CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

ANNUAL REPORTS

2018•2019•2020

Cable&Wireless Communications | FLOW

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NOTICE OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE

Notice is hereby given that the Thirty-fourth Annual General Meeting of the Shareholders of Cable & Wireless St. Kitts & Nevis Limited ('the Company') will be held at the St. Kitts Marriott Resort , Frigate Bay on Thursday 2nd June 2022 at 5.00 p.m. Shareholders in Nevis are invited to view and participate in the meeting at the teleconferencing facility at Ramsbury.

AGENDA

1. To read the minutes of the Thirty-third Annual General Meeting.
2. To receive the Report of the Auditors and the Audited Financial Statements for the years ended 31st December 2018, 31st December 2019 and 31st December 2020.
3. To re-appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration.
4. To re-elect to the Board of Directors, in accordance with Articles 122(a) to (e) Mrs. Christine Morris Gillespie and Mr. David Lake who retire at the end of the Annual General Meeting, but being eligible, offer themselves for re-election.
5. To elect Ms. Susanna O'Sullivan to the Board of Directors, in accordance with Article 112 of the Articles of Association.
6. To amend the Articles of Association by a special resolution as follows:

BE IT RESOLVED THAT ARTICLE 177 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY BE DELETED AND REPLACED BY THE FOLLOWING ARTICLE:

177. The directors may lay, in such format (including electronically) as the directors determine, before the Company at each annual general meeting the statement of income and expenditure, the balance sheet, the report of the directors and the auditors' report. A copy of the said documents shall, at least 10 clear days before the meeting, be published on the Company's website. The Company shall provide a copy of the said documents to any member who requests same in writing.

BE IT RESOLVED THAT THE ARTICLES OF ASSOCIATION OF THE COMPANY BE AMENDED BY THE ADDITION OF THE FOLLOWING ARTICLES:

ELECTRONIC COMMUNICATION AND VIRTUAL MEETINGS

210. (1) A person is able to exercise the right to speak and hear at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting and to hear the information or opinions of all the other persons attending the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) Notwithstanding any other provision of the Articles of Association, the directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their

rights to speak and hear or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and hear and to vote at that meeting, they are (or would be) able to exercise them.

211. Notwithstanding any other provision of the Articles of Association a poll may be conducted by electronic means.

212. Notwithstanding any other provision of the Articles of Association, any notice required by statute or the Articles to be sent to any shareholder or debenture holder may be delivered personally or sent by pre-paid mail to the latest address of the shareholder or debenture holder or may be sent by electronic transmission to the latest number or address of the shareholder or debenture holder for electronic communications, as shown on the records of the Company or the Company's transfer agent.

213. Notwithstanding any other provision of the Articles of Association, any notice or other documents required by statute or the Articles to be sent to a director or alternate director of the Company (including but not limited to notices of meetings, minutes, reports, the Company's accounts and accounting records) may be made available to the director or alternate director by electronic means or may delivered personally or sent by pre-paid mail to the latest address of the director or alternate director or may be sent by electronic transmission to the latest number or address of the director or alternate Director for electronic communications, as shown on the records of the Company.

214. Notwithstanding any other provision of the Articles of Association, any notice or other documents required by statute or the Articles to be sent to the auditor of the Company (including but not limited to notices of meetings, the Company's accounts and accounting records) may be delivered personally at or sent by pre-paid mail to the business address of the auditor or may be sent by electronic transmission to the number or address for electronic communications provided by the auditor.

215. Notwithstanding any other provision of the Articles of Association, an instrument appointing a proxy to attend and vote at a general meeting may be sent by a shareholder to the Company by electronic transmission to the number or address of the Company provided in the notice convening the general meeting provided that the instrument reaches the Company not later than 48 hours prior to the date of the general meeting.

216. Notwithstanding any other provision of the Articles of Association, notice to the Company of the authority of a person claiming under the Articles of Association to exercise the right to vote at a general meeting of the Company may be sent to the Company by electronic transmission to the number or address of the Company provided in the notice convening the general meeting provided that the notice reaches the Company not later than 48 hours prior to the date of the general meeting.

Dated 28th February day of 2022
BY ORDER OF THE BOARD OF DIRECTORS

AWilliams

Valerie A. Williams
Assistant Company Secretary

Note: Due to the current Government Covid-19 protocols, only 200 persons will be allowed in the meeting room. Those shareholders wishing to attend must call 465-8096 between 9.00 a.m. and 3.00 p.m. Monday to Friday and up to 3.00 p.m. the day before the 34th Annual General Meeting

LEADERSHIP REPORT

FINANCIAL PERFORMANCE

The performance of Cable and Wireless St. Kitts and Nevis Ltd for the periods 1st January to 31st December 2018, 1st January to 31st December 2019, and 1st January to 31st December 2020 was strong.

As compared to revenues of EC$81.1m in 2017, we delivered EC$81.0m in 2018, EC$77.3m in 2019, and EC$69.5m in 2020, which reflects the adverse impact of the COVID-19 pandemic in 2020.

The primary top line contributor was Mobile accounting for 49% of total revenue over the three reporting periods, followed by Enterprise at 14%, Broadband and TV 19%, and Fixed Voice 17%. Profit after tax in 2018 was EC$17.6m, a 9% decline on prior year on account of increased network cost, driven mainly by hurricane impact. Profit after tax declined further to EC$9.3m in 2019, and EC$6.5m in a pandemic impacted 2020. Notwithstanding the economic headwinds generated by the pandemic, this solid performance is indicative of the industry and innovation driven by the leadership of the Board of Directors, Management, and Staff of Cable and Wireless St. Kitts and Nevis Limited.

Total capital investment for the financial year 2018 was EC$5.5m. Most of this was invested in improving the resilience and robustness of our network infrastructure. A sizable proportion of our Capex expenditure was dedicated to the upgrade of aging power plant and mobile network assets, including cell towers. Capital investment in 2019 was EC$10.9m or twice that of the prior year. Nearly half of that expenditure was on Mobile LTE upgrade, with back-up power upgrades and fleet replacement being the other significant items. In 2020, capital investment dropped to EC$4.1m, as travel restrictions and global logistics constraints adversely impacted capital projects. Continuous investment in plant and equipment remains a key strategic focus of our business, as we seek to deliver best in class services to customers. Such investments position us to take full advantage of growth opportunities and increase shareholder value.

COVID-19 SUPPORT INITIATIVES

As we all grappled with the new realities of a COVID-19 environment, Cable and Wireless implemented several initiatives over the past two years designed to support stakeholders, assist in rebuilding local economies, and ultimately assisting our customers. Here are some key highlights:

- We assisted the Ministry of Health in bolstering their communications capability in the fight against COVID-19 by donating several smart devices. These mobile phones were used to accelerate contact tracing.
- Cable and Wireless partnered with the Ministry of Education to facilitate the procurement of access devices for the Ministry to enable virtual learning; underscoring our commitment to the educational development of all students in the Federation.
- We established the toll free 311 Hotline used by the Covid-19 Taskforce both in St. Kitts and in Nevis to gather COVID related information and provide support to COVID patients over the phone.
- Cable and Wireless zero-rated the scanning app used by the Royal St. Christopher & Nevis Police Force, to assist with contact tracing.
- We donated personal protective equipment including 3,000 latex gloves, 2,700 shoe covers, and 50 face shields to the Ministry of Health to be used by frontline workers.

FLOW NETWORK UPGRADE

The buildout of the fiber to the home (FTTH) project has begun, signaling our ongoing commitment to invest in our network, which will give us the capability to offer fiber connectivity directly to homes in St. Kitts and Nevis. Our aim is to have every home in the Federation connected by the latest fiber technology.

This new technology upgrade will deliver a superior experience to our broadband customers. It will also ensure a more reliable and stable network connectivity and affords Cable and Wireless the capability to offer internet speeds in the 100s of Mbps to our customers.

As part of Cable and Wireless' goal to provide state of the art quality telecom services to our business customers, we will be migrating all PBX connections to a new soft switch. This will give business voice customers a superior experience.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We continue to deliver on our brand promise to be actively involved in and to support the communities where we live and work. This was demonstrated throughout the reporting periods by our execution of a comprehensive corporate social responsibility programme. We continue to actively support the Federation through initiatives in education, sport, and developmental initiatives targeting our youth. This is combined with our continued contribution to national cultural events and worthwhile charities, further reinforcing our commitment to enabling progress and building more resilient communities.

A special note of thanks must go to our talented team of supportive managers, staff, and independent contractors, for their dedication and hard work through these unprecedented times. The visionary guidance from our Board of Directors and patronage of our loyal shareholders and customers enabled us to exemplify the saying that, "Teamwork makes the dream work!" Through good times and tough times, we remain committed to our Core Values – serving Customers with passion, striving to be the Best, working together as one Team, and treating each other with Respect and Trust.

We do it best and we do it with spirit!

David Lake
Country Manager

Christine Morris-Gillespie
Chairman

REPORT OF THE DIRECTORS

The Directors of Cable & Wireless St Kitts & Nevis Limited are pleased to present their report to the 34th Annual General Meeting of Shareholders, together with the Audited Financial Statements of the Company for the financial periods ended 31st December 2018, 31st December 2019 and 31st December 2020.

FINANCIAL RESULTS

The following results were recorded for the periods under review:

Accounting period	Profit after tax (expressed in thousands of EC dollars)
31st December 2018	$ 17,560
31st December 2019	$ 9,257
31st December 2020	$ 6,512

DIRECTORS' SHAREHOLDINGS

At 31st December 2020, the following Directors were shareholders of the Company:

Name of Director	Shareholding
Mr. David Lake	5,000
Dr. Osbert Liburd	1,680
Ms. Lyra Richards	11,663

DIRECTORS

The Directors on the Board at 31st December 2020 were: Mrs. Christine Morris Gillespie, Dr. Osbert Liburd, Ms. Lyra Richards, Mr. David Lake, Mr. Alex Bremner and Mr. Garfield Sinclair.

Ms. Susanna O'Sullivan was appointed to the Board in November 2021 to fill the vacancy created by the resignation of Mr. Garfield Sinclair and offers herself for election to the Board by the shareholders.

Mrs. Christine Morris Gillespie and Mr. David Lake retire at the end of the 34th Annual General Meeting and being eligible, offer themselves for re-election.

DIVIDENDS

The Board declared a dividend of $ 0.20 per share for the period ended 31st December 2020. This transaction will be recorded for the financial period ended 31st December 2021 and will be reflected in the financial statements for the period.

AUDITORS

The retiring Auditors KPMG Barbados and the Eastern Caribbean offer themselves for re-election.

APPRECIATION

The Directors wish to express their sincere thanks and gratitude to all who have contributed to the continuing success of the company particularly during the ongoing Covid-19 pandemic.

BY ORDER OF THE BOARD OF DIRECTORS

David Lake
Director

Dr. Osbert Liburd
Director

Dated: 18th February 2022
Cayon Street, Basseterre, St Kitts, West Indies

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARTION OF FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the company and to enable them to ensure that the financial statements comply with Generally Accepted Accounting Standards as required by s. 104(2) of the St Kitts and Nevis Companies Act 1996 which states the following:

"The accounts shall be prepared in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the company for the period and of the state of the company's affairs at the end of the period and comply with any other requirements of this Act."

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.

CABLE & WIRELESS
ST. KITTS & NEVIS LIMITED

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AUDITOR'S REPORT

KPMG
2nd Floor, ABI Financial Centre
156 Redcliffe Street
P.O Box W388
St. John's
Antigua
Telephone: 1 (268) 562-9172
Email: ecinfo@kpmg.ag

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
CABLE & WIRELESS ST. KITTS & 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, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for 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 & NEVIS LIMITED

Key Audit Matters, continued

Valuation of trade receivables, net $8 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 reviewing and testing the key parameters of the expected credit loss ("ECL) model used by management in establishing the provision; and • On all receivables, considering the adequacy of the Company's disclosures about its exposure to credit risk.

Recognition of revenue, $81 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 fraud 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. Identified the implementation of IFRS 15 *Revenue from Contracts with Customers* as an area of significant risk given the complexity of this new Standard.	Our audit procedures over revenue included, among others: • Evaluating revenue recognition policies and the implementation of IFRS 15 including management's assessment of the enforceability of contracts with customers; • Vouching of revenue recognised to supporting documentation and cash receipts; • Testing of journal entries and adjustments throughout the financial year, primarily focussed on unusual entries recorded; and • Assessing the adequacy of the Company's disclosures in respect of the accounting policies on revenue recognition.

KPMG

INDEPENDENT AUDITORS' REPORT, Continued

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

Key Audit Matters, continued

Valuation of property, plant and equipment, $79 million

(See notes 2.4, 3.1 and 10 to the financial statements)

Valuation of property, plant and equipment	How the matter was addressed in our audit.
The Company performs analysis of impairment of property, plant and equipment and intangible assets balances if a triggering event exists. Due to the size of property and equipment balances held by the Company combined with ongoing technological change and changing competitive and regulatory landscapes a significant risk exists In respect of the valuation of property, plant and equipment.	Our audit procedures over property, plant and equipment valuation included, among others: • Assessing whether any impairment triggering events have occurred during the period based on local risk assessment procedures performed and our understanding of the entity. • Evaluating whether there were any financial or non-financial indicators of a potential impairment triggering event (e.g., negative or significantly declining operating cash flow or free cash flow, negative or significantly declining operating income, significant adverse budget-to-actual variances for key performance indicators), including reviewing property, plant and equipment and aged Work in Progress on a sample basis.

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. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITORS' REPORT, Continued

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

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 throughout 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.

INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of
CABLE & WIRELESS ST. KITTS & 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
August 9, 2019

FINANCIAL STATEMENTS

Cable & Wireless St. Kitts & Nevis Limited

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

(With comparatives for the year ended 31 December 2017)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December, 2018	Year ended 31 December, 2017
Revenue	4	80,957	81,067
Operating costs before depreciation and amortisation	5a	(45,900)	(41,941)
Depreciation	5a	(9,140)	(8,656)
Amortisation	5a	(67)	(102)
Impairment	5a	(181)	-
Operating profit before exceptional items		**25,669**	**30,368**
Operating exceptional items[1]	5b	220	(59)
Operating profit after exceptional items		**25,889**	**30,309**
Finance income	6	510	91
Finance expense	6	(303)	(128)
Profit before income tax		**26,096**	**30,272**
Income tax expense	7	(8,536)	(10,935)
Profit for the year being total comprehensive income for the year		**17,560**	**19,337**

[1] Further detail on exceptional items is set out in note 5b and in the relevant note for each item. Includes the benefit of insurance recoveries related to losses and business interruption incurred as a result of Hurricane Irma.

