

# IPC Network Services UK Holdings Limited

## Report and Financial Statements

30 September 2016



**Directors**

D Hart

M Wall

L Pennington-Benton

**Secretary**

L Pennington-Benton

**Auditor**

Ernst & Young LLP

1 More London Place

London SE1 2AF

**Registered Office**

Tower House

67-73 Worship Street

London EC2A 2DZ

United Kingdom

## Strategic Report

The directors present their strategic report for the year ended 30 September 2016.

### Principal activity and review of the business

The company did not trade during the period and continues to act as a parent undertaking for investments in fellow group undertakings. The investments held by the company in the period are listed in note 7 to the financial statements.

The company's key financial and other performance indicators during the year were as follows:

	2016	2015	Change
	£	£	%
Operating loss	(323)	(425)	-24.0%
Profit before tax	4,740,307	5,440,503	-12.9%

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are those faced by its subsidiary undertakings as the company is a holding company and its income is derived from its investments.

#### Market risk

The company's subsidiary undertakings principal activity is the provision of voice and data communication services mainly to the financial services community and therefore to a certain extent its existing revenue and future revenue growth are linked to the state of the financial markets.

#### Competitive risk

The company's subsidiaries operate in a competitive market and therefore its revenues could be affected by increased price competition and changes in technology.

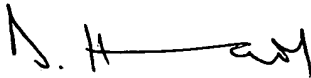
#### Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

#### Liquidity risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. The company also manages liquidity risk to the extent required via financial support from its ultimate parent undertaking, IPC Corp.

Approved by the Board on 11 August 2017 and signed on its behalf by:



D Hart  
Director



## Directors' report (continued)

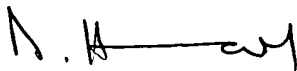
### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

Approved by the Board on 11 August 2017 and signed on its behalf by:



D Hart  
Director

## Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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

# **Independent auditor's report**

## **to the members of IPC Network Services UK Holdings Limited**

We have audited the financial statements of IPC Network Services UK Holdings Limited for the year ended 30 September 2016 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

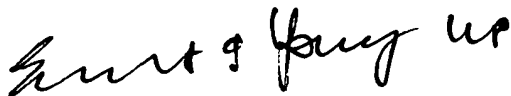
## **Independent auditor's report (continued)**

**to the members of IPC Network Services UK Holdings Limited**

### **Matters on which we are required to report by exception**

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

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



Mirco Bardella (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

August 2017



## Income Statement

for the year ended 30 September 2016

	<i>Notes</i>	<i>2016</i>	<i>2015</i>
		£	£
Administrative expenses		(323)	(425)
<b>Operating loss</b>	2	(323)	(425)
Income from investments		2,314,455	2,991,873
Interest receivable and similar income	4	2,426,176	2,449,055
<b>Profit on ordinary activities before taxation</b>		4,740,307	5,440,503
Tax on profit on ordinary activities	5	–	–
<b>Profit for the financial year</b>		<u>4,740,307</u>	<u>5,440,503</u>

All amounts relate to continuing activities.

There are no changes to comprehensive income for the year aside from the profit for the year of £4,740,307 (2015 – £5,440,503).

## Statement of changes in equity

for the year ended 30 September 2016

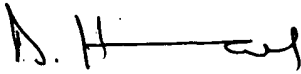
	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	£	£	£	£
At 1 October 2014	55,430,101	–	2,648,403	58,078,504
Total comprehensive income for the year	–	–	5,440,503	5,440,503
Dividends paid during the year	–	–	(6,939,000)	(6,939,000)
At 30 September 2015	55,430,101	–	1,149,906	56,580,007
Total comprehensive income for the year	–	–	4,740,307	4,740,307
Dividends paid during the year	–	–	(4,130,717)	(4,130,717)
At 30 September 2016	55,430,101	–	1,759,496	57,189,597

## Statement of Financial Position

at 30 September 2016

	<i>Notes</i>	<i>2016</i>	<i>2015</i>
		£	£
<b>Fixed assets</b>			
Investments	7	<u>25,771,619</u>	<u>25,771,619</u>
<b>Current assets</b>			
Debtors	8	31,417,420	30,807,981
Cash at bank and in hand		558	407
		<u>31,417,978</u>	<u>30,808,388</u>
<b>Net current assets</b>		<u>31,417,978</u>	<u>30,808,388</u>
<b>Total assets less current liabilities</b>		<u>57,189,597</u>	<u>56,580,007</u>
<b>Capital and reserves</b>			
Called up share capital	9	55,430,101	55,430,101
Profit and loss account		<u>1,759,496</u>	<u>1,149,906</u>
<b>Shareholders' funds</b>		<u>57,189,597</u>	<u>56,580,007</u>

Approved by the Board on 11 August 2017 and signed on its behalf by:



D Hart  
Director

## Notes to the financial statements

at 30 September 2016

### 1. Accounting policies

#### **Statement of compliance**

IPC Network Services Holdings Limited is a limited company incorporated in England. The registered office is Tower House, 67-73 Worship Street, London EC2A 2DZ.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ending 30 September 2016.

The company transitioned from previous extant UK to FRS102 on 1 October 2015. An explanation as to how the transition to FRS102 has affected the reported financial position and the financial performance is given in note 12.

