Financial Statements of

Cable & Wireless St Kitts and Nevis Limited

31 December 2017

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Cable & Wireless St Kitts and Nevis Limited

Directors, Senior Management, Officers and Advisors

Directors	
Garfield Sinclair	Director
Christine Morris-Gillespie	Director
David Lake	Director
Alex Bremner	Director
Osbert Liburd	Director
Lyra Richards	Director

Senior Management and Officers	
David Lake	General Manager
Michael Davis	Finance Manager
Clyde Richardson	Network Operations Manager
Anthony Morton	Consumer Sales Manager
Rhodell Whittaker	Customer Experience Manager
Kevin Edwards	Marketing & Corporate
Karen Blackett	Communications Human Resources

Advisors	
KPMG	Auditors
FCIB	Principal Bankers
Kelsick, Wilkin & Ferdinand	Attorneys-at-Law

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
CABLE & WIRELESS ST. KITTS AND NEVIS LIMITED

Opinion

We have audited the financial statements of Cable & Wireless St. Kitts and Nevis Limited (the "Company"), which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of
CABLE & WIRELESS ST.KITTS AND NEVIS LIMITED, continued

Key Audit Matters, continued

Valuation of trade receivables, net $7.6 million

(See notes 2.6, 3.2 and 11 to the financial statements)

Valuation of trade receivables	**How the matter was addressed in our audit.**
The Company has significant trade receivables with business and residential customers across St. Kitts and Nevis. Given the ageing profile, changes in the external environment and the level of judgement required in determining the provision levels on these balances, this is considered a significant risk.	Our audit procedures included among others: • Testing of controls over the Company's collection procedures; • Testing the receipt of cash after the year end across all customer categories on a sample basis; • Critically assessing the Company's provision levels by considering the historical cash collection trends and the local economic environment; and • On all receivables, considering the adequacy of the Company's disclosures about its exposure to credit risk.

KPMG

INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of
CABLE & WIRELESS ST.KITTS AND NEVIS LIMITED, continued

Key Audit Matters, continued

Recognition of revenue, $81.1 million

(See notes 2.14, 3.3 and 4 to the financial statements)

Recognition of revenue	How the matter was addressed in our audit.
The Company's revenue is derived from Mobile, Broadband and TV, Fixed Voice, Data and Other products and services. A significant risk exists in respect of manual journal entries and adjustments to revenue, and a key audit area is the appropriate application of revenue recognition policies.	Our audit procedures over revenue included, among others: • Evaluating revenue recognition policies. • Performing a trend analysis to analyse trends in revenue, disaggregated by stream • Testing of journal entries and adjustments throughout the financial year, primarily focussed on unusual entries recorded. • Assessing the adequacy of the Company's disclosures in respect of the accounting policies on revenue recognition.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of
CABLE & WIRELESS ST.KITTS AND NEVIS LIMITED, continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of
CABLE & WIRELESS ST. KITTS AND NEVIS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Michael Edghill.

KPMG

Chartered Accountants
Antigua and Barbuda
November 8, 2018

Cable & Wireless St Kitts and Nevis Limited

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017

(With comparatives for the nine months ended 31 December 2016)

(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December, 2017	9 months ended 31 December, 2016
Revenue	4	81,067	59,687
Operating costs before depreciation and amortisation	5a	(41,941)	(35,816)
Depreciation	5a	(8,656)	(6,883)
Amortisation	5a	(102)	(104)
Operating profit before exceptional items		**30,368**	**16,884**
Operating exceptional items[1]	5b	(59)	1,967
Operating profit after exceptional items		**30,309**	**18,851**
Finance income	6	91	77
Finance expense	6	(128)	(26)
Profit before income tax		**30,272**	**18,902**
Income tax expense	7	(10,935)	(8,186)
Profit for the year being total comprehensive income for the year		**19,337**	**10,716**

[1] Further detail on exceptional items is set out in note 5b and in the relevant note for each item.

The notes on pages 11 to 33 are an integral part of these financial statements.

Cable & Wireless St Kitts and Nevis Limited

Statement of Financial Position
As at 31 December 2017

(With comparatives as at 31 December 2016)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	31 December, 2017	31 December, 2016
Assets			
Non-current assets			
Intangible assets	9	204	310
Property, plant and equipment	10	82,656	81,213
Other non-current assets		870	1,021
		83,730	**82,544**
Current assets			
Trade and other receivables	11	12,362	13,362
Inventories	12	903	351
Cash and cash equivalents	13	2,995	1,172
Due from related parties	21	41,233	27,437
		57,493	**42,322**
Total assets		**141,223**	**124,866**
Liabilities			
Current liabilities			
Trade and other payables	14	11,292	9,736
Due to related parties	21	6,388	8,914
Bank overdraft	13	87	134
Tax liability		3,685	1,810
Deferred income	15	507	267
Provisions	17	-	1
		21,959	**20,862**
Non-current liabilities			
Deferred tax liability	16	6,080	6,121
Deferred income	15	393	437
Accruals		-	27
Provisions	17	2,099	2,099
		8,572	**8,684**
Net assets		**110,692**	**95,320**
Equity			
Share capital	18	33,130	33,130
Share premium		3,009	3,009
Share Based Payment Reserve		102	-
Retained earnings		74,451	59,181
Total equity		**110,692**	**95,320**

The notes on pages 11 to 33 are an integral part of these financial statements. These financial statements on pages 7 to 10 were approved by the Board of Directors on 8 November 2018 and signed on its behalf by:

Director

Director

Cable & Wireless St Kitts and Nevis Limited

Statement of Changes in Equity
For the year ended 31 December 2017

(With comparatives for the nine months ended 31 December 2016)
(Expressed in thousands of Eastern Caribbean Dollars)

	Share capital	Share premium	Share Based payment Reserve	Retained earnings	Total equity
Balance at 1 April 2016	**33,130**	**3,009**	-	48,465	84,604
Total comprehensive income for the year	-	-	-	10,716	10,716
Dividend declared for year	-	-	-	-	-
Balance at 31 December 2016	**33,130**	**3,009**	-	59,181	95,320
Total comprehensive income for the year	-	-	102	19,337	19,439
Dividend declared for year	-	-		(4,067)	(4,067)
Balance at 31 December 2017	**33,130**	**3,009**	**102**	**74,451**	**110,692**

The notes on pages 11 to 33 are an integral part of these financial statements.

