Company Registration No. CD207737 (Cayman Islands)

SABLE INTERNATIONAL FINANCE LIMITED

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

SABLE INTERNATIONAL FINANCE LIMITED

COMPANY INFORMATION

Directors	L H Pegg M E Read
Secretary	L H Pegg
Company number	CD207737
Registered office	94 Solaris Avenue Camana Bay Grand Cayman KY1-1108 Cayman Islands
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

SABLE INTERNATIONAL FINANCE LIMITED

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SABLE INTERNATIONAL FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and non-statutory financial statements for Sable International Finance Limited (the "Company") for the year ended 31 December 2019.

Principal activities
The principal activity of the company continued to be that of a financing company. It is the directors' intention to continue the business in line with current activities.

Results and dividends
The results for the year are set out on page 5.

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

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

L H Pegg
M E Read

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

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

On behalf of the Board of Directors

....

L H Pegg
Director

Date: ..24th December 2020..........................

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of Sable International Finance Limited ("the directors") have accepted responsibility for the preparation of these non-statutory financial statements for the year ended 31 December 2019 which are intended by them to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. They have decided to prepare the non-statutory financial statements in accordance with UK accounting standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosures Framework.

In preparing these audited non-statutory financial statements, the directors have:

- select suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the non-statutory financial statements;
- assessed the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intended to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for such internal control as they determine necessary to enable the preparation of the non-statutory financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations the directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

NON-STATUTORY INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABLE INTERNATIONAL FINANCE LIMITED

Opinion

We have audited the financial statements of Sable International Finance Limited (the 'company') for the year ended 31 December 2019 which comprise Profit and Loss account and Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our non-statutory report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our non-statutory auditor's report thereon. The directors are responsible for the other information. Our non-statutory opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Non-statutory opinions on other matters we have been engaged to report

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

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

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

We have nothing to report in respect of the following matters in relation to the terms of our engagement, require us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This non-statutory report is made solely to the company's directors, for their confidential use, in accordance with our engagement letter dated 9 March 2020 solely for the purpose as set out in the engagement letter. Our non-statutory audit work has been undertaken so that we might state to the company's directors those matters we are engaged to state to them in a non-statutory auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

RSM UK Audit LLP

Paul Langhorn FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
24/11/20

SABLE INTERNATIONAL FINANCE LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Administrative expenses	3	(44,932)	(12,356)
Interest receivable and similar income	4	248,545	254,692
Interest payable and similar expenses	5	(356,585)	(281,703)
Loss before taxation		(152,972)	(39,367)
Tax on loss	6	(27)	-
Loss and total comprehensive income for the financial year		(152,999)	(39,367)

The notes on pages 8 to 26 form an integral part of the non-statutory financial statements.

Company Registration No. CD207737

SABLE INTERNATIONAL FINANCE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Current assets			
Prepayments		24	-
Debtors due after one year	7	2,479,417	2,716,178
Debtors due within one year	7	1,111,937	928,246
Cash at bank and in hand		2,915	1,168
		3,594,293	3,645,592
Current liabilities			
Creditors	9	244,953	386,164
Net current assets		3,349,340	3,259,428
Total assets less current liabilities		3,349,340	3,259,428
Non-current liabilities			
Creditors	9	3,784,605	3,541,694
Net liabilities		(435,265)	(282,266)
Equity			
Called up share capital	12	-	-
Profit and loss reserves		(435,265)	(282,266)

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

....

M E Read

Director

The notes on pages 8 to 26 form an integral part of the non-statutory financial statements.

SABLE INTERNATIONAL FINANCE LIMITED

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

	Called up share capital $000	Profit and loss reserves $000	Total $000
Balance at 1 January 2018	-	(242,899)	(242,899)
Year ended 31 December 2018:			
Loss and total comprehensive income for the financial year	-	(39,367)	(39,367)
Balance at 31 December 2018	-	(282,266)	(282,266)
Year ended 31 December 2019:			
Loss and total comprehensive income for the financial year	-	(152,999)	(152,999)
Balance at 31 December 2019	-	(435,265)	(435,265)

The notes on pages 8 to 26 form an integral part of the non-statutory financial statements.

1 Accounting policies

Company information
The Company is a private company limited by shares incorporated in the Cayman Islands. The registered office is 94 Solaris Avenue, Camana Bay, Grand Cayman, Cayman Islands, KY1-1108.

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

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

Accounting convention
The non-statutory financial statements have been prepared for UK Tax filing requirements.

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

In preparing these non-statutory financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS").

