

Sprintlink UK Limited

**Annual report and financial statements
for the year ended 31 March 2017**

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Sprintlink UK Limited

Company information

Director	S K Schnopp
Registered number	03930041
Registered office	4th Floor Clerks Well House 20 Britton Street London EC1M 5UA
Independent auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin Ireland
Solicitors	Olswang LLP 90 High Holborn London WC1V 6XX
Bankers	Deutsche Bank Winchester House 1 Great Winchester Street London EC2N 2CB

Sprintlink UK Limited

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Sprintlink UK Limited

Strategic report for the year ended 31 March 2017

The director presents his strategic report on the company for the year ended 31 March 2017.

Business review

The principal activity of the company is the provision of telecommunication of services in the United Kingdom. The ultimate parent of the company is SoftBank Group Corp., a company registered in Japan and whose stock is traded on the Tokyo Stock Exchange.

Sprintlink UK Limited receives 100% of its funding from its immediate parent company, Sprint International Holding, Inc. A Letter of Support from Sprint International Holding, Inc to Sprintlink UK Limited has been issued pledging financial support through to 31 March 2019 and therefore the financial statements have been prepared on the going concern basis.

Sprintlink UK Limited has a transfer pricing agreement with Sprint International Network Company LLC. The agreement is in support of the transfer pricing strategy implemented across all Sprint International entities, including Sprintlink UK Limited. The strategy focuses on providing global services to new and existing multinational customers. The agreement provides a full cost recovery system that will reimburse Sprintlink UK Limited for all expense incurred during the year, which should generally result in a net operating profit.

Principal risks and uncertainties

The key business risks and uncertainties are considered to be in common with other telecommunication providers in the UK. These are principally regulatory compliance, network reliability and general market competition.

Foreign exchange risk

Sprintlink UK Limited attempts to limit foreign exchange risk on accounts receivable and payable balances by conducting the majority of its transactions in British Pounds. Sprintlink UK Limited does not use foreign exchange hedges or forward contracts relating to currency exposures.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sale contracts are completed.

Key performance indicators ("KPIs")

Given the straight forward nature of the business, in the opinion of the company's director an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Sprintlink UK Limited

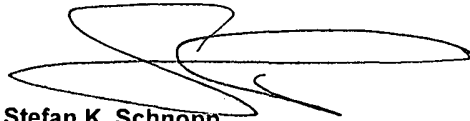
Strategic report for the year ended 31 March 2017

Future developments

Revenues and operating profits for 2018 are expected to remain broadly consistent with the current period.

Sprintlink UK Limited will continue to address challenges and changes within the telecommunications industry, both in the United Kingdom and around the globe. Sprintlink UK Limited will face these challenges with the network and financial assistance of its Sprint Corporation affiliated US and International partners.

This report was approved by the director on November 6, 2017.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

Stefan K. Schnopp
Director

Sprintlink UK Limited

Director's report for the year ended 31 March 2017

The director presents his annual report and the audited financial statements of the company for the year ended 31 March 2017.

Results and dividends

The loss for the year, after taxation, amounted to £6,015 (2016: £98,876).

The director does not recommend a dividend in respect of the year (2016: £Nil).

Director

The director who held office during the year and up to the date of signing the financial statements, unless otherwise indicated, is as follows:

S K Schnopp

Qualifying third party indemnity provisions

The company has granted an indemnity to its director against a liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Director's report.

Statement of director's responsibilities in respect of the strategic report, the director's report and the financial statements

The director is responsible for preparing the strategic report, the director's report and the audited financial statements of the company in accordance with applicable law and regulations.

Company law requires the director to prepare audited financial statements of the company for each financial year. Under that law the director has elected to prepare the audited financial statements of the company in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the director must not approve the audited financial statements of the company unless he is 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 audited financial statements of the company, the director is 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited financial statements of the company on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 to enable him to ensure that the audited financial statements of the company comply with the Companies Act 2006. He is 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.

Future developments

An indication of the likely future developments of the company are provided in the strategic report.

Sprintlink UK Limited

Director's report for the year ended 31 March 2017

Disclosure of information to auditor

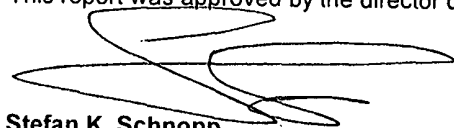
The director at the time when this director's report is approved has confirmed that:

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

Independent auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG will therefore continue in office.

This report was approved by the director on November 6, 2017 and signed on its behalf.



