Consolidated income statement
for the year ended 31 March 2015

Continuing operations	Note	2014/15 Pre-exceptional items US$m	2014/15 Exceptional items[1] US$m	2014/15 Total US$m	Restated* 2013/14 Pre-exceptional items US$m	Restated* 2013/14 Exceptional items[1] US$m	Restated* 2013/14 Total US$m
Revenue	2.1	**1,753**	**–**	**1,753**	1,689	–	1,689
Operating costs before depreciation, amortisation and impairment	2.3.1, 2.3.5	**(1,168)**	**(104)**	**(1,272)**	(1,143)	(174)	(1,317)
Depreciation and impairment	3.4, 3.6	**(209)**	**(127)**	**(336)**	(204)	–	(204)
Amortisation	3.5	**(47)**	**–**	**(47)**	(31)	–	(31)
Other operating income	2.3.4	**42**	**–**	**42**	–	–	–
Other operating expense	2.3.4	**(62)**	**–**	**(62)**	(15)	–	(15)
Group operating profit/(loss)		**309**	**(231)**	**78**	296	(174)	122
Share of profit/(loss) of joint ventures and associates	3.7	**12**	**–**	**12**	5	(67)	(62)
Total operating profit/(loss)		**321**	**(231)**	**90**	301	(241)	60
Gain on sale of businesses	2.4	**4**	**–**	**4**	–	–	–
Finance income	4.1	**26**	**–**	**26**	6	–	6
Finance expense	4.1	**(84)**	**(37)**	**(121)**	(139)	(25)	(164)
Profit/(loss) before income tax		**267**	**(268)**	**(1)**	168	(266)	(98)
Income tax (expense)/credit	2.6	**(65)**	**33**	**(32)**	(51)	19	(32)
Profit/(loss) for the year from continuing operations		**202**	**(235)**	**(33)**	117	(247)	(130)
Discontinued operations							
Profit after tax for the year from discontinued operations	2.8.5	**354**	**–**	**354**	1,081	–	1,081
Profit/(loss) for the year		**556**	**(235)**	**321**	1,198	(247)	951
Profit/(loss) attributable to:							
Owners of the Parent Company		**458**	**(205)**	**253**	1,088	(229)	859
Non-controlling interests		**98**	**(30)**	**68**	110	(18)	92
Profit/(loss) for the year		**556**	**(235)**	**321**	1,198	(247)	951
Earnings per share attributable to the owners of the Parent Company during the year (cents per share)[2]	2.5						
– basic				**9.7**			34.3
– diluted				**9.7**			34.3
Loss per share from continuing operations attributable to the owners of the Parent Company during the year (cents per share)	2.5						
– basic				**(3.8)**			(8.4)
– diluted				**(3.8)**			(8.4)
Earnings per share from discontinued operations attributable to the owners of the Parent Company during the year (cents per share)	2.5						
– basic				**13.5**			42.7
– diluted				**13.5**			42.7

*The results have been restated for the classification of Monaco in discontinued operations (note 2.8) and for Seychelles within continuing operations (note 2.2).
1 Further detail on exceptional items is set out in note 2.3.5 and in the relevant note for each item.
2 Includes discontinued operations (note 2.8).

The notes on pages 100 to 158 are an integral part of these financial statements.

The consolidated income statement includes the majority of our income and expenses for the year with the remainder recorded in the statement of comprehensive income. The commentary below is unaudited. As Columbus was acquired on the last day of the financial year no results are included in the income statement.

Revenue
Group revenue increased by 4% to US$1,753 million (2% increase excluding the impact of the Sonitel acquisition and currency movements). Growth was achieved across mobile, broadband, video and managed services. More information is provided in our segmental results in note 2.2.

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

Overall Group EBITDA, at US$585 million, was 7% ahead of the prior year driven particularly by strong performance in LIME which grew 40%.

Reconciliation to total operating profit	2014/15 US$m	Restated 2013/14 US$m
Total operating profit	**90**	60
Depreciation and amortisation	**256**	235
Net other operating expense	**20**	15
Share of profit after tax of joint ventures and associates: pre-exceptional	**(12)**	(5)
Share of profit after tax of joint ventures and associates: exceptional	**–**	67
Exceptional items: operating	**104**	174
Exceptional items: impairment	**127**	–
EBITDA	**585**	546

Exceptional items
Exceptional totalled US$231 million in the year. The charges included impairment of assets identified as redundant; primarily, copper plant and facilities in markets where CWC and Columbus overlap and legacy voice switches replaced as part of Project Marlin, as well as restructuring changes to yield synergies related to the Columbus transaction and a voluntary separation agreement in The Bahamas. US$241 million of expense in the prior period included charges for the Group cost reduction initiative and a charge of US$67 million in TSTT.

Pre-exceptional depreciation and amortisation
Depreciation and amortisation at US$256 million was 9% higher than prior year due to investments made to upgrade networks for Project Marlin.

Net other operating expense/income
The US$20 million net other operating expense for the year comprised US$55 million of transaction fees in relation to the Columbus and Sonitel acquisitions, US$25 million of income in relation to the subsea cable partnership with Columbus and a foreign exchange translation gain related to the UK pension schemes. In the prior year the US$15 million expense was the result of a foreign exchange translation loss on the UK pension schemes.

Joint ventures and associates
Our share of profit after tax from joint ventures and associates was US$12 million, US$74 million higher than the prior period due to a US$67 million charge recorded for TSTT share of associate for their voluntary separation scheme that was recorded in 2013/14.

As at 31 March 2015, TSTT was reclassified as a held for sale asset due to conditions included in the regulatory approval obtained from the Telecommunications Authority of Trinidad and Tobago relating to the acquisition of Columbus.

Gain on sale of business
The US$4 million gain on sale of business arose on the disposal of Solomon Telekom in October 2014.

Net finance expense
The US$58 million net finance expense for the Group excluding exceptional items includes finance income of US$26 million (US$6 million in 2013/14) and finance expense of US$84 million (US$139 million in 2013/14). The decrease in finance expense predominantly related to the redemption of the secured US$500 million 2017 bond in February 2014.

Income tax expense
The income tax charge for the continuing Group of US$65 million (US$51 million in 2013/14) was in respect of overseas taxes. This charge represented an effective tax rate of 25% pre-exceptional items. Removing the impact of non-deductible interest charged on the Group's central borrowing facilities this charge represented an effective tax rate of 20% pre-exceptional items.

Discontinued operations and gains on disposal
Monaco Telecom has been classified as a discontinued operation for the year ended 31 March 2015 and the comparative consolidated income statement has been restated. The results of Monaco Telecom were previously recorded in the Monaco operating segment.

During the period we recognised an accounting gain of US$346 million following the completed disposal of Monaco Telecom. For more information see note 2.8.

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

Adjusted EPS has increased from 2.2c to 4.7c due to improved performance and reduced finance expense.

Reconciliation of adjusted EPS to loss per share	2014/15 US cents	Restated 2013/14 US cents
Loss per share attributable to owners of the Parent Company	**(3.8)**	(8.4)
Exceptional items[1]	**7.9**	9.2
Acquisition related transaction costs[1]	**2.1**	–
Amortisation of acquired intangibles[1]	**0.2**	0.1
Foreign exchange (gains)/losses on financing activities	**(1.5)**	1.3
Gain on disposal of businesses	**(0.2)**	–
Adjusted EPS attributable to owners of the Parent Company	**4.7**	2.2
Weighted average number of shares (million)	**2,615**	2,502

1 Excluding amounts attributable to non-controlling interests.

Consolidated statement of comprehensive income
for the year ended 31 March 2015

	Note	2014/15 US$m	2013/14 US$m
Profit for the year		**321**	951
Other comprehensive (expense)/income for the year comprised:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial losses in the value of defined benefit retirement plans	3.10	**(77)**	(8)
Income tax relating to items that will not be reclassified to profit or loss		**–**	–
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**(77)**	(8)
Items that are or may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(11)**	(3)
Foreign currency translation reserves recycled on disposal of operations		**(94)**	(7)
Foreign currency translation reserves recycled on held for sale associate	3.8	**(30)**	–
Fair value gain/(loss) on available-for-sale financial assets	4.4	**3**	(3)
Income tax relating to items that may be reclassified to profit or loss		**–**	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(132)**	(13)
Other comprehensive expense for the year, net of tax		**(209)**	(21)
Total comprehensive income for the year, net of tax		**112**	930
Total comprehensive income attributable to:			
Owners of the Parent Company		**42**	836
Non-controlling interests		**70**	94
		112	930

The notes on pages 100 to 158 are an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2015

	Attributable to the owners of the Parent Company							
	Share capital US$m	Share premium US$m	Foreign currency translation and hedging reserve US$m	Capital and other reserves US$m	Retained earnings US$m	Total US$m	Non-controlling interests US$m	Total equity US$m
Balance at 1 April 2013	133	97	32	3,321	(3,832)	(249)	501	252
Profit for the year	–	–	–	–	859	859	92	951
Actuarial losses recognised (net of tax)	–	–	–	–	(6)	(6)	(2)	(8)
Foreign currency translation reserves recycled on disposal of operations	–	–	(7)	–	–	(7)	–	(7)
Exchange differences on translation of foreign operations	–	–	(7)	–	–	(7)	4	(3)
Fair value movements in available-for-sale financial assets	–	–	–	(3)	–	(3)	–	(3)
Total comprehensive (expense)/income for the year	–	–	(14)	(3)	853	836	94	930
Equity share-based payments	–	–	–	–	6	6	–	6
Dividends	–	–	–	–	(100)	(100)	–	(100)
Total dividends and other transactions with Cable & Wireless Communications Plc shareholders	–	–	–	–	(94)	(94)	–	(94)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(76)	(76)
Transfers on sale of subsidiaries	–	–	–	(30)	26	(4)	(169)	(173)
Total dividends and other transactions with non-controlling interests	–	–	–	(30)	26	(4)	(245)	(249)
Balance at 31 March 2014	133	97	18	3,288	(3,047)	489	350	839
Profit for the year	–	–	–	–	253	253	68	321
Actuarial losses recognised (net of tax)	–	–	–	–	(76)	(76)	(1)	(77)
Foreign currency translation reserves recycled on disposal of operations	–	–	(94)	–	–	(94)	–	(94)
Foreign currency translation reserves recycled on held for sale associate	–	–	(30)	–	–	(30)	–	(30)
Exchange differences on translation of foreign operations	–	–	(14)	–	–	(14)	3	(11)
Fair value movements in available-for-sale financial assets	–	–	–	3	–	3	–	3
Total comprehensive (expense)/income for the year	**–**	**–**	**(138)**	**3**	**177**	**42**	**70**	**112**
Put option arrangements[1]	–	–	–	(879)	–	(879)	–	(879)
Issuance of ordinary shares	91	163	–	1,312	–	1,566	–	1,566
Equity share-based payments	–	–	–	–	28	28	–	28
Dividends	–	–	–	–	(104)	(104)	–	(104)
Total dividends and other transactions with Cable & Wireless Communications Plc shareholders	**91**	**163**	**–**	**433**	**(76)**	**611**	**–**	**611**
Dividends paid to non-controlling interests	–	–	–	–	–	–	(86)	(86)
Transfer of BTC non-controlling interests	–	–	–	–	(6)	(6)	6	–
Total dividends and other transactions with non-controlling interests	**–**	**–**	**–**	**–**	**(6)**	**(6)**	**(80)**	**(86)**
Balance at 31 March 2015	**224**	**260**	**(120)**	**3,724**	**(2,952)**	**1,136**	**340**	**1,476**

1 Refer to note 4.8 for lock-up and put option arrangements.

The notes on pages 100 to 158 are an integral part of these financial statements.

Consolidated statement of financial position
as at 31 March 2015

	Note	31 March 2015 US$m	31 March 2014 US$m
Assets			
Non-current assets			
Intangible assets	3.5	**2,954**	526
Property, plant and equipment	3.6	**2,523**	1,418
Investments in joint ventures and associates	3.7	**1**	188
Available-for-sale financial assets	4.4	**59**	58
Financial assets at fair value through profit or loss	4.5	**14**	–
Other receivables	3.1	**158**	170
Deferred tax assets	2.7	**51**	34
Retirement benefit assets	3.10	**17**	20
		5,777	2,414
Current assets			
Trade and other receivables	3.1	**587**	433
Inventories	3.2	**50**	36
Loans to related parties	3.1	**56**	–
Cash and cash equivalents	4.2	**402**	205
		1,095	674
Assets held for sale	3.8	**165**	70
		1,260	744
Total assets		**7,037**	3,158
Liabilities			
Current liabilities			
Trade and other payables	3.3	**771**	612
Borrowings	4.3	**82**	58
Financial liabilities at fair value through profit or loss	4.6	**–**	274
Provisions	3.9	**119**	140
Current tax liabilities		**118**	121
		1,090	1,205
Liabilities held for sale		**–**	23
		1,090	1,228
Net current assets/(liabilities)		**170**	(484)
Non-current liabilities			
Trade and other payables	3.3	**373**	26
Borrowings	4.3	**2,686**	797
Financial liabilities at amortised cost	4.8	**879**	–
Deferred tax liabilities	2.7	**225**	27
Provisions	3.9	**99**	42
Retirement benefit obligations	3.10	**209**	199
		4,471	1,091
Net assets		**1,476**	839
Equity			
Capital and reserves attributable to the owners of the Parent Company			
Share capital	4.10	**224**	133
Share premium		**260**	97
Reserves		**652**	259
		1,136	489
Non-controlling interests		**340**	350
Total equity		**1,476**	839

The notes on pages 100 to 158 are an integral part of these financial statements. These financial statements on pages 92 to 158 were approved by the Board of Directors on 19 May 2015 and signed on its behalf by:

Phil Bentley Chief Executive Officer
Cable & Wireless Communications Plc Registered number – 07130199

The consolidated statement of financial position shows all of our assets and liabilities at 31 March 2015. The commentary below is unaudited. As Columbus was acquired on the last day of the financial year the preliminary acquisition accounting amounts are included in the statement of financial position.

Intangible assets and property, plant and equipment
The net book value of property, plant and equipment has increased by US$1,105 million due to the acquisition of Columbus and capital investments in HSPA+ mobile data networks across all markets and LTE upgrades in Panama, The Bahamas and Cayman. Intangible assets increased by US$2,428 million primarily due to recognition of goodwill and intangibles assets as part of the acquisition of Columbus.

Retirement benefit assets and obligations
In May 2014, the Company reached agreement with the Trustees of the Cable & Wireless Superannuation Fund (CWSF) on the actuarial funding valuation as at 31 March 2013. This showed a funding deficit of £109 million. Cash contributions to the CWSF for 2014 to 2016 will remain in line with the agreement following the March 2013 triennial review. In addition to a payment of £30 million made in July 2014, future payments will be: April 2015 – £31 million and April 2016 – £33 million. Payments in 2017, 2018 and 2019 will be based on the outcome of the triennial valuation as at 31 March 2016 and will be in the range of £0 – £23 million each year as necessary to fund the scheme by April 2019.

As at 31 March 2015, the defined benefit section of the CWSF had an IAS 19 accounting deficit of £106 million (US$158 million), compared to a deficit of £90 million (US$148 million) as at 31 March 2014. This deficit funding agreed as part of the 2013 actuarial funding valuation constitutes a minimum funding agreement and in accordance with accounting standards we are required to account for this within the deficit. The IAS 19 deficit recorded at 31 March 2015 therefore represents the present value of the amounts committed under the minimum funding agreement.

There are other unfunded pension liabilities in the UK of £32 million (£29 million at 31 March 2014). The Group holds investments in gilts of £24 million to partially back the UK unfunded pension liabilities. Other schemes in Cable & Wireless Communications have a net IAS 19 surplus of US$14 million (US$17 million surplus at 31 March 2014).

Cash and cash equivalents and borrowings

	As at 31 March 2015 US$m	As at 31 March 2014 US$m
Cash and cash equivalents	**402**	205
Sterling unsecured bonds repayable in 2019	**(219)**	(242)
US$400 million secured bonds due 2020	**(394)**	(393)
US$390 million secured loan due 2017	**(374)**	–
US$300 million unsecured loan due 2017	**(288)**	–
US$1,250 million unsecured bond due 2021	**(1,234)**	–
Other regional debt facilities	**(259)**	(220)
Total debt	**(2,768)**	(855)
Total reported net (debt)	**(2,366)**	(650)

During the year, the Group obtained additional financing for the acquisition of Columbus in the form of two year term loans totalling US$690 million. As at 31 March 2015, the aggregate commitment available under the new US$570 million RCF was US$421 million, with US$149 million drawn for letters of credit in favour of the CWSF pension trustees.

Consolidated net debt as at 31 March 2015 was US$2,366 million with proportionate net debt of US$2,263 million representing 3.6x proportionate EBITDA, pro forma the Columbus business for the year ended 31 March 2015.

In order to provide better insight into our net funds position, we provide a reconciliation on page 134 of the year on year movement.

Financial liabilities at amortised cost
On 31 March 2015, as a result of the acquisition of Columbus, a financial liability was recognised for the put option arrangements entered into with the three Columbus vendors. The present value of the financial liability is US$879 million (note 4.8 details the accounting for these options).

A put option related to Monaco Telecom was cancelled as a result of the disposal of our stake in the business.

Provisions
Provisions have increased by US$36 million primarily due to increases in exceptional items, relating to restructuring and onerous contract costs.

Equity
On 7 November 2014, a cash box placement was completed for 252,812,284 new ordinary shares with gross proceeds of US$180 million (excluding equity issuance costs of US$4 million).

On 31 March 2015, 1,557,529,605 shares were issued to the principal Columbus vendors as part of the acquisition of Columbus. This resulted in an increase in share capital of US$78 million and the formation of a merger reserve of US$1,209 million.