Cable & Wireless St Kitts and Nevis Limited

Statement of Cash Flows

For the year ended 31 December 2017

(With comparatives for the nine months ended 31 December 2016)

(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December, 2017	9 months ended 31 December, 2016
Profit before income tax for the year		**30,272**	**18,902**
Adjustments for:			
Depreciation	5a, 10	8,656	6,883
Amortisation	5a, 9	102	104
Equity-settled share-based payment transaction		102	-
Finance income	6	(91)	(77)
Finance expense	6	128	26
Operating cash flows before working capital changes		**39,169**	**25,838**
Changes in working capital			
(Increase)/decrease in inventories		(813)	183
Increase in trade and other receivables		(12,796)	(12,694)
Decrease in other non-current assets		151	160
Increase/(decrease) in deferred income		196	(534)
Decrease in provisions		(1)	(2,194)
(Decrease)/increase in non-current accruals		(27)	27
Decrease in trade and other payables		(970)	(3,536)
Cash generated from operations		**24,909**	**9,259**
Interest paid		(128)	(26)
Interest received		91	77
Income tax paid		(9,101)	(7,176)
Net cash from operating activities		**15,771**	**2,134**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(9,834)	(2,963)
Net cash used in investing activities		**(9,834)**	**(2,963)**
Cash flows from financing activities			
Dividends paid		(4,067)	-
Net cash used in financing activities		**(4,067)**	**-**
Net increase/(decrease) in cash and cash equivalents		1,870	(829)
Cash and cash equivalents, net of overdraft, at beginning of period		1,038	1,867
Net Cash at end of period	13	**2,908**	**1,038**
Supplementary disclosure of Non-Cash Transactions:			
Inventory transfer to equipment held for use (non-cash adjustment)		(261)	(86)

The notes on pages 11 to 33 are an integral part of these financial statements.

1 General information/Company and Regulatory Information
Cable and Wireless St. Kitts and Nevis Limited ("the Company") is registered under the laws of the Federation of St. Kitts and Nevis. The Company is a subsidiary of Cable and Wireless (West Indies) Limited which owns 77% (77% - December 2016) of the issued and outstanding shares. The Company's registered office is Basseterre, St. Kitts.

On January 31, 2008, the Company was listed in the Eastern Caribbean Securities Exchange.

On 19th March, 2010, the Cable & Wireless Group effected a group reorganization whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Agreement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless Plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Group at this date. On 22nd March 2010, the entire ordinary share capital of Cable and Wireless Plc was cancelled and shareholders were given one ordinary share and one B share of Cable & Wireless Communications Plc for every share of Cable and Wireless Plc held on that date. At this time, the Cable & Wireless Group was renamed the Cable & Wireless Communications Group. Cable & Wireless Communications group companies are referred to in these financial statements as "related companies".

Effective 16 May 2016, Cable & Wireless Communications Plc was delisted from the London Stock Exchange and renamed Cable & Wireless Communications Limited and Liberty Global plc became the ultimate parent company.

Cable & Wireless St Kitts & Nevis Limited supplies telecommunications services and facilities to the federation of St Kitts and Nevis. The Company's main business is the provision and operation of public telecommunication services in the Federation of St Kitts and Nevis under a 15-year agreement dated 07 April 2001, which replaced a 25 year franchise granted by Government that would have expired on 30 November 2015. The new 15-year agreement, which grants the Company new non-exclusive licenses, expired on October 2016. The Company is currently negotiating a new contract.

The Company has 62 employees as at 31 December 2017 (December 2016: 51).

During the nine months ended 31 December 2016, the Company's then ultimate parent Cable & Wireless Communications Limited ("CWC", formerly Cable & Wireless Communications Plc) was acquired by Liberty Global. Liberty Global became the ultimate parent. During 2016 the financial reporting period, for the Group and Company, was changed from 31 March to 31 December to coincide with the ultimate parent's reporting date.

Liberty Global split off its Latin American and Caribbean operations as Liberty Latin America Ltd ("Liberty Latin America") on 29 December 2017. Following the split off, Liberty Latin America, a publicly listed company incorporated in Bermuda, replaced Liberty Global as the ultimate parent undertaking (the "Ultimate Parent").

2 Summary of significant accounting policies

2.1 Basis of preparation
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as they apply to the financial statements of the Company for the period ended 31 December 2017, interpretations adopted by the International Accounting Standards Board (IASB).

These financial statements are presented in Eastern Caribbean dollars ($XCD) and rounded to the nearest thousands. They have been prepared on the historical cost basis.

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

The preparation of financial statements in accordance with IFRS 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 3.

The accounting policies have been applied consistently by the Company.