Stefan K. Schnopp
Director

Independent auditor's report to the member of Sprintlink UK Limited

We have audited the financial statements of Sprintlink UK Limited for the year ended 31 March 2017 which comprise the statement of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

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

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

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

Under the Companies Act 2006 we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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

Independent auditor's report to the member of Sprintlink UK Limited

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Director's Responsibilities set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 Annual Report 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.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

This report is made solely to the company's member, 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.



Patricia Carroll (Senior statutory auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2,
Ireland

6 November 2017

Sprintlink UK Limited

Statement of profit and loss and other comprehensive income for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	6	13,705,432	15,912,594
Cost of sales		(10,079,710)	(10,379,324)
Gross profit		3,625,722	5,533,270
Administrative expenses		(3,352,101)	(5,257,915)
Operating profit	7	273,621	275,355
Interest payable and similar charges	9	(192,967)	(282,731)
Profit/(loss) before tax		80,654	(7,376)
Tax on profit/(loss)	10	(86,669)	(91,500)
Loss for the financial year		(6,015)	(98,876)
Other comprehensive income that will not be classified to profit or loss			
Remeasurement of intercompany payable		167,639	-
Total comprehensive income for the year		161,624	(98,876)

Sprintlink UK Limited

Registered number:03930041

Balance sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	1,264,009	1,466,619
		<u>1,264,009</u>	<u>1,466,619</u>
Current assets			
Debtors: amounts falling due after more than one year	12	428,264	514,933
Debtors: amounts falling due within one year	12	3,953,103	4,965,317
Cash at bank		3,770,616	2,319,469
		<u>8,151,983</u>	<u>7,799,719</u>
Creditors: amounts falling due within one year	13	(658,555)	(1,477,810)
Net current assets		<u>7,493,428</u>	<u>6,321,909</u>
Total assets less current liabilities		<u>8,757,437</u>	<u>7,788,528</u>
Creditors: amounts falling due after more than one year	14	(9,107,172)	(8,360,772)
Net liabilities		<u>(349,735)</u>	<u>(572,244)</u>
Capital and reserves			
Called up share capital	16	2	2
Capital contribution reserve		1,028,716	967,831
Retained earnings		(1,378,453)	(1,540,077)
Total equity		<u>(349,735)</u>	<u>(572,244)</u>

The financial statements on pages 7 to 22 were approved and authorised for issue by the director and were signed on its behalf on November 6, 2017.


Stefan K. Schnopp
Director

Sprintlink UK Limited

Statement of changes in equity for the year ended 31 March 2017

	Called up share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2016	2	967,831	(1,540,077)	(572,244)
Loss for the financial year	-	-	(6,015)	(6,015)
Other comprehensive income for the financial year	-	-	167,639	167,639
Capital contribution in respect of share-based payment	-	60,885	-	60,885
At 31 March 2017	2	1,028,716	(1,378,453)	(349,735)

Statement of changes in equity for the year ended 31 March 2016

	Called up share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2015	2	919,004	(1,441,201)	(522,195)
Loss for the financial year	-	-	(98,876)	(98,876)
Capital contribution in respect of share-based payment	-	48,827	-	48,827
At 31 March 2016	2	967,831	(1,540,077)	(572,244)

The notes on pages 10 to 22 form part of these financial statements.

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

1. General information

The principal activity of Sprintlink UK Limited ("the company") is provision of telecommunication services in the United Kingdom.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 4th Floor, Clerks Well House, 20 Britton Street, London, EC1M 5UA.

2. Statement of compliance

The individual financial statements of Sprintlink UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Going concern

The financial statements have been prepared on a going concern basis. In concluding that it was appropriate to adopt this basis, the director has relied upon the undertaking of the parent company, Sprint International Holding, Inc. to provide continued financial support to the company through to 31 March 2019.

4. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

4.2 Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions on the basis that it meets the definition of a qualifying entity and its intermediate parent, Sprint Corporation, includes the equivalent disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 20.

- the requirement to prepare a statement of cash flows (Section 7 of FRS 102 and para 3.17(d));
- certain financial instruments disclosures (FRS 102 paras 11.39-11.48A, 12.26-12.29);
- certain disclosure requirements of Section 26 in respect of share based payments (FRS 102 paras 26.18(b), 26.19 - 26.21, 26.23); and
- the non disclosure of key management personnel compensation in total (FRS 102 para 33.7).

**Notes to the financial statements
for the year ended 31 March 2017**

4. Accounting policies (continued)

4.3 Turnover

Turnover comprises capacity and installation fees, excluding value added tax. Capacity fees are recognised as services are rendered to the customer.

4.4 Employee benefits

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

When the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received.