The non-statutory financial statements are prepared in US Dollars, which is the functional currency of the company. Monetary amounts in the Balance Sheet, Profit and Loss Account and Statement of Other Comprehensive Income and the Statement of Changes in Equity are rounded to the nearest $thousand.

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

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

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

1 Accounting policies (Continued)

Going concern

Notwithstanding net liabilities of $435,265,000 (2018: $282,266,000) as at 31 December 2019 and a loss for the year then ended of $152,999,000 (2018: $39,367,000), the non-statutory financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

After making suitable enquiries and obtaining the necessary assurances, including a letter of support from CWC, the intermediate holding company, that sufficient resources will be made available to meet any liabilities as they fall due, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these non-statutory financial statements they have no reason to believe that it will not do so, and continued operations are key to the wider CWC Group.

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

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation the company has adequate support and resources to continue in operational existence for the foreseeable future. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the non-statutory financial statements and consequently have prepared the financial statements on a going concern basis.

In December 2019, COVID-19 was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a "pandemic," pointing to the sustained risk of further global spread. Since the company is a holding entity, there is no immediate, direct impact to the company as a result of COVID-19.

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

1 **Accounting policies (Continued)**

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

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

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

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

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

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

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

1 Accounting policies (Continued)

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

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

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

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

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

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

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

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

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

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

1 Accounting policies (Continued)

Amounts due from group undertakings and other debtors (continued)
All of the company's financial assets are at Stage 1 and the company calculates ECL based on the following credit risk parameters:

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

The assumptions underlying the ECL calculation are monitored and reviewed on an annual basis. Refer to Note 7 for further details.

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

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest bearing borrowings
IFRS 9 specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The company did not change its approach to measuring and classifying interest bearing borrowings.

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the loans using the effective interest rate method.

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

1 Accounting policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

2 Critical accounting estimates and judgements

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

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

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

Recoverability of intercompany debtors
Intercompany debtors are stated at their recoverable amounts less any necessary provision. Recoverability of intercompany debtors is assessed annually and a provision is recognised as indicated under the expected credit loss impairment model. $57,150,000 (2018: $12,370,000) loss allowance was recognised at the balance sheet date. The carrying value of intercompany debtors at the balance sheet date was $3,578,071,000 (2018: $3,576,473,000).

Fair value measurement of financial instruments
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

3 Administrative expenses

Administration expenses include $44,780,000 (2018 - $12,322,000) for a bad debt provision for receivables from group undertakings.

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

Auditor's remuneration for these non-statutory financial statements was $6,700 for the year (2018 - $6,500). This has been borne by another group company.

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

4 Interest receivable and similar income

	2019 $000	2018 $000
Interest income from group companies	248,545	254,692

4 Interest receivable and similar income (Continued)

Intercompany interest income is derived from two loans with group undertakings: $901.3 million with an interest rate of three month LIBOR + 4% and $2,476.9 million with an interest rate of 7.27%, respectively.

5 Interest payable and similar expenses

	2019 $000	2018 $000
Interest on bonds and bank loans	33,539	52,693
Interest expense for group undertakings	204,943	172,922
Fair value loss on financial assets and liabilities	60,255	15,303
Unwinding of capitalised fees	5,287	6,004
Loss on debt extinguishment	51,496	33,430
Other finance costs	1,065	1,351
	356,585	281,703

Intercompany interest expense relates to three loans with two separate group undertakings of US$1,640 million with an interest rate of three month LIBOR + 3.375%, US$ 1,220 million with an interest rate of 6.875% and US$ 500 million with an interest of 7.50%.

Loss on debt extinguishment for the year ended 31 December 2019 relates to the redemption of the remaining $475 million on the US$750 million Senior Notes. The loss includes the write-off of $3.3 million of unamortized discounts, $6.6 million of unamortized finance costs, $20.9 of early redeption premium and $20.2 million of unamortized embedded derivative balance.

An additional $0.5 million of loss on debt extinguishment for the year ended 31 December 2018 relates to the write-off of financing costs and discounts associated with the partial repayment of the US$1.875 term loan by a group undertaking, the financing fees of which the company is contractually responsible.