(Expressed in thousands of Eastern Caribbean Dollars)

2 Summary of significant accounting policies (continued)

2.2 Application of recently issued accounting standards and amendments to accounting standards

First-time Application of Accounting Standards

The application of the following accounting standards did not have a material impact on our financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IAS 7 (amendments)	Disclosure Initiative	January 1, 2017
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Annual improvements	Annual Improvements to IFRSs 2014–2016 Cycle – various standards	January 1, 2017

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are relevant to our company, there were no additional standards and interpretations issued by the International Accounting Standards Board (**IASB**) that are not yet effective for the current reporting period that we see as relevant for our company. We have not early adopted the accounting standards that are relevant for us.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	January 1, 2018 (a)
IFRS 9	Financial Instruments	January 1, 2018 (b)
IFRS 15	Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 15 (amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 16	Leases	January 1, 2019 (d)
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019 (e)

(a) In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payments* (IFRS 2), which includes new requirements for (i) the accounting of share-based payment transactions with a net settlement feature for withholding tax obligations, (ii) consideration of vesting conditions on the measurement of a cash-settled share based payment transaction and (iii) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from a cash-settled to equity-settled award. We adopted the amendments to IFRS 2 effective January 1, 2018. The adoption of the amendments to IFRS 2 did not have a material impact on our financial statements and related disclosures.

(b) In July 2014, the IASB issued IFRS 9, *Financial Instruments* (IFRS 9), which introduces an approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model in which they are managed, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities, especially with regard to managing non-financial risks. We will adopt IFRS 9 effective January 1, 2018. The adoption of IFRS 9 did not have a material impact on our financial statements and related disclosures.

2 Summary of significant accounting policies (Cont'd)

2.2 Application of recently issued accounting standards, amendments to accounting standards and pronouncements (Cont'd)
New Accounting Standards, Not Yet Effective (Cont'd)

(c) In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. IFRS 15 will replace existing revenue recognition guidance when it becomes effective for annual reporting periods beginning on or after January 1, 2018. This new standard permits the use of either the retrospective or cumulative effect transition method. We adopted IFRS 15 effective January 1, 2018 using the cumulative effect transition method. The following revenue recognition policies were impacted by the adoption of IFRS 15 (i) long-term capacity contracts, (ii) time-limited discounts and free service periods provided to our customers, (iii) certain upfront fees charged to our customers and (iv) subsidized handset plans. The impacts are discussed below:

- We enter into certain long-term capacity contracts with customers where the customer pays the transaction consideration at inception of the contract. Under current accounting standards, we do not impute interest for advance payments from customers related to services that are provided over time. Under IFRS 15, payment received from a customer significantly in advance of the provision of services is indicative of a financing component within the contract. If the financing component is significant, interest expense will accrete over the life of the contract with a corresponding increase to revenue.
- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting standards, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under IFRS 15, revenue recognition for those contracts that contain substantive termination penalties will be accelerated, as the impact of the discounts or free service periods will be recognized uniformly over the contractual period. For contracts that do not have substantive termination penalties, we will continue to record the impacts of partial or full discounts during the applicable promotional periods.
- When we enter into contracts to provide services to our customers, we often charge installation or other upfront fees. Under current accounting standards, installation fees related to services provided over our cable networks are recognized as revenue during the period in which the installation occurs to the extent these fees are equal to or less than direct selling costs. Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period for those contracts with substantial termination penalties, or for a period of time the upfront fees convey a material right for month-to-month contracts and contracts that do not include substantive termination penalties.
- IFRS 15 will require the identification of deliverables in contracts with customers that qualify as performance obligations. The transaction price receivable from customers will be allocated between our performance obligations under contracts on a relative standalone selling price basis. Under current accounting standards, when we offer handsets under a subsidized contract model, upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees associated with the handset, are contingent upon delivering future airtime. This limitation will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when we sell subsidized handsets together with airtime services to customers, revenue allocated to handsets and recognized when control of the device passes to the customer will increase and revenue recognized as services are delivered will decrease.

IFRS 15 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of other accounting standards that allows for capitalization. Under IFRS 15, the upfront costs associated with contracts that have substantive termination penalties and a term of one year or more will be recognized as assets and amortized to other operating expenses over the applicable period benefited.

The cumulative effect recorded upon the adoption of IFRS 15 on January 1, 2018 did not have a material impact on our financial position. The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts depends on numerous factors, including (i) the promotions and offers that were in place at December 31, 2017 and during subsequent periods after the adoption of IFRS 15 and (ii) our assessment of whether or not our contracts are enforceable or contain substantive termination penalties. Based upon our current product offerings, and our assessment that in many instances our contracts are not enforceable or do not contain substantive termination penalties, we do not expect the ongoing impact following the adoption of IFRS 15 to have a material impact to our statement of operations or statement of financial position.

2 Summary of significant accounting policies (Cont'd)

2.2 Application of recently issued accounting standards, amendments to accounting standards and pronouncements (Cont'd)
New Accounting Standards, Not Yet Effective (Cont'd)

(d) In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which supersedes IAS 17 Leases (IAS 17). IFRS 16 will result in lessees recognizing lease assets and lease liabilities in the statement of financial position, with lease assets to reflect the right-of-use and corresponding lease liabilities reflecting the present value of the lease payments. IFRS 16 will also result in additional disclosures about leasing arrangements and eliminate the classification of leases as either operating leases or finance leases for a lessee. IFRS 16 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. IFRS 16 also replaces the straight-line operating lease expense for those leases accounted for under IAS 17 with a depreciation charge for the lease asset and an interest expense on the lease liability. This change aligns the lease expense treatment for all leases. The new standard is effective for annual reporting periods beginning on or after January 1, 2019, while early adoption is permitted if IFRS 15 is applied. We will adopt IFRS 16 on January 1, 2019. Although we are currently evaluating the effect that IFRS 16 will have on our financial statements and related disclosures, we expect the main impact of the adoption of this standard will be the recognition of lease assets and lease liabilities in our statement of financial position for those leases previously accounted for as operating leases and the replacement of operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities, resulting in a front-loaded total lease expense versus the straight-line operating lease expense. We expect that the impact of the adoption of IFRS 16 will increase cash flows from operating activities and decrease cash flows from financing activities on the statement of cash flows, as all principal payments on lease liabilities will be presented within financing activities.