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

Cable & Wireless St. Kitts & Nevis Limited

Statement of Financial Position
As at 31 December 2018

(With comparatives as at 31 December 2017)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year Ended 31 December, 2018	Year ended 31 December 2017
Assets			
Non-current assets			
Intangible assets	9	137	204
Property, plant and equipment	10	79,014	82,656
Other non-current assets		665	870
		79,816	83,730
Current assets			
Trade and other receivables	11	13,807	12,362
Inventories	12	486	903
Cash and cash equivalents	13	3,699	2,995
Due from related parties	21b	68,222	41,233
		86,214	57,493
Total assets		165,030	141,223
Liabilities			
Current liabilities			
Trade and other payables	14	15,600	11,292
Due to related parties	21c	12,641	6,388
Bank overdraft	13	97	87
Tax liability		182	3,685
Contract Liability		455	507
Provisions	17	717	
		29,692	21,959
Non-current liabilities			
Deferred tax liability	16	5,582	6,080
Contract Liability		405	393
Provisions	17	2,099	2,099
		8,086	8,572
Net assets		128,252	110,692
Equity			
Share capital	18	33,130	33,130
Share Premium		3,009	3,009
Share Based Payment Reserve		102	102
Retained earnings		92,011	74,451
Total equity		128,252	110,692

The notes on pages 11 to 33 are an intergal part of these financial statements. These financial statements on pages 7 to10 were approved by the Board of Directors on August, 9, 2019 and signed on its behalf by:

Director Director

Cable & Wireless St. Kitts & Nevis Limited

Statement of Changes in Equity
For the year ended 31 December 2018

(With comparatives for the year ended 31 December 2017)
(Expressed in thousands of Eastern Caribbean Dollars)

	Share capital	Share premium	Share Based payment Reserve	Retained earnings	Total equity
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**
Total comprehensive income for the year	-	-	-	17,560	17,560
Dividend declared for year	-	-	-	-	-
Balance at 31 December 2018	**33,130**	**3,009**	**102**	**92,011**	**128,252**

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

Cable & Wireless St. Kitts & Nevis Limited
Statement of Cash Flows
For the year ended 31 December 2018

(With comparatives for the year ended 31 December 2017)

(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December, 2018	Year ended 31 December, 2017
Profit before income tax for the year		**26,096**	**30,272**
Adjustments for:			
Depreciation	5a, 10	9,140	8,656
Amortisation	5a, 9	67	102
Impairment	5a, 10	181	-
Equity-settled share-based payment transaction		-	102
Finance income	6	(510)	(91)
Finance expense	6	303	128
Operating cash flows before working capital changes		**35,277**	**39,169**
Changes in working capital			
Decrease/(increase) in inventories		258	(813)
(Increase)/decrease in trade and other receivables		(1,445)	1,000
Increase in amounts due from related parties		(26,989)	(13,796)
Decrease in other non-current assets		205	151
Increase/(decrease) in amounts due to related parties		6,253	(2,526)
(Decrease)/increase in deferred income		(40)	196
Increase/(decrease) in provisions		717	(1)
Decrease in non-current accruals		-	(27)
Increase in trade and other payables		4,308	1,556
Cash generated from operations		**18,544**	**24,909**
Interest paid		(303)	(128)
Interest received		510	91
Income tax paid		(12,537)	(9,101)
Net cash from operating activities		**6,214**	**15,771**
Cash flows from investing activities			
Purchase of property, plant and equipment	**10**	**(5,520)**	(9,834)
Net cash used in investing activities		**(5,520)**	**(9,834)**
Cash flows from financing activities			
Dividends paid		-	(4,067)
Net cash used in financing activities		**-**	(4,067)
Net increase in cash and cash equivalents		**694**	1,870
Cash and cash equivalents, net of overdraft, at beginning of year		**2,908**	1,038
Net Cash at end of year	**13**	**3,602**	**2,908**
Supplementary disclosure of Non-Cash Transactions:			
Inventory transfer to equipment held for use (non-cash adjustment)	**12**	**(159)**	**(261)**

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

NOTES TO THE FINANCIAL STATEMENTS

Cable & Wireless St. Kitts & Nevis Limited
Notes to the financial statements
For the year ended 31 December 2018

(With comparatives for the year ended 31 December 2017)
(Expressed in thousands of Eastern Caribbean Dollars)

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 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".

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

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 56 employees as at 31 December 2018 (December 2017: 62).

The ultimate parent during 2017 up to 29 December 2017 was Liberty Global Plc ("Liberty Global"), a publicly listed company incorporated in the United Kingdom. 29 December 2017 was the effective date that Liberty Global split off its Latin American and Caribbean operations as Liberty Latin America Ltd. ("Liberty Latin America"). Following the split off, Liberty Latin America, a publicly listed company incorporated in Bermuda, replaced Liberty Global Plc 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 year ended 31 December 2018, 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

Effective 1 January 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18. There has been no adjustment to the opening retained earnings resulting from the adoption of the new standard as the impact of the Company's contracts upon review did not result in a material and significant change from the previous standard.

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
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018

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 16	Leases	January 1, 2019 (a)
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019 (b)

(a) 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 by using the modified retrospective approach. The main impacts of the adoption of this standard will be the recognition of right-of-use assets and lease liabilities in our statements of financial position for 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.

2 Summary of significant accounting policies (continued)

2.2 Application of recently issued accounting standards and amendments to accounting standards (continued)

New Accounting Standards, Not Yet Effective (continued)

We intend to apply the following practical expedients and options:

- In transition, we will not reassess which existing contracts are or contain leases. In addition, we will not use hindsight during transition;
- In transition, we will measure the right-of-use asset at an amount equal to the lease liability, as adjusted for any prepaid or accrued lease payments;
- The Company will not apply the practical expedient that permits a lessee to account for lease and non-lease components in a contract as a single lease component and, accordingly, we will continue to account for these components separately;
- The Company will recognize right-of-use assets and lease liabilities for leases of low-value assets;
- The Company will not recognize right-of-use assets and lease liabilities for leases with terms of 12 months or less; and
- The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company is still in the process of evaluating the effect that IFRS 16 will have on the financial statements.

(b) 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: financial assets at fair value through profit or loss; financial assets at fair value through other comprehensive income and financial assets at amortized cost. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Prior to the adoption of the financial asset classification under IFRS 9, the company reported the noted financial assets; trade & other receivables, due from related party loans and cash & cash equivalents; as loans and receivables being the IAS 39 original classification. These financial assets have now been reclassified to amortized costs following the adoption of IFRS 9 for financial periods beginning on or after 1 January 2018. There has been no impact on the measurement of these financial assets resulting from the change of classification under IAS 39 to the new classification under IFRS 9.

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 comprises cash in hand and at bank and short-term deposits, and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which 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.

Trade and other 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.

These financial assets are recognised initially at fair value and subsequently at the amounts considered recoverable (amortised cost).

Financial liabilities
The Company classifies its financial liabilities as other financial liabilities. The classification is consistent with IFRS 9.

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 or loss. Subsequent to initial recognition financial liabilities other than those at fair value are measured at amortised costs using the effective interest method.

Interconnection receivables and liabilities
Interconnection agreements with major carriers result in both receivable and payable balances with the same counterparty. Industry practise 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.

Fair Value
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 – inputs are unadjusted quoted prices 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.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the credit losses that result from all possible default events over the expected life of the financial asset.

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

In general, most of the Company's fixed and mobile residential contracts are not enforceable or do not contain substantive early termination penalties. Accordingly, revenue relating to these customers is recognized on a basis consistent with customers that are not subject to contracts.

Revenues are presented net of discounts in the statement of profit and loss and other comprehensive income.

Subscription Services – Fixed Networks: - The Company recognize revenue from TV, broadband and fixed voice over our fixed networks to customers in the period the related subscription services are provided. Installation or other upfront fees related to services provided over our fixed networks are generally deferred and recognized as subscription revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

The Company may also sell TV, broadband and fixed voice to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Arrangement consideration from bundled packages generally is allocated proportionally to the individual service based on the relative standalone price for each respective product or service.

Mobile: - In general the consideration from mobile contracts is allocated to airtime services and handset sales based on the relative standalone prices of each performance obligation.

The mobile airtime service revenue is recognized in the period the related services are provided. Payments received from prepay customers are recorded as deferred revenue prior to the commencement of services and are recognized as revenue as the services are rendered or usage rights expire.

Mobile handset sales are recognized as revenue when the goods have been transferred to the customer.

B2B Revenue – Installation Revenue: - The Company defers upfront installation and certain nonrecurring fees received on enterprise business contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance. The Company records this revenue stream under Enterprise, data and other.

2 Summary of significant accounting policies (continued)

2.14 Revenue recognition (continued)
Sub-sea Network Revenue – Long-term Capacity Contracts: - The Company may enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. The Company assesses whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and recognised on a straight-line basis over the life of the contract. The Company records this revenue under Enterprise, data and other.

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.

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.

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 allowances for trade and other receivables were established until 31 December 2017 based on estimates of incurred losses arising from the failure or inability of the Company's customers to make payments. This allowance was based on the ageing of customer accounts, customer creditworthiness and the Company's historical write-off experiences. Effective 1 January 2018, such allowances are determined upon origination of the trade accounts receivable based on a model that calculates the lifetime expected credit loss ("ECL") of the trade receivable.

Under this ECL model, the Company's segments its accounts receivable in a matrix by days past due and determined for each age bucket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. ECLs are a probability-weighted estimate of credit losses.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 360 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

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 performance obligations, 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.

(Expressed in thousands of Eastern Caribbean Dollars)

3 Critical accounting estimates and judgements (continued)

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.

3.5 Tax

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

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

4 Revenue

Accounting policy detailed in note 2.14.

The Company is an integrated telecommunications service provider. It offers mobile, broadband, data, TV and domestic and international fixed line services to residential and business customers. Mobile services include prepaid and post-paid services and sale of handsets including LIME 3G/4G. 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 Dec 2018	Year ended 31 Dec 2017
Mobile	41,881	43,683
Broadband and TV	13,049	11,245
Fixed voice	14,733	15,522
Enterprise, data and other	11,294	10,617
Revenue	**80,957**	**81,067**
Timing of revenue recognition		
Products/services transferred at a point of time	**2,063**	**2,117**
Products/services transferred over time	**78,894**	**78,950**
Total	**80,957**	**81,067**

The Company recognises mobile equipment revenue at a point in time and all other revenue streams as disclosed above are recognised over time when the performance obligations are satisfied. There has been no significant change from revenue recognition under IAS 18.

(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 parties 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, 2018	Year ended 31 December, 2017
Outpayments and direct costs	**10,525**	11,506
Employee and other staff expenses (see note 5c)	**5,280**	5,037
Other administrative expenses	**15,608**	14,373
Network costs	**11,996**	8,582
Property and utility costs	**2,491**	2,443
Operating costs before depreciation, amortisation and impairment	**45,900**	**41,941**
Depreciation of property, plant and equipment	**9,140**	8,656
Amortisation of intangible assets	**67**	102
Impairment	**181**	-
Operating costs	**55,288**	**50,699**

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.

	Year ended 31 December, 2018	Year ended 31 December, 2017
Insurance recoveries (see note 23)	937	-
Employee approved restructuring expense	(717)	(59)
Operating exceptional items	**220**	**(59)**

There were no exceptional items within operating costs before depreciation and amortisation.

(Expressed in thousands of Eastern Caribbean Dollars)

5 Operating costs and other operating income and expenses (continued)

5c Employee and other staff expenses

	Year ended 31 December, 2018	Year ended 31 December, 2017
Wages and salaries	**3,929**	3,043
Social security costs	**361**	351
Other benefits and allowances	**962**	1,670
Pension costs:		
– defined contribution plans	**258**	245
	5,510	**5,309**
Less: Staff costs capitalised	**(230)**	(272)
Total employee and other staff expenses	**5,280**	**5,037**

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, 2018	Year ended 31 December, 2017
Directors' emoluments	58	58
Other key management personnel – short-term employment benefits	1,241	1,456
Post-employment benefits	75	98
Termination benefits	-	9
Total Key management remuneration	**1,374**	**1,621**

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, 2018	Year ended 31 December, 2017
Finance income		
Interest income	**510**	91
Total finance income	**510**	**91**
Finance expense		
Interest expense	303	128
Total finance expense	**303**	**128**

(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 & loss and comprehensive income. 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, 2018	Year ended 31 December, 2017
Current tax charge		
Corporation tax at 33% (December 2017 – 33%)	9,087	10,818
Adjustments relating to prior year tax	15	393
Total current tax charge	**9,102**	**11,211**
Withholding tax	**46**	**-**
Tax contingencies	**-**	**(235)**
Deferred tax credit		
Origination and reversal of temporary differences	44	(249)
Adjustments relating to prior years	(656)	208
Total deferred tax credit	(612)	(41)
Total income tax charge	**8,536**	**10,935**

Reconciliation of actual tax expense

	Year ended 31 December, 2018	Year ended 31 December, 2017
Profit before income tax	**26,096**	**30,272**
Income tax charge at tax rate: 33% (December 2017 – 33%)	8,612	9,988
Effect of permanent differences	519	580
Disallowed expenses and other capital adjustments	-	(234)
Withholding tax	46	-
Adjustments relating to prior year tax	(641)	601
Total income tax charge	**8,536**	**10,935**
Income tax charge on exceptional items	**(23)**	**(19)**
Pre-exceptional income tax charge	**8,559**	**10,954**
Pre-exceptional effective tax rate on profit	**32.8%**	**36.2%**
Effective tax rate on profit	**32.7%**	**36.1%**

