Company Registration No. 04256100 (England and Wales)

CWC COMMUNICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CWC COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	L H Pegg M E Read
Secretary	L H Pegg
Company number	04256100
Registered office	Griffin House 161 Hammersmith Road London W6 8BS United Kingdom
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

CWC COMMUNICATIONS LIMITED

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CWC COMMUNICATIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and financial statements for the year ended 31 December 2019.

Review of the business

The principal activity of CWC Communications Limited (the "company") during the year was to provide licenses for the Cable & Wireless Communications Group (the "group") brands, and to provide brand services to the group.

The company is a wholly owned subsidiary undertaking of Cable & Wireless Communications Limited ("CWC"), which is itself a wholly owned subsidiary of Liberty Latin America Limited ("LLA"), an international provider of fixed, mobile and subsea telecommunications services.

The LLA group provides residential and business-to-business (B2B) services in (i) over 20 countries, primarily in Latin America and the Caribbean, through CWC, (ii) Chile and Costa Rica, through VTR/Cabletica, and (iii) Puerto Rico, through Liberty Puerto Rico.

CWC also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over its subsea and terrestrial fibre optic cable networks that connect over 40 markets in that region.

Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the LLA group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the financial statements of LLA which are available from LLA's website at www.lla.com.

In addition, given the nature and principal activity of the company, the UK referendum advising for the exit of the UK from the EU commonly referred to as "Brexit", would not have a material impact on our business, financial condition, results of operations and liquidity.

The directors have considered the possible impact on the business and future going concern relation to Covid-19. Please refer to the going concern accounting policy for further details. Having considered the impact, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Key performance indicators

Taking into account the principal activities of the company, the following key performance indicators have been identified;

	2019 $000	2018 $000
Operating profit/(loss)	84,316	(13,519)
Net assets	124,743	41,128

During the year, key movements in the balance sheet include increases in debtor of approximately $99,000,000 and increases in creditors of approximately $16,000,000. The increase in debtor is the result of updated transfer pricing strategy of the Group which increased the branding fee income/receivable recorded by approximately $61,000,000. The remaining increase is primarily attributed to the intercompany receivable balance created from the assignment of the trade marks. The increase in creditor is primarily related to the $14,000,000 balance associated with management fee charged due to timing difference of settlement compared to the prior year.

In the current year, the company reported profit after tax of $83,615,000, which represents an increase of $97,364,000 from the prior year. The increase is attributed to the $34,406,000 gain on disposal of trade marks in 2019, an increase in branding fee revenues of $50,878,000, and a decrease in management fee expenses of $12,115,000. The changes in branding fee revenues and management fee expenses are the result of an updated transfer pricing policy of the CWC Group.

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further details of the future outlook of the group is provided in the financial statements of LLA which are available from their website at www.lla.com.

Financial instruments
Exposure to fair value interest rate risk and foreign currency risk arises in the normal course of the company's business.

Currency risk
Management regularly monitor the company's currency positions and exchange rate movements and make currency decisions as appropriate.

Fair value interest rate risk
The company's exposure to interest rate risk is limited to those interest-bearing notes indexed to market rates (receivable or payable) with other CWC Group entities. The company does not hedge its interest rate risk.

Credit risk
Since the company does not have trade activities, credit risk is only limited to the borrowing and lending activities with other CWC Group entities. CWC Group operates as a single standalone credit pool and the intercompany lending and borrowing within the CWC Group is managed by the group treasury function.

s.172 statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 ('s.172') when performing their duty to promote the success of the company under s.172.

The principal activity of the company is to provide licenses for the Cable & Wireless Communications Group brands for which there are no external customers or suppliers. The company also has no directly employed staff members. Therefore, the impact on the environment, community and other stakeholders is minimal. The directors consider which course of action best delivers the aim of the company in the long-term and in doing so, act fairly as between the company and CWC group's members whilst considering other stakeholders where appropriate.

On behalf of the Board of Directors:

L H Pegg
Director

Date: 24th November 2020

CWC COMMUNICATIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities
The principal activity of CWC Communications Limited (the "company") continued to be that of providing licenses for the Cable & Wireless Communications Group brands, and to provide brand service to the group.

Results and dividends
The results for the year are set out on page 7.

The directors have not recommended an ordinary dividend (2018 - $nil).