4.5 Interest payable

Interest payable is charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**Notes to the financial statements
for the year ended 31 March 2017**

4. Accounting policies (continued)

4.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

4.7 Tangible fixed assets

Tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided on the following basis:

Network equipment	- 14-20% per annum
Office equipment	- 20-33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

4.8 Operating leased assets

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Notes to the financial statements
for the year ended 31 March 2017**

4. Accounting policies (continued)

4.9 Financial instruments

(i) Financial assets

Basic financial assets, including trade debtors, cash at bank and amounts due from group undertakings, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost. At the end of each reporting period financial assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and amounts due to group undertakings, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

4. Accounting policies (continued)

4.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.11 Foreign currency translation

(i) Functional and presentation currency

The company's functional and presentation currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

5. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the plant property and equipment.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

(iii) Taxes

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 15 for details of deferred tax recognised.

6. Turnover

All revenue is generated from the provision of telecommunication services within the United Kingdom.

7. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets		
- owned by the company	479,144	635,165
Auditor's remuneration - other services	-	770
Gain on foreign exchange	(109,806)	(326,750)
Operating leases	10,079,710	10,379,324

The audit fee for the audit of these financial statements for the year ended 31 March 2017 will be borne by a group company with no recharge to the UK company.

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

8. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,518,853	3,627,716
Social security costs	291,567	419,923
Defined contribution pension scheme	115,986	167,045
	<u>2,926,406</u>	<u>4,214,684</u>

Included within wages and salaries is an amount of £60,885 (2016: £48,827) which relates to the cost of the employee share scheme (see note 17).

The company makes contributions to employees' personal pension plans which are charged to the profit and loss account as they accrue. Contributions payable during the period amounted to £115,986 (2016: £167,045). There were no contributions outstanding at 31 March 2017 (2016: £Nil).

The director did not receive any remuneration in respect of his services to the company (2016: £Nil). However, the director does participate in the employee share scheme and exercised share options during the period.

The average monthly number of employees, including the director, during the year was as follows:

	2017 No.	2016 No.
Sales	12	17
Administration	4	6
Production	9	11
	<u>25</u>	<u>34</u>

9. Interest payable and similar charges

	2017 £	2016 £
Interest payable to group companies	<u>192,967</u>	<u>282,731</u>

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

10. Taxation

	2017 £	2016 £
Deferred tax		
Origination and reversal of timing differences	68,308	65,981
Impact of changes in tax rates	18,361	57,215
Adjustment to tax charge in respect of previous periods	-	(31,696)
Total deferred tax	86,669	91,500
Taxation on profit/(loss) on ordinary activities	86,669	91,500

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	80,654	(7,376)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	16,131	(1,475)
Effects of:		
Expenses not deductible for tax purposes	40,058	60,593
Adjustments to tax charge in respect of previous periods	-	(31,696)
Share-based payments	12,177	6,863
Impact of change in tax rates	18,361	57,215
Non-taxable income	(58)	-
Total tax charge for the year	86,669	91,500

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using enacted tax rates and reflected in these financial statements.

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

11. Tangible assets

	Network equipment £	Office equipment £	Total £
Cost			
At 1 April 2016	20,148,792	1,609,175	21,757,967
Additions	215,332	61,202	276,534
At 31 March 2017	<u>20,364,124</u>	<u>1,670,377</u>	<u>22,034,501</u>
Accumulated depreciation			
At 1 April 2016	18,965,409	1,325,939	20,291,348
Charge for the year	391,483	87,661	479,144
At 31 March 2017	<u>19,356,892</u>	<u>1,413,600</u>	<u>20,770,492</u>
Net book value			
At 31 March 2017	<u>1,007,232</u>	<u>256,777</u>	<u>1,264,009</u>
At 31 March 2016	<u>1,183,383</u>	<u>283,236</u>	<u>1,466,619</u>

12. Debtors

	2017 £	2016 £
Due after more than one year		
Deferred tax asset (see note 15)	<u>428,264</u>	<u>514,933</u>
Due within one year		
Trade debtors	507,519	734,911
Amounts owed by group undertakings	2,953,464	3,850,949
Prepayments and accrued income	347,749	210,777
VAT recoverable	144,371	168,680
	<u>3,953,103</u>	<u>4,965,317</u>

Amounts owed by group undertakings are unsecured, interest free and repayable within one year.

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	5,336	292,788
Taxation and social security	79,947	90,452
Other creditors	114,043	497,539
Accruals and deferred income	459,229	597,031
	<u>658,555</u>	<u>1,477,810</u>

14. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Amounts owed to group undertakings	<u>9,107,172</u>	<u>8,360,772</u>

The above non-interest bearing amounts have no fixed repayment schedule, however the parent undertaking is not seeking repayment of this debt within the next 12 months. Consequently amounts owed to parent undertaking have been disclosed within amounts falling due after more than one year.