#### **Basis of preparation**

The financial statements of IPC Network Services Holdings Limited were authorized for issue by the board of directors on 11 August 2017.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards.

The financial statements are prepared in sterling which is the functional currency of the company and in whole pounds.

The Company has taken advantage of the following disclosure exemptions:-

- The requirements of Section 7 Statement of Cash Flows and Section 2 Financial Statement Presentation paragraph 3.17 (d)
- The requirements of Section 33 Related Party Disclosures paragraphs 33.1A and 33.7
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A

The exemptions stated above are available to the company as it is a member of a group where the parent company of that group prepares publically available consolidated financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no materials uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

The company also has the support of its ultimate parent undertaking IPC Corp., which has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as needed by the company to meet its liabilities as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### **Group financial statements**

The company is exempt from the requirements to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not its group.

#### **Investments**

Fixed asset investments are initially recorded at cost.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements (continued)

at 30 September 2016

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses for the year. The nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Taxation**

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

### 2. Operating loss

Auditor's remuneration in the current and preceding year has been borne by the company's subsidiary undertaking, IPC Network Services Limited.

## Notes to the financial statements (continued)

at 30 September 2016

### 3. Directors' remuneration and staff costs

Damian Hart and Linda Pennington-Benton were employees of IPC Network Services Limited and IPC Information Systems respectively at the year-end date and Michelle Wall was an employee of IPC Information Systems and their remuneration is borne by those entities. The level of qualifying services they provide for Purple Voice Holdings Limited are negligible compared to their main roles so they have determined their remuneration for these services is £nil.

There are no employees other than the directors.

### 4. Interest receivable and similar income

	2016	2015
	£	£
Interest receivable on loans to fellow group undertakings	<u>2,426,176</u>	<u>2,449,055</u>

### 5. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016	2015
	£	£
<b>Current tax:</b>		
UK corporation tax on the profit for the year	–	–
Tax on profit on ordinary activities	<u>–</u>	<u>–</u>

#### (b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.5%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>4,740,307</u>	<u>5,440,503</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.8%)	948,061	1,130,352
<i>Effects of:</i>		
Income not taxable	(462,891)	(628,293)
Group relief claimed – nil paid	(485,170)	(502,059)
Total tax for the year	<u>–</u>	<u>–</u>

#### (c) Deferred tax

The company has no recognised or unrecognised deferred tax assets.

## Notes to the financial statements (continued)

at 30 September 2016

### 5. Tax (continued)

(d) Factors that may affect future tax charges

The UK rate of corporation tax reduced to 20% from 1 April 2015. Further reductions from 20% to 19% effective 1 April 2017 and from 19% to 17% effective 1 April 2020 have also been announced. These reductions were substantively enacted prior to the balance sheet date and therefore a rate of between 20% and 17% has been used in calculating deferred tax balances.

### 6. Dividends

	2016	2015
	£	£
Declared and paid during the year	<u>4,130,717</u>	<u>6,939,000</u>

All dividends were paid to IPC Information Systems UK Holdings Limited.

### 7. Investments

	<i>Subsidiary undertakings</i>
	£
Cost:	
At 1 October 2015 and 30 September 2016	<u>25,771,619</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i> Holding</i>	<i>Effective proportion held</i>
IPC NS UK SPC Limited	Ordinary	99.73%
IPC Network Services Limited *	Ordinary	100.00%
IPC Network Services EMEA Limited *	Ordinary	100.00%
Westcom Europe Limited *	Ordinary	100.00%
Westcom Dedicated Private Lines Limited *	Ordinary	100.00%
Lexar UK Limited *	Ordinary	100.00%

\* Held by subsidiary undertaking.

All subsidiary undertaking are incorporated in Great Britain.

## Notes to the financial statements (continued)

at 30 September 2016

### 8. Debtors

	2016	2015
	£	£
Amounts owed by fellow group undertakings	31,417,420	30,807,981
	<u>31,417,420</u>	<u>30,807,981</u>

The amount owed by a fellow group undertaking includes a loan note of £30,306,332 bearing interest of 8% and is repayable on demand. The amount owed by another fellow group undertaking includes a loan note of £500,000 that does not bear interest and is repayable on demand.

### 9. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	2016		2015	
		<i>£</i>	<i>No.</i>	<i>£</i>	<i>No.</i>
Ordinary shares of £1 each	55,430,101	<u>55,430,101</u>	55,430,101	<u>55,430,101</u>	

### 10. Related party transactions

The company has taken advantage of the exemption in FRS 102.33.1A not to disclose related party transactions with fellow wholly-owned subsidiary undertakings of IPC Corp group, which prepares publicly available consolidated financial statements (see note 13).

### 11. Transition to FRS102

The company has transitioned to reporting under FRS102 from 1 October 2015 from UK GAAP. There are no items that require restatement as a result of this change of reporting.

#### Transitional relief

##### Investments in subsidiaries

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the transition date as deemed cost on transition to FRS102.



## Notes to the financial statements (continued)

at 30 September 2016

### 12. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking as at 30 September 2016 is IPC Information Systems UK Holdings Limited.

IPC Corp., is the parent undertaking of the only group for which group financial statements are prepared, and of which the company is a member as at 30 September 2015. Its group financial statements are publicly available from The Registrar, Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider the company's ultimate controlling party to be Centerbridge Capital Partners II, L.P. as at 30 September 2016.