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
An impairment charge of $181 was considered necessary at 31 December 2018 (December 2017: $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 31 December 2016	**3,291**
Transfers from Projects under construction/WIP	**(4)**
At 31 December 2017	**3,287**
Transfers from Projects under construction/WIP	-
At 31 December 2018	**3,287**
Amortisation and impairment	
At 31 December 2016	**2,981**
Charge for the year	102
At 31 December 2017	**3,083**
Charge for the year	67
At 31 December 2018	**3,150**
Net book value	
At 31 December 2018	**137**
At 31 December 2017	**204**

(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 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)	-
Fixed asset cost accrual	-	-	-	-	4	4
Transfers from inventory	-	-	-	261	-	261
At 31 December 2017	**54,825**	**165,770**	**10,149**	**2,573**	**1,900**	**235,217**
Additions	-	-	-	-	5,520	5,520
Transfers from Projects under construction	746	4,861	488	-	(6,095)	-
Transfers from inventory	-	-	-	159	-	159
At 31 December 2018	**55,571**	**170,631**	**10,637**	**2,732**	**1,325**	**240,896**
Depreciation						
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**
Charge for the year	1,385	7,525	230	-	-	9,140
Impairment	-	-	-	181	-	181
At 31 December 2018	**40,395**	**111,293**	**10,013**	**181**		**161,882**
Net book value at 31 December 2018	**15,176**	**59,338**	**624**	**2,551**	**1,325**	**79,014**
Net book value at 31 December 2017	**15,815**	**62,002**	**366**	**2,573**	**1,900**	**82,656**

(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, 2018	31 December, 2017
Gross trade receivables	8,648	8,691
Impairment allowance	(679)	(1,050)
Net trade receivables	**7,969**	**7,641**
Other receivables	2,959	2,497
Prepayments and accrued income	2,879	2,224
Trade and other receivables – current	**13,807**	**12,362**

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, 2018	31 December, 2017
Not yet due	**4**	**4,236**
Overdue 30 days or less	**5,009**	**1,622**
Overdue 31 to 60 days	**1,442**	**721**
Overdue 61 to 90 days	**740**	**846**
Overdue 91 days or more	**1,453**	**1,266**
	8,648	**8,691**

The impairment allowance for trade and other receivables were established until December 31, 2017 based on estimates of incurred losses arising from failure or inability of the Company's customers to make payments. This allowance was based on the ageing of customer accounts, customer creditworthiness and the Company's historical write-off experiences. Effective 1 January 2018, such allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods.

(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, 2018	31 December, 2017
At beginning of period	**(1,050)**	**(2,151)**
Bad debts written off - net	333	1,490
Increase in allowance	38	(389)
	(679)	**(1,050)**

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 $486 are presented net, after recording an allowance of $97 made against slow moving or obsolete items. Amount of inventory written off through other administrative expenses during the year was $126.

In the period ended 31 December 2018, $159 was transferred from Inventory to Equipment Held for Use. The corresponding figures for the year ended 31 December 2017 have been updated to reclassify $261 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, 2018	31 December, 2017
Cash at bank and in hand	3,699	2,995
Bank overdraft	(97)	(87)
Cash and cash equivalents, net of overdraft, represented in cashflow	**3,602**	**2,908**

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, 2018	31 December, 2017
Trade payables	**1,820**	773
Accruals	**7,441**	6,374
Other payables	**6,339**	4,145
Trade and other payables	**15,600**	**11,292**

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 Contract Assets

The following table provides information about contract assets from contracts with customers.

	31 December, 2018	31 December, 2017
Accrued income	2,310	1,579

The contract assets primarily relate to unbilled sales of mobile handsets and unbilled telephone usage at the reporting date. The contract assets are transferred to receivables when billed to the customer accounts.

Significant changes in the contract assets during the period are as follows: -

	31 December, 2018	31 December, 2017
Transfers from contract assets recognized at the beginning of period to receivables	1,579	1,225

(Expressed in thousands of Eastern Caribbean Dollars)

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	Revenue Recognition	Total
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)
At 1 January 2018	**(6,132)**	52		**(6,080)**
Revenue recognition	-	-	25	25
Adjustment to balance	(139)	-	-	(139)
Credit to profit or loss	396	216		612
At 31 December 2018	**(5,875)**	**268**	**25**	**(5,582)**
Deferred tax asset	-	268	25	293
Deferred tax liability	(5,875)	-		(5,875)

(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 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
At 1 January 2018	-	-	-	-	-
Provisions during the year	-	717	-	-	717
At 31 December 2018	-	717	2,099	-	2,816
Provisions – current	-	717	-	-	717
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, 2018.

18 Equity

Share capital

	31 December, 2018	31 December, 2017
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 2017 – $Nil). 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, 2018	31 December, 2017
No later than one year	2,336	1,671
Later than one year but not later than five years	1,013	1,236
Later than five years	552	714
Total minimum operating lease payments	**3,901**	**3,621**

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 $2,369 (December 2017: $2,492). Other related party transactions for the year are:

	Year ended 31 December, 2018	Year ended 31 December, 2017
Cost of sales	1,064	902
Head office support costs[1]	1,089	3,495
Net recharges into the company[2]	7,554	8,312
Interest income	(75)	(91)
	9,632	**12,618**

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, 2018	31 December, 2017
Cable & Wireless (CWI Caribbean) Limited	61,353	24,370
Cable & Wireless Jamaica (Cayman) Finance	3,354	4,856
Cable & Wireless Anguilla Limited	1	4
Columbus Networks Limited.	-	291
Cable & Wireless (Barbados) Limited	943	6,816
The Bahamas Telecommunications Company Limited	166	4,262
Columbus Communications Jamaica Limited	1,496	-
Other	909	634
	68,222	**41,233**

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, 2018	31 December, 2017
CWI Caribbean Limited	-	145
Cable & Wireless Jamaica Limited	29	2,256
Cable & Wireless (EWC) Limited	2,589	2,556
Columbus Networks Limited	1,789	-
CWC WS Holdings Cayman Limited	600	600
CWC Communications Limited	1,626	-
CW Communications Inc – Central Branch	4,350	-
Other	1,658	831
Total	**12,641**	**6,388**

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.

(Expressed in thousands of Eastern Caribbean Dollars)

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 2018, the Company had cash and cash equivalents, net of overdraft, of $3,699. 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 Insurance Recoveries

In September 2017, Hurricane Irma impacted St Kitts, resulting in varying degrees of damage to homes, businesses and infrastructure in the country.

In December 2018, the company settled its insurance claims for Hurricane Irma for $937 thousand ("the valuation"). The following table summarizes the impact of the insurance settlements to the company's statement of profit & loss and comprehensive income.

	Year ended 31 Dec 2018
Fixed asset loss recovery	937
Total	**937**

The company received the full settlement payment related to Hurricane Irma from our insurance provider totaling $937 thousand in the current financial year ended 31 December 2018. The amount received is presented as a cash inflow from operations net of other cash flow movements in our statement of cash flows for the year ended 31 December 2018.

24 Events after the reporting period

When the Company receives information in the period between 31 December 2018 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 2018. 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 August 9, 2019 and authorised for issue.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

2019 ANNUAL REPORT

Cable&Wireless Communications | FLOW

AUDITOR'S REPORT

KPMG

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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, 2019, 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, 2019, 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 $10 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, $77.3 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.

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.

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
October 6, 2020

FINANCIAL STATEMENTS

Cable & Wireless St. Kitts & Nevis Limited

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

(With comparatives for the year ended 31 December 2018)

(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Revenue	4	77,328	80,957
Operating costs before depreciation and amortisation	5a	(49,845)	(45,900)
Depreciation	5a	(8,919)	(9,140)
Amortisation	5a	(660)	(67)
Impairment	5a	-	(181)
Operating profit before exceptional items		**17,904**	**25,669**
Operating exceptional items	5b	(188)	220
Operating profit after exceptional items		**17,716**	**25,889**
Finance income	6	1,939	510
Finance expense	6	(125)	(303)
Profit before income tax		**19,530**	**26,096**
Income tax expense	7	(10,273)	(8,536)
Profit for the year being total comprehensive income for the year		**9,257**	**17,560**

The notes on pages 13 to 39 are an integral part of these financial statements.

Cable & Wireless St. Kitts & Nevis Limited

Statement of Financial Position
As at 31 December 2019

(With comparatives as at 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	31 December 2019	31 December 2018
Assets			
Non-current assets			
Intangible assets	9	744	137
Property, plant and equipment	10	79,703	79,014
Right of use assets	24	1,666	-
Other non-current assets		520	665
		82,633	**79,816**
Current assets			
Trade and other receivables	11	17,470	13,807
Inventories	12	230	486
Cash and cash equivalents	13	4,057	3,699
Due from related parties	21b	89,721	68,222
		111,478	**86,214**
Total assets		**194,111**	**166,030**
Liabilities			
Current liabilities			
Trade and other payables	14	19,912	15,600
Current lease liability	24	407	-
Due to related parties	21c	23,904	12,641
Bank overdraft	13	135	97
Tax liability		-	182
Contract liability		1,018	455
Provisions	17	-	717
		45,376	**29,692**
Non-current liabilities			
Deferred tax liability	16	5,573	5,582
Tax liability	25	3,011	-
Contract liability		368	405
Long term lease liability	24	1,307	-
Provisions	17	2,099	2,099
		12,358	**8,086**
Net assets		**136,377**	**128,252**

Cable & Wireless St. Kitts & Nevis Limited

Statement of Financial Position
As at 31 December 2019 (continued)
(With comparatives as at 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	31 Decmber 2019	31 Decmber 2018
Net assets		136,377	128,252
Equity			
share capital	18	33,130	33,130
share premium		3,009	3,009
share based payment reserve		102	102
retained earnings		100,136	92,011
Total equity		**136,377**	**128,252**

The notes on pages 13 to 39 are an intergral part ofthee financial statements.

These financial statements on pages 7 to 12 were approved by the Board of DIrectors on Ocotber 06, 2020 and signed on its behalf by:

Alex Bremner
Director

David Lake
Director

Cable & Wireless St. Kitts & Nevis Limited

Statement of Changes in Equity
For the year ended 31 December 2019

(With comparatives for the year ended 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
Balance at 31 December 2017	**33,130**	**3,009**	102	**74,451**	**110,692**
Total comprehensive income for the year	-	-	-	17,560	17,560
Balance at 31 December 2018	**33,130**	**3,009**	102	**92,011**	**128,252**
Total comprehensive income for the year	-	-	-	9,257	9,257
Dividend paid	-	-	-	(1,132)	(1,132)
Balance at 31 December 2019	**33,130**	**3,009**	**102**	**100,136**	**136,377**

The notes on pages 13 to 39 are an integral part of these financial statements.

Cable & Wireless St. Kitts & Nevis Limited

Statement of Cash Flows
For the year ended 31 December 2019

(With comparatives for the year ended 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Cash flows from operating activities:			
Profit before income tax		**19,530**	**26,096**
Adjustments for:			
Depreciation	5a, 10	8,919	9,140
Amortisation	5a, 9	660	67
Impairment	5a, 10	-	181
Finance income	6	(1,939)	(510)
Finance expense	6	125	303
Operating cash flows before working capital changes		**27,295**	**35,277**
Changes in working capital:			
Decrease in inventories		730	258
Increase in trade and other receivables		(3,014)	(1,445)
Increase in due from related parties, net		(21,499)	(26,989)
Decrease in other non-current assets		145	205
Increase in due to related parties, net		11,263	6,253
Increase/(decrease) in contract liability		526	(40)
(Decrease)/increase in provisions		(717)	717
Increase in trade and other payables		4,312	4,308
Cash generated from operations		**19,041**	**18,544**
Interest paid		(14)	(303)
Interest received		1,939	510
Income tax paid		(8,102)	(12,537)
Net cash provided by operating activities		**12,864**	**6,214**

Cable & Wireless St. Kitts & Nevis Limited

Statement of Cash Flows
For the year ended 31 December 2019 (continued)

(With comparatives for the year ended 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Net cash provided by operating activities		**12,864**	**6,214**
Cash flows from investing activities:			
Purchase of property, plant and equipment	**10**	(10,912)	(5,520)
Net cash used in investing activities		**(10,912)**	**(5,520)**
Cash flows from financing activities:			
Payments of lease liabilities	**24**	(500)	-
Dividends paid		(1,132)	-
Net cash used in financing activities		**(1,632)**	-
Net increase in cash and cash equivalents		**320**	694
Cash and cash equivalents at the beginning of year		**3,602**	2,908
Cash and cash equivalents at the end of year	**13**	**3,922**	**3,602**
Supplementary disclosure of non-cash transactions:			
Inventory transfer to/(from) equipment held for use	**12**	**474**	**(159)**
Right of use assets acquired in exchange for lease liabilities		**2,103**	**-**

The notes on pages 13 to 39 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Cable & Wireless St. Kitts & Nevis Limited
Notes to the financial statements
For the year ended 31 December 2019
(With comparatives for the year ended 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

1 General 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 2018) of the issued and outstanding shares. The Company's registered office is Basseterre, St. Kitts. Cable and Wireless (West Indies) Limited is a wholly owned subsidiary of Cable & Wireless Communications Ltd, the parent company of the Cable & Wireless Communications Group ("CWC Group").

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

Cable & Wireless St. Kitts and 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 7 April 2001, which replaced a 25 year franchise granted by Government that would have expired on 30 November 2015. The 15 year agreement, which granted the Company non-exclusive licenses, expired in October 2016. The Company is currently negotiating a new contract.

The Company has 49 employees as at 31 December 2019 (December 2018: 56).

The ultimate parent up to 29 December 2017 was Liberty Global Plc ("Liberty Global"), a publicly listed ccmpany incorporated in the United Kingdom. 29 December 2017 was the effective date that Liberty Global split off its Latin American and Caribbean operations, including the CWC Group, as Liberty Latin America Ltd. ("Liberty Latin America"). Following the split off, Liberty Latin America, a publicly listed company incorporated in Bermuda, replaced Liberty Global Plc 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 year ended 31 December 2019, and 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.

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

In January 2016, the International Accounting Standards Board (IASB) issued International Financial Reporting Standard No. 16, Leases (IFRS 16). IFRS 16, for most leases, results in lessees recognizing right-of-use assets and lease liabilities on the statement of financial position and additional disclosures. The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated. A number of optional practical expedients were applied in transition, as further described below.