Consolidated statement of cash flows
for the year ended 31 March 2015

	Note	2014/15 US$m	Restated* 2013/14 US$m
Cash flows from operating activities			
Cash generated – continuing operations (page 99)		**431**	421
Cash generated – discontinued operations		**1**	116
Income taxes paid – continuing operations		**(52)**	(54)
Income taxes paid – discontinued operations		**–**	(3)
Net cash from operating activities		**380**	480
Cash flows from investing activities			
Finance income		**4**	6
Dividends received		**–**	4
Purchase of available-for-sale assets		**(1)**	–
Proceeds on disposal of property, plant and equipment		**1**	5
Purchase of property, plant and equipment		**(399)**	(234)
Purchase of intangible assets		**(57)**	(132)
Proceeds on disposal of subsidiaries (net of cash disposed)		**16**	–
Loans to related parties	3.1	**(56)**	–
Acquisition of subsidiaries (net of cash acquired)	3.11	**(677)**	–
Net cash used in continuing operations		**(1,169)**	(351)
Disposal proceeds (net of cash disposed and transaction costs) for discontinued operations		**403**	1,127
Other discontinued operations		**(1)**	(53)
Discontinued operations	2.8	**402**	1,074
Net cash (used in)/received from investing activities		**(767)**	723
Net cash flow before financing activities		**(387)**	1,203
Cash flows from financing activities			
Dividends paid to the owners of the Parent Company		**(104)**	(100)
Dividends paid to non-controlling interests		**(86)**	(72)
Repayments of borrowings		**(176)**	(1,138)
Finance costs		**(128)**	(141)
Proceeds from borrowings		**900**	162
Proceeds on issuance of shares		**176**	–
Proceeds on sale of CMC shares		**–**	100
Unwind of sale of CMC shares		**–**	(100)
Net cash received/(used in) continuing operations		**582**	(1,289)
Discontinued operations		**–**	(4)
Net cash used in financing activities		**582**	(1,293)
Net decrease in cash and cash equivalents – continuing operations		**(208)**	(1,273)
Net increase in cash and cash equivalents – discontinued operations		**403**	1,183
Cash and cash equivalents at 1 April	4.2	**208**	297
Exchange movements on cash and cash equivalents		**(1)**	1
Cash and cash equivalents at 31 March	4.2	**402**	208

*The results have been restated for the classification of Monaco in discontinued operations (note 2.8) and for Seychelles within continuing operations (note 2.2).

The notes on pages 100 to 158 are an integral part of these financial statements.

The reconciliation of loss for the year to net cash generated was as follows:

	Note	2014/15 US$m	Restated* 2013/14 US$m
Loss for the year		**(33)**	(130)
Adjustments for:			
Tax expense	2.6	**32**	32
Depreciation before exceptional items	3.6	**210**	204
Amortisation	3.5	**47**	31
Impairment	3.6	**127**	–
Loss on disposal of property, plant and equipment	3.6	**1**	–
Gain on sale of businesses	2.4	**(4)**	–
Finance income	4.1	**(26)**	(6)
Finance expense after exceptional items	4.1	**121**	164
Other income and expenses		**(16)**	15
Increase in exceptional provisions		**38**	52
Employee benefits		**13**	11
Defined benefit pension scheme contributions		**(6)**	(6)
Defined benefit pension scheme other contributions		**(52)**	–
Share of profit after tax of joint ventures and associates	3.7	**(12)**	62
Operating cash flows before working capital changes		**440**	429
Changes in working capital (excluding effects of acquisition and disposal of subsidiaries)			
Increase in inventories		**(4)**	(6)
(Increase)/decrease in trade and other receivables		**(39)**	38
Increase/(decrease) in payables		**34**	(40)
Cash generated from continuing operations		**431**	421

*The results have been restated for the classification of Monaco in discontinued operations (note 2.8) and for Seychelles within continuing operations (note 2.2).

The notes on pages 100 to 158 are an integral part of these financial statements.

Section one – Basis of preparation

1.1 General information

Cable & Wireless Communications Plc (the Company or the Parent Company) and its subsidiaries (together Cable & Wireless Communications Group or the Group) is an international telecommunications company incorporated and domiciled in the United Kingdom. Following the disposal of Monaco and the reclassification of Seychelles, the Group has modified its operating segments. Accordingly, the Group operated under four segments being Panama, LIME, BTC and Seychelles for the year ended 31 March 2015 (see note 2.2 for further detail). On 31 March 2015 the Group acquired control of Columbus International Inc. (see note 3.11.1 for further detail) which is expected to further modify the Group's segmental analysis in future periods.

1.1.1 The Company

The Company is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 63-65 Chandos Place, London WC2N 4HG.

1.2 Basis of preparation and recent accounting changes

1.2.1 Basis of preparation

The consolidated financial statements of the Cable & Wireless Communications Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU) as they apply to the financial statements of the Group for the year ended 31 March 2015.

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

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

The Directors have prepared the accounts on a going concern basis (see page 58 of the Directors' and corporate governance report for further detail).

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

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

The accounting policies have been applied consistently by Group entities.

Basis of consolidation

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

Subsidiaries

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

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

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

Joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are entities over which the Group has significant influence. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost.

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

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

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

The Group applied for the first time the following new standards and amendments to IFRS during the year ended 31 March 2015. The nature and impact of each new standard and amendment is described below:

Title	Effective date	Description and impact on the Group
IFRS 10 *Consolidated financial statements*, IFRS 11 *Joint arrangements* and IFRS 12 *Disclosures of interests in other entities*	Annual periods beginning on or after 1 January 2014	IFRS 10 Builds on existing principles of control and provides further guidance where control may be difficult to assess. IFRS 11 expands on the assessment of joint arrangements to consider all facts and circumstances surrounding the arrangements in addition to the structure of the arrangement as previously required. There was no impact on the Group from adopting IFRS 10 and IFRS 11. IFRS 12 requires disclosures for all forms of interests in other entities. Disclosures required by IFRS 12 are included in notes 3.7 and 5.8.
Amendments to IAS 27 *Separate financial statements*	Annual periods beginning on or after 1 January 2014	Covers all disclosure requirements for financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for at cost or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*.
Amendments to IAS 32 *Financial statements: presentation*	Annual periods beginning on or after 1 January 2014	Provides clarifications on the application of offsetting of assets and liabilities. This does not have an impact on the Group.
Amendments to IAS 36 *Recoverable amount disclosures for non-financial assets*	Annual periods beginning on or after 1 January 2014	Reverses the unintended requirement in IFRS 13 *Fair Value Measurements* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.
Amendments to IAS 39 *Financial instruments: recognition and measurement*	Annual periods beginning on or after 1 January 2014	Allows hedge accounting to continue in a situation where a derivative is novated. This does not have an impact on the Group.

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

1.2 Basis of preparation and recent accounting changes continued

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

Title	Effective date	Description and impact on the Group
Amendment to IFRS 8 *Operating segments*	Annual periods beginning on or after 1 July 2014 and EU endorsed	Requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This does not have an impact on the Group as there are no operating segments aggregated.
Amendment to IAS 16 *Property, plant and equipment* and IAS 38 *Intangible Assets*	Annual periods beginning on or after 1 July 2014	Clarifies when an item of property, plant and equipment or intangible asset requires restatement of accumulated depreciation or amortisation on revaluation. This does not have an impact on the Group as the Group does not have a revaluation policy.
Amendment to IAS 19 *Defined Benefit Plans: Employee Contributions*	Annual periods beginning on or after 1 July 2014 and EU endorsed	Amended the requirements for contributions from employees or third parties that are linked to services. This should not have an impact on the Group as there are no contributions from employees or third parties linked to services.
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	Annual periods beginning on or after 1 January 2016	The amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. While this is not an outright ban, it creates a high hurdle for when these methods may be used for intangible assets. The amendments also ban the use of revenue-based amortisation for property, plant and equipment. This does not have an impact on the Group as the Group does not use revenue-based amortisation or depreciation.
IFRS 15 *Revenue from contracts with customers*	Annual periods beginning on or after 1 January 2018 with early adoption permitted	Establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. The Group is still assessing the impact of IFRS 15 but the new standard could have significant impact on customer acquisition costs and large Managed Services contracts.
IFRS 9 *Financial Instruments*	Annual periods beginning on or after 1 January 2018 with early adoption permitted	Revises the existing accounting concerning classification and measurement, impairment (introducing an expected-loss method), hedge accounting, and on the treatment of gains arising from the impact of credit risk on the measurement of liabilities held at fair value. This is not expected to have a significant impact on the Group's net results or net assets, although the full impact will be subject to further assessment.

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

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

2.1 Revenue

Accounting policy detailed in note 5.1.14

Continuing operations	2014/15 US$m	Restated 2013/14 US$m
Sales of telecommunications services and related operations	**1,680**	1,623
Sales of telecommunications equipment and accessories	**73**	66
Total revenue	**1,753**	1,689

2.2 Segment information

This section analyses our performance for the year by reference to our businesses in Panama, LIME, BTC (The Bahamas) and Seychelles.

Earnings before interest, tax, depreciation and amortisation and before exceptional items (EBITDA) remains the Group's key performance indicator. This reflects the way the business is managed and how the Directors assess the performance of the Group. See page 93 for a reconciliation of EBITDA to total operating profit.

Cable & Wireless Communications Group is an international telecommunications service provider. It operates integrated telecommunications companies offering mobile, broadband, video, fixed line and Managed Services and other to residential and business customers. The Group has modified its operating segments following the disposal of Monaco which has been classified as discontinued operations (note 2.8.1) and the reclassification of Seychelles to continuing operations. From 1 April 2014, the Board (the chief operating decision marker) considers the performance of BTC separately from that of LIME (rest of Caribbean). During the year the Group had four principal operations which have been identified as the Group's reportable segments, being Panama, LIME, BTC and Seychelles. Our Business-to-Business and Business-to-Government operations are included in the results of the region to which they relate.

The Group also has another operating segment which is comprised of the corporate centre, operational hub, results of our subsea cable partnership and wholesale solutions business and eliminations for inter-segment transactions. This segment does not meet the definition of a reporting segment as it earns revenue from its activities that are less than 10% of overall Group revenue. This function primarily acts as an operational support provider for the reportable segments.

The Board considers the performance of each of these operations in assessing the performance of the Group and making decisions about the allocation of resources. Accordingly, these are the operating segments disclosed. There are no other operating segments identified by the Board. The operating segments are reported in a manner consistent with the internal reporting provided to the Board.

2.2 Segment information continued

Continuing operations Year ended 31 March 2015	Panama US$m	LIME US$m	BTC US$m	Seychelles US$m	Other and eliminations[1] US$m	Total US$m
Revenue	636	709	348	52	8	1,753
Cost of sales	(223)	(154)	(67)	(8)	(6)	(458)
Gross margin	413	555	281	44	2	1,295
Pre-exceptional operating costs	(172)	(317)	(159)	(25)	(37)	(710)
EBITDA[2]	241	238	122	19	(35)	585
Depreciation, amortisation and impairment	(101)	(88)	(43)	(10)	(14)	(256)
Net other operating income/(expense)	21	(10)	–	–	(31)	(20)
Exceptional costs	(9)	(175)	(25)	–	(22)	(231)
Group operating profit/(loss)	152	(35)	54	9	(102)	78
Share of (loss)/profit after tax of joint ventures and associates	–	–	–	(1)	13	12
Total operating profit/(loss)	152	(35)	54	8	(89)	90
Gain on sale of businesses	–	–	–	–	4	4
Net finance (expense)/income	(8)	24	–	1	(112)	(95)
Profit/(loss) before income tax	144	(11)	54	9	(197)	(1)
Income tax (expense)/credit	(36)	(9)	(1)	(8)	22	(32)
Profit/(loss) for the year from continuing operations	108	(20)	53	1	(175)	(33)
Income taxes paid[3]	(24)	(16)	(1)	(6)	(5)	(52)

1 'Other and eliminations' includes the corporate centre and operational hub expenses, results of our subsea cable partnership, wholesale solutions business and eliminations for inter-segment transactions, the results of our joint ventures and associates and inter-segment management charges of US$44 million.
2 EBITDA is used in management reporting as it is considered by management to be a key financial metric. It is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items (see page 93).
3 Income taxes paid represents cash tax paid during the year by consolidated subsidiaries.

Continuing operations (restated) Year ended 31 March 2014	Panama US$m	LIME US$m	BTC US$m	Seychelles US$m	Other and eliminations[1] US$m	Total US$m
Revenue	576	691	354	53	15	1,689
Cost of sales	(182)	(153)	(65)	(7)	(11)	(418)
Gross margin	394	538	289	46	4	1,271
Pre-exceptional operating costs	(155)	(368)	(161)	(26)	(15)	(725)
EBITDA[2]	239	170	128	20	(11)	546
Depreciation and amortisation	(94)	(89)	(44)	–	(8)	(235)
Net other operating expense	–	–	–	–	(15)	(15)
Exceptional operating costs	(3)	(120)	(12)	–	(39)	(174)
Group operating profit/(loss)	142	(39)	72	20	(73)	122
Share of loss after tax of joint ventures and associates	–	–	–	(2)	(60)	(62)
Total operating profit/(loss)	142	(39)	72	18	(133)	60
Net finance (expense)/income	(11)	14	1	1	(163)	(158)
Profit before income tax	131	(25)	73	19	(296)	(98)
Income tax (expense)/credit	(28)	(5)	(1)	(5)	7	(32)
Profit/(loss) for the year from continuing operations	103	(30)	72	14	(289)	(130)
Income taxes paid[3]	(27)	(17)	(2)	(4)	(4)	(54)

1 'Other and eliminations' includes the corporate centre and operational hub expenses, wholesale solutions business and eliminations for inter-segment transactions and the results of our joint ventures and associates.
2 EBITDA is used in management reporting as it is considered by management to be a key financial metric. It is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items (see page 93).
3 Income taxes paid represents cash tax paid during the year by consolidated subsidiaries.

There are no differences in the measurement of the reportable segments' results and the Group's results.

There is no significant trading between the segments. Transactions between the segments are on commercial terms similar to those offered to external customers.

There are no differences in the measurement of the reportable segments' assets and liabilities and the Group's assets and liabilities. Furthermore, there are no asymmetrical allocations to reportable segments.

Entity-wide disclosures for continuing operations

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

	2014/15 US$m	Restated 2013/14 US$m
Mobile	**929**	898
Broadband and video	**198**	194
Fixed voice	**359**	374
Managed Services and other	**267**	223
Total	**1,753**	1,689

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

	2014/15 US$m	Restated 2013/14 US$m
United Kingdom (country of domicile)	**–**	–
The Bahamas	**348**	354
Barbados	**149**	157
Jamaica	**182**	181
Panama	**636**	576
Seychelles	**51**	53
All other countries and eliminations	**387**	368
Total	**1,753**	1,689

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

Non-current assets (other than financial instruments, deferred tax assets and defined benefit pension assets) are classified by country and include the preliminary allocation of non-current assets of Columbus as at 31 March 2015:

	At 31 March 2015 US$m	At 31 March 2014 US$m
United Kingdom (country of domicile)	**13**	17
The Bahamas	**405**	380
Barbados	**933**	157
British Virgin Islands	**82**	72
Colombia	**567**	–
Curacao	**213**	–
Jamaica	**685**	130
Monaco	**–**	456
Panama	**935**	662
Seychelles[1]	**47**	–
Trinidad & Tobago	**835**	159
United States of America	**36**	7
All other countries and eliminations (includes non-operating assets and liabilities)	**885**	262
Total	**5,636**	2,302

1 Seychelles was included within discontinued operations in 2013/14 and has been reclassified to continuing operations in 2014/15.

2.3 Operating costs and other operating income and expenses

2.3.1 Operating costs

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

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

		2014/15			Restated 2013/14	
Continuing operations	Pre-exceptional US$m	Exceptional items US$m	Total US$m	Pre-exceptional US$m	Exceptional items US$m	Total US$m
Outpayments and direct costs	457	–	457	417	–	417
Employee and other staff expenses	246	77	323	274	128	402
Operating lease rentals:						
– Networks	17	–	17	18	–	18
– Property	22	–	22	22	7	29
Other administrative expenses	231	7	238	209	29	238
Network costs	116	20	136	122	–	122
Property and utility costs	79	–	79	81	10	91
Operating costs before depreciation and amortisation	1,168	104	1,272	1,143	174	1,317
Depreciation of property, plant and equipment	209	127	336	204	–	204
Amortisation of intangible assets	47	–	47	31	–	31
Operating costs	1,424	231	1,655	1,378	174	1,552

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

2.3.2 Auditor's remuneration

	2014/15 US$m	2013/14 US$m
Audit services:		
Statutory audit services – in respect of the Group's accounts	2.3	2.2
Audit of the Group's annual accounts	2.3	2.2
Amounts receivable by auditors and their associates:		
Statutory audit services – in respect of other statutory accounts	1.2	1.4
Audit related regulatory reporting	0.4	0.5
	3.9	4.1
Tax services – compliance	0.2	–
Tax services – advisory	0.3	0.6
Services related to corporate finance activities	0.3	0.6
Other services (including other assurance services)	0.1	0.1
	4.8	5.4

Auditor's remuneration for audit and other services in respect of discontinued operations was US$nil in both 2014/15 and 2013/14.

All amounts in 2014/15 and 2013/14 relate to KPMG LLP. Fees paid to KPMG LLP for audit and other services to the Company are included in the table above and are not disclosed in its individual accounts as the Group accounts are required to disclose such fees on a consolidated basis.

