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**CINCINNATI BELL TECHNOLOGY  
SOLUTIONS UK LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2012**



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# **CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

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**CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2012**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTOR**

J P Burns

**SECRETARIES**

Eversecretary Limited  
C J Wilson

**REGISTERED OFFICE**

Eversheds House  
70 Great Bridgewater Street  
Manchester M1 5ES

**BANKERS**

Bank of America Merrill Lynch  
2 King Edward Street  
London  
EC1A 1HQ

**AUDITOR**

Deloitte LLP  
Reading

## **CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED**

### **DIRECTOR'S REPORT**

The director presents his report and the audited financial statements for the year ended 31 December 2012. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of a provider of managed information technology solutions, IT and telephony equipment sales and professional IT infrastructure staff augmentation services.

### **REVIEW OF THE BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The director recommends that no dividends are paid in respect of the period ended 31 December 2012 (2011: nil).

The director is confident about the future prospects for the company.

### **DIRECTORS**

The director who served throughout the year and to the date of signing this report is as shown on page 1.

### **GOING CONCERN**

The company's business activities are detailed above. Having considered the financial position of the company in the context of the uncertainties in the current economic environment and the letter of continuing financial support from the board of directors of Cincinnati Bell Technology Solutions Inc., the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

### **AUDITORS**

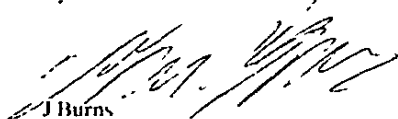
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are 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 auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Director

26 September 2013

## **CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements 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 financial statements the director is required to

- select suitable accounting policies and then apply them consistently
- make judgments 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 financial statements 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 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED**

We have audited the financial statements of Cincinnati Bell Technology Solutions UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet 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).

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 director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is 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 annual report to identify material inconsistencies with the audited financial statements. 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 31 December 2012 and of its loss 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.

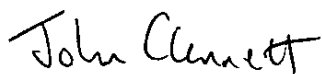
## **Opinion on other matter prescribed by the Companies Act 2006**

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

## **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, or
- the director was not entitled to take advantage of the small companies exemption in preparing the director's report.



John Clennett (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Reading, UK  
26 September 2013

# CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2012

	Note	2012 £	2011 £
<b>TURNOVER</b>	2	5 661 794	5 525 045
Cost of sales		(5 317 362)	(5 102 261)
<b>GROSS PROFIT</b>		344,432	422,784
Administrative expenses		(320,209)	(205 909)
<b>OPERATING PROFIT</b>		24 223	216 875
Interest payable and similar charges	5	(67 185)	(56 313)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(42 962)	160 562
Tax on profit/(loss) on ordinary activities	6	-	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	11	(42 962)	160 562

The notes on pages 7 to 10 form part of these financial statements

All amounts derive from continuing operations

There are no recognised gains or losses for the current year or prior year other than as stated above. Accordingly no statement of total recognised gains and losses has been presented

# CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

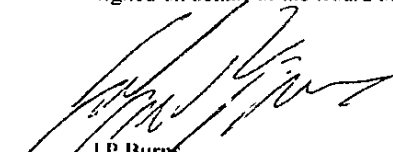
## BALANCE SHEET 31 December 2012

	Note	2012 £	2011 £
<b>CURRENT ASSETS</b>			
Stocks	7	1 646	23,915
Debtors	8	1 395 479	2 364 753
Cash at bank and in hand		776 129	827 518
		<u>2 173 254</u>	<u>3 216 186</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(2 284,772)</u>	<u>(3 284 742)</u>
<b>NET LIABILITIES</b>		<u>(111 518)</u>	<u>(68,556)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>(111 618)</u>	<u>(68 656)</u>
<b>SHAREHOLDER DEFICIT</b>	11	<u>(111 518)</u>	<u>(68 556)</u>

The notes on pages 7 to 10 form part of these financial statements

These financial statements of Cincinnati Bell Technology Solutions UK Limited, registered number 06493410 were approved by the Board of Directors and authorised for issue on 26 September 2013

Signed on behalf of the Board of Directors



J P Burns  
Director



## **CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ending 31 December 2012**

#### **I. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and the preceding year.

##### **Going concern**

The company's business activities are detailed in the director's report. Having considered the financial position of the company in the context of the uncertainties in the current economic environment and the letter of continuing financial support from the board of directors of Cincinnati Bell Technology Solutions Inc, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Stocks**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

##### **Turnover**

Turnover represents amounts receivable for services net of VAT. Turnover is recognised when delivery has occurred and substantially all of the contractual commitments related to that service have been delivered.