6 Taxation

Current tax		
Other taxes	27	-

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

	2019 $000	2018 $000
Loss before taxation	(152,972)	(39,367)
Loss multiplied by standard rate of corporation tax in the UK	(29,065)	(7,480)
Effect of expenses not deductible in determining taxable profit	8,506	2,350
Group relief	20,559	5,130
Witholding tax	27	-
Taxation charge for the year	27	-

7 Debtors

	Due within one year 2019 $000	Due within one year 2018 $000	Due after one year 2019 $000	Due after one year 2018 $000
Amounts owed by fellow group undertakings	1,106,562	909,331	2,471,509	2,667,142
Financing prepayments	-	-	4,602	5,631
Financial instruments - note 8	5,375	18,915	3,306	43,405
	1,111,937	928,246	2,479,417	2,716,178

The analysis of amounts owed by group undertakings is:

	2019 $000	2018 $000
Loans receivable from group undertakings	3,429,472	3,575,044
Other amounts owed by group undertakings	205,749	13,799
Allowance for impairment	(57,150)	(12,370)
	3,578,071	3,576,473

Other amounts owed by group undertakings are interest free and repayable on demand.

The components of our loans advanced to group undertakings is as follows:

	Face value 2019 $000	Face value 2018 $000	Carrying amount 2019 $000	Carrying amount 2018 $000
Loan advanced to group undertakings	901,334	844,052	849,634	841,097
Loan advanced to group undertakings	2,476,959	2,676,510	2,471,509	2,667,510
Loan advanced to group undertakings	51,179	54,482	51,179	54,482
	3,429,472	3,575,044	3,372,322	3,563,089

The first loan bears interest at a rate of three month LIBOR plus 4% and is repayable by 31 March 2020. The second loan bears an interest rate of 7.27% and is repayable by 31 December 2022. The third loan bears no interest and is repayable on demand.

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

7 Debtors (Continued)

A reconciliation of movements in ECL is provided as follows:

	31 December 2018 $'000	Increase in ECL allowance $'000	31 December 2019 $'000
ECL allowance	12,370	44,780	57,150

The company has determined the ECL allowance through a detailed market comparability analysis. The company based their analysis on the spread of credit default swaps for comparable entities, adjusting the result to take into consideration the historical performance of the ultimate parent and intermediate parent in order to determine a probability of default, which is used to develop the ECL allowance noted above.

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

	2019 $000	2018 $000
Loans advanced to group undertakings including other amounts owed	3,635,221	3,588,843

8 Financial assets at fair value through profit or loss

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rate on the group's variable rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than the group's function currency. In this regard, the company has entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar, the British pound sterling (£), the Colombia Pesos (COP) and the Jamaican dollar (JMD). Hedge accounting is not applied to the company's cross-currency and interest rate swaps. Accordingly, changes in the fair values of the company's derivative instruments are recorded within finance expense or finance income in the profit and loss account.

	31 December 2019 $'000 Cross-currency and interest rate derivate contracts	31 December 2019 $'000 Embedded derivatives	31 December 2019 $'000 Total
Amounts falling due within one year:			
At start of year	18,915	-	18,915
Cash payments	(73,687)	-	(73,687)
Movement in fair value of derivate financial assets	60,147	-	60,147
At end of year	5,375	-	5,375
Amounts falling due after more than one year:			
At start of year	35,413	7,992	43,405
Write off in connection with partial redemption of senior notes	-	(21,561)	(21,561)
Movement in fair value of derivative financial assets	(32,107)	13,569	(18,538)
At end of year	3,306	-	3,306

8 Financial assets at fair value through profit or loss (Continued)

	31 December 2018 $'000 Cross-currency and interest rate derivate contracts	31 December 2018 $'000 Embedded derivatives	31 December 2018 $'000 Total
Amounts falling due within one year:			
At start of year	2,652	-	2,652
Cash payments	(72,165)	-	(72,165)
Movement in fair value of derivate financial assets	88,428	-	88,428
At end of year	18,915	-	18,915
Amounts falling due after more than one year:			
At start of year	37,671	26,033	63,704
Write off in connection with partial redemption of senior notes	-	(9,256)	(9,256)
Movement in fair value of derivative financial assets	(2,258)	(8,785)	(11,043)
At end of year	35,413	7,992	43,405

The terms of our outstanding cross-currency swap contracts at 31 December 2019 are as follows:

Notional amount due from counterpart	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counteryparty
108,300	JMD $13,817,500	0.00%	8.20%
56,338	COP 180,000,000	0.00%	2.98%

The above swaps have the following maturity dates: December 2022 and August 2026, respectively.

Interest rate swaps:
The terms of our outstanding interest rate swap contracts at 31 December 2019 are as follows:

Final maturity date	Notional amount US$'000	Interest rate due from counterparty	Interest rate due to counterparty
Dec-22 & Jan-25	2,555,000	0.00%	2.19%

8 Financial assets at fair value through profit or loss (Continued)

Embedded derivatives

The redemption term pursuant to the US$750 million Senior Notes (as defined and described in note 13) represented an embedded derivative instrument, which required bifurcation from the debt instrument. The bifurcation amount is carried at fair value on the balance sheet. Any gain or loss associated with the recurring valuation of this embedded derivative was recorded in finance income or expense in the profit and loss account. The embedded derivative was eliminated through the redemption of the last remaining US $750 million Senior Notes in 2018.