(e) The Company evaluated the impact of applying this accounting standard on our financial statements and does not believe the impact of the adoption of this standard will be material.

2.3 Foreign currencies

a) Functional currency

Amounts included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The Company's functional currency is the Eastern Caribbean dollar (XCD).

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.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment. Plant and equipment represents the Company'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 Company and the cost can be measured reliably. All other subsequent costs (primarily repairs and maintenance) are charged to profit or loss as incurred.

(Expressed in thousands of Eastern Caribbean Dollars)

2 Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

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:

	Estimated Useful Lives
Cables and transmission equipment	up to 20 years
Network equipment	3 to 25 years
Office equipment and computers	4 to 10 years
Plant and machinery	5 to 40 years
Computer equipment	4 years
Ducting	40 years
Freehold buildings	40 years
Leasehold buildings	up to 40 years or term of lease if less

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. Assets are reviewed for indicators of impairment on an ongoing basis (see note 2.7).

2.5 Intangible assets

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Company 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.

Intangible assets relating to customer contracts, customer relationships and licences obtained as part of the Company's business combinations are recorded initially at their fair values.

The Company's intangible assets do not have indefinite useful lives and are amortised on a straight line basis over their respective lives which are usually based on contractual terms. Intangible assets are stated at cost less amortisation.

	Estimated Useful Lives
Software	3 to 5 years
Licences and operating agreements	Up to 25 years or the licence term if less

2 Summary of significant accounting policies (continued)

2.6 Financial instruments

Financial assets

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

Financial assets and liabilities are offset and the net amount reported when the Company has the legally enforceable right to set off the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits. 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.

Loans and receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a third party with no intention of trading the receivable. Trade and other receivables are presented in current assets in the statement of financial position, except for those with maturities greater than one year after the reporting date.

Loans and receivables are recognised initially at fair value and subsequently at the amounts considered recoverable (amortised cost).

Financial liabilities

The Company classifies its financial liabilities into the following categories: trade and other payables; borrowings; and financial liabilities at fair value.

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 through profit and loss. Subsequent to initial recognition financial liabilities other than those at fair value are measured at amortized cost using the effective interest method.

Fair value measurement

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. Each level is based on the following:

- Level 1 – the inputs are unadjusted quoted process of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

2 Summary of significant accounting policies (continued)

2.7 Impairment of assets
Financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset not carried at fair value through profit or loss or a group of those financial assets is impaired.

An impairment allowance is established for trade receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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 (cash-generating units).

The Company determines any impairment by comparing the carrying values of each of the Company's assets (or the cash-generating unit to which it belongs) to their recoverable amounts, which is the higher of the asset's fair value less costs to sell and its value in use. Fair value represents market value in an active market. Value in use is determined by discounting future cash flows arising from the asset. Future cash flows are determined with reference to the Company's own projections using pre-tax discount rates.

Impairment reviews involve management making assumptions and estimates, which are highly judgemental and susceptible to change.

2.8 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.

2.9 Share capital
Incremental costs directly attributable to the issue of new shares or the repurchase of shares are recognised in equity.

2.10 Leases
All Company 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.

2.11 Employee benefits
Defined contribution pensions
A defined contribution plan is a pension plan under which the Company pays fixed contributions to a third party. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as operating costs as they are incurred through profit or loss.

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 Company recognises termination benefits within other provisions when it is demonstrably committed to the action leading to the employee's termination.

Bonus plans
The Company 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.

2 Summary of significant accounting policies (continued)

2.12 Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

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 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.

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 are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and interests in joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2.13 Provisions

Provisions are liabilities of uncertain timing or amount. They are recognised when the Company 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.

2.14 Revenue recognition

Company revenue, which excludes discounts, represents the amount received or receivable in respect of services and goods provided to customers. Revenue is recognised only when payment is probable.

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

Amounts payable by and to other telecommunications operators are recognised as the services are provided. Charges are negotiated separately and are subject to continual review. Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees.

Revenue from mobile, broadband, TV and fixed line products comprises amounts charged to customers in respect of monthly access charges, airtime and usage, messaging and other telecommunications services. This includes data services and information provision and revenue from the sale of equipment, including handsets.

Monthly access charges from mobile, broadband, TV and fixed line products are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid credit, is recorded in the period in which the customer uses the service. Unbilled revenue resulting from services provided to contract customers from the billing cycle date to the end of each period is accrued. Unearned monthly access charges relating to periods after each accounting period are deferred.

2 Summary of significant accounting policies (continued)

2.14 Revenue recognition (continued)
The Company earns revenue from the transmission of content and traffic on its network originated by third-party providers. Third-party dealers and partners are also used to facilitate the sale and provision of some services and equipment sold by the Company. We assess whether revenue should be recorded gross as principal or net as agent, based on the features of such arrangements including the following factors:

- Whether the Company holds itself out as an agent;
- Whether the Company has latitude for establishing the price, either directly or indirectly, for example by providing additional services;
- Provision of customer remedies;
- Whether the Company has the primary responsibility for providing the services to the customer or for fulfilling the order; and
- Assumption of credit risk.