2.3.3 Employee and other staff expenses

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

Accounting policy detailed in note 5.1.11

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

	2014/15 US$m	Restated 2013/14 US$m
Wages and salaries	**229**	247
Social security costs	**13**	15
Share-based payments	**5**	6
Pension costs:		
– defined benefit plans	**9**	12
– defined contribution plans	**6**	7
Temporary labour and recruitment	**19**	17
	281	304
Less: Staff costs capitalised	**(35)**	(30)
Staff costs	**246**	274
Exceptional employee and other staff expenses (note 2.3.5)	**77**	128
Total staff costs for continuing operations	**323**	402

Total staff costs in respect of discontinued operations in 2014/15 was US$4 million (2013/14 – US$42 million).

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

	2014/15	Restated 2013/14
Corporate centre and operational hub	**232**	144
Panama	**1,547**	1,434
LIME	**1,392**	2,045
BTC	**787**	824
Seychelles	**207**	242
Total	**4,165**	4,689

The average number of employees in discontinued operations up until disposal was 269 (2013/14 – 548).

2.3 Operating costs and other operating income and expenses continued

Directors' and key management remuneration

Key management are represented by Directors only as those that have authority and responsibility for managerial decisions affecting the future development and business prospects of the Cable & Wireless Communications Group. Further details can also be found in the Directors' remuneration report on pages 68 to 88.

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

	2014/15 US$m	2013/14 US$m
Salaries and other short-term employment benefits	**11.9**	7.7
Post-employment benefits	**0.6**	0.6
Total Directors' remuneration[1]	**12.5**	8.3
Share-based payments	**1.5**	3.5
Total key management remuneration	**14.0**	11.8

1 Please refer to the Directors' remuneration report on pages 68 to 88 for further information on aggregate Directors' emoluments of US$12.5 million (£7.7 million) (2013/14 – US$8.3 million (£5.2 million)). The Directors' remuneration report is presented in sterling as salaries, benefits and bonuses are paid in sterling.

2.3.4 Other operating income and expense

In 2014/15, other operating income of US$42 million included US$25 million of income relating to the subsea cable partnership with Columbus which existed pre-acquisition, US$16 million of foreign exchange translation gains on our UK defined benefit pension schemes and US$1 million of gain on disposal of property, plant and equipment. Other operating expense of US$62 million included US$55 million of acquisition costs relating to Columbus and Sonitel, US$3 million of integration costs relating to Columbus, US$2 million of transaction costs for the transfer of 2% of our shares to the BTC Foundation and US$2 million of loss on disposal of property, plant and equipment.

In 2013/14, other operating expense of US$15 million related to foreign exchange translation losses on our UK defined benefit pension schemes.

2.3.5 Exceptional items

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

Accounting policy detailed in note 5.1.15

Exceptional operating losses totalled US$104 million (2013/14 – US$174 million).

The exceptional costs consist of Columbus integration costs of US$68 million, Panama restructuring costs of US$9 million, BTC restructuring costs of US$24 million and restructuring and legal costs at the corporate centre of US$3 million.

In the prior year, the exceptional costs consisted of Caribbean restructuring costs of US$132 million, Panama restructuring costs of US$3 million and restructuring and legal costs at the corporate centre of US$39 million. Further information on impairment charges is in note 3.4.

	2014/15 US$m	2013/14 US$m
Exceptional items within operating costs before depreciation and amortisation:		
Staff costs	**77**	128
Legal and property costs	**27**	46
Total exceptional operating costs before depreciation and amortisation	**104**	174

Exceptional items relating to impairment charges can be found in note 3.4.

2.4 Gains on sale of businesses

This represents the profit or loss recorded on the sale of smaller businesses as we simplify our portfolio.

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

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

2.5 Earnings per share

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

Basic EPS is calculated on the Group profit for the year attributable to equity shareholders of US$253 million (2013/14 – US$859 million) divided by 2,615 million (2013/14 – 2,502 million) being the weighted average number of shares in issue during the year.

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

Basic EPS is adjusted in order to more accurately show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. See page 93 for a reconciliation.

	2014/15 US$m	Restated 2013/14 US$m
Profit for the financial year attributable to equity shareholders of the Parent Company	**253**	859
Weighted average number of ordinary shares in issue (millions)	**2,615**	2,502
Dilutive effect of share options (millions)	**12**	–
Total weighted average number of ordinary shares in issue used to calculate diluted earnings per share (millions)	**2,627**	2,502
Basic earnings per share (cents per share)	**9.7**	34.3
Diluted earnings per share (cents per share)	**9.7**	34.3
Basic loss per share (cents per share) for continuing operations	**(3.8)**	(8.4)
Diluted loss per share (cents per share) for continuing operations	**(3.8)**	(8.4)
Basic earnings per share (cents per share) for discontinued operations	**13.5**	42.7
Diluted earnings per share (cents per share) for discontinued operations	**13.5**	42.7

2.6 Income tax expense

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

Accounting policy detailed in note 5.1.12

	2014/15 US$m	Restated 2013/14 US$m
Current tax charge for continuing operations		
UK tax at 21% (2013/14 – 23%)	**–**	–
Double tax relief	**–**	–
	–	–
Overseas tax	**27**	49
Adjustments relating to prior years	**10**	(11)
Total current tax charge for continuing operations	**37**	38
Deferred tax credit for continuing operations		
Origination and reversal of temporary differences	**(4)**	(5)
Adjustments relating to prior years	**(1)**	(1)
Total deferred tax credit for continuing operations	**(5)**	(6)
Total tax charge for continuing operations	**32**	32
Income tax charge relating to discontinued operations (note 2.8.5)	**1**	6
Total income tax charge	**33**	38

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

	2014/15			Restated 2013/14		
	Continuing US$m	Discontinued US$m	Total US$m	Continuing US$m	Discontinued US$m	Total US$m
Profit before income tax before exceptional items	**267**	**355**	**622**	168	1,087	1,255
Exceptional charges	**(268)**	**–**	**(268)**	(266)	–	(266)
Profit/(loss) before income tax	**(1)**	**355**	**354**	(98)	1,087	989
Income tax (credit)/charge at UK statutory tax rate: 21% (2013/14 – 23%)	**–**	**75**	**75**	(22)	250	228
Effect of overseas tax rates	**(17)**	**1**	**(16)**	(27)	(2)	(29)
Effect of accounting for joint ventures and associates	**(2)**	**–**	**(2)**	15	–	15
Effect of withholding tax and intra-Group dividends	**16**	**–**	**16**	6	–	6
Net effect of expenses not deductible/(income not taxable)	**8**	**(75)**	**(67)**	18	(240)	(222)
Effect of changes in unrecognised deferred tax assets	**17**	**–**	**17**	53	(2)	51
Adjustments relating to prior years	**10**	**–**	**10**	(11)	–	(11)
Total income tax charge	**32**	**1**	**33**	32	6	38
Income tax credit on exceptional items	**(33)**	**–**	**(33)**	(19)	–	(19)
Pre-exceptional income tax charge	**65**	**1**	**66**	51	6	57
Pre-exceptional effective tax rate on profit	**24.3%**		**10.6%**	30.4%		4.5%
Effective tax rate on profit	**nm**		**9.3%**	(32.7)%		3.8%

A change in tax legislation from 1 January 2015 meant that Cable & Wireless Dominica's corporate tax rate will be reduced from 30% to 28%.

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

2.7 Deferred tax

Accounting policy detailed in note 5.1.12

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

	Capital allowances on non-current assets US$m	Tax losses US$m	Pensions US$m	Other US$m	Financial position offset US$m	**Total US$m**
Deferred tax assets	15	19	3	10	(17)	30
Deferred tax liabilities	(37)	–	(9)	–	17	(29)
At 1 April 2013	(22)	19	(6)	10	–	1
(Charge)/credit to profit or loss[1]	(2)	5	–	1	–	4
Exchange differences	–	–	1	1	–	2
At 31 March 2014	(24)	24	(5)	12	–	7
Deferred tax assets	12	24	1	12	(15)	34
Deferred tax liabilities	(36)	–	(6)	–	15	(27)
At 1 April 2014	(24)	24	(5)	12	–	7
Acquisitions	(157)	9	–	(26)	–	(174)
Credit/(charge) to profit or loss[1]	6	1	–	(3)	–	4
Disposals	–	(7)	–	(3)	–	(10)
Exchange differences	(1)	–	–	–	–	(1)
At 31 March 2015	**(176)**	**27**	**(5)**	**(20)**	**–**	**(174)**
Deferred tax assets	13	27	–	15	(4)	51
Deferred tax liabilities	(189)	–	(5)	(35)	4	(225)
At 31 March 2015	**(176)**	**27**	**(5)**	**(20)**	**–**	**(174)**

1 Including US$1 million in relation to discontinued operations (2013/14 – US$nil).

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

	Capital allowances available on non-current assets US$m	Tax losses US$m	Pensions US$m	Other US$m	**Total US$m**
At 31 March 2015	**156**	**7,339**	**205**	**70**	**7,770**
At 31 March 2014	144	6,643	196	37	7,020

Tax losses (recognised and unrecognised) which exclude Columbus, expire as follows:

	31 March 2015 US$m	31 March 2014 US$m
Within 1 year	**13**	3
Within 3 years	**89**	–
Within 5 years	**124**	2
Within 10 years	**505**	58
After more than 10 years	**1,136**	–

Other tax losses are not subject to expiry.

2.7 Deferred tax continued

The US$7,339 million (31 March 2014 – US$6,643 million) tax losses include UK capital losses of US$5,507 million (31 March 2014 – US$5,421 million). Tax losses have not been recognised as there are insufficient taxable profits to utilise those losses in future periods.

Deferred tax is not provided on unremitted earnings of subsidiaries, joint ventures and associates where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, branches, joint ventures and associates for which deferred tax liabilities have not been recognised is US$47 million (31 March 2014 – US$136 million). These temporary differences relate to unremitted earnings.

2.8 Discontinued operations

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

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

Our former Monaco Telecom business, disposed of during the year, is included in discontinued operations.

Accounting policy detailed in note 5.1.10

2.8.1 Monaco

At a General Meeting on 15 May 2014, shareholders of the Company approved the sale of Compagnie Monégasque de Communication SAM (CMC), the holding company for the Group's 55% stake in Monaco Telecom SAM to a private investment vehicle controlled by Xavier Niel. Monaco Telecom also owned 36.75% of Telecom Development Company Afghanistan Limited (Roshan). The sale of the business was completed on 20 May 2014 for a total consideration of US$445 million. In addition, the Group received US$8.6 million relating to the estimated cash, debt and working capital at completion. The disposal is a further step in CWC's strategy to focus on the Caribbean and Latin America region, and after completion of the disposal, as the Group now generates all of its revenue from the Caribbean and Latin America region, with the exception of the Seychelles.

At 31 March 2014, Monaco did not meet the definition of a disposal group held for sale nor the criteria to be classified as discontinued operations as there was insufficient certainty regarding the completion of a sale process. The results of Monaco Telecom were disclosed separately in their own operating segment. At 31 March 2015, the Monaco business has been classified as a discontinued operation as the sale had been completed. The comparative consolidated income statement and cash flow statement have been restated.

2.8.2 Islands

The significant aspects of the Islands transaction are described below:

- We completed the sale of the Islands sub-group (including the Group's interests in operations in the Maldives, the Channel Islands and Isle of Man, South Atlantic, Diego Garcia) for US$470 million on 3 April 2013. The Group received cash proceeds of US$501 million representing consideration of US$470 million plus US$31 million of proportionate net cash in the businesses attributable to Cable & Wireless Communications;
- We also agreed to sell a 25% interest in Compagnie Monégasque de Communication SAM (CMC), the holding company of the Group's interests in Monaco Telecom, for US$100 million which was completed on 3 April 2013; and
- We also granted to Batelco a put option over the 25% of CMC shares transferred to Batelco (the CMC put option, refer to note 4.6) which was recognised as a financial liability and the Group unwound the put option and repurchased the 25% CMC shareholding for US$100 million on 30 December 2013.

2.8.3 Macau

At a General Meeting on 28 February 2013, the shareholders of the Group approved the sale of the Macau operating segment for US$750 million to CITIC Telecom International Holdings Limited. This sale took place on 20 June 2013. The Group received cash proceeds of US$807 million comprising consideration of US$750 million plus US$57 million of proportionate net cash in the business attributable to Cable & Wireless Communications.

The Macau operating segment has been classified as a discontinued operation. The results of Macau were previously recorded in the Macau operating segment.

2.8.4 Seychelles

The Seychelles was disclosed as a discontinued operation and as a disposal group held for sale in the statement of financial position. At 31 March 2014 net assets were US$47 million. This included cash and cash equivalents of US$3 million. At 31 March 2015 the Seychelles are presented in continuing operations as they no longer meet the definition of held for sale. The comparative consolidated income statement and cash flow statement have been restated and reported within the Seychelles operating segment.

2.8.5 Results

The results of all discontinued operations are shown below:

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

Year ended 31 March 2014 (Restated)	Islands sub-group US$m	Macau US$m	Monaco US$m	Total discontinued operations US$m
Revenue	–	121	237	358
Expenses	–	(92)	(184)	(276)
Profit before tax	–	29	53	82
Tax	–	(4)	(2)	(6)
Profit after tax	–	25	51	76
Profit on disposal of discontinued operations	274	737	(6)	1,005
Profit for the year	274	762	45	1,081
Disposal costs	(3)	(4)	(1)	(8)
	271	758	44	1,073

Section three – Operating assets and liabilities

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

3.1 Trade and other receivables

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

Accounting policy detailed in 5.1.4

	31 March 2015 US$m	31 March 2014 US$m
Gross trade receivables	**400**	276
Impairment allowance	**(70)**	(77)
Net trade receivables	**330**	199
Other receivables	**88**	71
Prepayments and accrued income	**153**	146
Taxation and social security receivables	**15**	15
Loans to related parties	**56**	–
Amounts receivable from joint ventures and associates	**1**	2
Trade and other receivables – current	**643**	433
Other receivables	**31**	46
Prepayments and accrued income	**127**	124
Other receivables – non-current	**158**	170
Total trade and other receivables	**801**	603

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

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

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

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

	31 March 2015 US$m	31 March 2014 US$m
Not yet due	**68**	20
Overdue 30 days or less	**141**	124
Overdue 31 to 60 days	**48**	39
Overdue 61 to 90 days	**32**	19
Overdue 91 days to 180 days	**44**	30
Overdue 181 days or more	**85**	38
Current 'trade receivables' and current 'other receivables'	**418**	270

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

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

	2014/15 US$m	2013/14 US$m
At 1 April	77	78
Reclassification from held for sale	2	–
Business disposals	(6)	–
Bad debts written off	(22)	(30)
Increase in allowance	20	29
Exchange differences	(1)	–
At 31 March	**70**	77

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

3.2 Inventories

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

Accounting policy detailed in note 5.1.6

Inventories of US$50 million (31 March 2014 – US$36 million) are presented net, after recording an allowance of US$7 million (31 March 2014 – US$8 million) made against slow moving or obsolete items.

The cost of inventories held for sale that were expensed within operating costs in 2014/15 was US$148 million (2013/14 – US$140 million). Inventories of the Group are not pledged as security or collateral against any of the Group's borrowings.

3.3 Trade and other payables

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

	31 March 2015 US$m	31 March 2014 US$m
Trade payables	199	141
Other tax and social security costs	17	6
Accruals	429	339
Deferred income	52	58
Other payables	74	68
Trade and other payables – current	**771**	612
Accruals	13	–
Deferred income[1]	333	23
Other payables	27	3
Trade and other payables – non-current	**373**	26
Total trade and other payables	**1,144**	638

1 Deferred income of US$333 million primarily relates to long-term capacity sales contracts that were acquired through a business combination (note 3.11).

3.3 Trade and other payables continued

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.

3.4 Impairment review

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

We perform annual impairment reviews of the carrying value of goodwill. We consider the carrying value of other assets at least annually. If there are triggers that indicate an impairment of other assets is possible, we then perform a full impairment review. US$78 million impairment charges were recorded in 2014/15 (2013/14 – US$nil).

Accounting policy detailed in note 5.1.5

Goodwill

A review of the carrying value of goodwill has been performed as at 31 March 2015 and 31 March 2014. In performing this review, the recoverable amount has been determined by reference to the higher of the fair value less costs to sell and the value in use of related businesses. The key assumptions used by the Group in the calculation of value in use for its goodwill balances are the discount rate, revenue growth, operating cost margin and the level of capital expenditure required to maintain the network at its current level.

The Group's significant goodwill balances which are not impaired are discussed below:

Continuing operations Year ended 31 March 2015	**Reporting segment**	**Carrying value at 31 March 2015 US$m**	**Terminal growth rate**	**Pre-tax discount rate**
The Bahamas Telecommunications Company[1]	BTC	63	0%	10.0%

Continuing operations Year ended 31 March 2014	Reporting segment	Carrying value at 31 March 2014 US$m	Terminal growth rate	Pre-tax discount rate
The Bahamas Telecommunications Company[1]	BTC	63	0%	10.1%
Monaco Telecom group[2]	Monaco	292	Between 0% and 1.5%	Between 8.0% and 27.0%

1 The Bahamas Telecommunications Company (BTC):
One relevant cash-generating unit (CGU) has been identified for the purpose of assessing the carrying value of the BTC business.
2 Monaco Telecom group:
Three relevant CGUs were identified for the purpose of assessing the carrying value of Monaco Telecom (domestic including the cable television business; international business and other services).

The value in use was determined for each CGU by discounting management forecasts of future cash flows (based on the approved three-year business plan extrapolated at long-term growth rates) at pre-tax discount rates dependent on the risk-adjusted cost of capital of the different parts of the business. Management forecasts take account of the historical trading experience of the relevant business.

Sensitivity

The value in use is sensitive to a number of input assumptions, in particular relating to net cash flow and the discount rates. While the Group does not consider these scenarios to be reasonably possible, the value in use of the various CGUs in aggregate would not support the carrying value of the goodwill if:

- The Bahamas Telecommunications Company – net cash flows decreased by more than US$15 million per year or the discount rate increased by more than 4% above the pre-tax discount rate.