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Notes to the financial statements for the year ended 31 March 2017

15. Deferred taxation

	Deferred tax £
At 1 April 2016	514,933
Charged to profit and loss account	(86,669)
At 31 March 2017	428,264

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	238,611	307,805
Other timing differences	5,063	6,490
Total losses carried forward	184,590	200,638
	428,264	514,933

A deferred tax asset of £Nil (2016: £146,411) has not been recognised as management cannot guarantee suitable future taxable profits against which they can be offset.

16. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

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Notes to the financial statements for the year ended 31 March 2017

17. Share-based payments

Share-based payments

Under the 2015 Omnibus Incentive Plan, or 2015 Plan, the Compensation Committee of the Board of Directors ("Compensation Committee") of Sprint Corporation ("Sprint"), or one or more executive officers should the Compensation Committee so authorise, may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other equity-based and cash awards to our employees, outside directors and certain other eligible individuals as defined by the plan. Under the 2007 Long-Term Stock Incentive Program, or 2007 Plan, the Compensation Committee granted stock options and restricted stock unit awards to directors and employees; however, no new grants can be made under the 2007 Plan. In general, options are granted with an exercise price equal to the market value of the underlying stock on the grant date, vest on an annual basis over three years, and have a contractual term of ten years.

Restricted stock units generally have performance and service requirements or service requirements only with vesting periods ranging from one to three years. Performance-based restricted stock units awarded in the years ended March 31, 2017 and 2016 have three distinct one-year performance periods and are granted in each period once the performance objectives are established by the Compensation Committee, usually during the first quarter of each fiscal year. Employees and directors who are granted restricted stock units are not required to pay for the shares but must remain employed with us, or continue to serve as a member of our board of directors, until the restrictions on the shares lapse, which is typically three years for employees and one year for directors. No restricted stock units vested during the year ended March 31, 2017.

We use new shares to satisfy share-based awards or treasury shares, if available.

Stock options

The fair value of each option award is estimated on the grant date using the Black-Scholes option valuation model, based on several assumptions including the risk-free interest rate, volatility, expected dividend yield and expected term. Options outstanding as of March 31, 2017 include options granted under the 2015 Plan and the 2007 Plan as discussed above. The risk-free rate used is based on the U.S. Treasury yield curve in effect on the measurement date, with a term equal to the expected term of the options. The volatility used is the implied volatility from traded options on Sprint's common shares over a period that approximates the expected term of the options. The expected dividend yield used is estimated based on historical dividend yield and other factors. The expected term of options granted is estimated using the simplified method, defined as the average of the vesting term and the contractual term as our historical data is not expected to represent the future expected term of equity awards due to the severance activities of Sprint over the last several years.

Compensation costs

The cost of employee services received in exchange for a share-based award classified as equity is measured using the estimated fair value of the award on the date of the grant, and that cost is recognised over the period that the award recipient is required to provide service in exchange for the award. Awards of instruments classified as liabilities are measured at the estimated fair value at each reporting date through settlement.

For the year ended 31 March 2017, the compensation cost included within staff costs was £60,885 (2016: £48,827).

Sprintlink UK Limited

Notes to the financial statements for the year ended 31 March 2017

18. Commitments under operating leases

At 31 March the company had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017 £	2016 £
Not later than 1 year	399,354	565,793
Later than 1 year and not later than 5 years	71,346	193,654
Total	470,700	759,447

19. Related party transactions

The company is exempt from disclosing related party transactions with companies that are wholly owned within the Sprint Corporation group.

20. Ultimate controlling party

The company is a wholly owned subsidiary of Sprint International Holding, Inc., a company incorporated in the USA.

The company's ultimate holding company is SoftBank Group Corp., a company incorporated in Japan and whose stock is traded on the Tokyo Stock Exchange. SoftBank Group Corp., is the parent undertaking of the largest group of which the company is a member and for which group financial statements are drawn up.

Sprint Corporation is the parent undertaking of the smallest group of which the company is a member for which group financial statements are drawn up.

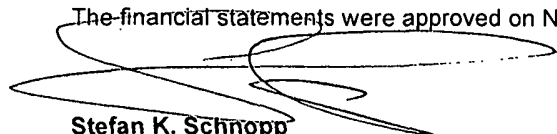
The financial statements of Sprint Corporation can be obtained from 6200 Sprint Parkway, Mail Stop KSOPHF0302-3B124 Overland Park, KS66251, USA.

21. Subsequent event(s)

There have been no significant events since the balance sheet date which could have implications for these financial statements.

22. Approval of financial statements

The financial statements were approved on November 6, 2017.


Stefan K. Schnopp
Director