Revenue from sales of telecommunications equipment is recognised upon delivery to the customer.

The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecoms equipment and ongoing service) is allocated to those components that are capable of operating independently, based on the estimated fair value of the components. 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.

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

Customer acquisition costs including dealer commissions and similar payments are expensed as incurred.

2.15 Exceptional items
Exceptional items are material items within comprehensive income that derive from individual events that do not fall within the ordinary activities of the Company that are identified as exceptional items by virtue of their size, nature or incidence.

2.16 Corresponding information
Certain corresponding information has been reclassified to conform with the financial statement presentation adopted in the current period.

3 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 Company. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company'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.

3.1 Impairment of property, plant and equipment
The Directors assess property, plant and equipment and intangible assets (excluding goodwill) for impairment whenever events or changes in circumstances indicate that the carrying value is less than its recoverable amount. Factors that are considered important and that could trigger an impairment review include the following:

- Obsolescence or physical damage;
- Significant changes in technology and regulatory environments;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the use of the assets or the strategy of the overall business;
- Significant negative industry or economic trends; and
- Significant decline in the market capitalisation relative to net book value for a sustained period.

In addition, the Directors test goodwill and other intangible assets with an indefinite life at least annually for impairment.

(Expressed in thousands of Eastern Caribbean Dollars)

3 Critical accounting estimates and judgements (continued)

3.1 Impairment of property, plant and equipment (continued)

The identification of impairment triggers is a key judgement. When an impairment review is required, the Group generally determines recoverable amounts based on value in use. The key estimates used in calculating value in use are the discount rate, revenue growth, operating cost margin and capital expenditure. Estimates are based on extrapolated approved three-year business plans.

3.2 Impairment of receivables

The impairment allowance for trade receivables reflects the Company's estimates of losses arising from the failure or inability of the Company's customers to make required payments. The allowance is based on the ageing of customer accounts, customer creditworthiness and the Company's historical write-off experience. Changes to the allowance may be required if the financial condition of the Company'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 Company's financial position and results.

3.3 Revenue recognition

Judgement is required in assessing the application of revenue recognition principles and the specific guidance in respect of Company 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 2.14.

3.4 Exceptional items

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

4 Revenue

Accounting policy detailed in note 2.14.

The Company is an integrated telecommunications service provider. It offers mobile, broadband, data, and domestic and international fixed line services to residential and business customers. Mobile includes prepaid and post-paid services and sale of handsets. Broadband includes Dial-up and ADSL internet services. Domestic voice includes local fixed line services and related rental and installation charges. International voice includes all international calls and related interconnect services. Enterprise, data and other includes leased circuit, MPLS, frame relay, CPE sales and directory services.

Revenue from external customers analysed by product/lines of business below:

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Mobile	43,683	30,785
Broadband	11,245	7,663
Fixed voice	15,522	12,014
Enterprise, data and other	10,617	9,225
Total	**81,067**	**59,687**

(Expressed in thousands of Eastern Caribbean Dollars)

5 Operating costs and other operating income and expenses

5a Operating costs

Detailed below are the key expense items charged in arriving at our operating profit. Outpayments amounts paid to other operators when our customers call customers connected to a different network. Operating costs are stated net of credits or charges arising from the release or establishment of accruals.

An analysis of the operating costs incurred by the Company is presented below, classified by the nature of the cost:

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Outpayments and direct costs	11,506	9,281
Employee and other staff expenses (see note 5c)	5,037	4,160
Other administrative expenses	14,373	14,435
Network costs	8,582	5,191
Property and utility costs	2,443	2,749
Operating costs before depreciation and amortisation	41,941	35,816
Depreciation of property, plant and equipment	8,656	6,883
Amortisation of intangible assets	102	104
Operating costs	50,699	42,803

5b 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. They are identified as exceptional items by virtue of their size, nature of incidence.

Accounting policy detailed in note 2.15.

During the period ended 31 December 2017, the Company recorded ($59) (December 2016 - $1,967) of exceptional (income)/charges pertaining to an approved restructuring programme. There were no exceptional items within operating costs before depreciation and amortisation.

5c Employee and other staff expenses

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Wages and salaries	3,043	2,615
Social security costs	351	274
Other benefits and allowances	1,670	1,263
Pension costs:		
– defined contribution plans	245	209
	5,309	4,361
Less: Staff costs capitalised	(272)	(201)
Total employee and other staff expenses	5,037	4,160

(Expressed in thousands of Eastern Caribbean Dollars)

5 Operating costs and other operating income and expenses

5c Employee and other staff expenses

Directors' and key management remuneration

Key management are represented by key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any external director of the Company.

Included within employee costs is key management remuneration as follows:

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Directors' emoluments	58	44
Other key management personnel – short-term employment benefits	1,456	1,016
Post-employment benefits	98	75
Termination benefits	9	-
Total Key management remuneration	**1,621**	**1,135**

6 Finance income and expense

Finance income is mainly comprised of interest received from external bank deposits. Financing costs mainly arise from interest due on external bank loans, related party loans and transactional foreign exchange losses.

The finance income and expense are set out below.

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Finance income		
Interest income	91	77
Total finance income	**91**	**77**
Finance expense		
Interest expense	128	26
Total finance expense	**128**	**26**

(Expressed in thousands of Eastern Caribbean Dollars)

7 Income tax expense

This section explains how our Company tax charge arises. The current and deferred tax charges or credits in the year together make up the total tax charge in the Statement of Profit and Loss. 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 2.12.