Acquisitions

On 31 March 2015, goodwill of US$2,034 million was recognised on the acquisition of Columbus. As the acquisition was completed on the last day of the financial year, the goodwill has not been allocated to individual cash-generating units. This allocation will be performed in 2015/16 with a corresponding impairment review.

During 2014/15, Cable & Wireless Panama acquired Sonitel which generated goodwill of US$13 million. Sonitel was reviewed as part of the Panama CGU.

Property, plant and equipment, indefinite lived intangible assets and other intangibles

The indefinite lived intangibles acquired during 2014/15 of US$6 million relate to the Sonitel and Sonset brands from the Sonitel acquisition. These brands are long-established in the Panama/Central American IT marketplace.

As at 31 March 2015, no events or circumstances were identified during the year to indicate that the carrying value of property, plant and equipment had been impaired.

However, as a result of the acquisition of Columbus and also technological upgrades as part of Project Marlin, certain specific assets in the Columbus overlapping markets and also islands which were upgraded as part of Project Marlin were reviewed for the impact on the carrying value of property, plant and equipment following those events. As a result of the review, a write-off of US$49 million and impairment of US$78 million was recorded across the Caribbean islands noted below.

Continuing operations Year ended 31 March 2015	Reporting segment	Pre-tax discount rate	Asset write-offs 2014/15 US$m	Impairment 2014/15 US$m	Total US$m
Barbados	LIME	15.8%			
Plant and equipment			25	23	48
Cayman	LIME	8.7%			
Plant and equipment			12	–	12
Grenada	LIME	15.8%			
Plant and equipment			2	8	10
Jamaica	LIME	11.8%			
Plant and equipment			2	30	32
St Lucia	LIME	20.0%			
Land and buildings			–	8	8
Plant and equipment			1	6	7
St Vincent	LIME	21.2%			
Plant and equipment			3	3	6
Turks & Caicos	LIME	12.6%			
Plant and equipment			3	–	3
Other LIME	LIME	14.3%			
Plant and equipment			1	–	1
Total			**49**	**78**	**127**

The value in use after impairment was not considered significant.

Associates

Refer to note 3.7 for discussion on impairment considerations.

3.5 Intangible assets

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

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

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

Accounting policy detailed in note 5.1.3

	Goodwill US$m	Software US$m	Licences and operating agreements US$m	Customer contracts and relationships US$m	Brands US$m	Other US$m	**Total US$m**
Cost							
At 1 April 2013	309	237	160	31	–	61	798
Additions	31	10	7	–	–	8	56
Transfer from tangible assets	–	19	1	–	–	–	20
Disposals	–	(1)	–	(4)	–	(2)	(7)
Exchange differences	15	(5)	8	–	–	3	21
At 31 March 2014	355	260	176	27	–	70	888
Acquisitions	2,050	19	15	567	112	1	2,764
Additions	–	19	39	–	–	1	59
Transfer from tangible assets	–	28	–	–	–	–	28
Reclassification from held for sale	–	5	–	–	–	–	5
Business disposals	(292)	(3)	(135)	–	–	(70)	(500)
Disposals	–	–	–	(6)	–	–	(6)
Exchange differences	–	(4)	(1)	–	–	–	(5)
At 31 March 2015	**2,113**	**324**	**94**	**588**	**112**	**2**	**3,233**
Amortisation and impairment							
At 1 April 2013	–	182	75	7	–	49	313
Charge for the year[1]	–	35	10	4	–	6	55
Disposals	–	(1)	–	(4)	–	(2)	(7)
Exchange differences	–	(5)	4	–	–	2	1
At 31 March 2014	–	211	89	7	–	55	362
Charge for the year[1]	–	33	8	7	–	1	49
Reclassification from held for sale	–	3	–	–	–	–	3
Business disposals	–	(2)	(68)	–	–	(56)	(126)
Disposals	–	–	–	(6)	–	–	(6)
Exchange differences	–	(3)	–	–	–	–	(3)
At 31 March 2015	**–**	**242**	**29**	**8**	**–**	**–**	**279**
Net book value							
At 31 March 2015	**2,113**	**82**	**65**	**580**	**112**	**2**	**2,954**
At 31 March 2014	355	49	87	20	–	15	526

1 The charge for the year includes US$2 million (2013/14 – US$24 million) in relation to discontinued operations. Refer to note 2.8 for more information.

Goodwill balances are allocated to the following cash-generating units:

	Monaco Telecom[1] US$m	BTC[2] US$m	Columbus[3] US$m	Grupo Sonitel[4] US$m	Dekal Wireless[5] US$m	Total US$m
At 1 April 2013	246	63	–	–	–	309
Acquisition of non-controlling interest (note 4.8)	31	–	–	–	–	31
Exchange differences	15	–	–	–	–	15
At 31 March 2014	292	63	–	–	–	355
Acquisitions	–	–	2,034	13	3	2,050
Business disposal	(291)	–	–	–	–	(291)
Exchange differences	(1)	–	–	–	–	(1)
At 31 March 2015	**–**	**63**	**2,034**	**13**	**3**	**2,113**

1 Reporting segment: Discontinued operations (note 2.8).
2 Reporting segment: BTC.
3 Reporting segment: Columbus.
4 Reporting segment: Panama.
5 Reporting segment: LIME.

3.6 Property, plant and equipment

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

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

Accounting policy detailed in note 5.1.2

3.6 Property, plant and equipment continued

	2014/15				2013/14			
	Land and buildings US$m	Plant and equipment US$m	Assets under construction US$m	Total US$m	Land and buildings US$m	Plant and equipment US$m	Assets under construction US$m	Total US$m
Cost								
At 1 April	**423**	**4,001**	**220**	**4,644**	427	3,852	188	4,467
Acquisitions	**43**	**941**	**107**	**1,091**	–	–	–	–
Additions	**1**	**12**	**403**	**416**	–	10	279	289
Business disposals	**–**	**(109)**	**(2)**	**(111)**	–	–	–	–
Write-offs	**–**	**(49)**	**–**	**(49)**	–	–	–	–
Disposals	**(2)**	**(94)**	**–**	**(96)**	–	(18)	–	(18)
Reclassification from assets held for sale	**8**	**55**	**9**	**72**	–	–	–	–
Transfers to intangible assets	**–**	**–**	**(28)**	**(28)**	–	–	(20)	(20)
Transfers between categories	**21**	**334**	**(355)**	**–**	12	213	(225)	–
Transfers to assets held for sale	**–**	**(42)**	**–**	**(42)**	–	–	–	–
Exchange differences	**(7)**	**(33)**	**(2)**	**(42)**	(16)	(56)	(2)	(74)
At 31 March	**487**	**5,016**	**352**	**5,855**	423	4,001	220	4,644
Depreciation								
At 1 April	**204**	**3,022**	**–**	**3,226**	203	2,897	–	3,100
Charge for the year[1]	**15**	**195**	**–**	**210**	12	195	–	207
Write-offs	**–**	**49**	**–**	**49**	–	–	–	–
Impairments	**8**	**70**	**–**	**78**	–	–	–	–
Business disposals	**–**	**(71)**	**–**	**(71)**	–	–	–	–
Disposals	**(1)**	**(137)**	**–**	**(138)**	–	(15)	–	(15)
Reclassification from assets held for sale	**2**	**25**	**–**	**27**	–	–	–	–
Transfers to assets held for sale	**–**	**(14)**	**–**	**(14)**	–	–	–	–
Exchange differences	**(6)**	**(29)**	**–**	**(35)**	(11)	(55)	–	(66)
At 31 March	**222**	**3,110**	**–**	**3,332**	204	3,022	–	3,226
Net book value at 31 March	**265**	**1,906**	**352**	**2,523**	219	979	220	1,418

1 The charge includes US$1 million relating to discontinued operations (2013/14 – US$3 million). Refer to note 2.8.1 for more information.

The Group held no assets under finance leases at 31 March 2015 or 31 March 2014.

Additions during the year include interest and own work capitalised during the construction of certain assets of US$12 million (2013/14 – US$3 million) and US$35 million (2013/14 – US$30 million) respectively. Of these amounts US$nil (2013/14 – US$nil) and US$nil (2013/14 – US$nil) respectively, relate to discontinued operations (note 2.8).

3.7 Investment in joint ventures and associates

We own interests in a number of associate operations, with a material interest in Telecommunications Services of Trinidad and Tobago Limited (TSTT). These are companies where we either share control with one or more other parties or have a degree of ownership which gives us significant influence. TSTT was equity accounted for up until 31 March 2015 when it was reclassified as held for sale due to the acquisition of Columbus.

Our share of joint venture and associates' profit and net assets is recorded as a single line item in the consolidated income statement and the consolidated statement of financial position, respectively. The principal investments in joint ventures and associates at 31 March 2015 are shown in note 5.8.

Accounting policy detailed in note 1.2.1

The following is unaudited summarised financial information for TSTT, based on its financial statements prepared in accordance with IFRS.

	31 March 2015 US$m	Restated 31 March 2014 US$m
Revenue	**467**	450
Profit/(loss)	**26**	(69)
Other comprehensive income/(loss)	**–**	(10)
Total comprehensive income/(loss)	**26**	(79)
Attributable to investee's shareholders	**22**	(79)
Non-current assets	**621**	624
Current assets	**222**	184
Non-current liabilities	**(98)**	(119)
Current liabilities	**(350)**	(311)
Net assets	**395**	378
Attributable to investee's shareholders	**395**	378
Group's interest in net assets of investee at 1 April	**154**	216
Total comprehensive income attributable to the Group	**13**	(60)
Dividends received during the year	**–**	(2)
Transfer to held for sale	**(167)**	–
Carrying value of interest in investee at 31 March	**–**	154
Group carrying value in net assets of investee at 31 March	**–**	185

Exceptional costs of US$nil (2013/14 – US$67 million) were incurred during the year ended 31 March 2015.

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

	31 March 2015 US$m	31 March 2014 US$m
Carrying amount of interests in immaterial associates		
Group's share of:		
Loss from continuing operations	**(1)**	–
Other comprehensive loss	**–**	–
Total comprehensive loss	**(1)**	–

3.8 Assets held for sale

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

Accounting policy detailed in note 5.1.9

	TSTT US$m	**31 March 2015 US$m**	31 March 2014 US$m
Transferred from property, plant and equipment		**28**	–
Reclassification from investments in joint ventures and associates	**167**		–
Recycled foreign currency translation reserve for held for sale associate	**(30)**	**137**	–
		165	–

The investment in TSTT has been measured at fair value at US$137 million and was calculated using an earnings multiple technique, using inputs that are not based on publicly observable data. The investment represents 49% of the equity of TSTT. The key assumptions used in determining the market value of 100% of the equity of TSTT were the maintainable earnings for TSTT (based on actual 2015 results) and comparable transaction multiples for the telecom industry. A 10% variance in earnings would result in an increase or decrease in the valuation of US$13 million.

3.9 Provisions

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

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

Accounting policy detailed in note 5.1.13

	Property US$m	Redundancy costs US$m	Network and asset retirement obligations US$m	Legal and other US$m	Total US$m
At 1 April 2014	20	43	30	89	182
Acquisitions	–	–	–	11	11
Business disposals	–	(1)	(2)	(11)	(14)
Additional provisions	–	80	25	18	123
Amounts used	(5)	(37)	–	(29)	(71)
Unused amounts released	–	(3)	–	(9)	(12)
Effect of discounting	–	–	–	–	–
Exchange differences	–	–	(1)	–	(1)
At 31 March 2015	**15**	**82**	**52**	**69**	**218**
Provisions – current	**12**	**51**	**2**	**54**	**119**
Provisions – non-current	**3**	**31**	**50**	**15**	**99**

	Property US$m	Redundancy costs US$m	Network and asset retirement obligations US$m	Legal and other US$m	Total US$m
At 1 April 2013	2	34	28	53	117
Additional provisions	19	128	1	46	194
Amounts used	1	(119)	–	(12)	(130)
Unused amounts released	(2)	–	(1)	–	(3)
Effect of discounting	–	–	3	1	4
Exchange differences	–	–	(1)	1	–
At 31 March 2014	20	43	30	89	182
Provisions – current	15	43	2	80	140
Provisions – non-current	5	–	28	9	42

The net expense recognised through profit or loss from movements in provisions relating to discontinued operations at 31 March 2015 was US$7 million (31 March 2014 – US$7 million).

Property

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

Redundancy

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

Network and asset retirement obligations

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

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

Legal and other

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

3.10 Retirement benefits obligations

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

Accounting policy detailed in note 5.1.11

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

Cable & Wireless Superannuation Fund

Cable & Wireless Communications operates the Cable & Wireless Superannuation Fund (CWSF). This plan provides defined benefit and defined contribution arrangements for current and former employees of the Group. The CWSF has been closed to new defined benefit members since 1998.

Regulatory framework and governance

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

The weighted average duration of the total expected benefit payments from the CWSF is 16 years, and the weighted average duration of the expected uninsured benefit payments from the CWSF is 22 years.

Funding arrangements

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

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

In May 2014, the Group reached agreement with the Trustees on the valuation which showed a funding deficit of £109 million as at 31 March 2013. Cash contributions to the CWSF for 2014 to 2016 will remain as agreed following the 2010 triennial review. The first two payments of US$52 million and US$47 million were made in July 2014 and April 2015, respectively. Payments in 2017, 2018 and 2019 will be based on the outcome of the actuarial funding valuation as at 31 March 2016 and will be in the range of £0 to £23 million (US$0 to US$35 million) each year necessary to fund the scheme by April 2019.

As at 31 March 2015, the CWSF defined benefit scheme had an IAS 19 Employee Benefits deficit of US$158 million compared with a deficit of US$148 million at 31 March 2014. Cable & Wireless Communications paid a total contribution of US$52 million in 2014/15 (2013/14 – US$2 million) to the CWSF.

The best estimate of contributions to the CWSF for 2015/16 is US$49 million for employer contributions and US$0 million for employee contributions.

Minimum funding requirement

The deficit recovery funding plan agreed with the Trustees of the CWSF as part of the March 2013 actuarial valuation, which was applicable at 31 March 2015, constitutes a minimal funding requirement. An adjustment to the deficit in the CWSF to account for the minimum funding requirement has been calculated in accordance with IFRIC 14 *The limits on a defined benefit asset, minimum funding requirements and their interaction.* The adjustment to the deficit, which is recorded in other comprehensive income, was US$41 million as at 31 March 2015 (2013/14 – US$22 million).

Asset-liability matching
During 2008, the CWSF Trustees agreed an insurance buy-in of the UK pensioner liabilities with Prudential Insurance. The buy-in involved the purchase of a bulk annuity policy by the CWSF under which Prudential Insurance assumed responsibility for the benefits payable to the CWSF's UK pensioners. In December 2011, a further 233 pensioners, having commenced with pensions in payment since the original annuity, were brought within the bulk annuity policy. These pensioner liabilities and the matching annuity policy remain within the CWSF. Approximately 63% of the liabilities (2013/14 – 71%) in the CWSF are matched by the annuity policy asset which reduces the funding risk for the Group.

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

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

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

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

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

When defined benefit funds have an IAS 19 surplus, they are recorded at the lower of that surplus and the future economic benefits available in the form of a cash refund or a reduction in future contributions. Any adjustment to the surplus (net of interest) is recorded in other comprehensive income. The effect of these adjustments, described as asset ceiling adjustments, were US$26 million as at 31 March 2015 (31 March 2014 – US$22 million) and relate to the Group's defined benefit arrangements in Jamaica. The maximum economic benefit was determined by reference to the reductions in future contributions available to the Group.

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

IAS 19 *Employee benefits* valuation – Cable & Wireless Superannuation Fund and other schemes
The IAS 19 valuations of the major defined benefit pension schemes operated by the Group have been updated to 31 March 2015 by qualified independent actuaries. Lane, Clark & Peacock LLP prepared the valuation for the CWSF and the UK unfunded arrangements and reviewed the IAS 19 valuations prepared for Jamaica overseas scheme. Eckler Ltd prepared the valuation for the Barbados overseas schemes.

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

	31 March 2015			31 March 2014		
	CWSF assumption %	**UK unfunded assumption %**	**Overseas schemes assumption %**	CWSF assumption %	UK unfunded assumption %	Overseas schemes assumption %
Significant actuarial assumptions:						
RPI inflation assumption	**2.8**	**2.8**	**4.1**	3.3	3.3	4.4
Discount rate	**3.1**	**3.1**	**9.2**	4.3	4.3	8.7
Discount rate – CWSF uninsured liability	**3.2**	**–**	**–**	4.4	–	–
Other related actuarial assumptions:						
CPI inflation assumption	**1.8**	**1.8**	**–**	2.3	2.3	–
Salary increases	**3.4**	**–**	**5.9**	3.8	–	5.4
Pension increases	**1.7-2.7**	**–**	**2.8**	2.1-3.2	–	2.7

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

3.10 Retirement benefits obligations continued

	31 March 2015		31 March 2014	
	CWSF assets US$m	Overseas scheme assets US$m	CWSF assets US$m	Overseas scheme assets US$m
Plan assets:				
– Annuity policies	**1,235**	**88**	1,288	75
– Equities – quoted	**338**	**37**	339	38
– Bonds and gilts – quoted	**238**	**39**	174	54
– Property	**1**	**41**	3	41
– Cash and swaps	**18**	**23**	13	16
	1,830	**228**	1,817	224

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

The assumptions regarding current mortality rates in retirement for the CWSF and UK unfunded schemes were set having regard to the actual experience of the CWSF's pensioners and dependants over the six years ended 31 December 2012. In addition, allowance was made for future mortality improvements in line with the 2012 CMI core projections, subject to a long-term rate of improvement of 1.5% p.a. These are the mortality rates used for calculating the statement of financial position for the year ended 31 March 2015.