There were no transfer between levels within the fair value measurement hierachy during the current or prior year

9 Creditors

	Due within one year		Due after one year	
	2019	2018	2019	2018
	$000	$000	$000	$000
Amounts owed to fellow group undertakings	214,936	349,119	3,352,476	3,061,815
Third party interest accrual	11,191	15,189	-	-
Accruals	338	-	-	-
Financial instruments - note 10	18,488	21,856	56,734	29,107
Debenture loans - note 11	-	-	375,395	450,772
	244,953	386,164	3,784,605	3,541,694

The analysis of amounts owed to group undertakings is:

	2019	2018
	$000	$000
Loans advanced by group undertakings	3,352,265	3,061,815
Other amounts owed to group undertakings	215,147	349,119
	3,567,412	3,410,934

The other amounts due to group undertakings above are unsecured, repayable on demand and interest free.

9 Creditors (Continued)

The components of our loans payable to group undertakings are as follows:

	Face value 2019 $000	Face value 2018 $000	Carrying amount 2019 $000	Carrying amount 2018 $000
Loan bearing interest of 3 month LIBOR + 3.375% and repayable 31 January 2020	1,640,000	1,861,815	1,627,109	1,861,815
Loan bearing interest of 7.5% and repayable 15 October 2026	500,000	500,000	500,000	500,000
Loan bearing interest of 6.875% and repayable 15 September 2027	700,000	700,000	700,000	700,000
Loan bearing interest of 6.875% and repayable 15 September 2027	300,000	-	297,615	-
Loan bearing interest of 6.875% and repayable 15 September 2027	220,000	-	227,541	-
	3,360,000	3,061,815	3,352,265	3,061,815

On 9 February 2018, the company refinanced $1,825 million with a $50 million upsize and one year extension making the new balance $1,875 million , due January 2026. In May of 2019 the company paid down $235m of the $1,875m term loan, leaving a balance of $1,640m.

On 11 October 2018 the company issued a $500 million note payable to another group undertaking in connection with that entity's issuance of notes to third parties. The note with the group undertaking carries interest of 7.500% and is due October 2026.

On April 2019 and July 2019, the company issued $300m and $220m notes respectively, increasing the original $700 million note payable to another group undertaking to $1,220m. The note is connected to that entity's issuance of notes to third parties. The note with the group undertaking carries interest of 6.875% due September 2027.

Loans payable to group undertakings includes unamortised deferred fees of debt issued by group entities

10 Financial liabilities at fair value through profit or loss

	31 December 2019 $'000	31 December 2018 $'000
Amounts falling due within one year:		
At start of year	21,856	21,435
Cash payments	(77,606)	(84,135)
Movement in fair value of derivative financial liabilities	74,238	84,556
At end of year	18,488	21,856
Amounts falling due after more than one year:		
At start of year	29,107	20,977
Movement in fair value of derivative financial liabilites	27,627	8,130
At end of year	56,734	29,107

The financial liabilities relate to our derivative instruments: Cross-currency and interest rate derivative contracts. Refer to note 8 for further disclosure on these instruments.

11 Borrowings

This note provides information about the contractual terms of the company's interest bearing loans and borrwings, which are measured at amortised cost.

	Interest rate %	31 December 2019 $'000	31 December 2018 $'000
Creditors: falling due after more than one year			
2022 US$750 million unsecured senior notes	6.875	-	475,000
2027 US$400 million unsecured senior notes	5.750	400,000	-
Deferred financing cost	n/a	(21,665)	(22,053)
Discounted finance cost	n/a	(2,939)	(2,175)
		375,396	450,772

Revolving credit facilities

The company has a $625 million revolving credit facility due 30 June 2023, such facility contains financial and other covenants which are standard to these types of arrangements. The $625 million revolving credit facility has a fee on unused commitments of 0.5% per year. $625 million was undrawn as of 31 December 2019.

In January 2020, the maturity date associated with $575 million of the existing $625 million revolving credit facility was extended to January 30, 2026. All other terms and conditions remain unchanged.

In March 2020, we borrowed $313 million under the revolving credit facility. $213 million was repaid in August 2020 and the remaining $100 million was repaid in October 2020.

Bonds

At 31 December 2018, the company had outstanding $475 million of the originally issued $750 million senior notes with a coupon rate of 6.875% due August 2022 ("2022 Senior Notes").