The main impact of the adoption of this standard was the recognition of right-of-use assets and lease liabilities in our statement of financial position as of 1 January 2019. We did not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less, as permitted by the short-term lease practical expedient in the standard. In transition, we applied the practical expedients that permit us not to reassess (i) whether expired or existing contracts are or contain a lease under the new standard and (ii) whether existing or expired land easements that were not previously accounted for as leases are or contain a lease. We also applied the practical expedient that permits us to account for customer service revenue contracts that include both non-lease and lease components as a single component in all instances where the non-lease component is the predominant component of the arrangement and the other applicable criteria are met. In addition, we did not use hindsight during the transition.

The adoption of IFRS 16 did not have a material impact on our financial statements. For information regarding changes to accounting policies following the adoption of IFRS 16, see Note 2.10.

The application of the following accounting standards effective 1 January 2019 did not have a material impact on our financial statements:

- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Interpretation 23 – Uncertainty over Income Tax Treatments; and
- Annual improvement 2015-2017 cycle.

New Accounting Standards, Not Yet Effective

The following accounting standards effective 1 January 2020 are not expected to have an impact on the Company's financial statements:

- Amendments to references to conceptual framework in IFRS
- Definition of a business – IFRS 3
- Definition of material – IAS 1

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.

(Expressed in thousands of Eastern Caribbean Dollars)

2 Summary of significant accounting policies (continued)

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 represent 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.

Depreciation is not recognised on freehold land or assets under construction. Depreciation is provided to expense 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: financial assets at fair value through profit or loss; financial assets at fair value through other comprehensive income and financial assets at amortized cost. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 comprises cash in hand and at bank and short-term deposits, and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which 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.

Trade and other 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.

These financial assets are recognised initially at fair value and subsequently at the amounts considered recoverable (amortised cost).

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. The classification is consistent with IFRS 9.

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 or loss. Subsequent to initial recognition financial liabilities other than those at fair value are measured at amortised costs using the effective interest method.

Interconnection receivables and liabilities

Interconnection agreements with major carriers result in both receivable and payable balances with the same counterparty. Industry practise 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.

Fair Value

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 – inputs are unadjusted quoted prices 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.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the credit losses that result from all possible default events over the expected life of the financial asset.

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 Summary of significant accounting policies (continued)

2.10 Leases

Our leases primarily consist of (i) property leases for mobile tower locations that generally have initial terms of five to ten years with one or more renewal options and (ii) lease commitments for (a) retail stores, offices and facilities, (b) other network assets and (c) other equipment. It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by similar leases.

We classify arrangements with a term of greater than 12 months where substantially all risks and rewards incidental to ownership are retained by the third-party lessors as leases. We record a right-of-use asset and lease liability at inception of the lease at the present value of the lease payments plus certain other payments, including variable lease payments and amounts probable of being owed by us under residual value guarantees. Payments made under our leasing arrangements, net of any incentives received from the lessors, are recognized to expense on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging our leases are recognized to expense when incurred. Contingent rental payments are recognized to expense when incurred.

We use a credit-adjusted discount rate to measure our lease liabilities. We derive the discount rates starting with a risk-free rate, generally the U.S. Treasury Bill rate. To determine credit risk, we create an industry benchmark credit default swap (CDS) curve from an observable high-yield debt index using comparable telecommunication companies as a proxy. We then determine the maximum curve shift against this CDS curve derived from tradable debt of the C&W group, and make adjustments to correct for the collateralized interest rate spread by comparing unsecured debt to asset-backed securities (secured debt) trades, which is based on the spread between the BB- and B+ industrial curves. We determine the discount factor from this adjusted curve.

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 relation to bonuses payable to employees when contractually obliged or when there is a past practice that has created a constructive obligation.

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.

2 Summary of significant accounting policies (continued)

2.12 Tax (continued)

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

In general, most of the Company's fixed and mobile residential contracts are not enforceable or do not contain substantive early termination penalties. Accordingly, revenue relating to these customers is recognized on a basis consistent with customers that are not subject to contracts.

Revenues are presented net of discounts in the statement of profit and loss and other comprehensive income.

Subscription Services – Fixed Networks: The Company recognizes revenue from TV, broadband and fixed voice over our fixed networks to customers in the period the related subscription services are provided. Installation or other upfront fees related to services provided over our fixed networks are generally deferred and recognized as subscription revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

The Company may also sell TV, broadband and fixed voice to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Arrangement consideration from bundled packages generally is allocated proportionally to the individual service based on the relative standalone price for each respective product or service.

Mobile: In general, the consideration from mobile contracts is allocated to airtime services and handset sales based on the relative standalone prices of each performance obligation.

The mobile airtime service revenue is recognized in the period the related services are provided. Payments received from prepay customers are recorded as deferred revenue prior to the commencement of services and are recognized as revenue as the services are rendered or usage rights expire.

Mobile handset sales are recognized as revenue when the goods have been transferred to the customer.

B2B Revenue – Installation Revenue: The Company defers upfront installation and certain nonrecurring fees received on enterprise business contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance. The Company records this revenue stream under Enterprise, data and other.

Sub-sea Network Revenue – Long-term Capacity Contracts: The Company may enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. The Company assesses whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and recognised on a straight-line basis over the life of the contract. The Company records this revenue under Enterprise, data and other.

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.

3 Critical accounting estimates and judgements

Several 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.

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 financial assets

Trade and other receivables

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the lifetime expected credit loss ("ECL") of the trade accounts receivable.

Under this ECL model, the Company segments its accounts receivable in a matrix by days past due and determines for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade accounts receivable. ECLs are a probability-weighted estimate of credit losses.

The average ECL rates increase in each segment of days past due until the rate is 100% for the segment of 360 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

Loans due from related party

IFRS 9 outlines a three-stage model for impairment based on the extent of changes in credit quality since initial recognition as summarised below:

- Stage 1: A financial instrument that is not credit-impaired on initial recognition and has its credit risk continuously monitored by the Company.
- Stage 2: A financial instrument whose credit risk has increased significantly since the time of initial recognition but is not yet deemed to be credit-impaired.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Financial instruments in Stage 1 have their expected credit losses measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis.

3 Critical accounting estimates and judgements (continued)

3.2 Impairment of financial assets (continued)

Loans due from related party (continued)

Loans due from related party are at Stage 1 and the Company calculates expected credit losses based on the following credit risk parameters:

- Probability of default
- Loss given default
- Exposure at default

The assumptions underlying the expected credit loss calculations are monitored and reviewed on an annual basis.

The recoverability of the loans due from related party is ultimately dependent on the performance as a whole of the CWC Group headed by Cable & Wireless Communications Limited. The CWC Group operates as a separate borrowing sub-group within the LLA Group. The Company has determined the estimated credit loss allowance for non-current loans due from related party through a detailed market comparability analysis using observable credit default swap (CDS) rates. The Company based its analysis on the spread of credit default swaps for comparable entities, adjusting the result to take into consideration the historical performance of the ultimate parent and intermediate parent in order to determine a probability of default, which is used to develop the estimated credit loss allowances.

The Company has determined the estimated credit loss allowance for the current loans due from related parties, as the effect of discounting using the loan's effective interest rate for a period of one year. Refer to Note 21 for further details.

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 performance obligations, such as the sale value of telecommunications equipment and ongoing services, 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.

3.5 Tax

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

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

4 Revenue

Accounting policy detailed in note 2.14.

The Company is an integrated telecommunications service provider. It offers mobile, broadband, data, TV and domestic and international fixed line services to residential and business customers. Mobile services include prepaid and post-paid services and sale of handsets including LIME 3G/4G. 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.

(Expressed in thousands of Eastern Caribbean Dollars)

4 Revenue (continued)

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

	Year ended 31 December 2019	Year ended 31 December 2018
Mobile	37,881	41,881
Broadband and TV	14,935	13,049
Fixed voice	12,574	14,733
Enterprise, data and other	11,938	11,294
Revenue	**77,328**	**80,957**
Timing of revenue recognition		
Products/services transferred at a point of time	**1,177**	**2,063**
Products/services transferred over time	**76,151**	**78,894**
Total	**77,328**	**80,957**

The Company recognises mobile equipment revenue at a point in time and all other revenue streams as disclosed above are recognised over time when the performance obligations are satisfied.

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 parties 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 2019	Year ended 31 December 2018
Outpayments and direct costs	6,975	10,525
Employee and other staff expenses (see note 5c)	5,090	5,280
Other administrative expenses	21,671	15,608
Network costs	13,884	11,996
Property and utility costs	2,225	2,491
Operating costs before depreciation, amortisation and impairment	49,845	45,900
Depreciation of property, plant and equipment	8,919	9,140
Amortisation of intangible assets	223	67
Amortisation of right of use assets	437	-
Impairment	-	181
Operating costs	59,424	55,288

(Expressed in thousands of Eastern Caribbean Dollars)

5 Operating costs and other operating income and expenses (continued)

5b Exceptional items

Accounting policy detailed in note 2.15.

	Year ended 31 December 2019	Year ended 31 December 2018
Insurance recoveries (see note 23)	-	937
Employee approved restructuring expenses (see note 17)	(188)	(717)
Operating exceptional items	**(188)**	**220**

Exceptional items include the benefit of insurance recoveries related to losses and business interruption incurred as a result of Hurricane Irma.

There were no exceptional items within operating costs before depreciation and amortisation.

5c Employee and other staff expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Wages and salaries	**3,299**	**3,929**
Social security costs	**336**	**361**
Other benefits and allowances	**1,413**	**962**
Pension costs:		
– defined contribution plans	**253**	**258**
	5,301	**5,510**
Less: Staff costs capitalised	**(211)**	**(230)**
Total employee and other staff expenses	**5,090**	**5,280**

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 2019	Year ended 31 December 2018
Directors' emoluments	58	58
Other key management personnel – short-term employment benefits	1,370	1,241
Post-employment benefits	89	75
Total key management remuneration	**1,517**	**1,374**

Cable & Wireless St. Kitts & Nevis Limited
Notes to the financial statements (continued)
For the year ended 31 December 2019
(With comparatives for the year ended 31 December 2018)
(Expressed in thousands of Eastern Caribbean Dollars)

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, related party notes receivable and transactional foreign exchange losses.
The finance income and expense are set out below.

	Year ended 31 December 2019	Year ended 31 December 2018
Finance income		
Interest income	**1,939**	**510**
Total finance income	**1,939**	**510**
Finance expense		
Interest expense	(14)	(303)
Interest expense on lease obligations	(111)	-
Total finance expense	**(125)**	**(303)**

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 & loss and comprehensive income. 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 2019	Year ended 31 December 2018
Current tax charge		
Corporation tax at 33% (December 2018 – 33%)	7,165	9,087
Adjustments relating to prior year tax	86	15
Total current tax charge	**7,251**	**9,102**
Withholding tax	**19**	**46**
Other long term tax liability	**3,011**	**-**
Deferred tax credit		
Origination and reversal of temporary differences	(367)	44
Adjustments relating to prior years	359	(656)
Total deferred tax credit	**(8)**	**(612)**
Total income tax charge	**10,273**	**8,536**

(Expressed in thousands of Eastern Caribbean Dollars)

7 Income tax expense (continued)

Reconciliation of actual tax expense:

	Year ended 31 December 2019	Year ended 31 December 2018
Profit before income tax	**19,530**	**26,096**
Income tax charge at tax rate: 33% (December 2018 – 33%)	6,445	8,612
Effect of permanent differences	353	519
Other long-term tax liability	3,011	-
Withholding tax	19	46
Adjustments relating to prior year tax	445	(641)
Total income tax charge	**10,273**	**8,536**
Income tax charge on exceptional items	**(62)**	**(23)**
Pre-exceptional income tax charge	**10,335**	**8,559**
Pre-exceptional effective tax rate on profit	**52.9%**	**32.8%**
Effective tax rate on profit	**52.6%**	**32.7%**

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

8 Impairment review

Accounting policy detailed in note 2.7.

Property, plant and equipment
An impairment charge of $Nil was considered necessary at 31 December 2019 (December 2018: $181).

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.

(Expressed in thousands of Eastern Caribbean Dollars)

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 31 December 2017	**3,287**
Transfers from Projects under construction/WIP	-
At 31 December 2018	**3,287**
Transfers from Projects under construction/WIP	830
At 31 December 2019	**4,117**
Amortisation and impairment	
At 31 December 2017	**3,083**
Charge for the year	67
At 31 December 2018	**3,150**
Charge for the year	223
At 31 December 2019	**3,373**
Net book value	
At 31 December 2019	**744**
At 31 December 2018	**137**

(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 31 December 2017	**54,825**	**165,770**	**10,149**	**2,573**	**1,900**	**235,217**
Additions	-	-	-	-	5,520	5,520
Transfers from Projects under construction	746	4,861	488	-	(6,095)	-
Transfers from inventory	-	-	-	159	-	159
At 31 December 2018	**55,571**	**170,631**	**10,637**	**2,732**	**1,325**	**240,896**
Additions	-	-	-	-	10,912	10,912
Transfers from Projects under construction	626	5,594	114	-	(6,334)	-
Transfers to intangible assets	-	-	-	-	(830)	(830)
Transfers to inventory	-	-	-	(474)	-	(474)
At 31 December 2019	**56,197**	**176,225**	**10,751**	**2,258**	**5,073**	**250,504**
Depreciation						
At 31 December 2017	**39,010**	**103,768**	**9,783**	**-**	**-**	**152,561**
Charge for the year	1,385	7,525	230	-	-	9,140
Impairment	-	-	-	181	-	181
At 31 December 2018	**40,395**	**111,293**	**10,013**	**181**	**-**	**161,882**
Charge for the year	1,464	7,225	230	-	-	8,919
At 31 December 2019	**41,859**	**118,518**	**10,243**	**181**	**-**	**170,801**
Net book value at 31 December 2019	**14,338**	**57,707**	**508**	**2,077**	**5,073**	**79,703**
Net book value at 31 December 2018	**15,176**	**59,338**	**624**	**2,551**	**1,325**	**79,014**

(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 2019	31 December 2018
Gross trade receivables	10,264	8,648
Impairment allowance	(239)	(679)
Net trade receivables	**10,025**	**7,969**
Other receivables	5,277	2,959
Prepayments and accrued income	2,168	2,879
Trade and other receivables – current	**17,470**	**13,807**

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 as of 31 December 2019, and, after providing valuation allowance where necessary, continued to support the assessment of credit quality as low risk (see Note 22).