The mortality rates used for the figure in the income statement for the year ended 31 March 2015 are updated from those which were used for calculating the statement of financial position for the year ended 31 March 2014.

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

	On 31 March 2015 (years)	On 31 March 2025 (years)	On 31 March 2035 (years)
CWSF and UK unfunded:			
Male pensioners and dependants	28.8	30.0	31.2
Female pensioners	28.2	29.5	30.8
Female dependants	31.3	32.5	33.6

Risks

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

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

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

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

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

Sensitivity analysis	Increase in assumption US$m	Decrease in assumption US$m
CWSF and UK unfunded:		
Discount rate		
Effect on total defined benefit obligation of a 0.25% change	(77)	77
Effect on defined benefit obligation net of bulk annuity of a 0.25% change	(40)	40
RPI inflation (and related increases)		
Effect on total defined benefit obligation of a 0.25% change	54	(54)
Effect on defined benefit obligation net of bulk annuity of a 0.25% change	31	(31)
Life expectancy		
Effect on total defined benefit obligation of a one year change	59	(59)
Effect on defined benefit obligation net of bulk annuity of a one year change	21	(21)
Overseas schemes:		
Discount rate		
Effect on total defined benefit obligation of a 0.25% change	(2)	2
Inflation assumption		
Effect on total defined benefit obligation of a 0.25% change	2	(2)

Methods and assumptions for sensitivity analysis

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

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

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

Assets and liabilities

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

	31 March 2015				31 March 2014			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
Total fair value of plan assets	**1,830**	**–**	**228**	**2,058**	1,817	–	224	2,041
Present value of funded obligations	**(1,947)**	**–**	**(185)**	**(2,132)**	(1,943)	–	(182)	(2,125)
Excess of (liabilities)/assets of funded obligations	**(117)**	**–**	**43**	**(74)**	(126)	–	42	(84)
Present value of unfunded obligations	**–**	**(48)**	**(3)**	**(51)**	–	(48)	(3)	(51)
Impact of the minimum funding requirement	**(41)**	**–**	**–**	**(41)**	(22)	–	–	(22)
Effect of asset ceiling	**–**	**–**	**(26)**	**(26)**	–	–	(22)	(22)
Net (deficit)/surplus	**(158)**	**(48)**	**14**	**(192)**	(148)	(48)	17	(179)
Defined benefit pension plans in deficit	**(158)**	**(48)**	**(3)**	**(209)**	(148)	(48)	(3)	(199)
Defined benefit pension plans in surplus	**–**	**–**	**17**	**17**	–	–	20	20
Net (deficit)/surplus	**(158)**	**(48)**	**14**	**(192)**	(148)	(48)	17	(179)

Included within these liabilities is an amount of US$32 million (2013/14 – US$33 million) to cover the cost of former Directors' pension entitlements.

3.10 Retirement benefits obligations continued

The amounts recognised in the income statement were as follows:

	2014/15				2013/14			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
Current service cost	**–**	**–**	**(2)**	**(2)**	(1)	–	(3)	(4)
Interest (charge)/credit on net liabilities/assets	**(5)**	**(2)**	**2**	**(5)**	(6)	(2)	2	(6)
Administration expenses	**(2)**	**–**	**–**	**(2)**	(2)	–	–	(2)
Gains on curtailment	**–**	**–**	**–**	**–**	–	–	8	8
Total net (charge)/credit	**(7)**	**(2)**	**–**	**(9)**	(9)	(2)	7	(4)

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

	2014/15				2013/14			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
Net (liability)/asset at 1 April	**(148)**	**(48)**	**17**	**(179)**	(130)	(46)	19	(157)
Effect of exchange rate fluctuations	**11**	**5**	**(1)**	**15**	(11)	(4)	(2)	(17)
Net (expense)/credit recognised in the income statement	**(7)**	**(2)**	**–**	**(9)**	(9)	(2)	7	(4)
Net credit/(expense) recognised outside the income statement	**(68)**	**(5)**	**(4)**	**(77)**	–	2	(9)	(7)
Contributions paid by the employer	**54**	**2**	**2**	**58**	2	2	2	6
Net (liability)/asset at 31 March	**(158)**	**(48)**	**14**	**(192)**	(148)	(48)	17	(179)

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

	2014/15				2013/14			
	CWSF US$m	**UK unfunded US$m**	**Overseas schemes US$m**	**Total US$m**	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
At 1 April	**(1,943)**	**(48)**	**(185)**	**(2,176)**	(1,872)	(46)	(188)	(2,106)
Current service cost	**–**	**–**	**(2)**	**(2)**	(1)	–	(3)	(4)
Interest on obligations	**(80)**	**(2)**	**(13)**	**(95)**	(80)	(2)	(14)	(96)
Remeasurements:								
Actuarial gain/(loss) from changes in demographic assumptions	**–**	**–**	**–**	**–**	55	1	–	56
Actuarial gain/(loss) from changes in financial assumptions	**(242)**	**–**	**(11)**	**(253)**	20	1	–	21
Actuarial loss from experience on obligations	**21**	**(4)**	**(2)**	**15**	–	–	(9)	(9)
Employee contributions	**–**	**–**	**–**	**–**	–	–	(3)	(3)
Gains on curtailment	**–**	**–**	**–**	**–**	–	–	8	8
Benefits paid	**94**	**2**	**20**	**116**	87	2	13	102
Exchange differences	**203**	**4**	**5**	**212**	(152)	(4)	11	(145)
At 31 March	**(1,947)**	**(48)**	**(188)**	**(2,183)**	(1,943)	(48)	(185)	(2,176)

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

	2014/15				2013/14			
	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
At 1 April	**1,817**	**–**	**224**	**2,041**	1,771	–	222	1,993
Interest on plan assets	**76**	**–**	**17**	**93**	75	–	17	92
Remeasurements:								
Return on invested plan assets, excluding amount in interest income	**69**	**–**	**(4)**	**65**	7	–	(1)	6
Actuarial loss from changes in demographic assumptions on insured asset	**–**	**–**	**–**	**–**	(47)	–	–	(47)
Actuarial gain/(loss)from changes in financial assumptions on insured asset	**115**	**–**	**11**	**126**	(32)	–	–	(32)
Actuarial (loss)/gain from experience on insured asset	**(10)**	**–**	**4**	**(6)**	(12)	–	9	(3)
Employer contributions	**52**	**2**	**2**	**56**	2	2	2	6
Employee contributions	**–**	**–**	**–**	**–**	–	–	3	3
Benefits paid	**(94)**	**(2)**	**(20)**	**(116)**	(87)	(2)	(13)	(102)
Administration expenses	**(2)**	**–**	**–**	**(2)**	(2)	–	–	(2)
Exchange differences	**(193)**	**–**	**(6)**	**(199)**	142	–	(15)	127
At 31 March	**1,830**	**–**	**228**	**2,058**	1,817	–	224	2,041

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

	2014/15				2013/14			
	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m	CWSF US$m	UK unfunded US$m	Overseas schemes US$m	Total US$m
At 1 April	**(22)**	**–**	**(22)**	**(44)**	(29)	–	(15)	(44)
Interest on minimum funding/asset ceiling requirement	**(1)**	**–**	**(2)**	**(3)**	(1)	–	(1)	(2)
Change in effect of minimum funding/ asset ceiling – (loss)/gain	**(21)**	**–**	**(3)**	**(24)**	9	–	(8)	1
Exchange differences	**3**	**–**	**1**	**4**	(1)	–	2	1
At 31 March	**(41)**	**–**	**(26)**	**(67)**	(22)	–	(22)	(44)

3.11 Acquisitions

3.11.1 Columbus International Inc.

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

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

On 31 March 2015, the acquisition was completed for consideration of US$2,121 million comprising a mixture of cash, the Company's shares, capitalised share option amounts and the fair value of put options granted to the Columbus Principal Vendors.

3.11 Acquisitions continued

As part of the acquisition of Columbus, Columbus' existing US$1,250 million 7.375% Senior Notes due 2021 were assumed by the combined group and two year term loans were obtained: US$390 million secured and US$300 million unsecured term loan agreements which are repayable two years from the date of the close of the acquisition of Columbus. Additionally, a new revolving credit facility (RCF) of US$570 million was put in place for a term of five years. The Columbus Senior Notes, term loans and drawn RCF amounts are reflected in Borrowings (note 4.3).

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

	US$m
Cash	708
Shares in CWC	1,287
Fair value of put options	103
Replacement share option awards	23
Total consideration	2,121

- The Company issued 1,557,529,605 consideration shares in the capital of the Company to the Principal Vendors. As a result, the Principal Vendors in aggregate hold 36% of the ordinary shares in the Company. The share consideration includes a lack of marketability discount.
- Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its consideration shares. Under the put option arrangements each Principal Vendor can require the Company to reacquire certain of the consideration shares in four tranches between 2016 and 2019 at a strike price of US$0.7349 per share. The fair value of this put option of US$103 million has been recognised as an equity instrument within other reserves. As this put option meets the definition of an equity instrument, it will not be revalued to fair value at subsequent year ends. The financial liability attaching to the put option was valued using the present value technique at US$879 million (refer to note 4.8 which details the accounting for the repurchase option).
- As part of the acquisition agreement, Columbus' existing Employee Incentive Plan share option plan was cancelled, with certain employees of Columbus rolling over their options into an equivalent CWC share option plan. As set out in IFRS 3, the fair value of these replacement awards attributable to the pre-acquisition period of service by these employees is taken as part of consideration.

The Group has made a provisional assessment of the fair values of the assets and liabilities as at the acquisition date based on estimated total consideration of US$2,121 million.

	Book value US$m	Fair value adjustments US$m	Provisional fair value US$m
Intangible assets	174	513	687
Goodwill	–	2,034	2,034
Property, plant and equipment	1,041	36	1,077
Assets held for sale	7	–	7
Assets held at fair value	14	–	14
Other receivables	9	–	9
Deferred tax assets	23	–	23
Trade and other receivables	144	–	144
Inventories	5	–	5
Cash and cash equivalents	80	–	80
Trade and other payables	(168)	(3)	(171)
Borrowings	(1,234)	–	(1,234)
Current tax liabilities	(16)	–	(16)
Deferred tax liabilities	(85)	(112)	(197)
Other non-current payables	(341)	–	(341)
Total	(347)	2,468	2,121

Due to the timing of the acquisition, on the last day of the financial year, the assessment of the fair value of assets and liabilities at the acquisition date will be subject to finalisation and the accounting for the acquisition will be revised in accordance with the prescribed 12 month period.

The goodwill recognised of US$2,034 million on acquisition was based on the provisional assessment of the fair values of assets acquired and liabilities assumed. Goodwill arising on the acquisition represents the value of the workforce and expected synergies resulting from the integration into the existing business that did not meet the recognition criteria set out in IAS 38 *Intangible Assets* as they were unable to be separately identified. Goodwill is not expected to be tax deductible.

Acquisition-related costs of US$54 million were recorded in these financial statements as other operating expenses. Exceptional financing costs of US$37 million were recorded in the income statement (note 4.1). These costs relate to requiring backstop facilities for both 2020 US$400 million and Columbus bonds, 2020 US$400 million bondholder consent, Columbus backstop ticking fees and accelerated amortisation of existing RCF capitalised transaction costs. Additionally, fees of US$57 million were capitalised in the balance sheet, relating to debt issuance costs incurred from the acquisition.

Had the acquisition occurred on 1 April 2014, management estimates that the attributable income statement would show pro forma revenue of US$621 million and loss of US$40 million during the period.

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

3.11.2 Grupo Sonitel

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

This transaction is in line with the strategy outlined in May 2014 to grow business (B2B) and government (B2G) capabilities.

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

	Book value US$m	Fair value adjustments US$m	Fair value US$m
Property, plant and equipment	2	–	2
Goodwill	–	13	13
Customer contracts and relationships	–	17	17
Brands	–	6	6
Other net assets	5	(4)	1
Total	7	32	39

The goodwill recognised of US$13 million on acquisition was based on the provisional assessment of the fair values of assets acquired and liabilities assumed. Goodwill arising on the acquisition included the value of the workforce and expected synergies resulting from the integration into the existing business that did not meet the recognition criteria set out in IAS 38 *Intangible Assets* as they were unable to be separately identified.

Acquisition-related costs of US$1 million were recorded in these financial statements as other operating expenses.

Sonitel contributed revenue of US$44 million and profit of US$2 million to the Group's results. If the acquisition had occurred on 1 April 2014, management estimates that revenue would have been US$75 million and profit of US$4 million during the period.

3.11.3 Other acquisitions

Dekal Wireless (Holdings) Limited

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

Islandcom Limited

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

Section four – Capital structure and financing

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

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

During the year the Group entered into two year secured and unsecured term loans for US$390 million and US$300 million, respectively. The Group also refinanced its revolving credit facility arrangements with a new five year US$570 million revolving credit facility.

4.1 Finance income and expense

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

Accounting policy detailed in note 5.1.4

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

Continuing operations	2014/15 US$m	Restated 2013/14 US$m
Finance income		
Interest on cash and deposits	**2**	4
Investment income	**2**	2
Foreign exchange gains	**13**	–
Gains on derivative contracts	**9**	–
Total finance income	**26**	6
Finance expense		
Interest on bank loans	**37**	29
Interest on bonds	**56**	90
Unwinding of discounts on provisions	**3**	3
Foreign exchange losses	**–**	19
Losses on derivative contracts	**–**	1
	96	142
Less: Interest capitalised	**(12)**	(3)
Finance expense	**84**	139
Exceptional finance expense	**37**	25
Total finance expense	**121**	164

2014/15 exceptional finance costs of US$37 million relate to backstop facilities for both 2020 US$400 million and Columbus bonds (bonds assumed in the acquisition of Columbus), 2020 US$400 million bondholder consent, Columbus backstop ticking fees and accelerated amortisation of the US$487 million RCF fees (note 4.3). These costs are treated as exceptional due to the nature of these costs which were necessary as bondholder approval and consents were required as part of the acquisition of Columbus.

2013/14 exceptional finance costs of US$25 million relate to additional interest, early redemption charges and capitalised finance transaction costs written off in respect of the 2017 bond which was redeemed on 28 February 2014.

Tax relief of US$4 million is available on interest capitalised in the year ended 31 March 2015 (2013/14 – US$1 million). Interest has been capitalised within property, plant and equipment at a rate of 3.1% (2013/14 – 3.8%) on qualifying capital expenditure.

4.2 Cash and cash equivalents

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

Accounting policy detailed in note 5.1.4

	31 March 2015 US$m	31 March 2014 US$m
Cash at bank and in hand	**396**	89
Short-term bank deposits	**6**	116
Cash and cash equivalents	**402**	205

Short-term bank deposits consist primarily of money market deposits, which can be readily converted to cash at short notice. The effective interest rate on short-term bank deposits at 31 March 2015 was 2.21% (31 March 2014 – 0.18%). At 31 March 2015, these deposits had an average maturity of 17 days (31 March 2014 – five days).

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

4.3 Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of secured and unsecured bonds and facilities. Our key borrowings at 31 March 2015 consist of bonds and bank loans. During the 12 months ended 31 March 2015, we entered into a two year US$390 million secured term loan and a two year US$300 million unsecured term loan and refinanced our US$487 million revolving credit facilities with a new five year US$570 million revolving credit facility. Through the acquisition of Columbus, the Group assumed Columbus 7.375% Senior Notes due 2021 with a face value of US$1,250 million.

Accounting policy detailed in note 5.1.4

			31 March 2015			31 March 2014		
	Type	Security	**Interest rate %**	**Carrying value US$m**	**Fair value US$m**	Interest rate %	Carrying value US$m	Fair value US$m
2016 US$487 million facility[1]	Floating	Unsecured	**–**	**–**	**–**	2.550	–	–
2017 US$390 million loan	Floating	Secured	**5.500**	**374**	**374[3]**	–	–	–
2017 US$300 million loan	Floating	Unsecured	**6.500**	**288**	**288[3]**	–	–	–
2019 £200 million bond	Fixed	Unsecured	**8.625**	**219**	**251[2]**	8.625	242	281[2]
2020 US$570 million facility[4]	Floating	Secured	**4.000**	**–**	**–**	–	–	–
2020 US$400 million secured bond	Fixed	Secured	**8.750**	**394**	**431[2]**	8.750	393	452[2]
2021 US$1,250 million bond	Fixed	Unsecured	**7.375**	**1,234**	**1,309[2]**	–	–	–
US dollar and currencies linked to the US dollar loans and facilities (various dates to 2038)	Fixed and floating	Unsecured	**3.778**	**258**	**258[3]**	3.970	213	213[3]
Overdrafts	Floating	Unsecured	**–**	**1**	**1[3]**	–	7	7[3]
Total borrowings				**2,768**			855	
Borrowings – current				**82**			58	
Borrowings – non-current				**2,686**			797	

1 On 19 October 2011, the Group entered into a five-year borrowing arrangement for US$600 million of revolving credit facilities with a maturity date of October 2016. During 2013/14 the facility was reduced to US$487 million. On 31 March 2015, this facility was cancelled and replaced. (As at 31 March 2014, the Group had US$487 million of undrawn facilities available.)
2 This value was determined by reference to market values obtained from third parties and are within level 1 of the fair value hierarchy.
3 The carrying amount approximates to fair value, net of debt issuance costs, based on discounted cash flows and are within level 2 of the fair value hierarchy.
4 On 31 December 2014, the Group entered into a five-year borrowing arrangement for US$570 million of revolving credit facilities with a maturity date of 31 March 2020. As at 31 March 2015, the Group had US$421 million undrawn facilities available due to US$149 million letters of credit in favour of the Cable & Wireless Superannuation Fund. These facilities incur commitment fees at market rates prevailing when the facilities were arranged.