On April 29 2019, the company completed the redemption of $115 million of aggregate principal amount on the 2022 Senior Notes.

On May 2 2019, the company completed the redemption of $150 million of aggregate principal amount on the 2022 Senior Notes.

On August 12 2019, the company completed the redemption off of the outstanding $210 million of aggregate principal amount on the 2022 Senior Notes.

On 5 April 2019 the Company issued $400 million of senior notes ("$400 million Senior Secured Notes") with a coupon rate of 5.75% due in February 2027. Interest payments of 5.75% are payable semi-annually on 7 January and 7 July of each year commencing on 7 July 2019. The $400 million Senior Secured Notes had an issue price of 99.195%.

In January 2020, the company issued an additional $150 million aggregate principal amount, at 106.0% of par, under the existing $400 million Senior Secured Notes (the 2027 C&W Senior Secured Notes Addon). The terms and conditions of the 2027 C&W Senior Secured Notes Add-on are consistent with the original indenture.

12 Share capital

	2019	2018
	$	$
Issued and fully paid		
1 Ordinary share of $1 each	1	1
	1	1

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

13 Fair value measurement

We measure our derivative instruments at fair value. The reported fair values of these derivative instruments as at 31 December 2019 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. With respect to our derivative instruments, we expect that the values realised generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instruments or at the time of the repayment or refinancing of the underlying debt instrument.

We disclose fair value measurements according to a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the year ended 31 December 2019, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain or our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do no otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 8. The recurring fair value measurements of these instruments are determined using discounted cash flow models. With the exception of the inputs for the US dollar to Jamaican dollar cross-currency swaps, most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations.

13 Fair value measurement (Continued)

We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own non-performance risk and the non-performance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations (other than the currency swaps) fall under Level 2 of the fair value hierarchy. Due to the lack of Level 2 inputs for the currency swap valuation, we believe this valuation falls under Level 3 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 8.

We have bifurcated an embedded a derivative associated with certain redemption terms of the $750 million Senior Notes. The recurring fair value measurements of these embedded derivatives are determined using observable Level 2 data applying 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 accordingly to a given short-rate volatility and mean reversion as implied by the market at each valuation date.

	31 December 2019		31 December 2018	
	Carrying amount $'000	**Estimated fair value $'000**	**Carrying amount $'000**	**Estimated fair value $'000**
Assets carried at fair value:				
Derivative instruments (a)	8,682	8,682	54,328	54,328
Embedded derivatives (b)	-	-	7,992	7,992
Total assets carried at fair value	8,682	8,682	62,320	62,320
Assets carried at cost or amortised cost:				
Loans receivable from group undertakings	3,372,323	3,372,323	3,562,721	3,562,721
Liabilites carried at fair value:				
Derivative instruments (a)	75,222	75,222	50,963	50,963
Liabilites carried at cost or amortised cost:				
Borrowings	375,395	375,395	450,772	450,772
Loans payable to group undertaking	3,352,265	3,352,265	3,061,815	3,061,815
Total liabilites carried at cost or amortised cost	3,727,660	3,727,660	3,512,587	3,512,587

(a) These amounts represent our cross-currency and interest rate derivatives

(b) These amounts represent embedded derivative instruments associated with the $750 million Senior Notes

14 Guarantees

As at 31 December 2018, the company, along with other CWC Group companies, was a joint and several guarantor of Coral US Co-Bowwower, LLC, in its capacity as issuer under a credit facility including $1,875 million of term loan and a revolving credit facility with a borrowing capacity of $625 million due January 2026. During 2019, the term loan was partially repaid and the outstanding balance was reduced to $1,640 million at 31 December 2019.

In April 2019, the company, along with other CWC Group companies, was a joint and several guarantor on the $400 million senior secured notes issue with a coupon rate of 5.750% due September 2027.

In addition, following are post balance sheet date developments related to guarantees:

In January 2020, the company, along with other CWC Group companies, became a joint and several guarantor of a LIBOR plus 2.25% $1,510 million principal amount term loan facility due January 31, 2028. The maturity date associated with $575 million of the existing $625 million revolving credit facility was extended to January 30, 2026. All other terms and conditions of the revolving credit facility remain unchanged. Further, an additional $150 million aggregate principal amount was issued under the existing $400 million senior secured notes. Proceeds from the issuances of the term loan facility and additional senior secured notes were used to repay the outstanding $1,640 million term loan facility in full, including accrued and unpaid interest.

15 Events after the reporting date

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

16 Parent undertaking and controlling party

The company's immediate parent undertaking is Sable Holding Limited, a wholly owned subsidiary of CWC and LLA.

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

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

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

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