An ageing analysis of the gross trade receivables (excludes other receivables, prepayments and accrued income):

	31 December 2019	31 December 2018
Not yet due	-	4
Overdue 30 days or less	1,899	5,009
Overdue 31 to 60 days	1,617	1,442
Overdue 61 to 90 days	897	740
Overdue 91 days or more	5,851	1,453
	10,264	8,648

The impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the ECL of the trade accounts receivable. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods.

(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 2019	31 December 2018
At beginning of period	**(679)**	**(1,050)**
Bad debts written off - net	16	333
Decrease in allowance	424	38
	(239)	**(679)**

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 $230 are presented net, after recording an allowance of $153 made against slow moving or obsolete items. Amount of inventory recovery through other administrative expenses during the year was ($69).

In the period ended 31 December 2019, $474 was transferred from Equipment Held for Use to Inventory (note 10). The corresponding figures for the year ended 31 December 2018 shows a transfer of $159 from Inventory to Equipment Held for Use.

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 financial institutions.

Accounting policy detailed in note 2.6.

	31 December 2019	31 December 2018
Cash at bank and in hand	4,057	3,699
Bank overdraft	(135)	(97)
Cash and cash equivalents, net of overdraft, represented in statement of cash flows	**3,922**	**3,602**

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 2019	31 December 2018
Trade payables	**2,547**	**1,820**
Accruals	**8,253**	**7,441**
Other payables	**9,112**	**6,339**
Trade and other payables	**19,912**	**15,600**

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 Contract assets

The following table provides information about contract assets from contracts with customers. Balances are reported within trade and other receivables on the statement of financial position.

	31 December 2019	31 December 2018
Accrued income	1,377	2,310

The contract assets primarily relate to unbilled sales of mobile handsets and unbilled telephone usage at the reporting date. The contract assets are transferred to trade receivables when billed to the customer accounts.

Significant changes in the contract assets during the period are as follows:

	31 December 2019	31 December 2018
Transfers from contract assets recognized at the beginning of period to trade receivables	2,310	1,579

(Expressed in thousands of Eastern Caribbean Dollars)

16 Deferred tax

Accounting policy detailed in note 2.12.

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

	Capital allowances on non-current assets	Financial position offset	Revenue Recognition	Total
Deferred tax asset	-	52	-	52
Deferred tax liability	(6,132)	-	-	(6,132)
At 1 January 2018	**(6,132)**	52	-	**(6,080)**
Revenue recognition	-	-	25	25
Adjustment to balance	(139)	-	-	(139)
Credit to profit or loss	396	216	-	612
At 31 December 2018	**(5,875)**	**268**	**25**	**(5,582)**
Deferred tax asset	-	268	25	293
Deferred tax liability	(5,875)	-	-	(5,875)
At 1 January 2019	**(5,875)**	**268**	**25**	**(5,582)**
Adjustment to balance	-	1	-	1
Credit/(debit) to profit or loss	167	(162)	3	8
At 31 December 2019	**(5,708)**	**107**	**28**	**(5,573)**
Deferred tax asset	-	107	28	135
Deferred tax liability	(5,708)	-	-	(5,708)

(Expressed in thousands of Eastern Caribbean Dollars)

17 Provisions

Accounting policy detailed in note 2.13.

	Redundancy costs	Asset retirement obligations	Total
At 1 January 2018	-	2,099	2,099
Provisions during the year	717	-	717
At 31 December 2018	**717**	**2,099**	**2,816**
Provisions – current	717	-	717
Provisions – non-current	-	2,099	2,099
At 1 January 2019	**717**	**2,099**	**2,816**
Provisions used during the year	(717)	-	(717)
At 31 December 2019	**-**	**2,099**	**2,099**
Provisions – current	**-**	**-**	**-**
Provisions – non-current	**-**	**2,099**	**2,099**

Redundancy
Provision has been made for the total employee related costs of redundancies announced within the Cable & Wireless Caribbean restructuring programme. Amounts provided for (2018) and spent (2019) during the periods 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.

18 Equity

Share capital

	31 December 2019	31 December 2018
Authorised: **50,000,000 Ordinary shares of $1**	**50,000**	**50,000**
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 CWC Group strategy, which has remained unchanged from the prior year.

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

(Expressed in thousands of Eastern Caribbean Dollars)

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 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 was $Nil (December 2018 – $Nil).

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.

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 CWC Group and LLA 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 $1,829 (December 2018: $2,369). Other related party transactions for the year are as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Cost of sales	857	1,064
Head office support costs[1]	951	1,089
Net recharges into the company[2]	9,997	7,554
Interest income	1,950	(75)
	13,755	**9,632**

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.

(Expressed in thousands of Eastern Caribbean Dollars)

21 Related party transactions (continued)

Transactions with other related parties (continued)

(b) Due from related companies

	31 December 2019	31 December 2018
Cable & Wireless (CWI Caribbean) Limited	86,882	61,353
Cable & Wireless Jamaica (Cayman) Finance	-	3,354
Cable & Wireless (Barbados) Limited	83	943
The Bahamas Telecommunications Company Limited	166	166
Columbus Communications Jamaica Limited	1,524	1,496
Other	1,066	910
	89,721	**68,222**

At 31 December 2019 all intercompany loans within the Company's portfolio were performing with none past due or credit impaired. In calculating Expected Credit Losses ("ECL"), the Company has assessed that no intercompany loans have experienced a significant increase in credit risk and therefore are all classified as Stage 1.

A reconciliation of the movements in loss allowances is provided as follows against the loans due from related party:

	31 December 2019	31 December 2018
Opening balance	-	-
Write off	-	-
Increase in allowance from current related party loans	1,472	-
Closing allowance	**1,472**	**-**

The loan receivable due from CWIC is classified as a current loan receivable within the Statement of Financial Position, net of the ECL allowance of $1,472 at December 31, 2019.

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 on the daily net balance for Eastern Caribbean dollar deposits and 1-month LIBOR 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.

(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 2019	31 December 2018
Cable & Wireless Jamaica Limited	-	29
Cable & Wireless Jamaica Finance (Cayman) Limited	14,973	-
Cable & Wireless (EWC) Limited (BVI)	2,585	2,589
Columbus Networks Limited	4,839	1,789
CWC WS Holdings Cayman Limited	600	600
CWC Communications Limited	244	1,626
CW Communications Inc.	-	4,350
Other	663	1,658
Total	**23,904**	**12,641**

These represent balances with other CWC Group companies, principally for telecommunications traffic and services provided under a General Support Services Agreement.

General Support Services Agreement
The Company entered into a General Services Agreement effective 1 January 2018 with LLA affiliated companies. The purpose of the agreement is to enable LLA affiliates, including other members of the CWC Group, to provide and or receive services in consideration for payment of applicable fees in line with transfer pricing guidelines. These services include but are not limited to Strategic Management Support, Operational Support, Business Analysis, Legal Support, Financial Support, Procurement, and Human Resources Support Services as required.

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 CWC 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.

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.

(Expressed in thousands of Eastern Caribbean Dollars)

21 Related party transactions (continued)

Transactions with other related parties (continued)

(b) Due from related companies

	31 December 2019	31 December 2018
Cable & Wireless (CWI Caribbean) Limited	86,882	61,353
Cable & Wireless Jamaica (Cayman) Finance	-	3,354
Cable & Wireless (Barbados) Limited	83	943
The Bahamas Telecommunications Company Limited	166	166
Columbus Communications Jamaica Limited	1,524	1,496
Other	1,066	910
	89,721	**68,222**

At 31 December 2019 all intercompany loans within the Company's portfolio were performing with none past due or credit impaired. In calculating Expected Credit Losses ("ECL"), the Company has assessed that no intercompany loans have experienced a significant increase in credit risk and therefore are all classified as Stage 1.

A reconciliation of the movements in loss allowances is provided as follows against the loans due from related party:

	31 December 2019	31 December 2018
Opening balance	-	-
Write off	-	-
Increase in allowance from current related party loans	1,472	-
Closing allowance	**1,472**	**-**

The loan receivable due from CWIC is classified as a current loan receivable within the Statement of Financial Position, net of the ECL allowance of $1,472 at December 31, 2019.

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 on the daily net balance for Eastern Caribbean dollar deposits and 1-month LIBOR 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.

(Expressed in thousands of Eastern Caribbean Dollars)

24 Leases

Supplemental balance sheet information as of 31 December 2019 is set forth below:

	31 December 2019
Right-of-use assets	**1,666**
Lease obligations:	
Current	407
Noncurrent	1,307
Total lease obligations	**1,714**
Weighted-average remaining lease term (in years)	4.6 years
Weighted-average discount rate	6.0%

The following table provides details of our lease expense:

	31 December 2019	31 December 2018 (a)
Included in operating costs:		
Operating lease costs	-	163
Amortization of right-of-use assets	437	-
Short-term lease expense	419	-
	856	163
Included in finance expense – interest expense on lease obligations	111	-
Total lease expense	**967**	**-**

(a) Amounts reflect operating and finance lease expense recorded under IAS 17, *Leases*, prior to adoption of IFRS 16 on 1 January 2019. Accordingly, amounts are not necessarily comparable.

The following table provides supplemental cash flow information related to our leases:

	31 December 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	-
Operating cash outflows from finance leases	111
Financing cash outflows from finance leases	389
Total cash outflows from leases	**500**

24 Leases (continued)

Maturities of Leases

Maturities of our lease liabilities on an undiscounted basis as of 31 December 2019 are presented below along with the current and noncurrent lease liabilities on a discounted basis (in millions).

	Year ending 31 December
2020	496
2021	420
2022	397
2023	292
2024	258
Thereafter	99
Total future payments on an undiscounted basis	1,962
Less: Present value discount	(248)
Present value of lease liabilities	**1,714**
Current portion	407
Noncurrent portion	1,307

The following table sets forth our operating lease obligations under IAS 17 as of 31 December 2018.

Year ending December 31:	
2019	536
2020	462
2021	367
2022	321
2023	325
Thereafter	551
Total operating leases	**2,562**

25 Other long-term tax liability

The Company has calculated and established an uncertain tax position reserve on the basis that ongoing reviews by the tax authorities indicate that it is more likely than not that certain charges are subject to management fee restriction in relation to tax filings done in earlier years. This can lead to additional taxes required to be paid and hence a reserve was created. The total uncertain tax liability as at 31 December 2019 is $3,011 (2018: nil) as reported in the statement of financial position.

26 Events after the reporting period

When the Company receives information in the period between 31 December 2019 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 2019. 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.

In December 2019, a novel strain of Coronavirus (COVID-19) was reported in Wuhan, China. On 11 March 2020, the World Health Organization declared the outbreak a "pandemic," pointing to the sustained risk of further global spread. The extent of the impact of the novel Coronavirus on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on our customers and our sales cycles, including our ability to collect amounts due from customers, the impact on our employees, and the effect on our vendors, all of which are uncertain and cannot be predicted. For example, the novel Coronavirus here in St. Kitts and the countries where our contractors' or vendors' facilities may be located, could have an effect on our financial condition or operations through impacts on our customers' ability to use our services, on the availability of our workforce, foreign currency fluctuations, or through adverse impacts to our supply chain. As a result of the evolving outbreak, certain of our product shipments may be delayed. If such a disruption were to extend over a prolonged period, it could have an impact on the continuity of our supply chain. Any disruption resulting from similar events on a larger scale or over a prolonged period could cause significant delays in shipments of products until we are able to resume such shipments or shift from the affected contractor or vendor to another third-party vendor, if needed. At this point, the extent to which the novel Coronavirus may impact our financial condition or results of operations is uncertain, but the heightened volatility of global markets expose us to these and related risks and uncertainties. In terms of the Company's exposure to collections, of Trade Receivables net of impairment allowance of $10,025 as at 31 December 2019, $926 remained on the statement of financial position as at 31 May 2020. The Company has related party loans receivable from fellow 100% owned CWC subsidiaries, the recoverability of which is ultimately dependent on the performance as a whole of the CWC Group headed by Cable & Wireless Communications Limited. The CWC Group operates as a separate borrowing sub-group within the LLA Group. While the CWC Group's credit ratings remain unchanged since December 31, 2019, observable credit default swap (CDS) rates for CWCL have increased. Application of those higher CDS rates would result in an increased ECL allowance on the loans due from related party.

In preparing these financial statements management has evaluated and disclosed all material subsequent events up to October 6, 2020, which is the date that the financial statements were available to be issued.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

2020 ANNUAL REPORT

Cable&Wireless Communications | FLOW

AUDITOR'S REPORT

KPMG
P.O. Box W388
St. John's
Antigua and Barbuda

Telephone (268) 562-9172

Email: ecinfo@kpmg.ag

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cable & Wireless St. Kitts & Nevis Limited

Opinion

We have audited the financial statements of Cable & Wireless St. Kitts & Nevis Limited ("the Company"), which comprise the statement of financial position as of December 31, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 of December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together 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 and the IESBA Code. 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 & Nevis Limited

Key Audit Matters, continued

Key Audit Matter: *Expected Credit Losses on trade receivables, net $8 million*	**How the matter was addressed in our audit**
Refer to Notes 2.6, 3.2 and 11 of the financial statements The Company has significant trade receivables with business and residential customers across St. Kitts and Nevis. IFRS 9, *Financial Instruments*, requires the Company to measure and recognise expected credit losses ('ECL') on financial assets, on a forward-looking basis reflecting a range of future economic conditions. The determination of this is highly subjective, and significant management judgement and estimates is used in determining the economic scenarios and management overlay. Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the lifetime expected credit loss ("ECL") of the trade accounts receivable. Given the ageing profile, changes in the external environment and the level of judgement required in determining the ECL levels on these balances, this is considered a significant risk. Disclosures regarding the Company's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.	**General** We understood management's process and reviewed key activities around the determination of expected credit loss allowances including: - Appropriateness of modeling methodology; - Model approval; and - The review, challenge and approval of the expected credit loss allowances, including the impairment model outputs, key management judgments and overlays applied. **Testing performed** - Verified the mathematical accuracy of the model. - Tested the completeness and accuracy of the key data inputs used in the model to the underlying accounting records. - Involved our financial risk modelling specialists to evaluate the appropriateness of the Company's impairment methodologies, including independently assessing the assumptions for historical loss rates. - Involved our financial risk modelling specialists to evaluate the appropriateness of the Company's methodology for determining forward-looking information and management overlay. **Financial statement disclosures** - Assessed the adequacy of the disclosures of the key assumptions and judgements.

INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of Cable & Wireless St. Kitts & Nevis Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report 2020 but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Company's 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 throughout 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.

INDEPENDENT AUDITORS' REPORT, Continued

To the Shareholders of Cable & Wireless St. Kitts & Nevis Limited

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

- 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.

- 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, actions taken to eliminate threats or safeguards applied.

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 Lisa Brathwaite.

KPMG

Chartered Accountants
Antigua and Barbuda
February 4, 2022

FINANCIAL STATEMENTS

Cable & Wireless St. Kitts & Nevis Limited

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

(With comparatives for the year ended 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Revenue	4	69,498	77,328
Operating costs before depreciation and amortisation	5a	(44,897)	(49,845)
Depreciation	5a	(10,599)	(8,919)
Amortisation	5a	(791)	(660)
Operating profit before exceptional items		**13,211**	**17,904**
Operating exceptional items	5b	(493)	(188)
Operating profit after exceptional items		**12,718**	**17,716**
Finance income	6	2,022	1,939
Finance expense	6	(985)	(125)
Profit before income tax		**13,755**	**19,530**
Income tax expense	7	(7,243)	(10,273)
Profit for the year, being total comprehensive income for the year		**6,512**	**9,257**

The notes on pages 12 to 43 are an integral part of these financial statements.

Cable & Wireless St. Kitts & Nevis Limited

Statement of Financial Position
As at 31 December 2020

(With comparatives as at 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	31 December 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets	9	469	744
Property, plant and equipment	10	73,202	79,703
Right-of-use assets	23	1,261	1,666
Other non-current assets		375	520
		75,307	**82,633**
Current assets			
Trade and other receivables	11	16,771	16,150
Corporation tax recoverable		150	1,320
Inventories	12	167	230
Cash and cash equivalents	13	2,936	4,057
Due from related parties	21b	92,660	89,721
		112,684	**111,478**
Total assets		**187,991**	**194,111**
Liabilities			
Current liabilities			
Trade and other payables	14	18,809	19,912
Current lease liability	23	379	407
Due to related parties	21c	12,092	23,904
Bank overdraft	13	163	135
Contract liability		1,382	1,018
		32,825	**45,376**
Non-current liabilities			
Deferred tax liability	16	5,840	5,573
Tax liability	24	3,251	3,011
Contract liability		321	368
Long-term lease liability	23	957	1,307
Provisions	17	1,908	2,099
		12,277	**12,358**
Net assets		**142,889**	**136,377**

Cable & Wireless St. Kitts & Nevis Limited

Statement of Financial Position (continued)
As at 31 December 2020

(With comparatives as at 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	31 December 2020	31 December 2019
Net assets		**142,889**	**136,377**
Equity			
Share capital	18	33,130	33,130
Share premium		3,009	3,009
Share based payment reserve		102	102
Retained earnings		106,648	100,136
Total equity		**142,889**	**136,377**

The notes on pages 12 to 43 are an integral part of these financial statements.

These financial statements on pages 6 to 43 were approved by the Board of Directors on February 1, 2022 and signed on its behalf by:

Alex Bremner
Director

David Lake
Director

Cable & Wireless St. Kitts & Nevis Limited

Statement of Changes in Equity
For the year ended 31 December 2020

(With comparatives for the year ended 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
Balance at 31 December 2018	**33,130**	**3,009**	**102**	**92,011**	**128,252**
Total comprehensive income for the year	-	-	-	9,257	9,257
Dividend paid	-	-	-	(1,132)	(1,132)
Balance at 31 December 2019	**33,130**	**3,009**	**102**	**100,136**	**136,377**
Total comprehensive income for the year	-	-	-	6,512	6,512
Balance at 31 December 2020	**33,130**	**3,009**	**102**	**106,648**	**142,889**

The notes on pages 12 to 43 are an integral part of these financial statements.

Cable & Wireless St. Kitts & Nevis Limited

Statement of Cash Flows
For the year ended 31 December 2020

(With comparatives for the year ended 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities:			
Profit before income tax		**13,755**	**19,530**
Adjustments for:			
Depreciation	5a, 10	10,599	8,919
Amortisation	5a, 9, 23	791	660
Finance income	6	(2,022)	(1,939)
Finance expense	6	985	125
Operating cash flows before working capital changes		**24,108**	**27,295**
Changes in working capital:			
Decrease in inventories		35	730
Increase in trade and other receivables		(621)	(3,014)
Increase in due from related parties, net		(2,939)	(21,499)
Decrease in other non-current assets		145	145
(Decrease)/increase in due to related parties, net		(11,812)	11,263
Increase in contract liability		317	526
Decrease in provisions		(191)	(717)
(Decrease)/increase in trade and other payables		(1,103)	4,312
Cash generated from operations		**7,939**	**19,041**
Interest paid		(894)	(14)
Interest received		2,022	1,939
Income tax paid		(5,565)	(8,102)
Net cash provided by operating activities		**3,502**	**12,864**

Cable & Wireless St. Kitts & Nevis Limited

Statement of Cash Flows (continued)
For the year ended 31 December 2020

(With comparatives for the year ended 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Net cash provided by operating activities		**3,502**	**12,864**
Cash flows from investing activities:			
Purchase of property, plant and equipment	**10**	(4,122)	(10,912)
Net cash used in investing activities		**(4,122)**	**(10,912)**
Cash flows from financing activities:			
Payment of lease liabilities	**23**	(529)	(500)
Dividends paid		-	(1,132)
Net cash used in financing activities		**(529)**	**(1,632)**
Net (decrease)/increase in cash and cash equivalents		**(1,149)**	**320**
Cash and cash equivalents at the beginning of year		**3,922**	**3,602**
Cash and cash equivalents at the end of year	**13**	**2,773**	**3,922**
Supplementary disclosure of non-cash transactions:			
Inventory transfer (to)/from equipment held for use	**12**	**(28)**	**474**
Right-of-use assets acquired in exchange for lease liabilities	**23**	**59**	**-**

The notes on pages 12 to 43 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General 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 2019) of the issued and outstanding shares. The Company's registered office is Basseterre, St. Kitts. Cable and Wireless (West Indies) Limited is a wholly owned subsidiary of Cable & Wireless Communications Ltd, the parent company of the Cable & Wireless Communications Group ("CWC Group").

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

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 7 April 2001, which replaced a 25 year franchise granted by the Government that would have expired on 30 November 2015. The 15 year agreement, which granted the Company non-exclusive licenses, expired in October 2016. The Company's telecom licences were renewed for a duration of 15 years from the effective date of 11 December 2020.

The Company has 50 employees as at 31 December 2020 (December 2019: 49).

The ultimate parent up to 29 December 2017 was Liberty Global Plc ("Liberty Global"), a publicly listed company incorporated in the United Kingdom. 29 December 2017 was the effective date that Liberty Global split off its Latin American and Caribbean operations, including the CWC Group, as Liberty Latin America Ltd. ("Liberty Latin America"). Following the split off, Liberty Latin America, a publicly listed company incorporated in Bermuda, replaced Liberty Global Plc 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 year ended 31 December 2020, and 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 Company has initially adopted the Definition of a Business (Amendments to IFRS 3) from 1 January 2020. The Company applied Definition of a Business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The application of the following accounting standards effective 1 January 2020 did not have a material impact on our financial statements:

- Amendments to references to conceptual framework in IFRS standards
- Definition of material – Amendments to IAS 1 and IAS 8

New Accounting Standards, Not Yet Effective and Not Early-Adopted

At the reporting date, certain new standards, interpretations and amendments have been issued, which were not yet in effect and which the Company had not adopted early. Those relevant to the Company are as follows:

Title	Effective date	Description and impact on the Company
COVID-19-Related Rent Concessions – Amendment to IFRS 16 *Leases*	Annual periods beginning on or after 1 June 2020	The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. i) A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss. ii) The practical expedient will only apply if: a) the revised consideration is substantially the same or less than the original consideration; b) the reduction in lease payments relates to payments due on or before 30 June 2021; and c) no other substantive changes have been made to the terms of the lease. iii) No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly. This amendment is not expected to have an impact on the Company's financial statements.

2 Summary of significant accounting policies (continued)

2.2 Application of recently issued accounting standards and amendments to accounting standards (continued)

New Accounting Standards, Not Yet Effective and Not Early-Adopted (continued)

Title	Effective date	Description and impact on the Company
Annual Improvements to IFRS Standards 2018 – 2020	Annual periods beginning on or after 1 January 2022	The Annual Improvements to IFRS Standards 2018 – 2020 include: i) IFRS 9 *Financial Instruments*: This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. ii) IFRS 16 *Leases* The amendment removes the illustration of payments from the lessor relating to leasehold improvements. This amendment is not expected to have an impact on the Company's financial statements.

2 Summary of significant accounting policies (continued)

2.2 Application of recently issued accounting standards and amendments to accounting standards (continued)

New Accounting Standards, Not Yet Effective and Not Early-Adopted (continued)

Title	Effective date	Description and impact on the Company
IAS 1 *Presentation of Financial Statements*	Annual periods beginning on or after 1 January 2023	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current. This amendment is not expected to have an impact on the Company's financial statements.

2 Summary of significant accounting policies (continued)

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 any accumulated 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 represent 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 reccgnised 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 expense 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

2.6 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, due from/to related parties and trade and other payables and accruals.

Financial assets
The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss; financial assets at fair value through other comprehensive income and financial assets at amortised cost.

2 Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets

Initial recognition and measurement

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. 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.

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables
- Due from related companies

Due to their short-term nature, the Company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual accounting policy notes.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

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 or loss. The Company classifies its financial liabilities as other financial liabilities. The classification is consistent with IFRS 9.

All financial liabilities are recognised initially at fair value and in the case of borrowings, net of directly attributable transaction costs. The Company's financial liabilities, which include trade and other payables and accruals and due to related companies are recognised initially at fair value.

Subsequent measurement

Subsequent to initial recognition financial liabilities other than those at fair value are measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Interconnection receivables and liabilities
Interconnection agreements with major carriers result in both receivable and payable balances with the same counterparty. Industry practise 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. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods.

Cash and cash equivalents
Cash comprises cash in hand and at bank and short-term deposits, and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which 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.

Trade and other 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.

These financial assets are recognised initially at fair value and subsequently at the amounts considered recoverable (amortised cost).

Fair Value
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 – inputs are unadjusted quoted prices 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

Impairment losses on financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the credit losses that result from all possible default events over the expected life of the financial asset.

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 Summary of significant accounting policies (continued)

2.10 Leases

Our leases primarily consist of (i) property leases for mobile tower locations that generally have initial terms of five to ten years with one or more renewal options and (ii) lease commitments for (a) retail stores, offices and facilities, (b) other network assets and (c) other equipment. It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by similar leases.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone price. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company classifies arrangements with a term of greater than 12 months where substantially all risks and rewards incidental to ownership are retained by the third-party lessors as leases.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the present value of future lease payments, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement date, generally discounted using the Company's incremental borrowing rate.

We use a credit-adjusted discount rate to measure our lease liabilities. We derive the discount rates starting with a risk-free rate, generally the U.S. Treasury Bill rate. To determine credit risk, we create an industry benchmark credit default swap (CDS) curve from an observable high-yield debt index using comparable telecommunication companies as a proxy. We then determine the maximum curve shift against this CDS curve derived from tradable debt of the C&W group, and make adjustments to correct for the collateralized interest rate spread by comparing unsecured debt to asset-backed securities (secured debt) trades, which is based on the spread between the BB- and B+ industrial curves. We determine the discount factor from this adjusted curve.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under any residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

2 Summary of significant accounting policies (continued)

2.10 Leases (continued)

(i) As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on the straight-line basis over the lease term.

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 relation to bonuses payable to employees when contractually obliged or when there is a past practice that has created a constructive obligation.

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, 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 Summary of significant accounting policies (continued)

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

In general, most of the Company's fixed and mobile residential contracts are not enforceable or do not contain substantive early termination penalties. Accordingly, revenue relating to these customers is recognized on a basis consistent with customers that are not subject to contracts.

Revenues are presented net of discounts in the statement of profit or loss and other comprehensive income.

Subscription Services – Fixed Networks: The Company recognizes revenue from TV, broadband and fixed voice over our fixed networks to customers in the period the related subscription services are provided. Installation or other upfront fees related to services provided over our fixed networks are generally deferred and recognized as subscription revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

The Company may also sell TV, broadband and fixed voice to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Arrangement consideration from bundled packages generally is allocated proportionally to the individual service based on the relative standalone price for each respective product or service.

Mobile: In general, the consideration from mobile contracts is allocated to airtime services and handset sales based on the relative standalone prices of each performance obligation.

The mobile airtime service revenue is recognized in the period the related services are provided. Payments received from prepay customers are recorded as deferred revenue prior to the commencement of services and are recognized as revenue as the services are rendered or usage rights expire.

Mobile handset sales are recognized as revenue when the goods have been transferred to the customer.

B2B Revenue – Installation Revenue: The Company defers upfront installation and certain nonrecurring fees received on enterprise business contracts where we maintain ownership of the installed equipment. The deferred fees are amortised into revenue on a straight-line basis over the term of the arrangement or the expected period of performance. The Company records this revenue stream under Enterprise, data and other.

Sub-sea Network Revenue – Long-term Capacity Contracts: The Company may enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. The Company assesses whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and recognised on a straight-line basis over the life of the contract. The Company records this revenue under Enterprise, data and other.

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.

3 Critical accounting estimates and judgements

Several 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.