##### **Taxation**

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

Deferred taxation is provided on timing differences which 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 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.

##### **Cash flow statement**

The company qualifies as a small company within the definition set out in the Companies Act 2006 and has taken advantage of the exemption provided by paragraph 5f of IFRS 1 Cash Flow Statements in not providing a cash flow statement as part of these financial statements.

##### **Foreign exchange**

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

##### **Related party transactions**

The Company has taken advantage of the exemption under IFRS 8 Related Party Disclosures not to disclose transactions with other group companies.

# CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

Year ending 31 December 2012

### 2 TURNOVER

Turnover represents amounts invoiced (excluding VAT) to customers, and is generated by the company's principal activity

	2012 £	2011 £
United Kingdom	3 806 928	1 784 830
Europe excluding United Kingdom	1 854 866	3 740,215
	<u>5 661 794</u>	<u>5,525 045</u>

### 3 INFORMATION REGARDING DIRECTOR AND EMPLOYEES

Staff costs during the period

	2012 £	2011 £
Wages and salaries	-	54 915
Social security costs	-	6 798
	<u>-</u>	<u>61,713</u>

Director remuneration for the company has been borne by Cincinnati Bell Technology Solutions Inc and the amount allocated for their services to this company is nil (2011: nil)

Average number of persons employed

	No	No
Sales	-	1
	<u>-</u>	<u>1</u>

### 4. AUDITOR REMUNERATION

Auditor remuneration for the period is £20,050 (2011: £17 500)

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Group interest payable	<u>67 185</u>	<u>56 313</u>

## CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

Year ending 31 December 2012

#### 6 TAX ON LOSS ON ORDINARY ACTIVITIES

No liability to UK corporation tax arose on ordinary activities for the year (2011: £nil)

The standard rate of tax for the year based on the UK rate of tax is 24.5% (2010: 26.5%)

The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation

	2012 £	2011 £
(Loss)/Profit on ordinary activities before tax	(42,962)	160,562
Tax on profit/(loss) on ordinary activities at standard rate of 24.5% (2011: 26.5%)	(10,526)	42,549
Factors affecting the charge		
Other permanent differences	49	-
Utilisation of losses carried forward	10,477	(42,549)
UK corporation tax for the period	-	-

A deferred tax asset of £41,556 (2011: £17,164) in respect of unutilised losses has not been recognised due to insufficient certainty as to the probability of generating sufficient future profits against which this asset could reverse

#### 7 STOCKS

	2012 £	2011 £
Finished goods and goods for resale	1,646	23,915

There is no material difference between the balance sheet value of stocks and their replacement cost

#### 8 DEBTORS

	2012 £	2011 £
Trade debtors	900,645	1,888,115
Prepayments and other debtors	494,834	476,638
	<u>1,395,479</u>	<u>2,364,753</u>



# CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) Year ending 31 December 2012

### 9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	474 917	851,881
Amounts owed to group undertakings	1 337 580	2 191 018
Other taxation and social security	15 398	-
Other creditors	15 485	-
Accruals and deferred income	441 392	241 843
	<u>2 284,772</u>	<u>3 284,742</u>

### 10. CALLED UP SHARE CAPITAL

	2012 £	2011 £
<b>Authorised</b>		
100 (2011 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid</b>		
100 (2011 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 11. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDER DEFICIT AND STATEMENT OF MOVEMENT IN RESERVES

	Ordinary share capital £	Profit and loss account £	Total 2012 £	Total 2011 £
Brought forward	100	(68 656)	(68 556)	(229 118)
(Loss)/Profit for the year	-	(42 962)	(42 962)	160 562
Carried forward	<u>100</u>	<u>(111 618)</u>	<u>(111 518)</u>	<u>(68 556)</u>

### 12. CONTROLLING PARTY

The directors regard Cincinnati Bell Inc., a company incorporated in the USA as the ultimate parent company and controlling party.

Cincinnati Bell Technology Solutions Inc. owns the entire share capital of Cincinnati Bell Technology Solutions UK Limited. Cincinnati Bell Inc., the ultimate parent company and controlling party, in turn owns the entire share capital of Cincinnati Bell Technology Solutions Inc.