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

L H Pegg
M E Read

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Auditor
KPMG resigned as auditor, and RSM UK Audit LLP filled the casual vacancy, and was appointed as auditor to the company. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future outlook and financial instruments.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board of Directors:

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L H Pegg
Director
Date: 24th November 2020

CWC COMMUNICATIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CWC COMMUNICATIONS LIMITED

Opinion

We have audited the financial statements of CWC Communications Limited (the 'company') for the year ended 31 December 2019 which comprises the profit and loss account and statement of other comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Paul Langhorn FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

26/11/20

CWC COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Turnover	3	64,634	13,756
Administrative expenses	4	(14,724)	(27,275)
Gain on disposal of trade marks	5	34,406	-
Operating profit/(loss)		84,316	(13,519)
Tax on profit/(loss)	7	(701)	(230)
Profit/(loss) and total comprehensive income for the financial year		83,615	(13,749)

The notes on pages 10 to 19 form an integral part of the financial statements.

CWC COMMUNICATIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Current assets			
Debtors	8	170,960	71,783
Current liabilities			
Creditors	9	46,217	30,655
Net assets		124,743	41,128
Equity			
Called up share capital	10	1	1
Profit and loss reserves	11	124,742	41,127
Total equity		124,743	41,128

The financial statements were approved by the board of directors and authorised for issue on 24th November 2020 and are signed on its behalf by:

M E Read
Director

The notes on pages 10 to 19 form an integral part of the financial statements.

CWC COMMUNICATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital $000	Profit and loss reserves $000	Total $000
Balance at 1 January 2018	1	54,876	54,877
Loss and total comprehensive income for the financial year	-	(13,749)	(13,749)
Balance at 31 December 2018	1	41,127	41,128
Profit and total comprehensive income for the financial year	-	83,615	83,615
Balance at 31 December 2019	1	124,742	124,743

The notes on pages 10 to 19 form an integral part of the financial statements.

1 Accounting policies

Company information

The company is a private company limited by shares incorporated in England and Wales. The registered office is Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

The smallest and largest groups of which the company is a member and into which the company's accounts were consolidated at 31 December 2019 are Cable & Wireless Communications Limited ("CWC") and Liberty Latin America Ltd. ("LLA"), respectively.

Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101: "Reduced Disclosure Framework" ("FRS 101") and in accordance with applicable accounting standards.

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The financial statements are prepared in US dollars ("US$"), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

Reduced disclosures

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- presentation of a Statement of Cash Flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- disclosure of the future impact of new IFRSs in issue but not yet effective at the reporting date; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

1 Accounting policies (Continued)

Going concern
After making suitable enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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. Due to the nature of the operations of the entity being primarily related to inter-CWC Group, there is no immediate, direct impact to the company as a result of COVID-19.

However, there are impact to the operating entities of the CWC Group (referred to as "we", "our" or "ours" below). During the second quarter of 2020, operations are negatively impacted due to lockdowns, moratoriums, and mobility, travel and tourism restrictions across many of the markets in which we operate. The implications of these restrictions have been (i) the issuance of discounts to customers, (ii) the pause in certain managed service projects, particularly with government agencies, and (iii) delayed customer payments and increased customer churn. Within the CWC Group's mobile operations, the lockdowns negatively impacted customers' ability to recharge their prepaid mobile devices. In addition, we experienced declines in in-bound roaming activity as a result of travel restrictions and reduced tourism activities in the markets in which we operate. These factors collectively resulted in declines in revenue within our B2B and mobile operations and lower ARPU associated with our residential fixed subscription services. The extent to which COVID-19 continues to impact our operational and financial performance will depend on certain developments, which include, among other factors:

- the duration and spread of the outbreak;
- the ability of governments and medical professionals in our markets to respond further to the outbreak;
- the impact of changes to, or new, government regulations imposed in response to the pandemic, including laws and moratoriums;
- the impact on our customers and our sales cycles;
- the impact on actual and expected customer receivable collection patterns, including the impact of such patterns on our allowance for bad debt provisions following the adoption of ASU 2016-13 on January 1, 2020;
- the impact on our employees, including that from labor shortages or work from home initiatives;
- the impacts on foreign currency and interest rate fluctuations; and
- the effect on our vendors, as COVID-19 could have adverse impacts on our supply chain thereby impacting our customers' ability to use our services.