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Current tax charge		
Corporation tax at 33% (December 2016 – 33%)	10,818	7,410
Adjustments relating to prior year tax	393	(120)
Total current tax charge	**11,211**	**7,290**
Withholding tax	**-**	**(34)**
Tax contingencies	**(235)**	**-**
Deferred tax credit		
Origination and reversal of temporary differences	(249)	(337)
Adjustments relating to prior years	208	1,267
Total deferred tax credit	(41)	930
Total income tax charge	**10,935**	**8,186**

Reconciliation of actual tax expense

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Profit before income tax	**30,272**	**18,902**
Income tax charge at tax rate: 33% (December 2016 – 33%)	9,988	6,238
Effect of permanent differences	580	833
Disallowed expenses and other capital adjustments	(234)	3
Withholding tax	-	(34)
Adjustments relating to prior year tax	601	1,146
Total income tax charge	**10,935**	**8,186**
Income tax charge on exceptional items	**(19)**	**649**
Pre-exceptional income tax charge	**10,954**	**7,537**
Pre-exceptional effective tax rate on profit	**36.2%**	**39.9%**
Effective tax rate on profit	**36.1%**	**43.3%**

For analysis of the Company's deferred tax liability as at the reporting date, including factors affecting the future tax rates see note 16.

(Expressed in thousands of Eastern Caribbean Dollars)

8 Impairment review

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

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

Accounting policy detailed in note 2.7.

Property, plant and equipment
The company has identified hat an impairment charge of $Nil was considered necessary at 31 December 2017 (December 2016: $Nil).

Other fixed assets and intangibles
There were no events or changes in circumstances during the year to indicate that the carrying value of the other fixed assets and other intangible assets had been impaired.

9 Intangible assets

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

These assets include software and licenses and operating agreements. Within license 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 Company has paid.

The value of other intangible assets reduces over the number of years the Company 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 2.5.

	Intangibles
Cost	
At 1 April 2016	**3,291**
At 31 December 2016	**3,291**
Transfers to Projects under construction/WIP	(4)
At 31 December 2017	**3,287**
Amortisation and impairment	
At 1 April 2016	**2,877**
Charge for the year	104
At 31 December 2016	**2,981**
Charge for the year	102
At 31 December 2017	**3,083**
Net book value	
At 31 December 2017	**204**
At 31 December 2016	**310**

(Expressed in thousands of Eastern Caribbean Dollars)

10 Property, plant and equipment

The following section shows the physical assets used by the Company to generate revenues and profits. We make significant investments in network plant and equipment and infrastructure – 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 Company 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 2.4.

	Freehold land and buildings	Plant and Machinery	Motor Vehicles	Equipment Held for Use	Projects Under Construction	Total
Cost						
At 1 April 2016	**54,609**	**153,647**	**9,900**	**2,226**	**1,687**	**222,069**
Additions	-	-	-	-	2,766	2,766
Transfers from Projects under construction	20	2,110	172	-	(2,302)	-
Fixed asset cost accrual	-	197	-	-	-	197
Transfers from inventory	-	-	-	86	-	86
At 31 December 2016	**54,629**	**155,954**	**10,072**	**2,312**	**2,151**	**225,118**
Additions	-	-	-	-	9,834	9,834
Transfers from Projects under construction	196	9,816	77	-	(10,089)	-
Transfers from Intangibles	-	-	-	-	4	4
Transfers from inventory	-	-	-	261	-	261
At 31 December 2017	**54,825**	**165,770**	**10,149**	**2,573**	**1,900**	**235,217**
Depreciation						
At 1 April 2016	**36,518**	**90,991**	**9,513**	**-**	**-**	**137,022**
Charge for the year	1,097	5,676	110	-	-	6,883
At 31 December 2016	**37,615**	**96,667**	**9,623**	**-**	**-**	**143,905**
Charge for the year	1,395	7,101	160	-	-	8,656
At 31 December 2017	**39,010**	**103,768**	**9,783**	**-**	**-**	**152,561**
Net book value at 31 December 2017	**15,815**	**62,002**	**366**	**2,573**	**1,900**	**82,656**
Net book value at 31 December 2016	**17,014**	**59,287**	**449**	**2,312**	**2,151**	**81,213**

(Expressed in thousands of Eastern Caribbean Dollars)

11 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 allowance for bad or doubtful debts.

Accounting policy detailed in note 2.6.

	31 December, 2017	31 December, 2016
Gross trade receivables	8,691	8,187
Impairment allowance	(1,050)	(2,151)
Net trade receivables	**7,641**	**6,036**
Other receivables	2,497	5,204
Prepayments and accrued income	2,224	2,122
Trade and other receivables – current	**12,362**	**13,362**

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 Company 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 Company that indicate this would change in the future. During the periods presented there was a continued economic weakness in the market in which the Company operate. 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.

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

	31 December, 2017	31 December, 2016
Not yet due	4,236	3,650
Overdue 30 days or less	1,622	1,455
Overdue 31 to 60 days	721	357
Overdue 61 to 90 days	846	517
Overdue 91 days to 180 days	655	261
Overdue 181 days or more	5,332	9,273
	13,412	15,513

Based on historic default rates, the Company 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.

(Expressed in thousands of Eastern Caribbean Dollars)

11 Trade and other receivables (continued)

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

	31 December, 2017	31 December, 2016
At beginning of period	(2,151)	(1,849)
Bad debts written off - net	1,490	2
Increase in allowance	(389)	(304)
	(1,050)	(2,151)

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

12 Inventories

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

Accounting policy detailed in note 2.8.