The identification of impairment triggers is a key judgement. When an impairment review is required, the Company 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 financial assets

Trade and other receivables
The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the lifetime expected credit loss ("ECL") of the trade accounts receivable.

Under this ECL model, the Company segments its accounts receivable in a matrix by days past due and determines for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade accounts receivable. ECLs are a probability-weighted estimate of credit losses.

The average ECL rates increase in each segment of days past due until the rate is 100% for the segment of 360 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

Loans due from related party
IFRS 9 outlines a three-stage model for impairment based on the extent of changes in credit quality since initial recognition as summarised below:

- Stage 1: A financial instrument that is not credit-impaired on initial recognition and has its credit risk continuously monitored by the Company.
- Stage 2: A financial instrument whose credit risk has increased significantly since the time of initial recognition but is not yet deemed to be credit-impaired.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Financial instruments in Stage 1 have their expected credit losses measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis.

3 Critical accounting estimates and judgements (continued)

3.2 Impairment of financial assets (continued)

Loans due from related party (continued)

Loans due from related party are at Stage 1 and the Company calculates expected credit losses based on the following credit risk parameters:

- Probability of default
- Loss given default
- Exposure at default

The assumptions underlying the expected credit loss calculations are monitored and reviewed on an annual basis.

The recoverability of the loans due from related party is ultimately dependent on the performance as a whole of the CWC Group headed by Cable & Wireless Communications Limited. The CWC Group operates as a separate borrowing sub-group within the LLA Group. The Company has determined the estimated credit loss allowance for non-current loans due from related party through a detailed market comparability analysis using observable credit default swap (CDS) rates. The Company based its analysis on the spread of credit default swaps for comparable entities, adjusting the result to take into consideration the historical performance of the ultimate parent and intermediate parent in order to determine a probability of default, which is used to develop the estimated credit loss allowances.

The Company has determined the estimated credit loss allowance for the current loans due from related parties, as the effect of discounting using the loan's effective interest rate for a period of one year. Refer to Note 21 for further details.

3.3 Revenue recognition

Judgement is required in assessing the application of revenue recognition principles and the specific guidance in respect of the Company's revenue. This includes the allocation of revenue between performance obligations, such as the sale value of telecommunications equipment and ongoing services, 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.

3.5 Tax

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

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

4 Revenue

Accounting policy detailed in note 2.14.

The Company is an integrated telecommunications service provider. It offers mobile, broadband, data, TV and domestic and international fixed line services to residential and business customers. Mobile services include prepaid and post-paid services and sale of handsets including LIME 3G/4G. 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.

(Expressed in thousands of Eastern Caribbean Dollars)

4 Revenue (continued)

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

	Year ended 31 December 2020	Year ended 31 December 2019
Mobile	32,006	37,881
Broadband and TV	15,964	14,935
Fixed voice	12,052	12,574
Enterprise, data and other	9,476	11,938
Revenue	**69,498**	**77,328**
Timing of revenue recognition		
Products/services transferred at a point in time	**1,363**	**1,177**
Products/services transferred over time	**68,135**	**76,151**
Total	**69,498**	**77,328**

The Company recognises mobile equipment revenue at a point in time and all other revenue streams as disclosed above are recognised over time when the performance obligations are satisfied.

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. Outpayment amounts are paid to other operators when our customers call parties 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 2020	Year ended 31 December 2019
Outpayments and direct costs	**6,716**	**6,975**
Employee and other staff expenses (see note 5c)	**4,892**	**5,090**
Other administrative expenses	**19,753**	**21,671**
Network costs	**12,223**	**13,884**
Property and utility costs	**1,313**	**2,225**
Operating costs before depreciation, amortisation and impairment	**44,897**	**49,845**
Depreciation of property, plant and equipment	**10,599**	**8,919**
Amortisation of intangible assets	**327**	**223**
Amortisation of right-of-use assets	**464**	**437**
Operating costs	**56,287**	**59,424**

(Expressed in thousands of Eastern Caribbean Dollars)

5 Operating costs and other operating income and expenses (continued)

5b Exceptional items

Accounting policy detailed in note 2.15.

	Year ended 31 December 2020	Year ended 31 December 2019
Employee approved restructuring expenses	(493)	(188)
Operating exceptional items	**(493)**	**(188)**

There were no exceptional items within operating costs before depreciation and amortisation.

5c Employee and other staff expenses

	Year ended 31 December 2020	Year ended 31 December 2019
Wages and salaries	3,341	3,299
Social security costs	310	336
Other benefits and allowances	1,164	1,413
Pension costs:		
– defined contribution plans	259	253
	5,074	5,301
Less: Staff costs capitalised	(182)	(211)
Total employee and other staff expenses	**4,892**	**5,090**

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 2020	Year ended 31 December 2019
Directors' emoluments	58	58
Other key management personnel – short-term employment benefits	1,419	1,370
Post-employment benefits	90	89
Total key management remuneration	**1,567**	**1,517**

(Expressed in thousands of Eastern Caribbean Dollars)

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, related party notes receivable and transactional foreign exchange losses.
The finance income and expense are set out below.

	Year ended 31 December 2020	Year ended 31 December 2019
Finance income		
Interest income	**2,022**	**1,939**
Total finance income	**2,022**	**1,939**
Finance expense		
Interest expense	(894)	(14)
Interest expense on lease obligations	(91)	(111)
Total finance expense	**(985)**	**(125)**

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 or loss and other comprehensive income. 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 2020	Year ended 31 December 2019
Current tax charge		
Corporation tax at 33% (December 2019 – 33%)	6,571	7,165
Adjustments relating to prior year tax	166	86
Total current tax charge	**6,737**	**7,251**
Withholding tax	**-**	**19**
Other long-term tax liability	**239**	**3,011**
Deferred tax charge		
Origination and reversal of temporary differences	(55)	(367)
Adjustments relating to prior years	322	359
Total deferred tax charge (credit)	**267**	**(8)**
Total income tax charge	**7,243**	**10,273**

(Expressed in thousands of Eastern Caribbean Dollars)

7 Income tax expense (continued)

Reconciliation of actual tax expense:

	Year ended 31 December 2020	Year ended 31 December 2019
Profit before income tax	**13,755**	**19,530**
Income tax charge at tax rate: 33% (December 2019 – 33%)	4,539	6,445
Effect of permanent differences	1,977	353
Other long-term tax liability	239	3,011
Withholding tax	-	19
Adjustments relating to prior year tax	488	445
Total income tax charge	**7,243**	**10,273**
Income tax charge on exceptional items	**(163)**	**(62)**
Pre-exceptional income tax charge	**7,406**	**10,335**
Pre-exceptional effective tax rate on profit	**53.8%**	**52.9%**
Effective tax rate on profit	**52.7%**	**52.6%**

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

8 Impairment review

Accounting policy detailed in note 2.7.

Property, plant and equipment
An impairment charge of $Nil was considered necessary at 31 December 2020 (December 2019: $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.

(Expressed in thousands of Eastern Caribbean Dollars)

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 31 December 2018	**3,287**
Transfers from Projects under construction/WIP	830
At 31 December 2019	**4,117**
Transfers from Projects under construction/WIP	52
Disposals	(1,440)
At 31 December 2020	**2,729**
Amortisation and impairment	
At 31 December 2018	**3,150**
Charge for the year	223
At 31 December 2019	**3,373**
Charge for the year	327
Disposals	(1,440)
At 31 December 2020	**2,260**
Net book value	
At 31 December 2020	**469**
At 31 December 2019	**744**

(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 31 December 2018	**55,571**	**170,631**	**10,637**	**2,732**	**1,325**	**240,896**
Additions	-	-	-	-	10,912	10,912
Transfers from Projects under construction	626	5,594	114	-	(6,334)	-
Transfers to intangible assets	-	-	-	-	(830)	(830)
Transfers to inventory	-	-	-	(474)	-	(474)
At 31 December 2019	**56,197**	**176,225**	**10,751**	**2,258**	**5,073**	**250,504**
Additions	-	-	-	-	4,122	4,122
Transfers from Projects under construction	774	5,722	1,300	-	(7,796)	-
Transfers to intangible assets	-	-	-	-	(52)	(52)
Transfers from inventory	-	-	-	28	-	28
Disposals	(17,305)	(22,711)	(7,843)	-	-	(47,859)
At 31 December 2020	**39,666**	**159,236**	**4,208**	**2,286**	**1,347**	**206,743**
Depreciation						
At 31 December 2018	**40,395**	**111,293**	**10,013**	**181**	**-**	**161,882**
Charge for the year	1,464	7,225	230	-	-	8,919
At 31 December 2019	**41,859**	**118,518**	**10,243**	**181**	**-**	**170,801**
Charge for the year	1,395	8,359	845	-	-	10,599
Disposals	(17,305)	(22,711)	(7,843)	-	-	(47,859)
At 31 December 2020	**25,949**	**104,166**	**3,245**	**181**	**-**	**133,541**
Net book value at 31 December 2020	**13,717**	**55,070**	**963**	**2,105**	**1,347**	**73,202**
Net book value at 31 December 2019	**14,338**	**57,707**	**508**	**2,077**	**5,073**	**79,703**

(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 2020	31 December 2019
Gross trade receivables	8,460	10,264
Impairment allowance	(172)	(239)
Net trade receivables	**8,288**	**10,025**
Other receivables	6,990	3,957
Prepayments and accrued income	1,493	2,168
Trade and other receivables – current	**16,771**	**16,150**

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's 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 operates. This would indicate an increased credit risk on receivables that are neither past due nor impaired. However, management assessed this risk as of 31 December 2020, and, after providing valuation allowance where necessary, continued to support the assessment of credit quality as low risk (see Note 22).

An ageing analysis of the gross trade receivables (excludes other receivables, prepayments and accrued income) is below:

	31 December 2020	31 December 2019
Not yet due	-	-
Overdue 30 days or less	**3,412**	**1,899**
Overdue 31 to 60 days	**1,298**	**1,617**
Overdue 61 to 90 days	**602**	**897**
Overdue 91 days or more	**3,148**	**5,851**
	8,460	**10,264**

The impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the ECL of the trade accounts receivable. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods.

(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 2020	31 December 2019
At beginning of period	**(239)**	**(679)**
Bad debts written off - net	157	16
(Increase)/decrease in allowance	(90)	424
	(172)	**(239)**

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 $167 are presented net, after recording an allowance of ($71) made against slow moving or obsolete items. The amount of inventory expense through other administrative expenses during the year was $96.

In the period ended 31 December 2020, $28 was transferred from Inventory to Equipment Held for Use (note 10). The corresponding figures for the year ended 31 December 2019 shows a transfer of $474 from Equipment Held for Use to Inventory.

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 financial institutions.

Accounting policy detailed in note 2.6.

	31 December 2020	31 December 2019
Cash at bank and in hand	2,936	4,057
Bank overdraft	(163)	(135)
Cash and cash equivalents, net of overdraft, represented in statement of cash flows	**2,773**	**3,922**

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 2020	31 December 2019
Trade payables	**1,658**	**2,547**
Accruals	**4,614**	**8,253**
Other payables	**12,537**	**9,112**
Trade and other payables	**18,809**	**19,912**

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 Contract assets

The following table provides information about contract assets from contracts with customers. Balances are reported within trade and other receivables on the statement of financial position.

	31 December 2020	31 December 2019
Accrued income	1,045	1,377

The contract assets primarily relate to unbilled sales of mobile handsets and unbilled telephone usage at the reporting date. The contract assets are transferred to trade receivables when billed to the customer accounts.

Significant changes in the contract assets during the period are as follows:

	31 December 2020	31 December 2019
Transfers from contract assets recognized at the beginning of period to trade receivables	1,377	2,310

(Expressed in thousands of Eastern Caribbean Dollars)

16 Deferred tax

Accounting policy detailed in note 2.12.

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

	Capital allowances on non-current assets	Financial position offset	Revenue Recognition	Total
Deferred tax asset	-	268	25	293
Deferred tax liability	(5,875)	-	-	(5,875)
At 1 January 2019	**(5,875)**	268	25	**(5,582)**
Adjustment to balance	-	1	-	1
Credit/(debit) to profit or loss	167	(162)	3	8
At 31 December 2019	**(5,708)**	**107**	**28**	**(5,573)**
Deferred tax asset	-	107	28	135
Deferred tax liability	(5,708)	-	-	(5,708)
At 1 January 2020	**(5,708)**	**107**	**28**	**(5,573)**
Adjustment to balance	-	-	-	-
Debit to profit or loss	(252)	(15)	-	(267)
At 31 December 2020	**(5,960)**	**92**	**28**	**(5,840)**
Deferred tax asset	-	92	28	120
Deferred tax liability	(5,960)	-	-	(5,960)

(Expressed in thousands of Eastern Caribbean Dollars)

17 Provisions

Accounting policy detailed in note 2.13.

	Redundancy costs	Asset retirement obligations	Total
At 1 January 2019	717	2,099	2,816
Provisions used during the year	(717)	-	(717)
At 31 December 2019	**-**	**2,099**	**2,099**
Provisions – current	-	-	-
Provisions – non-current	-	2,099	2,099
At 1 January 2020	**-**	**2,099**	**2,099**
Provisions used during the year	-	(191)	(191)
At 31 December 2020	**-**	**1,908**	**1,908**
Provisions – current	**-**	**-**	**-**
Provisions – non-current	**-**	**1,908**	**1,908**

Redundancy
Provision has been made for the total employee related costs of redundancies announced within the Cable & Wireless Caribbean restructuring programme. Amounts spent (2020) 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.

18 Equity

Share capital

	31 December 2020	31 December 2019
Authorised: **50,000,000 Ordinary shares of $1**	**50,000**	**50,000**
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 CWC Group strategy, which has remained unchanged from the prior year.

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

(Expressed in thousands of Eastern Caribbean Dollars)

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 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 property, plant and equipment was $Nil (December 2019 – $Nil).

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.

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 CWC Group and LLA 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 $870 (December 2019: $1,829). Other related party transactions for the year are as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
Cost of sales	592	857
Head office support costs[1]	1,234	951
Net recharges into the company[2]	10,234	9,997
Interest income	2,022	1,950
	14,082	**13,755**

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.