4.3 Borrowings continued

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

For liquidity risk exposure analysis purposes, the following are the contractual maturities of loans (including the expected interest payable at rates prevailing at the reporting date but net of debt issuance costs):

	31 March 2015 US$m	31 March 2014 US$m
Borrowings		
Due in less than one year	**275**	120
Due in more than one year but not more than two years	**910**	110
Due in more than two years but not more than five years	**1,146**	521
Due in more than five years	**1,347**	445
	3,678	1,196
Less: future finance charges on loans	**(910)**	(341)
Total borrowings	**2,768**	855

Interest was payable on borrowings falling due after more than five years at rates of between 0.0% and 7.4% (2013/14 – 0.0% and 8.8%, respectively).

Reconciliation of net funds

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

Analysis of changes in net funds:

	At 1 April 2014 US$m	Cash flow US$m	Capitalised fees and amortisation US$m	Transfers US$m	Acquisitions US$m	Exchange differences US$m	Net cash from discontinued operations US$m	At 31 March 2015 US$m
Cash at bank and in hand	89	(176)	–	–	81	(1)	403	**396**
Short-term deposits	116	(112)	–	–	2	–	–	**6**
Total funds	205	(288)	–	–	83	(1)	403	**402**
Debt due within one year	(58)	26	–	(47)	(4)	1	–	**(82)**
Debt due after more than one year	(797)	(750)	26	47	(1,234)	22	–	**(2,686)**
Total debt	(855)	(724)	26	–	(1,238)	23	–	**(2,768)**
Total net (debt)/funds	(650)	(1,012)	26	–	(1,155)	22	403	**(2,366)**

4.4 Available-for-sale financial assets

Accounting policy detailed in note 5.1.4

	2014/15 US$m	2013/14 US$m
At 1 April	**58**	58
Additions	**2**	–
Disposals	**(1)**	–
Fair value gain recorded in other comprehensive income	**3**	(3)
Exchange differences	**(3)**	3
At 31 March	**59**	58

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

4.5 Financial assets at fair value through profit or loss

This relates to the Columbus US$1,250 million senior notes for which the redemption option associated with the notes represent an embedded derivative.

Accounting policy detailed in note 5.1.4

	2014/15		2013/14
	Derivative financial instrument US$m	Total US$m	Total US$m
At 1 April	**–**	**–**	–
Acquisitions	**14**	**14**	–
Movement in fair value of derivative financial assets	**–**	**–**	–
At 31 March	**14**	**14**	–

Embedded derivative

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

4.6 Financial liabilities at fair value

In the prior year, a liability was held for the 45% share of Monaco Telecom owned by the Principality of Monaco. In the event that the Principality decided to exercise their contractual right to sell this stake, we would have been obliged to purchase it from them. Monaco was sold in May 2014 and this liability was cancelled as part of the sale.

Accounting policy detailed in note 5.1.4

	At 31 March 2015 US$m	At 31 March 2014 US$m
Monaco Telecom put option (note 4.6.1)	**–**	274
Total financial liabilities at fair value	**–**	274

4.6.1 Monaco Telecom put option

A put option was held by the non-controlling shareholder of Monaco Telecom, the Principality of Monaco (the Principality) as at 31 March 2014. The put option was measured at fair value and was calculated using discounted cash flow techniques, using inputs that were not based on publicly observable market data. The liability for the put option represents 45% of the market value of Monaco Telecom. The key assumptions used in valuing the put option liability were the Monaco Telecom three-year operating plan (in particular revenue performance) and discount rates of between 8% and 27% for the distinct operating businesses within Monaco Telecom. A movement in the discount rate of 1% would result in an increase or decrease in the liability of US$33 million.

On 20 May 2014, the Group sold Monaco Telecom. The put option liability was cancelled as a result of the sale (note 2.8.1).

4.6.2 CMC put option

As part of the transaction to sell Monaco & Islands to Batelco (note 2.8.2), we granted them a put option over the 25% of CMC shares transferred. The CMC put option was both issued and unwound during the year ended 31 March 2014.

4.6.3 Reconciliation

A reconciliation of the movements in the value of level 2 and 3 financial liabilities is as follows:

	Monaco Telecom put option 2014/15 US$m	**Total 2014/15 US$m**	CMC put option 2013/14 US$m	Monaco Telecom put option 2013/14 US$m	Total 2013/14 US$m
At 1 April	**274**	**274**	–	258	258
Issue of the CMC put option (note 2.8.2)	**–**	**–**	100	–	100
Decrease as a result of dividends paid to the Principality	**–**	**–**	–	(30)	(30)
Changes in fair value recognised as an adjustment to goodwill	**–**	**–**	–	31	31
Foreign exchange movements recognised in the foreign currency reserve in equity	**–**	**–**	–	15	15
Cancellation of Monaco put option (note 4.6.1)	**(274)**	**(274)**	–	–	–
Unwind of the CMC put option (note 2.8.2)	**–**	**–**	(100)	–	(100)
At 31 March	**–**	**–**	–	274	274

4.7 Financial instruments at fair value

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

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

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

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

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

					At 31 March 2014
	Note	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
Financial assets measured at fair value:					
UK and Bahamian government bonds	4.4	58	–	–	58
Total financial assets at fair value		58	–	–	58
Financial liabilities measured at fair value:					
Monaco Telecom put option	4.6	–	–	274	274
Total financial liabilities at fair value		–	–	274	274

There were no transfers between levels during the year (2013/14 – no transfers). For a reconciliation of movements in level 3 instruments see note 4.6.3.

4.8 Financial liabilities at amortised cost

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

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

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

Accounting policy detailed in note 5.1.4

	2014/15		2013/14
	Columbus repurchase liability US$m	**Total US$m**	Total US$m
At 1 April	**–**	**–**	–
Repurchase liability (note 4.8.1)	**879**	**879**	–
At 31 March	**879**	**879**	–

4.8.1 Columbus put option and repurchase liability

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

The liability for the repurchase under the terms of IAS 32 have been valued on initial recognition using the present value technique of the future liability was US$879 million (2014/15 – US$nil).

4.9 Acquisitions of non-controlling interests

We made no business acquisitions with non-controlling interests during the year, however, accounting standards (note 5.1.3) require us to make an adjustment to goodwill attributable to Monaco Telecom. On 20 May 2014 we sold Monaco Telecom (note 2.8.1).

Accounting policy detailed in note 1.2.1

Monaco Telecom

Goodwill in connection with the Group's investment in Monaco Telecom SAM increased by US$46 million during the year ended 31 March 2014. The goodwill balance increased as a result of exchange differences and changes in the fair value of the Monaco Telecom put option.

As part of the acquisition of Monaco Telecom a put option was issued (note 4.6.1). Changes in the fair value of this put option are treated as contingent consideration and adjusted against goodwill. The cash outflow in respect of contingent consideration, being the dividend paid to the Principality as the non-controlling shareholder of Monaco Telecom, was US$30 million for the year ended 31 March 2014.

Monaco Telecom was sold on 20 May 2014. The put option was cancelled subsequent to the sale.

Goodwill	2014/15 US$m	2013/14 US$m
At 1 April	**292**	246
Increase as a result of changes in the fair value of Monaco put option	**–**	31
Disposals	**(292)**	–
Exchange differences	**–**	15
At 31 March	**–**	292

4.10 Equity

Called up share capital is the number of shares in issue at their par value of US5 cents each. There were 1,810,341,889 new ordinary shares issued during the year. In this note we also explain how we manage capital which we define as equity, borrowings and cash and cash equivalents.

Accounting policy detailed in note 5.1.7

Share capital

Issued, called-up and fully paid shares of US5 cents each	Number of shares (000)	US$m
31 March 2015	**4,475,954**	**224**
At 1 April 2013 and 31 March 2014	2,665,612	133

The aggregate nominal value of the shares allotted in the year was US$91 million (2013/14 – US$nil).

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

On 31 March 2015, a total of 1,557,529,605 new ordinary shares of US5 cents each in the capital of the Company were issued to the Principal Vendors (as defined and further described in the circular to shareholders dated 19 November 2014). These shares represent approximately 36% of the ordinary shares in CWC (excluding treasury shares).

Included within the number of shares disclosed in the table above are treasury shares and shares held by The Cable & Wireless Communications Share Ownership Trust (the Trust).

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

At 31 March 2015, a total of 137,488,873 shares were classified as treasury shares (31 March 2014 – 137,488,873). This represented 3% of called-up share capital at the end of the year (2013/14 – 5%).

The nominal value and market value of treasury shares held at 31 March 2015 was US$7 million (2013/14 – US$7 million) and US$125 million (2013/14 – US$119 million), respectively. Disclosures in respect of the shares held by the Trust are included in note 5.7.

In accordance with the Company's Articles of Association, each share (other than those held in treasury) entitles the holder to one vote at General Meetings of Cable & Wireless Communications Plc. The Company's shareholders can declare dividends by passing an ordinary resolution but the payment cannot exceed the amount recommended by the Directors. There are no restrictions on the repayment of capital other than those imposed by law. For further information refer to pages 56 to 58 of the Directors' and corporate governance report.

As detailed above, there were share allotments of 252,812,284 ordinary shares on 7 November 2014 and 1,557,529,605 ordinary shares on 31 March 2015, totalling 1,810,341,889 ordinary shares of US5 cents allotted during the period under review (2013/14 – no allotments).

Capital management

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

4.10 Equity continued

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

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

This strategy is unchanged from the prior year.

Funding and liquidity risk are reviewed regularly by the Board and managed in accordance with the policies described in note 4.11.

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

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

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

In April 2013, the Group received total cash proceeds of US$501 million in respect of the Islands sub-group disposal (note 2.8.2), excluding the Seychelles for which regulatory approval was not obtained, representing consideration of US$470 million plus US$31 million of the proportionate share of net cash in the disposed businesses attributable to Cable & Wireless Communications. The Group also received US$100 million for the sale of a 25% interest in Compagnie Monégasque de Communication SAM, the holding company of Monaco Telecom, to Batelco. Proceeds were used to repay drawn bank facilities, including the revolving credit facility of US$360 million (note 4.3) and other facilities of US$38 million. In December 2013, the Group returned US$100 million to Batelco to unwind a pre-agreed option on the sale of Monaco Telecom not gaining the regulatory consents required.

In June 2013, the Group received total cash proceeds of US$807 million in respect of the Macau disposal (note 2.8.3) representing consideration of US$750 million plus US$57 million of the proportionate share of net cash in the disposed business attributable to Cable & Wireless Communications. In line with the Board's objectives, these proceeds will be used for investment opportunities. In the absence of suitable investment opportunities, proceeds have been used to de-leverage the balance sheet (note 4.3). On 28 February 2014, the 2017 US$500 million secured bond was redeemed in full (note 4.3).

The US dollar secured bonds of US$400 million maturing in 2020 has a credit rating of Ba2 with Moody's and BB- with Standard and Poor's. The unsecured sterling bond repayable in 2019 has a credit rating with Standard and Poor's of B+. As part of the acquisition of Columbus we assumed unsecured bonds of US$1,250 million maturing in 2021 with a credit rating of Ba3 with Moody's and BB with Standard & Poor's.

Foreign currency translation and hedging reserve

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

Capital and other reserves

At 31 March 2015, other reserves included a capital redemption reserve of US$152 million (2013/14 – US$152 million), a revaluation reserve of US$nil (2013/14 – US$nil), a fair value reserve of US$20 million (2013/14 – US$17 million), a special reserve of US$2,137 million (2013/14 – US$2,137 million) and a capital reserve of US$987 million (2013/14 – US$987 million), less a reserve relating to transactions with non-controlling interests of US$5 million (2013/14 – US$5 million) and a reserve for the repurchase of shares and put option of US$776 million (2013/14 – US$nil).

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

The special reserve relates to the cancellation of the share premium account of Cable & Wireless Limited (formerly Cable and Wireless Plc) in February 2004. It will reduce from time to time by the amount of any increase in the paid-up share capital and share premium account of Cable & Wireless Limited after 20 February 2004 resulting from the issue of new shares for cash or other new consideration or upon a capitalisation of distributable reserves.

On 26 March 2010, a court-approved capital reduction became effective which had the effect of creating a capital reserve of US$1,931 million which may be released, in whole or in part, to distributable reserves of the Company at the discretion (and upon the resolution) of the Board of Directors or a duly constituted committee of the Board of Directors.

4.11 Financial risk management

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

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

Treasury policy

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

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

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

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

Exchange rate risk

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

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

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

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

The Group is exposed to foreign currency risk in relation to monetary assets and liabilities that are not in the functional currency of the entity that holds them. In broad terms, based on monetary assets and liabilities as at 31 March 2015 the impact of a unilateral 10% weakening of the US dollar would have been to decrease profit from continuing operations by approximately US$34 million (at 31 March 2014 – US$42 million).

Interest rate risk

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

At 31 March 2015, 69% (31 March 2014 – 79%) of the Group's loans were at a fixed rate. A reduction in interest rates would have an unfavourable impact upon the fair value of the Group's fixed rate loans. However, no debt is held for trading purposes and it is intended that it will be kept in place until maturity. As a result, there is no exposure to fair value loss on fixed rate borrowings and, as such, its effect has not been modelled.

A one percentage point increase in interest rates will have a US$4 million (2013/14 – US$2 million) impact on the income received from the surplus cash balances of the Group and a US$(9) million (2013/14 – US$2 million) impact on the floating rate loans of the Group. The impact on equity is limited to the impact on profit or loss.

4.11 Financial risk management continued

Credit risk

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

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

Liquidity risk

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

At 31 March 2015, the Group had cash and cash equivalents of US$402 million. These amounts are highly liquid and are a significant component of the Group's overall liquidity and capital resources, which also includes the available undrawn revolving credit facilities of US$421 million.

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

At 31 March 2015, approximately 1% of the Group's cash was invested in short-term bank deposits and money market funds (2013/14 –57%).

4.12 Dividends declared and paid

Dividends are one type of shareholder return, historically paid to our shareholders twice a year in January and August.

	2014/15 US$m	2013/14 US$m
Final dividend in respect of the prior year	**67**	67
Interim dividend in respect of the current year	**37**	33
Total dividend paid	**104**	100

During the year ended 31 March 2015, the Group declared and paid a final dividend of US2.67 cents per share in respect of the year ended 31 March 2014 (2013/14 – US2.67 cents per share in respect of the year ended 31 March 2013). The Group declared and paid an interim dividend of US1.33 cents per share in respect of the year ended 31 March 2015 (2013/14 – US1.33 cents per share in respect of the year ended 31 March 2014).

In respect of the year ended 31 March 2015, the Directors have proposed a final dividend of US2.67 cents per share (US$116 million) (2013/14 – US2.67 cents per share), for approval by shareholders at the AGM to be held on 21 July 2015. These financial statements do not reflect the proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31 March 2016.

The Cable & Wireless Communications Share Ownership Trust (the Trust) waived its right to dividends on the shares held in the Trust, with the exception of those shares held for Directors under the deferred bonus plan.

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

5.1 Significant accounting policies

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

5.1.1 Foreign currencies

a) Functional currency

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

b) Foreign currency translation

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

c) Foreign operations

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

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

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

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

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

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

There are no Group entities operating in a hyperinflationary economy.

5.1 Significant accounting policies continued
The principal exchange rates used in the preparation of these accounts are as follows:

	2014/15	2013/14
£ : US$		
Average	**0.6206**	0.6313
Year end	**0.6705**	0.6059
€ : US$		
Average	**0.7895**	0.7461
Year end	**0.9101**	0.7258
Jamaican$: US$		
Average	**112.6438**	102.7058
Year end	**114.8900**	109.1550
Seychelles Rupee : US$		
Average	**13.1440**	11.9863
Year end	**13.7550**	12.1713
Colombian Peso : US$		
Average	**N/A**	N/A
Year end	**2,544.9250**	N/A
Trinidad and Tobago$: US$		
Average	**6.3687**	6.4117
Year end	**6.3418**	6.3803

5.1.2 Property, plant and equipment

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

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

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

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

	Lives
Cables	up to 20 years
Network equipment	3 to 25 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.

5.1.3 Intangible assets

a) Goodwill

Goodwill represents the future economic benefits that arise from acquired assets that are not capable of being individually identified and separately recognised.

The goodwill recorded in the Group's statement of financial position is calculated using two different methods, depending on the acquisition date, as a result of changes in accounting standards.

All business combinations that occurred since 31 March 2010 are accounted for using the acquisition method in accordance with IFRS 3 *Business combinations revised*. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. All transaction costs are expensed as incurred.

All other business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business combinations (2004)*. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Costs attributable to these combinations are included in the cost of acquisition.

Goodwill is not amortised and is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

b) Other intangible assets

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

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

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

	Lives
Software	3 to 5 years
Licences	Up to 25 years or the licence term if less
Customer contracts and relationships, brands and licences	4 to 10 years

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

5.1.4 Financial instruments

Financial assets

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

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

Cash and cash equivalents

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

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 Group 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.

Receivables are recognised initially at fair value, and subsequently at amortised cost less provision for impairment.

5.1 Significant accounting policies continued

Financial assets at fair value through profit or loss

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

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Gains and losses on derivative instruments that are not designated as hedge instruments are recognised immediately through profit or loss.

The Interest Rate Option Pricing Method was used to determine the fair value of the embedded derivative associated with the unsecured senior notes of US$1,250 million assumed in the acquisition of Columbus (note 4.5). Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as fair value through profit or loss.