Inventories of $903 (December 2016 – $351) are presented net, after recording an allowance of $853 (December 2016 – $734) made against slow moving or obsolete items. Amount of inventory written off through other administrative expenses during the year was $102 (December 2016: -$161).

In the period ended 31 December 2017, $261 was transferred from Inventory to Equipment Held for Use. The corresponding figures for the year ended 31 December 2016 have been updated to reclassify $86 from Inventory to Equipment Held for Use (note 10).

Inventories of the Company are not pledged as security or collateral against any of the Company's borrowings.

13 Cash and cash equivalents

The majority of the Company's cash is held in bank.

Accounting policy detailed in note 2.6.

	31 December, 2017	31 December, 2016
Cash at bank and in hand	2,995	1,172
Bank overdraft	(87)	(134)
Cash and cash equivalents, net of overdraft, represented in cashflow	**2,908**	**1,038**

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

(Expressed in thousands of Eastern Caribbean Dollars)

14 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. Taxes and social security amounts are due in relation to our role as an employer.

	31 December, 2017	31 December, 2016
Trade payables	773	485
Accruals	6,374	5,357
Other payables	4,145	3,894
Trade and other payables	**11,292**	**9,736**

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.

15 Deferred Income

The amount represents unused prepaid mobile sales transactions deferred up to the date of use.

16 Deferred tax

Accounting policy detailed in note 2.12.

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

	Capital allowances on non-current assets	Financial position offset	Total
Deferred tax asset	-	42	42
Deferred tax liability	(5,233)	-	(5,233)
At 1 April 2016	(5,233)	42	(5,191)
(Charge)/Credit to profit or loss	(931)	1	(930)
At 31 December 2016	**(6,164)**	**43**	**(6,121)**
Deferred tax asset	-	43	43
Deferred tax liability	(6,164)	-	(6,164)
At 1 January 2017	**(6,164)**	**43**	**(6,121)**
Credit to profit or loss	32	9	41
At 31 December 2017	**(6,132)**	**52**	**(6,080)**
Deferred tax asset	-	52	52
Deferred tax liability	(6,132)	-	(6,132)

(Expressed in thousands of Eastern Caribbean Dollars)

17 Provisions

Accounting policy detailed in note 2.13.

	Property	Redundancy costs	Asset retirement obligations	Legal and other	Total
At 1 April 2016	324	1	2,099	1,870	4,294
Additional provisions	-	-	-	-	-
Cash payments	(324)	-	-	(1,870)	(2,194)
Effect of discounting	-	-	-	-	-
At 31 December 2016	**-**	**1**	**2,099**	**-**	**2,100**
Provisions – current	**-**	**1**	**-**	**-**	**1**
Provisions – non-current	**-**	**-**	**2,099**	**-**	**2,099**
At 1 January 2017	**-**	**1**	**2,099**	**-**	**2,100**
Cash payments	-	(1)	-	-	(1)
At 31 December 2017	**-**	**-**	**2,099**	**-**	**2,099**
Provisions – current	**-**	**-**	**-**	**-**	**-**
Provisions – non-current	**-**	**-**	**2,099**	**-**	**2,099**

Property
As a result of outsourcing and other redundancies associated with the structural reorganisation, seating capacity adjustment was required to accommodate all current staff in a central location.

Redundancy
Provision has been made for the total employee related costs of redundancies announced within the LIME Caribbean restructuring programme. Amounts provided for and spent during the period presented primarily relate to transformation activities.

Asset retirement obligations
Provision has 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 Company together with amounts in respect of certain other staff costs, unbilled service charges and expatriate taxes. The timing of the utilisation of the provision is uncertain and is largely outside the Company's control, for example, where matters are contingent upon litigation. There were no legal and other provisions as at 31 December, 2017.

18 Equity

Share capital

	31 December, 2017	31 December, 2016
Authorised:		
50,000,000 Ordinary shares of $1		
Issued, called up and fully paid shares:		
33,130,418 Ordinary shares	**33,130**	**33,130**

The Company defines capital as share capital, share premium, and retained earnings. The management of capital is achieved through a combination of the requirements of the Company and Cable & Wireless Group strategy, which has remained unchanged from the prior year.

(Expressed in thousands of Eastern Caribbean Dollars)

18 Equity (continued)

Share capital
Included within the number of shares disclosed above are treasury shares. No treasury shares of the Company were cancelled during the periods presented.

19 Commitments and contingent liabilities

Commitments
A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the company 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 Company relating to the purchase of plant and equipment of $Nil (December 2016 – $542). No provision has been made for these commitments.

The Company leases land and buildings and networks under various operating lease agreements. The leases have varying terms, escalations, clauses and renewal rights. The aggregate future minimum lease payments under non-cancellable operating leases are as follows:

	31 December, 2017	31 December, 2016
No later than one year	1,671	237
Later than one year but not later than five years	1,236	218
Later than five years	714	169
Total minimum operating lease payments	**3,621**	**624**

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. As at the reporting date, the Company has no other significant contingent liabilities, except for the legal cases mentioned in note 20.

20 Legal proceedings

In the ordinary course of business, the Company 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. The Company does not expect the ultimate resolution of the actions to which it is a party to have a significant adverse impact on the financial position of the Company.

21 Related party transactions

The related parties identified by the Directors include 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 Company we disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

Transactions with key management personnel
Remuneration paid to key management personnel for services rendered during the year.

(Expressed in thousands of Eastern Caribbean Dollars)

21 Related party transactions (continued)

Key management remuneration is disclosed in note 5c.

Transactions with other related parties
(a) Related party profit or loss statement transactions

The Company, together with other Cable and Wireless group companies, owns and operates international cable and microwave systems. International telecommunications traffic to and from St. Kitts is transmitted and received via such systems and in respect of this traffic payments are made and revenues received.

