The Company's immediate parent and ultimate parent company is Cable & Wireless Communications Plc, incorporated in England.

The largest and smallest group in which the results of the Company are consolidated is that headed by Cable & Wireless Communications Plc, incorporated in England. The consolidated financial statements of the Group are available to the public and may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 2nd Floor, 62 - 65 Chandos Place, London, WC2N 4HG. No other group accounts include the results of the Company.

### 23 Post balance sheet events

On 31 July 2015 the Company, along with other Group companies, became a joint and several guarantor of Sable International Finance Limited in its capacity as issuer under a \$750 million unsecured notes issue. The bonds were arranged with a coupon of 6.875% and are due to be repaid in 2022.