These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category upon initial recognition or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within one year of the reporting date and such assets recognised in this category by the Group include UK and Bahamian government gilts. Purchases and disposals of available-for-sale financial assets are recognised at fair value. Subsequent changes in fair value, other than impairment losses and foreign currency differences, are recognised in other comprehensive income and presented in the fair value reserve (within Capital and Other reserves) in equity. When an asset is derecognised the gain or loss accumulated in equity is reclassified through profit or loss.

Due to the conditions attaching to the regulatory approval from the Telecommunications Authority of Trinidad and Tobago, the Group was required to divest of its shareholding in TSTT as at 31 March 2015. As significant influence was lost TSTT was reclassified as a held for sale equity investment (note 3.8).

Financial liabilities

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

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

Borrowings

Borrowings are recognised initially at fair value net of directly attributable transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using the effective interest method. The financial liabilities recognised in this category include secured and unsecured bonds and facilities and other loans held by the Group and are presented in borrowings in current liabilities in the statement of financial position unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Financial liabilities at fair value

This category includes a puttable instrument on non-controlling interests relating to the acquisition of Monaco Telecom (the Monaco Telecom put option) and derivative financial instruments. The CMC put option, more fully described in note 4.6, was issued and redeemed during the year with no impact on profit or loss. These financial liabilities are recognised initially at fair value. Subsequent changes in fair value are recognised through profit or loss except for changes in the fair value of the Monaco Telecom put option.

The fair value of the Monaco Telecom put option is based on the present value of the redemption amount, calculated using discounted cash flow techniques, as if the puttable instrument had been exercised at the reporting date. Movements in the fair value of the liability are recognised as adjustments to goodwill in accordance with IFRS 3 *Business combinations (2004)*. The Monaco put option, more fully described in note 4.6, was cancelled in the year ended 31 March 2015 with no impact on profit or loss.

Financial liabilities at amortised cost

This category includes the redemption option relating to shares issued as part of the acquisition of Columbus. The redemption options were initially recognised at the present value of the future obligations and will be amortised on a straight line basis over the redemption option period.

5.1.5 Impairment of assets

Financial assets

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

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

Non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. All other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group determines any impairment by comparing the carrying values of each of the Group'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 Group's own projections using pre-tax discount rates.

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

5.1.6 Inventories

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

5.1.7 Share capital

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

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

5.1.8 Leases

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

5.1.9 Non-current assets and disposal groups held for sale

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

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

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

Due to the conditions attaching to the regulatory approval from Telecommunications Authority of Trinidad and Tobago, the Group were required to divest of its shareholding in TSTT as at 31 March 2015. This required a reclassification from investments in associates to a held for sale equity investment (note 3.8).

5.1.10 Discontinued operations

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

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

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

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

5.1 Significant accounting policies continued

The Monaco business was disposed of on 20 May 2014 and is classified as a discontinued operation at 31 March 2015. The comparative income statement and cash flow statement are restated for the year ended 31 March 2014. See note 2.8 for details.

5.1.11 Employee benefits

Defined contribution pensions

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third party. The Group 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.

Defined benefit obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. These schemes are generally funded through payments to insurance companies or Trustee-administered funds, determined by periodic actuarial calculations.

The asset or liability recognised in the statement of financial position in respect of each defined benefit pension plan represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. Assets are only recognised to the extent that the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan exceed the fair value of the plan assets less the present value of the defined benefit obligations. Defined benefit obligations for each scheme are calculated annually by independent actuaries.

The Group recognises actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, in the period in which they occur in the statement of other comprehensive income. Past service costs are recognised immediately through profit or loss.

Current service costs and any past service costs, together with the unwinding of the discount on net plan assets or liabilities, are included within operating costs through profit or loss.

Share-based compensation

The Group operates various equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of options over shares in the Company is recognised as an operating cost through profit or loss over the vesting period with a corresponding increase in other reserves in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, which excludes the impact of any non-market vesting conditions (for example service, profitability and cash flow targets). Non-market vesting conditions are included in estimates about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are expected to vest.

Termination benefits

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

Bonus plans

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

5.1.12 Tax

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 and equity, in which case it is recognised in other comprehensive income or equity, respectively.

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 consolidated financial statements, except where the difference arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction other than a business combination, affecting neither accounting nor taxable profit.

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 Group and it is probable that the temporary difference will not reverse in the foreseeable future.

5.1.13 Provisions

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

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

5.1.14 Revenue recognition

Group revenue, which excludes discounts, value added tax and similar sales taxes, represents the amount receivable in respect of services and goods provided to customers. It includes sales to joint ventures and associates but does not include sales by joint ventures and associates or sales between Group companies. Revenue is recognised only when payment is probable.

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

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

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

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

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

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

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

The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecoms equipment and ongoing service) is allocated to those components that are capable of operating independently, based on the estimated fair value of the components. The fair value of each component is determined by amounts charged when sold separately and by reference to sales of equivalent products and services by third parties.

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

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

5.1.15 Exceptional items

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

5.1.16 Transactions with holders of non-controlling interests

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

5.2 Critical accounting estimates and judgements

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

5.2.1 Impairment

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.

The Directors also assess the carrying value of the Group's interests in joint ventures and associate undertakings to identify whether there is any objective evidence of impairment.

The identification of impairment triggers is a key judgement. Where an impairment review is required, the Group generally determines recoverable amount 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.

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

Note 3.4 sets out the assumptions and estimates used during these assessments.

5.2.2 Receivables allowance

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

5.2.3 Revenue recognition

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

5.2.4 Exceptional items

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

5.2.5 Tax

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

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

5.2.6 Pensions

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

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

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

5.2.7 Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive, it is recognised as goodwill and if negative, it is recognised in the income statement.

5.3 Commitments, guarantees and contingent liabilities

5.3.1 Commitments

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

Capital commitments at the end of the financial year for the continuing Group relating to the purchase of plant and equipment was US$45 million (2013/14 – US$92 million). No provision has been made for these commitments. US$nil (31 March 2014 – US$10 million) of these commitments relate to the Group's share of the capital commitments of its joint ventures and associates.

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

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

The operating lease expenditure related to the year ended 31 March 2015 is disclosed in note 2.3.1. The aggregate future minimum lease payments under operating leases are:

	31 March 2015 US$m	31 March 2014 US$m
No later than one year	**49**	35
Later than one year but not later than five years	**107**	76
Later than five years	**30**	20
Total minimum operating lease payments	**186**	131

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

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

5.3.2 Guarantees

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

	31 March 2015 US$m	31 March 2014 US$m
Trading guarantees	**44**	50
Other guarantees	**473**	329
Total guarantees	**517**	379

Trading guarantees

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

Other guarantees

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

Following the Group's issue of the 2020 bonds in January 2012 and the consequential increase in the Group's available secured borrowings, letters of credit totalling £100 million had been issued in favour of the CWSF Trustee under the Contingent Funding Agreement. These letters of credit expired in February 2014 following the Group's redemption of the 2017 US$500 million bonds and consequential decrease in the Group's available secured borrowings. New letters of credit totalling £100 million (US$149 million) were put in place in connection with the acquisition of Columbus International Inc. pursuant to the terms of the Contingent Funding Agreement.

In addition, the Group, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of business disposals. Generally, liability has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. In relation to the Islands disposal to Batelco International Group Holding Limited (note 2.8.2) the Group has provided a guarantee for up to US$300 million in respect of tax-related claims (until April 2020) and all other indemnity claims (until April 2015). The Group has also provided indemnities in respect of the Monaco Telecom SAM disposal to a private investment vehicle owned by Xavier Niel (note 2.8.1). The Group also gives warranties and indemnities in relation to certain agreements including facility sharing agreements. Some of these agreements do not contain liability caps.

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

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

5.3.3 Contingent liabilities

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

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

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

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

Legal proceedings are discussed in note 5.5.

5.4 Licences and operating agreements

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

The Group is currently in the process of renewing its mobile licences in Antigua and Barbuda.

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

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

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

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

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

5.5 Legal proceedings

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

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

In 2006, a subsidiary, Columbus Communications Trinidad Limited ('Columbus Trinidad'), acquired physical and intangible assets from Trinidad and Tobago Trans-Cable Company Unlimited ('T&T Trans-Cable'). In September 2012, T&T Trans-Cable (which is an ultimately wholly owned subsidiary of Columbus International Inc.) received various notices of assessment from the Board of Inland Revenue ('BIR') of the Government of the Republic of Trinidad and Tobago with respect to Columbus Trinidad's acquisition of these assets, raising a tax assessment for the sale of fixed and intangible assets on the grounds that the purchase price for the fixed and intangible assets represented income to T&T Trans-Cable, that the purchase price was a distribution to the T&T Trans-Cable shareholders, and that Value Added Tax was payable on the proceeds from the sale of the T&T Trans-Cable fixed assets. Columbus Trinidad objected to the BIR assessments in October 2012. On 3 November 2014, Columbus Trinidad received notice that BIR has rejected this objection; Columbus Trinidad objected to the BIR notice on 26 November 2014. Management believes that the BIR assessments are not in accordance with Trinidad and Tobago tax law; consequently they consider no provision for any liability is required.

5.6 Related party transactions

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

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

Transactions with joint ventures and associates

All trade transactions with joint ventures and associates arise in the normal course of business and primarily relate to fees for use of the Group's products and services, network and access charges. Group subsidiaries had transactions with Telecommunications Services of Trinidad and Tobago Ltd and Seychelles Cable System Limited during the year. The transactions were in relation to the sale and purchase of telecommunication services. In respect of these transactions, US$3 million has been reported within revenue and US$2 million in cost of sales (2013/14 – US$3 million and US$2 million respectively).

The Group received dividends of US$nil from joint ventures and associates (2013/14 – US$4 million). At 31 March 2015, joint ventures and associates owed US$nil (31 March 2014 – US$2 million) in respect of trading balances.

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

Transactions with key management personnel

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

Director and key management remuneration is disclosed in note 2.3.3.

Transactions with other related parties

There are no controlling shareholders of the Group as defined by IFRS. There have been no material transactions with the shareholders of the Group.

Pensions contributions to Group schemes are disclosed in note 3.10.

The Group has US$56 million of loans receivable and US$20 million of other receivables with legal entities controlled by Brendan Paddick, CVBI Holdings (Barbados) Inc. and Clearwater Holdings (Barbados) Limited as of 31 March 2015.

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

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

5.7 Share-based payments

We have a number of share plans used to award shares to Directors and employees as part of their remuneration package. A charge is recognised in the consolidated income statement to record the cost of these, based on the fair value of the award on the grant date. For further information on how this is calculated refer to 'share-based compensation' under significant accounting policies on page 148. Additional information on options and shares granted to Directors can be found in the Directors' remuneration report on pages 68 to 88.

Accounting policy detailed in note 5.1.11

Share option schemes

The Group does not currently have outstanding share option awards over its own shares (2013/14 – nil) other than awards of performance shares granted as nil-cost options. There are no outstanding share option awards relating to options granted by Cable and Wireless plc to senior employees (2013/14 – no options outstanding). These options were originally granted over Cable and Wireless plc shares at exercise prices between 101 to 154 pence. All options have vested in full. Subsequent to the demerger, these options were redesignated as an option over a stapled unit of one share in Cable & Wireless Communications Plc and one share in Cable & Wireless Worldwide plc (an unrelated company). The share price of Cable & Wireless Communications Plc at 31 March 2013 and the final share price of Cable & Wireless Worldwide plc prior to its takeover by Vodafone Group Plc were such that the obligation for these stapled unit options was US$nil.

During the year, 17,049,197 options were exercised (2013/14 – no options were exercised). No options lapsed during the year (2013/14 – 1,246,303).

Other equity instrument awards

Performance shares

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

The vesting of outstanding performance shares granted in June 2010 and 2011 are subject to Cable & Wireless Communications Plc absolute TSR performance conditions (see performance conditions for share-based award on page 83). For the performance shares granted in January 2013, performance is based on a combination of relative TSR against a bespoke comparator group and earnings per share (EPS) performance measures. For the performance shares granted in May 2013 performance is based on relative TSR against a bespoke comparator group. For the performance shares granted in December 2013, January 2014, May 2014 and July 2014 performance is based on non-market performance measures.

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

Restricted Share Plan

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

Cable & Wireless Communications Share Purchase Plan

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

The Cable & Wireless Communications Share Ownership Trust

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

At 31 March 2015, the Trust held 9,140,970 shares in Cable & Wireless Communications Plc (of which 754,029 are shares awarded to the Executive Directors under the Deferred Bonus Plan and which carry dividend rights) with a market value of US$9 million.

Share awards

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

	Awards of Cable & Wireless Communications Plc shares granted during 2014/15			Awards of Cable & Wireless Communications Plc shares granted during 2013/14		
Award	**Shares**	**Weighted average fair value (pence/share)**	**Features incorporated in schemes**	Shares	Weighted average fair value (pence/share)	Features incorporated in schemes
Restricted shares	**12,990,348**	**60**	**–**	1,472,110	43	–
Share purchase plan scheme (matching shares)	**–**	**–**	**–**	–	–	–
Performance shares – May 2013	**–**	**–**	**–**	9,327,338	28	TSR conditions
Performance shares – May 2014, June 2014 and July 2014	**15,209,991**	**53**	**TSR conditions and non-market performance measures**	–	–	–
Performance shares – December 2013 and January 2014	**–**	**–**	**–**	14,110,468	55	Non-market performance measures

Only the performance share grants made during 2012/13 and 2011/12 have performance criteria attached. A fair value exercise was completed for grants made during 2014/15 and 2013/14 using the Monte Carlo method.

5.7 Share-based payments continued

The Monte Carlo pricing model assumptions used in the pricing of the performance share grants in 2014/15 and 2013/14 were:

	2014/15	2013/14
Weighted average share price (pence per share)	**52.80**	43.90
Dividend yield	**0.0%**	0.0%
Expected volatility	**28.0%-30.3%**	32.1%
Risk-free interest rates	**1.02%-1.25%**	0.48%
Expected life in years	**3.0-3.39**	3.0

The total expense during the year related to equity settled share-based payments was US$5 million (2013/14 – US$6 million). A summary of the outstanding share awards at 31 March 2015 and 31 March 2014 are as follows:

	31 March 2015		31 March 2014	
Award	Number of shares outstanding	Weighted average remaining life (rounded to nearest year)	Number of shares Outstanding	Weighted average remaining life (rounded to nearest year)
Restricted shares	**13,350,706**	**3**	585,685	1
Restricted shares (LTIP)	**–**	**–**	2,198,490	–
Share purchase plan scheme (matching shares)	**120,556**	**–**	220,496	–
Performance shares	**43,766,442**	**2**	45,754,681	2

5.8 Subsidiaries, joint ventures and associates

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

Refer to note 3.7 for Joint ventures and associates.

Accounting policy detailed in note 1.2.1

Continuing operations as at 31 March 2015	Ownership of ordinary shares %	Country of incorporation	Area of operation
Subsidiaries			
The Bahamas Telecommunications Company Ltd	49	The Bahamas	The Bahamas
Cable & Wireless Jamaica Ltd	82	Jamaica	Jamaica
Cable & Wireless Panama, SA	49	Panama	Panama
Cable & Wireless (Barbados) Ltd	81	Barbados	Barbados
Cable and Wireless (West Indies) Ltd	100	England	Caribbean
Cable & Wireless Ltd	100	England	England
Sable International Finance Ltd	100	Cayman	England
Cable and Wireless International Finance BV	100	Netherlands	England
Columbus International Inc.	100	Barbados	Caribbean/ Latin America
Columbus Communications (Trinidad) Limited	100	Trinidad and Tobago	Trinidad and Tobago
Columbus Communications Jamaica Limited	100	Jamaica	Jamaica
Columbus Networks Limited	100	Barbados	Caribbean/ Latin America
Joint ventures and associates			
Cable & Wireless Trade Mark Management Ltd	50	England	N/A

Full details of all subsidiary undertakings, joint ventures and associates will be attached to the Company's next annual return, to be filed with the Registrar of Companies in England and Wales.

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

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

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

5.8 Subsidiaries, joint ventures and associates continued

	Continuing					Discontinued	
as at 31 March 2014	Panama[1] US$m	The Bahamas US$m	Jamaica US$m	Barbados US$m	Other subsidiaries[2] US$m	Macau[3] US$m	Total US$m
Ownership interests held by NCI	51%	49%	18%	19%	20-30%		
Revenue	576	354	181	157	84	121	
Profit/(loss)	103	72	(34)	(25)	6	25	
Other comprehensive income/(loss)	–	3	17	(1)	(3)	–	
Total comprehensive income/(loss)	103	75	(17)	(26)	3	25	
Profit/(loss) attributable to NCI	53	35	(6)	(5)	2	13	92
Total comprehensive income/(loss) attributable to NCI	53	36	(3)	(5)	1	12	94
Non-current assets	662	339	159	159	95		
Current assets	221	123	67	40	25		
Non-current liabilities	(288)	(5)	(364)	(44)	(5)		
Current liabilities	(222)	(116)	(80)	(102)	(22)		
Net assets/(liabilities)	373	341	(218)	53	93		
Net assets/(liabilities) attributable to NCI	190	167	(39)	10	22		350
Cash flows from operating activities	226	104	(27)	15	22		
Cash flows from investing activities	(179)	(50)	(34)	(32)	(5)		
Cash flows from financing activities	(56)	(58)	59	25	17		
Net increase/(decrease) in cash and cash equivalents	(9)	(4)	(2)	8	34		
Dividends paid to NCI during the year	44	30	–	–	2		76

1 The Company currently holds 49% of the share capital but regards CWP as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.
2 'Other subsidiaries' includes Dominica, Grenada and St Kitts as the NCI for these subsidiaries is not material individually but is material in the aggregate.
3 Macau was disposed of on 20 June 2013.

