

**Company Registration No. 2822455**

**REACH EUROPE LTD**

**Report and Financial Statements**

**31 December 2017**



# **REACH EUROPE LTD**

## **REPORT AND FINANCIAL STATEMENTS 2017**

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# **REACH EUROPE LTD**

## **REPORT AND FINANCIAL STATEMENTS 2017**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Adrian Crow  
Larm Kang Fong

#### **SECRETARY**

Jordan Company Secretaries Limited

#### **REGISTERED OFFICE**

Suite 1, 3<sup>rd</sup> Floor  
11-12 St James's Square  
London  
SW1Y 4LB

#### **BANKERS**

HSBC Bank plc  
Leeds DSC  
Arlington Business Centre  
Millshaw Park Lane  
Leeds  
LS11 0PA

#### **SOLICITORS**

Clifford Chance  
200 Aldersgate Street  
London  
EC1A 4JJ

#### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
Cambridge

# REACH EUROPE LTD

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2017.

This directors' report has been prepared in accordance with the provisions relating to small companies under s416 of the Companies Act 2006.

### PRINCIPAL ACTIVITY

The principal activity of the company was to provide telecommunication services to Reach Networks Hong Kong Ltd ("RNHK", a company within the Reach Ltd group). During 2011, certain assets of the company were purchased by Telstra Limited and the company ceased to trade. The business activity reduced as agreements and therefore the trade of the company were transferred to the new owner. The company is incurring some minor costs as contracts are novated subsequent to the transfer of fixed assets.

### GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

### DIRECTORS

The directors, who served throughout the year, were as follows:

Adrian Crow  
Larm Kang Fong

### AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

### APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Approved by the Board and signed on its behalf by:



Director

Date: 3 October 2018

Adrian Crow

# **REACH EUROPE LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACH EUROPE LTD**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Reach Europe Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 8.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or the parent 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.

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACH EUROPE LTD (CONTINUED)**

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

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 any material misstatements in the directors' report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACH EUROPE LTD (CONTINUED)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the a directors' report or from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### **Use of our report**

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



**Adam Norman (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Statutory Auditor  
Cambridge, United Kingdom

15 October 2018



## REACH EUROPE LTD

### PROFIT AND LOSS ACCOUNT Year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Administrative expenses		<u>(16)</u>	<u>172</u>
Operating (loss) profit, being (loss) profit before taxation	4	(16)	172
Tax on (loss) profit		<u>-</u>	<u>-</u>
(Loss) profit for the financial year attributable to equity shareholders of the company		<u>(16)</u>	<u>172</u>

# REACH EUROPE LTD

## BALANCE SHEET 31 December 2017

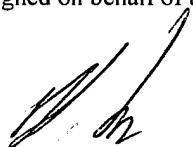
	Notes	2017 £'000	2016 £'000
<b>Current assets</b>			
Debtors	5	72	80
Cash at bank and in hand		54	65
		<u>126</u>	<u>145</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(101)</u>	<u>(104)</u>
<b>Net current assets</b>		<u>25</u>	<u>41</u>
<b>Total assets less current liabilities, being net assets</b>		<u>25</u>	<u>41</u>
<b>Capital and reserves</b>			
Called up share capital		30,612	30,612
Profit and loss account		<u>(30,587)</u>	<u>(30,571)</u>
<b>Shareholders' funds</b>		<u>25</u>	<u>41</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been prepared in accordance with the provisions of Section 1A of FRS 102.

The financial statements of Reach Europe Ltd, registered number 2822455, were approved by the Board of Directors and authorised for issue on 3 October 2018.

Signed on behalf of the Board of Directors



Director

Adrian Crow

## REACH EUROPE LTD

### STATEMENT OF CHANGES IN EQUITY 31 December 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2016	30,612	(30,743)	(131)
Profit for the financial year	-	172	172
At 31 December 2016	30,612	(30,571)	41
Loss for the financial year	-	(16)	(16)
At 31 December 2017	30,612	(30,587)	25

# REACH EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

#### **General information and basis of accounting**

Reach Europe Ltd is a company incorporated in the United Kingdom under the Companies Act.

The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1.

The average monthly number of employees (including executive directors) was 2 (2016 - 2).

The financial statements have been prepared under the historical cost convention, modified was to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

# REACH EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments

##### (i) *Financial assets and liabilities (continued)*

- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) *Equity instruments*

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### Foreign currency translation

Income and expense items denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the date of transaction. Monetary assets and liabilities recorded in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences on translation are included in the profit and loss account.

# REACH EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 relevant. Actual results may differ from these estimates.

The directors do not believe there are any critical accounting judgements or items with estimation uncertainty that would have a significant effect on the amounts recognised in the financial statements.

### 3. DIRECTORS' REMUNERATION

No director received emoluments in either year.

### 4. OPERATING (LOSS) PROFIT

The following have been charged in arriving at operating (loss) profit:

	2017 £'000	2016 £'000
Auditor's remuneration - audit fees	6	6
Taxation compliance services	3	3
Foreign exchange loss	3	22
	<u>          </u>	<u>          </u>

## REACH EUROPE LTD

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

#### 5. DEBTORS - DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Amounts owed by group undertakings	72	79
Other debtors	-	1
	<u>72</u>	<u>80</u>

#### 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade creditors	53	55
Amounts owed to group undertakings	37	40
Accruals and deferred income	11	9
	<u>101</u>	<u>104</u>

#### 7. RELATED PARTY TRANSACTIONS

The company being a 100% owned subsidiary, has taken advantage of the exemption not to disclose related party transactions with members of the Reach Group. Reach Group is a joint venture between Telstra Corporation Limited and PCCW Limited.

#### 8. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Reach Ltd, a company incorporated in Bermuda and the ultimate parent company of the Reach Group. Reach Ltd is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up.