Inter-group revenue for the year with regard to international telecommunications traffic was $2,492 (December 2016: $1,785). Other related party transactions for the year are:

	Year ended 31 December, 2017	9 months ended 31 December, 2016
Cost of sales	902	751
Head office support costs[1]	3,495	3,881
Net recharges into the company[2]	8,312	3,699
Interest income	(91)	(76)
	12,618	**8,255**

1 – Transactions include the provision of technical, financial and administrative support by the Company's head office.
2 – Recharges are the inter-business unit cost of services consumed by the Company when performing its business processes.

(b) Due from related companies

	31 December, 2017	31 December, 2016
Cable & Wireless (CWI Caribbean) Limited	24,370	8,045
Cable & Wireless Jamaica (Cayman) Finance	4,856	11,812
Cable & Wireless Anguilla Limited	4	33
Columbus Networks Limited.	291	291
Cable & Wireless (Barbados) Limited	6,816	5,756
The Bahamas Telecommunications Company Limited	4,262	1,472
Other	634	28
	41,233	**27,437**

The amounts due from Cable & Wireless (CWI Caribbean) Ltd ("CWIC") and Cable & Wireless Jamaica (Cayman) Finance ("CWJCF") represent revolving treasury service facility agreements entered into during prior periods. The agreement enables the Company to make short term deposits or obtain short term loans at competitive rates for cash management purposes. On the CWIC facility, interest is earned at minimum savings rate plus 500 basis points on the daily net balance for Eastern Caribbean dollar deposits and 1-month LIBOR + 300 basis points for US dollar deposits. On the CWJFC facility interest is earned at 3-month LIBOR on the daily net balance and interest is capitalized to the balance. There are no limits of the amount the Company can deposit with CWJCF. The Company is limited to US dollar equivalent $2 million in its deposits with CWIC.

(Expressed in thousands of Eastern Caribbean Dollars)

21 Related party transactions (continued)

Transactions with other related parties (continued)
(c) Due to related companies

	31 December, 2017	31 December, 2016
CWI Caribbean Limited	145	2,869
Cable & Wireless Dominica Limited	-	3
Cable & Wireless Jamaica Limited	2,256	1,187
Cable & Wireless (EWC) Limited	2,556	3,091
Cable & Wireless International HQ Limited	-	1,161
CWC WS Holdings Cayman Limited	600	-
Other	831	603
Total	**6,388**	**8,914**

These represent balances with other Cable & Wireless group companies, principally for telecommunications traffic and services provided under a Support Services Agreement.

Support Services Agreement
The Company entered into a Support Services Agreement effective 1 April 2009 with a related company to provide Management and Operational Support Services. These services include Finance Support delivered through a Finance Shared Service Centre located in Jamaica and Centres of Excellence that provide technical support on Tax, Treasury, Procurement and Supply Chain Management. The agreement also provides for Support for Sales and Marketing, Customer Operational Services, Technology and Property Services, Strategic and Business Advisory Services as well as Legal, Regulatory and Public Policy Services. Human Resources Support Services are provided through a Human Resource Shared Service Centre which is also located in Jamaica. All related party transactions were entered into in the ordinary course of business.

22 Financial risk management
This note details our treasury management and financial risk management objectives and policies. We discuss the exposure and sensitivity of the Company 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 Company's activities exposes it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company falls under the Cable & Wireless Communications Group's overall risk management programme which seek to minimise potential adverse effects on the Company's financial performance.

To the extent that the Company undertakes treasury transactions, these are governed by group policies and delegated authorities. Material positions are monitored by Group Treasury and the Jamaica Regional Treasury Centre. Where appropriate, transactions are reported to the Board. The Company is required to report details of their cash and debt positions to Group Treasury on a monthly basis.

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

Exchange rate risk
The Company is exposed to foreign currency risk on the majority of intercompany transactions and settlement of trade and other receivables and payables which are not denominated in Eastern Caribbean dollars. The risk is minimised as the majority of these transactions occur in US dollar which is fixed to the Eastern Caribbean dollar. The Company does not use foreign exchange contracts and other derivatives and financial instruments to minimise the exposure to these transactions.

22 Financial risk management (continued)

Interest rate risk
The Company is not significantly exposed to interest rate risk on its surplus cash as it is remitted to Group Treasury, and short term financing is also supplied by Group Treasury. However, the Company is exposed to movements in interest rates on its variable rate "Revolver" loans. Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate. The Company has no borrowings.

Financial liabilities on which no interest is paid comprise accounts payable, current portion of provisions and amounts owed to related companies in the normal course of business.

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 Company represents the maximum credit exposure of the Company. Management seeks to reduce this credit risk by ensuring the counterparties to all but a small proportion of the Company's financial instruments are the core relationship banks.

The Group Treasury's policy approved by the Board contains limits on exposure and prescribes the types of instrument used for investment of funds.

Liquidity risk
The Company manages operational liquidity supported by Group Treasury to manage liquidity in-order to meet its financial obligations of servicing and repaying external debt and strategic initiatives.

At 31 December 2017, the Company had cash and cash equivalents, net of overdraft, of $2,908. These amounts are highly liquid and are a significant component of the Company's overall liquidity and capital resources. 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 Company.

23 Events after the reporting period
When the Company receives information in the period between 31 December 2017 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 December 2017. If non-adjusting events after the year end are material, non-disclosure could influence the economic decisions that users make on the bases 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.

Accounts approval
These accounts were approved by the Board of Directors on November 8, 2018 and authorised for issue.