Given the impacts of COVID-19 continue to rapidly evolve, the extent to which COVID-19 may further impact our financial condition or results of operations continues to be uncertain and cannot be predicted at this time. The heightened volatility of global markets resulting from COVID-19 further expose us to risks and uncertainties.

As COVID-19 continues to spread, the CWC Group has taken, and expects to continue to take, a variety of measures to promote the safety and security of our employees, and ensure the availability of our communication services. To this end, we have upgraded our network in an effort to handle peak traffic, accelerated our digital transformation efforts, initiated moves to self-installations for as many of our services and customers as possible, are developing innovative pricing plans that meet our customers' needs across our prepaid products, our fixed products, our Pay-TV products, and our B2B products, and continue to evaluate and change our cost structure. In this regard, during the first quarter of 2020, in an effort to mitigate potential revenue challenges that may arise from COVID-19, we identified and began to take actions that are expected to help reduce certain fixed operating costs and capital costs. To date, we believe we are on track to achieve these saving initiatives.

Notwithstanding the negative impacts on CWC Group's results of operations during the second quarter, as of June 30, 2020, the CWC Group covenant compliance under the existing indentures or liquidity needs, which includes access to borrowing available under our various revolving credit facilities, have not been materially impacted as a result of COVID-19.

1 Accounting policies (Continued)

Going concern (continued)
It is not the practice of the CWC Group to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level. However, forecasts and projections have been prepared for the CWC Group as a whole and these showed that cash on hand, together with cash from operations and the undrawn revolving credit facility, are expected to be sufficient for the CWC Group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements.

Turnover
Turnover represents branding fees charged to group undertakings associated with the use of the Cable & Wireless brand. We adopted IFRS 15, 'Revenue from Contracts with Customers', on 1 January 2018. IFRS 15 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services following a five step model. The company determined that the *adoption of IFRS 15 resulted in an immaterial impact* to our financial statements.

Financial assets
Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets classified at fair value through profit or loss
When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost
Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Amounts due from group undertakings and other debtors

The introduction of IFRS 9 replaced the model previously used by the company to calculate impairments under IAS 39, which was based primarily on incurred losses, with a model based on expected credit losses ("ECL"). The scope of the new model consistently includes all financial assets that are recognised at amortised cost.

The company assesses on a forward-looking basis the ECL 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 ECL 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.

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

All of the company's financial assets are at Stage 1 and the company calculates ECL based on the following credit risk parameters:

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

The assumptions underlying the ECL calculation are monitored and reviewed on an annual basis. Refer to Note 8 for further details.

Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

1 Accounting policies (Continued)

Foreign exchange
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Recoverability of intercompany debtors
Intercompany debtors are stated at their recoverable amounts less any necessary provision. Recoverability of intercompany debtors is assessed annually and a provision is recognised as indicated under the ECL impairment model. $nil (2018 - $218,000) loss allowance was recognised at the balance sheet date. The carrying value of intercompany debtors at the balance sheet date was $205,366,000 (2018 - $71,783,000).

Income tax provision
Judgement is required to assess the impact of possible future outcomes on the current and deferred tax positions.

3 Turnover

	2019	2018
	$000	$000
Branding fees	64,634	13,756

4 Administrative expenses

Administrative expenses includes $218,000 for a reversal of bad debt provisions on current loans receivable from group undertakings, except for current interest receivable. Provisions for bad debts on current loans receivable from group undertakings were $218,000 in 2018.

Included within administration expenses are management fees of $14,942,000 (2018 - $27,057,000).

No remuneration was paid to the directors for qualifying services to this company (2018 - $nil). All directors' remuneration is borne by and included in the financial statements of Cable & Wireless International HQ Limited and Lilac Communications Inc., both fellow Liberty Latin America group undertakings. The directors have considered the allocation of their total remuneration attributable to providing services to the company. This allocation is not deemed material to warrant further disclosure.

Auditor's remuneration for the audit of these financial statements was $8,300 (2018 - $6,500). This has been borne by another group company.

5 Gain on disposal of trade marks

On 26 September 2019, Cable & Wireless Limited, a group undertaking, entered into an agreement to assign various trade marks related to the Cable & Wireless name to Cable & Wireless International HQ Limited, another group undertaking. The assigned trade marks were valued at $34,406,304 at the assignment date. The economic benefits of these trade marks belonged to the company. The trade marks were carried at zero cost. Accordingly, a gain equal to the value of the trade marks was recognized with an increase to the balance of an existing revolving term facility to Cable & Wireless International HQ Limited.