5.9 Events after the reporting period

Where the Group receives information in the period between 31 March 2015 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 these conditions in light of the new information. Such events can be categorised as adjusted or non-adjusting depending on whether the conditions existed at 31 March 2015. 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 acquisition of Columbus by the Company constituted a change of control of Columbus for the purposes of the US$1,250 million 7.375% Notes (the Columbus Notes). The Columbus Notes indenture includes a change of control provision requiring Columbus to make an offer to the holders of the Columbus Notes to purchase the Columbus Notes at 101% of their principal amount, plus accrued and unpaid interest and related fees. This offer was launched on 31 March 2015 and expired on 28 April 2015. None of the Columbus Notes were tendered.

5.9.1 Accounts approval

There have been no events affecting the Group since 31 March 2015 which need to be reflected in the 2014/15 financial statements.

These accounts were approved by the Board of Directors on 19 May 2015 and authorised for issue.

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Cable & Wireless Communications Plc for the year ended 31 March 2015 set out on pages 92 to 168 excluding pages 93 and 97. In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit are set out below.

The Audit Committee's consideration of these significant risks is set out in the Audit Committee report on pages 62 to 63.

Acquisition accounting

Acquisition accounting (see note 3.11 and note 5.1.3 for accounting policy and note 5.2.7 for critical accounting estimates and judgements).

Risk

The acquisition of Columbus on 31 March 2015 for a consideration of US$2,121 million was a significant acquisition for the Group.

Accounting for the acquisition requires the Group to determine the preliminary fair value of consideration transferred and the net assets acquired as part of the acquisition.

This requires the Group to make a number of judgements, which focus on, but are not limited to:

- Valuation of the shares issued and options granted as part consideration for the acquisition;
- Identification of intangible assets acquired; and
- Determining the 31 March 2015 Columbus balance sheet.

In determining the fair value of the acquired intangible assets, medium-term cash flow forecasts have been prepared by the Group. The inherent uncertainty involved in forecasting future cash flows and the judgement involved in the selection of the appropriate discount rate makes this a key area of focus.

Due to the timing of the Group's acquisition of Columbus, the Group's acquisition accounting information is preliminary and is based on the most recently available Columbus information, adjusted for significant transactions to the acquisition date. Identifying and measuring these adjustments is complex and can require the Directors to use estimates. As a result this was one of the focus areas of our audit.

Our response

Our audit procedures over preliminary acquisition accounting included, among others:

Using our own valuation specialists to assist us in critically assessing:

- the methodology for and inputs used in the valuation of shares issued and options granted; and
- the appropriateness of the identified intangibles, against the criteria of the relevant accounting standards, and the appropriateness of the discount rates; and comparing the inputs used in determining the discount rate to externally derived data.

Testing the principles and integrity of the Group's cash flow model used in determining fair value of acquired intangible assets. We compared the Group's forecast revenue growth and margins assumptions to our own assessments in relation to key inputs such as market performance and economic conditions in each of the regions.

We gained an understanding of the principles applied by the Directors in determining their acquisition date fair value information. In respect of significant adjustments we challenged the Group's assumptions based on our knowledge and experience of the industry in which Columbus operates. We agreed significant transactions to supporting documentation, such as underlying contracts, third party confirmations and valuation reports discussed above.

We also considered the adequacy of the Group's disclosures in respect of the acquisition and the related judgements in note 3.11.

Valuation of trade receivables and accrued income

Net trade receivables US$330 million and accrued income US$84 million (see notes 3.1 and 5.1.4 for accounting policy and notes 5.2.2 and 5.2.3 for critical accounting estimates and judgements).

Risk

The Group has significant trade receivables and accrued income with customers in Panama and the Caribbean.

Given the age profile and high debt levels in these regions and the level of judgement required in determining the provision levels on these balances, this is considered a significant risk.

Our response

Our audit procedures on the existing businesses included among others:

Testing of controls over the Group's collection procedures, and the Group's assessment of the provision required at every period end;

Testing the receipt of cash after the year end for enterprise and government customers; and

We have critically assessed the Group's provision levels by considering the historical cash collection trends and the local economic environment in each of the regions.

On Columbus trade receivables, we critically assessed the provision levels by considering the historical cash collection trends in the in scope businesses.

On all receivables, we have also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

2 Our assessment of risks of material misstatement continued

Carrying value of PPE and assets held for sale

PPE US$2,523 million and assets held for sale US$137 million (see note 3.6, 3.7 and 3.8, notes 5.1.4 and 5.1.5 for accounting policies and note 5.2.1 for critical accounting estimates and judgements).

Risk

There is a risk of impairment of the Group's PPE assets particularly in the Caribbean region in light of recent impairments in that region, together with technological change, challenging economic conditions and changing competitive and regulatory landscapes.

During the year the Group recorded assets write-offs and impairment charges in LIME as a result of technological change and the acquisition of Columbus expected to render parts of the existing network redundant. The Group has determined the impacted assets from the integration plans and the value in use is determined based on estimates for the following: average revenue rates, engineering estimates of timing of migration to acquired networks and an estimated allocation of costs for the total business. Also judgement is involved in the selection of the appropriate discount rate which makes this a key area of focus for our audit.

As part of obtaining regulatory approvals for the acquisition of Columbus in Trinidad and Tobago, the Group agreed to divest its 49% shareholding in Telecommunication Services of Trinidad and Tobago (TSTT). As such, the investment in TSTT has been classified as an asset held for sale as at 31 March 2015. In determining fair value of TSTT, the Group is required to make a number of judgements which focus on, but are not limited to: recent trading performance, economic and market conditions and data from comparable market transactions in the telecom industry.

Our response

Our audit procedures included among others:

PPE: Assessing the appropriateness of the assets impacted by technological change based on capital expenditure plans and discussing the key changes with the Group's technology teams. We agreed the value of the assets written off to the underlying fixed asset registers.

Inspecting the integration plans and discussing the key terms with the engineering teams to critically assess the appropriateness of the Group's determination of assets impacted by the acquisition and the assumptions used in the value in use models.

We challenged the assumptions used in the value in use models by forming an expectation of the assumptions in light of our knowledge of the client and experience of the telecom industry in each of the markets the Group operates in.

TSTT: Using our own valuation specialists to assist us in critically assessing the appropriateness of the judgements made and comparing the inputs used in determining fair values to internally and externally derived data.

We considered the adequacy of the Group's disclosures and assessed whether disclosures for PPE and assets held for sale about the sensitivity of the outcome of the assessment to changes in key assumptions properly reflected the risks inherent in the key assumptions and the requirements of accounting standards.

Revenue recognition

Revenue US$1,753 million (see note 2.1, note 5.1.14 for accounting policy and note 5.2.3 for critical accounting estimates and judgements).

Risk

The Group's revenue consists primarily of mobile, broadband, TV, fixed line and Managed Services contracts.

Revenue from mobile, broadband and fixed line products is considered a significant risk due to both the bundling of these services and the complexity of the Group's systems and processes used to record revenue.

Our response

Our audit procedures over revenue included, among others:

Testing of controls, assisted by our IT specialists including those over: set-up of customer accounts, pricing data, segregation of duties, and the linkage to usage data that drives revenue recognition. Compensating manual controls were tested for certain legacy system issues in LIME and BTC;

To assess the relative fair value of each separable component within a price plan, we tested the controls over the Group's estimate of standalone value. This included comparing the standalone fair values to published information on the standalone price for each component; and

Performing an analysis of revenue and deferred revenue based on our industry knowledge, forming an expectation of revenue based on key performance indicators taking into consideration disconnections, installations, changes in rates and trends in deferred income days.

We also assessed the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition set out in 5.1.14.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at US$12 million, determined with reference to a benchmark of Group profit before taxation for continuing operations normalised to exclude exceptional costs as disclosed in the Group Consolidated Income Statement of which it represents 4.5%.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding US$0.6 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our Group audit scope focused on the key operating locations – Panama, The Bahamas and the four principal operating locations within LIME, together with the Group's Associate in Trinidad and Tobago, which were all subject to a full scope audit for the year ended 31 March 2015 and were performed by component auditors in these regions. Following the acquisition of Columbus at year end, opening balance sheet audits were performed at Columbus Jamaica and Columbus Trinidad by component auditors in these countries and at Columbus Networks by the Group audit team.

In addition, the Group audit team performed specified audit procedures on the Group Functions using a materiality of US$10 million. These locations represent the principal business units of the Group and account for 95% of the Group's total assets, 88% of the Group's revenue and 91% of the total profits and losses that made up the Group's profit before tax from continuing operations. For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities which ranged from US$4 million to US$6 million, having regard to the mix of size and risk profile of the Group across the components.

The Group audit team visited five out of the nine full scope locations not audited by the Group audit team. Telephone meetings and video conferences were also held with the auditors at all locations throughout the audit. At these meetings, the findings reporting to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- The part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- We have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- The Audit Committee report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- The Directors' statement, set out on page 58, in relation to going concern; and
- The part of the corporate governance statement on pages 48 to 58 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' responsibilities statement set out on page 89, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

19 May 2015

Company balance sheet
as at 31 March 2015

	Note	31 March 2015 US$m	31 March 2014 US$m
Fixed assets investments			
Investments in subsidiaries	6	**6,131**	6,103
Current assets			
Debtors	7	**100**	100
Current liabilities			
Creditors: amounts falling due within one year	8	**3,199**	4,669
Financial liability	9	**879**	–
Net current liabilities		**3,978**	4,569
Net assets		**2,153**	1,534
Capital and reserves			
Called-up share capital	10	**224**	133
Share premium	11	**260**	97
Reserves	11	**1,669**	1,304
Equity shareholders' funds		**2,153**	1,534

The notes on pages 164 to 168 are an integral part of the financial statements of the Company.

The financial statements of the Company on pages 162 to 168 were approved by the Board of Directors on 19 May 2015 and signed on its behalf by:

Phil Bentley Chief Executive Officer
Cable & Wireless Communications Plc Registered number – 07130199

Reconciliation of movements in equity shareholders' funds for the Company
for the year ended 31 March 2015

	2014/15 US$m	2013/14 US$m
Profit for the year	**8**	1
Equity share-based payments	**28**	6
Dividends	**(104)**	(100)
Issuance of share capital	**1,463**	–
Put and repurchase option acquired	**(776)**	–
Increase/(decrease) in equity shareholders' funds	**619**	(93)
Opening equity shareholders' funds	**1,534**	1,627
Closing equity shareholders' funds	**2,153**	1,534

The notes on pages 164 to 168 are an integral part of the financial statements of the Company.

1 Statement of accounting policies

1.1 Basis of preparation

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

These financial statements set out the position of the Company and not the Cable & Wireless Communications Group (the Group) which it heads. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

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

The financial statements are presented in US dollars (US$), as this is the functional currency of the Company at 31 March 2015, and rounded to the nearest million.

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

FRS 18 *Accounting policies* requires that a description of the impact of any change in estimation techniques should be provided where the change has a material impact on the reported results for the year.

1.2 Investments in subsidiaries

Investments in subsidiaries are included in the balance sheet at historical cost less any impairments recognised. Impairment reviews are carried out whenever events or changes in circumstances indicate that the carrying amount of the investment may not be fully recoverable. Impairments are determined by comparing the carrying value of the investment in the subsidiary to its recoverable amount, being the higher of the subsidiary'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 subsidiary with reference to the Group's own projections using pre-tax discount rates which represent the estimated weighted average cost of capital for the Company. Impairments are recognised in profit or loss.

1.3 Financial instruments

Financial assets and liabilities

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets are held. The Company currently does not hold or classify any financial assets under these categories. The basis of determining fair values is set out in note 1.4.

Management determines the classification of its financial assets at initial recognition in accordance with FRS 26 *Financial instruments: Recognition and measurement* and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through profit or loss.

Recognition and measurement

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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

1.4 Fair value estimation

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

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

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

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

1.6 Dividends
Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

1.7 Share-based compensation
The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the subsidiary companies over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, which excludes the impact of any non-market vesting conditions (for example, service, profitability and sales growth targets). Non-market vesting conditions are included in estimates about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original non-market estimates, if any, in the profit and loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised. The Company recognises an additional investment in subsidiaries equivalent to the equity instruments granted, being a capital contribution to those subsidiaries.

1.8 Financial liability at amortised cost
This category includes the redemption option relating to shares issued as part of the acquisition of Columbus. The redemption options were initially recognised at the present value of the future obligations and will be amortised on a straight line basis over the redemption option period.

2 Company's profit and loss account
The Company has taken advantage of the exemption contained in section 408(3) of the Companies Act 2006 and has not presented its own profit and loss account. The profit for the year ended 31 March 2015 amounted to US$8 million (2013/14 – US$1 million).

3 Remuneration of Directors
Information covering Directors' remuneration is disclosed in note 2.3.3 to the consolidated financial statements. Interests in shares, share options and pension benefits are set out in the Directors' remuneration report on pages 68 to 88 and have been borne by a subsidiary company.

4 Staff numbers and costs
The average monthly number of persons employed by the Company (including Directors) during the year was nil (2013/14 – nil). Their costs for the year ended 31 March 2015 were US$nil (2013/14 – US$nil).

5 Share-based payments

Accounting policy detailed in note 1.7

The details of share option schemes and other share-based plans are disclosed in note 5.7 to the consolidated financial statements.

The total additional investment in subsidiaries relating to equity settled share-based payments was US$28 million (2013/14 – US$6 million).

6 Fixed asset investments

Accounting policy detailed in note 1.2

	Subsidiary undertakings US$m
Cost	
At 1 April 2013	6,097
Capital contribution (note 5)	6
At 1 April 2014	6,103
Capital contribution (note 5)	28
At 31 March 2015	**6,131**
Net book value	
At 31 March 2015	**6,131**
At 31 March 2014	6,103

7 Debtors

	31 March 2015 US$m	31 March 2014 US$m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	**100**	100
Total debtors	**100**	100

8 Creditors

	31 March 2015 US$m	31 March 2014 US$m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	**3,199**	4,669
Total creditors	**3,199**	4,669

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

9 Financial liability at amortised cost

Accounting policy detailed in note 1.8

Financial liability at amortised cost is detailed in note 4.8 to the consolidated financial statements.

10 Called-up share capital

Issued, called-up and fully paid shares of US5 cents each	Number of shares (000)	US$m
At 1 April 2013 and 31 March 2014	2,665,612	133
At 31 March 2015	**4,475,954**	**224**

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

On 31 March 2015, 1,557,529,605 new ordinary shares were issued as consideration in connection with the acquisition of Columbus.

11 Share capital and reserves

	Share capital US$m	Share premium US$m	Merger reserve US$m	Other reserve US$m	Profit and loss account US$m	**Total US$m**
At 1 April 2014	133	97	–	987	317	1,534
Profit for the year	–	–	–	–	8	8
Equity share-based payments	–	–	–	–	28	28
Dividends	–	–	–	–	(104)	(104)
Issuance of share capital	91	163	1,209	–	–	1,463
Put option acquired	–	–	–	(776)	–	(776)
At 31 March 2015	**224**	**260**	**1,209**	**211**	**249**	**2,153**

The other reserve relates to the cancellation of the B shares, the capital reduction occurring on the demerger of the Cable & Wireless Worldwide business and the lock-up and put option arrangements with the Principal Vendors as part of the acquisition of Columbus. As part of the transaction to acquire Columbus International Inc., the Company issued 1,557,529,605 consideration shares of US5 cents each to the Principal Vendors in proportion to their Columbus shareholding. As a result, the Principal Vendors (CVBI Holdings (Barbados) Inc., Clearwater Holdings (Barbados) Limited, Columbus Holdings LLC and Brendan Paddick) in aggregate hold approximately 36% of the ordinary shares in the Company. Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its issued consideration shares until 2019. An exception to the lock-up arrangements will enable each Principal Vendor to require the Company to purchase for cash up to a certain number of its shares each year from 2016 to 2019 inclusive for the notional issue price of US$0.7349 per share. If a Principal Vendor sells some or all of their shareholding (subject to orderly market conditions) then some or all of its future options to require the Company to purchase up to a certain number of shares will immediately cease to have effect and will not be capable of exercise. The fair value of this put option has been recognised as an equity investment within other reserves. As this put option meets the definition of an equity instrument, it will be revalued to fair value at subsequent year ends.

The other reserve may be treated as realised profit, subject to the resolution of the Directors.

At 31 March 2015, a total of 137,488,873 shares were classified as treasury shares (31 March 2014 – 137,488,873). This represented 3% of called-up share capital at the end of the year (2013/14 – 5%).

12 Related party transactions

Under FRS 8 *Related party disclosures*, the Company is exempt from the requirement to disclose transactions with entities that are part of the Cable & Wireless Communications Group, or investees of the Group qualifying as related parties, as all of the Company's voting rights are controlled within the Group.

Related party transactions are detailed in note 5.6 to the consolidated financial statements.

13 Subsidiaries, joint ventures and associates

Principal subsidiaries, joint ventures and associates are detailed in note 5.8 to the consolidated financial statements.

The Group comprises a large number of companies and it is not practical to include all of them. The list therefore only includes those companies whose results or financial position, in the opinion of the Directors, principally affects the figures shown in the financial statements.

The Company does not have any direct investment in the subsidiaries, joint ventures and associates listed in note 5.8 to the consolidated financial statements, with the exception of Cable & Wireless Limited.

Full details of all subsidiaries, joint ventures and associates will be attached to the Company's annual return, to be filed with the Registrar of Companies in England and Wales.

14 Dividends

Accounting policy detailed in note 1.6

Dividend information is detailed in note 4.12 to the consolidated financial statements.

15 Commitments

The Company had no capital commitments at 31 March 2015 (31 March 2014 – no capital commitments).

16 Guarantees and contingent liabilities

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

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

In addition, the Company, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of business disposals in prior years. Generally, liability has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. The Company also gives warranties and indemnities in relation to certain agreements including facility sharing agreements. Some of these agreements do not contain liability caps.