(Expressed in thousands of Eastern Caribbean Dollars)

21 Related party transactions (continued)

Transactions with other related parties (continued)

(b) Due from related companies

	31 December 2020	31 December 2019
Cable & Wireless (CWI Caribbean) Limited	88,655	86,882
Cable & Wireless (Barbados) Limited	360	83
The Bahamas Telecommunications Company Limited	166	166
Columbus Communications Jamaica Limited	1,992	1,524
Other	1,487	1,066
	92,660	**89,721**

At 31 December 2020 all intercompany loans within the Company's portfolio were performing with none past due or credit impaired. In calculating Expected Credit Losses ("ECL"), the Company has assessed that no intercompany loans have experienced a significant increase in credit risk and therefore are all classified as Stage 1.

A reconciliation of the movements in loss allowances is provided as follows against the loans due from related party:

	31 December 2020	31 December 2019
Opening balance	1,472	-
Write off	-	-
Increase in allowance from current related party loans	30	1,472
Closing allowance	**1,502**	**1,472**

The loan receivable due from CWIC is classified as a current loan receivable within the Statement of Financial Position, net of the ECL allowance of $1,502 at December 31, 2020.

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 on the daily net balance for Eastern Caribbean dollar deposits and 1-month LIBOR 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.

(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 2020	31 December 2019
CWI Caribbean (Barbados) Limited	467	166
Cable & Wireless Jamaica Finance (Cayman) Limited	-	14,973
Cable & Wireless (EWC) Limited (BVI)	2,907	2,585
Columbus Networks Limited	7,316	4,839
CWC WS Holdings Cayman Limited	600	600
CWC Communications Limited	244	244
Other	558	497
Total	**12,092**	**23,904**

These represent balances with other CWC Group companies, principally for telecommunications traffic and services provided under a General Support Services Agreement.

General Support Services Agreement
The Company entered into a General Services Agreement effective 1 January 2019 with LLA affiliated companies. The purpose of the agreement is to enable LLA affiliates, including other members of the CWC Group, to provide and/or receive services in consideration for payment of applicable fees in line with transfer pricing guidelines. These services include but are not limited to Strategic Management Support, Operational Support, Business Analysis, Legal Support, Financial Support, Procurement and Human Resources Support Services as required.

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 expose 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 CWC 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.

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 dollars 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 instruments used for investment of funds.

Credit risk in respect of trade and other receivables is documented in note 11.

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

At 31 December 2020, the Company had cash and cash equivalents, net of overdraft, of $2,773 (December 2019: $3,922). 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.

Cable & Wireless St. Kitts & Nevis Limited
Notes to the financial statements (continued)
For the year ended 31 December 2020
(With comparatives for the year ended 31 December 2019)
(Expressed in thousands of Eastern Caribbean Dollars)

23 Leases

Supplemental balance sheet information as of 31 December 2020 is set forth below:

	31 December 2020	31 December 2019
Right-of-use assets	**1,261**	**1,666**
Lease obligations:		
Current	379	407
Non-current	957	1,307
Total lease obligations	**1,336**	**1,714**
Weighted-average remaining lease term (in years)	3.8 years	4.6 years
Weighted-average discount rate	6.1%	6.0%

The following table provides details of our lease expense:

	Year ended 31 December 2020	Year ended 31 December 2019
Included in operating costs:		
Amortization of right-of-use assets	464	437
Short-term lease expense	419	419
	883	856
Included in finance expense – interest expense on lease obligations	91	111
Total lease expense	**974**	**967**

The following table provides supplemental cash flow information related to our leases:

	Year ended 31 December 2020	Year ended 31 December 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from finance leases	91	111
Financing cash outflows from finance leases	438	389
Total cash outflows from leases	**529**	**500**
Right-of-use assets obtained in exchange for lease obligations	**59**	**-**

23 Leases (continued)

Maturities of Leases

Maturities of our lease liabilities on an undiscounted basis as of 31 December 2020 are presented below along with the current and non-current lease liabilities on a discounted basis (in millions).

	Year ended 31 December 2020
2021	448
2022	397
2023	292
2024	258
2025	99
Thereafter	-
Total future payments on an undiscounted basis	1,494
Less: Present value discount	(158)
Present value of lease liabilities	**1,336**
Current portion	379
Non-current portion	957

24 Other long-term tax liability

The Company has calculated and established an uncertain tax position reserve on the basis that ongoing reviews by the tax authorities indicate that it is more likely than not that certain charges are subject to management fee restriction in relation to tax filings done in earlier years. This can lead to additional taxes required to be paid and hence a reserve was created. The total uncertain tax liability as at 31 December 2020 is $3,251 (2019: $3,011) as reported in the statement of financial position.

25 Impact of COVID-19

In December 2019, COVID-19 was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a "pandemic," pointing to the sustained risk of further global spread. A number of confirmed cases of COVID-19 have been experienced in St. Kitts and Nevis. During 2020, COVID-19 has negatively impacted our operations as the international borders remained closed resulting in declines of inbound / outbound roaming revenues and reduced tourism activities, whereas all other industries have normalized to a "new norm" of operations as 2020 came to a close. Given that the impacts of COVID-19 continue to rapidly evolve, a level of uncertainty remains for our operations and related financial risks and cannot be predicted at this time.

As COVID-19 continues to be prevalent, the Company has, and expects to continue to take, a variety of measures to promote the safety and security of the Company's employees and ensure the availability of the Company's communication services.

26 Events after the reporting period

When the Company receives information in the period between 31 December 2020 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 2020. If non-adjusting events after the year end are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements.

Accordingly, for each material category of non-adjusting event after the reporting period we disclose in this section the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

The Board of Directors approved a final dividend of EC$0.20 cents per share for the period ended December 31, 2020 for all shareholders on record as at December 22, 2021. The dividend payment was made in December 2021.

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to February 1, 2022, which is the date that the financial statements were available to be issued.

COMPANY INFORMATION

DIRECTORS, MANAGEMENT & ADVISORS at December 31st 2021

CHAIRMAN

Mrs. Christine Morris Gillespie

DIRECTORS

Mr. David Lake B.Sc. (Hons), M.Sc.(Eng.)

Dr. Osbert Liburd B.A., Ph.D.

Ms. Lyra Richards

Mr. Alex Bremner

Ms. Susanna O'Sullivan

MANAGEMENT EXECUTIVES AND OFFICERS

Mr. David Lake B.Sc. (Hons), M.Sc. (Eng.)
Country Manager

Ms. Valerie Williams ACIS
Company Secretary

Mr. Michael Davis B.Sc, FCCA
Finance Manager, St. Kitts & BVI

Mrs. Karen Blackett B.Sc (Hons)
Business Support Officer

Ms. Lorraine Mitchell
Director B2C Commercial, Northern Caribbean

Ms. Sharisma Patrick B.Sc (Hons)
Marketing & Communications Executive

Mr. Clyde Richardson B.Sc. (Hons), MBA
Director Technical Operations, Northern Caribbean

Mrs. Eunice George MBA
Manager B2B Sales

Mr. Kevin Edwards BBA
Manager, Retail Sales

Mr. Rhodell Whittaker
Manager, Fixed Maintenance, Installations & Repairs

ADVISORS

AUDITORS
KPMG Barbados and the Eastern Caribbean

SOLICITORS
Kelsick, Wilkin & Ferdinand

REGISTRARS
Eastern Caribbean Central Securities Registry (ECCSR)

REGISTERED OFFICE

Cayon Street,
Basseterre,
P.O Box 86,
St. Kitts

DIRECTORS & OFFICERS

Christine Morris Gillespie - Chairman

Christine Morris Gillespie is an Attorney-at-Law by profession. As Head of Legal for CWC's Caribbean operations, she leads a dynamic team of legal professionals spread across the territories of Jamaica, Barbados, St. Lucia and Curaçao, who provide legal, corporate and regulatory support across all business segments within the CWC Caribbean footprint. Mrs. Gillespie brings to the board a solid leadership background and a wealth of knowledge and experience of the Information Communication and Technology industry's commercial, operational, contractual and corporate issues.

David Lake, *B.Sc. (Hons), M.Sc. (Eng.)* - Country Manager & Director

David Lake became a Director of C&W St. Kitts & Nevis Ltd in March 2011. Mr. Lake graduated from the University of the West Indies, St. Augustine with a Bachelor of Science Degree in Industrial Engineering (Hons). Upon graduating he worked at the St. Kitts Bottling Company Limited where he distinguished himself as an innovative Plant Manager. While there he took a sabbatical to pursue a Master of Science Degree in Engineering, specializing in Integrated Management Systems at the University of Birmingham, UK. In April 1999 Mr. Lake joined Cable & Wireless St. Kitts & Nevis Limited as Head of Customer Services. He was quickly transferred to the role of Vice President Mobile, Consumer Sales, and Marketing. Following a successful tenure in that role, Mr. Lake was promoted to General Manager of Cable and Wireless St. Kitts and Nevis Limited (now trading as Flow) in November 2008. David Lake is a past President of the St Kitts-Nevis Chamber of Industry and Commerce and Vice President of the Brimstone Hill Fortress National Park Society.

Osbert Liburd, *B.A., Ph.D.* - Director

Dr. Osbert Liburd joined the Board of Cable & Wireless St. Kitts & Nevis Limited in December 2007. Previously, Dr. Liburd served as Chairman of the Board of Cable & Wireless St. Kitts & Nevis Limited from October 2000 to January 2005. He is an experienced International Scientist and has conducted research in Africa, the USA and the Caribbean. He holds a B.A. in Biology from the UVI and a Masters and Ph.D in Plant Pathology from Cornell University, USA. He served as a Senior Diplomat as St. Kitts and Nevis' Ambassador to the United States and Permanent Representative to the Organisation of American States (OAS) from 1995 to 2000. Earlier in his professional career he served as Team Leader, Caribbean Agriculture Research and Development Institute (CARDI) and Director of Agricultural Services and Rural Development, Agricultural Missions, USA.

Lyra Richards - Director

Ms. Lyra Richards was appointed a Director of Cable & Wireless St. Kitts & Nevis Limited in December 2007. Ms. Richards has been in the banking sector from 1968. She worked at Barclays Bank, (DCO, PLC and International Ltd), until 1994. During that time she had a two year stint as a Training Instructor in Barbados and a further two years as Manager of the Soufriere Branch in St. Lucia. From 1994, she moved on to the Bank of Nevis Ltd and retired in December 2012.

Ms. Richards served as President and Treasurer of the Nevis Historical and Conservation Society, President of the Nevis Dramatic and Cultural Society (NEDACS) and is a founding member of Culturama, Nevis' Summer Festival. She is currently serving as a Trustee to the Nevis Historical & Conservation Trust, the body which oversees the preservation of Cottle Church, the first church in which slaves were permitted to worship.

Alexander Bremner - **Director**

Alex Bremner was appointed to the Board of Directors for Cable &Wireless St Kitts & Nevis Limited in 2015. Mr. Bremner is currently the Finance Director for the North Caribbean group of businesses of Cable & Wireless Communications comprising six markets across the northern East Caribbean and the Cayman Islands, a position which he has held since 2020, and is located in Antigua.

Mr. Bremner is an Associate of the Chartered Institute of Management Accountants and holds a Bachelor's degree in Economics and Law from the University of Leicester in the UK. He has over 28 years of experience with the Cable & Wireless group, including 18 years within the Caribbean region having served as Head of Finance in Cable & Wireless Anguilla, Head of Finance and Corporate Affairs for Cable & Wireless St. Kitts & Nevis Limited and Finance Development Director for the Eastern Caribbean in St. Lucia. He has also held a number of senior finance positions in the Cable & Wireless group in the UK.

Susanna O'Sullivan - **Director**

A pioneer award-winner and senior leader with an acute business sense, a high level of emotional intelligence, and a rare combination of expertise in IT, ICT, Business Strategy, Business Operations, Risk Management, Customer Experience and Project Management.

Offers more than 10 years' experience at the Leadership & Management level, directing strategy, growth and development of IT & ICT infrastructure expansion for the largest telecommunications player in the Caribbean.

A successful and culturally diverse career, with experience functioning confidently in multinational matrix organizations, leading multiple distributed workforces in-parallel across geographical distinct markets, and operating in highly competitive and regulated environments.

Leverages special training in Human Resource Management & Psychology to drive division-wide employee engagement and in developing and maintaining high-performance teams.

High-bar competences in Project ROI Management, Cost Structure Reshaping, Capacity Planning & Resource Optimization.

Holds a Master's in Computer-based Management Information Systems, a B.Sc. in Human Resource Management & Psychology, and other certifications or training in Economics for Managers, Business Analytics & Financial Accounting.

Valerie Williams, *AICS* - **Company Secretary**

Ms. Valerie Williams joined the company in 1991 as an Administrative Officer in the Corporate Secretarial department. A qualified Corporate Secretary and Risk Manager, Ms. Williams was appointed to the post of Company Secretary in 2000. In addition to the Corporate Secretarial function, she has also managed other portfolios including Facilities, Health & Safety, Risk Management, Records Management and Pensions. She currently provides corporate secretarial assistance to some of the other FLOW businesses in the Windward and Leeward islands. Prior to joining the Company, Ms. Williams spent a number of years in the Corporate Secretarial department of Price Waterhouse, now PWC and the Caribbean Examinations Council.

NOTES

PROXY FORM

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

I/We ____

of ____

being a shareholder of Cable & Wireless St. Kitts & Nevis Limited hereby appoint

____

of ____

As my/our proxy to vote for me/us and on my/our behalf at the Thirty-fourth General Meeting of the shareholders of the said Company to be held on Thursday 2nd June 2022 or at any adjournment thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this ______________ day of ______________ 2022.

Signature of Shareholder ____

NOTES

1. A person appointed by proxy need not be a shareholder.
2. In the case of a shareholder who is a body corporate or association, this form must be signed under its Common Seal or the hand of its attorney.
3. A proxy must be executed in writing by the shareholder or his/her attorney authorized in writing.
4. Proxy appointments are required to be deposited at the registered office of the Company not less than 24 hours before the time fixed for holding the meeting or adjourned meeting.

Cable & Wireless St. Kitts & Nevis Limited
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