6 Employees

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group.

7 Taxation

	2019 $000	2018 $000
Current tax		
UK corporation tax on profits for the current period	701	230

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 $000	2018 $000
Profit/(loss) before taxation	84,316	(13,519)
Profit/(loss) multiplied by standard rate of corporation tax in the UK	16,020	(2,569)
Effect of expenses not deductible and income not taxable in determining taxable profit	(41)	42
Double tax relief	(701)	-
Group relief	(15,278)	2,527
Withholding tax	701	230
Taxation charge for the year	701	230

Factors affecting current and future tax charges

Deferred tax assets are recognised for unused tax losses and allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

There are un-recognised deferred tax balances at at 31 December 2019 of $16,126,937 in respect of trading losses carried forward (2018 - $15,498,299).

8 Debtors

	2019 $000	2018 $000
Amounts owed by group undertakings	170,960	71,783

The analysis of amounts owed by group undertakings is:

	2019 $000	2018 $000
Loan receivable from group undertaking	100,052	62,336
Other amounts owed by group undertakings	70,908	9,665
Allowance for impairment	-	(218)
	170,960	71,783

Loans receivable from group undertakings and other amounts owed by group undertakings are unsecured and repayable on demand.

At 31 December 2019 the company has applied IFRS 9's practical expedient to the assessment of impairment losses on current intercompany receivables based on historic default rates adjusted to reflect information about current economic conditions and forecast of future economic conditions.

Short term intercompany loans and other short term receivables
At 31 December 2019 all intercompany loans within the company's portfolio were performing with none past due or credit impaired. In calculating ECL the company has assessed that no intercompany loans have experienced a significant increase in credit risk and have therefore all are classified as Stage 1 and a 12 month ECL applied.

A reconciliation of movements in ECL is provided as follows:

	31 December 2018 $000	Decrease in ECL allowance $000	31 December 2019 $000
ECL allowance	218	(218)	-

The company has determined the ECL allowance through a detailed market comparability analysis. The company based their 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 ECL allowances noted above.

8 Debtors (Continued)

The credit risk is the risk of financial loss to the company if the borrower fails to meet its contractual obligations. The maximum exposure of the company's intercompany loans to credit risk is set out below.

	2019 $000	2018 $000
Loans advanced to group undertakings	100,052	62,336
Other amounts owed by group undertakings	70,908	9,665
	170,960	72,001

9 Creditors

	2019 $000	2018 $000
Amounts owed to group undertakings	46,217	30,655

The amounts owed to group undertakings are repayable on demand.

10 Called up share capital

	2019 $	2018 $
Issued and fully paid		
1,001 (2018 - 1,001) Ordinary shares of £1 each	1,488	1,488
	1,488	1,488

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

11 Reserves

Profit and loss reserves
Includes all current and prior period comprehensive profits and losses retained, net of dividends paid.

12 Events after the reporting date

Following the year-end, COVID-19 impacted the global economy. Please see the going concern accounting policy above for further details of the impact caused by the pandemic to the company and CWC.

13 Related party transactions

The following table sets out the transactions and outstanding balances due to and from other non-wholly owned group entities:

	2019		2018	
	Branding fees received $000	**Trade receivable/ (payable) $000**	**Branding fees received $000**	**Trade receivable/ (payable) $000**
Cable & Wireless Panama SA	4,060	927	4,472	379
Cable & Wireless St Kitts & Nevis Limited	3,172	90	611	602
Cable & Wireless Dominica Limited	1,611	-	261	261
Cable & Wireless Grenada Limited	1,823	-	537	542
Cable & Wireless Jamaica Limited	11,355	-	3,822	3,732

14 Parent undertaking and controlling party

The company's immediate parent undertaking is Sable Holding Limited.

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2019 are Cable & Wireless Communications Limited ("CWC") and Liberty Latin America Ltd. ("LLA"), respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2019 was LLA.

Copies of the CWC group accounts referred to above which include the results of the company are available from the company secretary, Cable & Wireless Communications Limited, Griffin House, 161 Hammersmith Road, London W6 8BS or from the website: www.lla.com.

In addition copies of the consolidated LLA accounts are available on their website at www.lla.com. The address of the parent undertaking is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.