

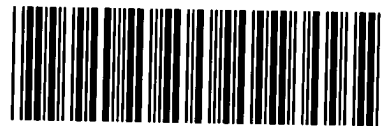
Company Number: 06493410

**CINCINNATI BELL TECHNOLOGY
SOLUTIONS UK LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2016

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CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

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CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

S Seger

COMPANY 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

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Reading
United Kingdom

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2016. In preparing this report, the director has taken advantage of the small companies' exemption provided by section 415A of the Companies Act 2006 and accordingly no strategic report has been prepared.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a provider of managed IT 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. In the current year Virtual Data Center assets were purchased to help provide service to customers (note 11).

The director recommends that no dividends are paid in respect of the year ended 31 December 2016 (2015: £nil).

DIRECTORS

The director who served during the year and to the date of this report unless otherwise indicated is as follows:

S Seger

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 (note 1).

AUDITOR

The person 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 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 will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board

S Seger

Director

19th September 2017

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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). 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, 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 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.

The directors are 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 2016 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 13. 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 director and auditor

As explained more fully in the Statement of Director's Responsibilities, 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 director; 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.

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 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 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..

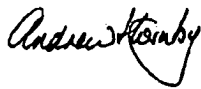
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Director's report or from the requirement to prepare a Strategic report.



Andrew Hornby (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
19th September 2017

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

PROFIT AND LOSS ACCOUNT **For the year ended 31 December 2016**

	Note	2016 £	2015 £
TURNOVER	3	5,248,406	7,668,467
Cost of sales		(5,067,327)	(7,142,115)
GROSS PROFIT		181,079	526,352
Administrative expenses		(40,000)	(89,129)
OPERATING PROFIT	4	141,079	437,223
Interest payable and similar charges	6	(109,387)	(149,404)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		31,692	287,819
Tax on profit on ordinary activities	7	(5,387)	(42,286)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		26,305	245,533
RETAINED EARNINGS/(DEFICIT) AT 1 JANUARY		166,296	(79,237)
RETAINED EARNINGS/(DEFICIT) AT 31 DECEMBER		192,601	166,296

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above. Therefore, no statement of comprehensive income has been presented.

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

BALANCE SHEET As at 31 December 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	689,746	-
		<u>689,746</u>	<u>-</u>
CURRENT ASSETS			
Stocks	8	-	62,305
Debtors	9	655,657	1,062,250
Cash at bank and in hand		28,044	851,660
		<u>683,701</u>	<u>1,976,215</u>
Creditors: amounts falling due within one year	10	(1,180,746)	(1,809,819)
NET CURRENT LIABILITIES		<u>(497,045)</u>	<u>166,396</u>
NET ASSETS		<u>192,701</u>	<u>166,396</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		192,601	166,296
SHAREHOLDER'S FUNDS/(DEFICIT)		<u>192,701</u>	<u>166,396</u>

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

These financial statements of Cincinnati Bell Technology Solutions UK Limited, registered number 06493410, were approved by the Board and authorised for issue on 19th September 2017.

Signed on behalf of the Board


S Seger
Director

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2015	100	(79,237)	(79,137)
Profit for the financial year	-	245,533	245,533
At 31 December 2015	100	166,296	166,396
Profit for the financial year	-	26,305	26,305
At 31 December 2016	100	192,601	192,701

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES

General information and basis of accounting

Cincinnati Bell Technology Solutions UK Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Director's report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. There were no restatements to prior year numbers following the adoption of FRS 102.

The functional currency of Cincinnati Bell Technology Solutions UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Cincinnati Bell Technology Solutions UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Cincinnati Bell Technology Solutions UK Limited is consolidated in the financial statements of its parent, Cincinnati Bell Technology Solutions Inc., which may be obtained at 201 E. 4th Street, Cincinnati, OH 45202. Exemptions have been taken in these separate company financial statements in relation to the presentation of a cash flow statement and remuneration of key management personnel.

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 director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis in preparing the financial statements will continue to be adopted.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents purchase price on a first-in, first-out basis. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	5 years
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Turnover

Turnover represents amounts receivable for services and the value of goods sold and delivered to customers during the year net of VAT. Turnover is recognised when delivery has occurred for goods sold and when substantially all of the contractual commitments related to a service have been delivered.

Taxation

Current tax, including UK corporation tax and foreign 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 December 2016**

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

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 to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No critical accounting judgements or sources of estimation uncertainty have been identified.

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

3. TURNOVER

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

The company has supplied geographical markets outside the United Kingdom during the financial year. 14.6% (2015: 26.3%) of its turnover, in the opinion of the director, is attributable to those markets.

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Sale of goods	1,528,838	4,300,528
Rendering of services	3,719,568	3,367,939
	<u>5,248,406</u>	<u>7,668,467</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	2016 £	2015 £
Loss on foreign exchange on trading activity	27,490	29,055
Auditor's remuneration	<u>24,325</u>	<u>24,325</u>

Included in Auditor's remuneration is £3,325 (2015: £3,325) in respect of non-audit services.

5. INFORMATION REGARDING DIRECTOR AND EMPLOYEES

The company had no employees during the current and prior financial year.

The director's remuneration for the company has been borne by Cincinnati Bell Technology Solutions Inc. and the amount allocated for his services to the company is £nil (2015: £nil).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Interest payable to group undertakings	6,762	48,521
Loss on foreign exchange on intercompany loan	<u>102,625</u>	<u>100,883</u>
	<u>109,387</u>	<u>149,404</u>

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2016 £	2015 £
Current tax on profit on ordinary activities		
UK corporation tax	-	42,286
	<u>-</u>	<u>42,286</u>
Total current tax		
Deferred tax		
Origination and reversal of timing differences	6,338	-
Effect of changes in tax rates	(951)	-
	<u>5,387</u>	<u>-</u>
Total deferred tax liability		
	<u>5,387</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>5,387</u>	<u>-</u>

The standard rate of tax applied to reported profit on ordinary activities is 20 per cent (2015: 20.25 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2015.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>31,692</u>	<u>287,819</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20 per cent (2015: 20.25 per cent)	6,338	58,273
Effects of:		
- Expenses not deductible for tax purposes	1	-
- Losses	-	(15,987)
- Tax rate changes	(951)	-
- Rounding	(1)	-
	<u>5,387</u>	<u>42,286</u>
Total tax charge for period	<u>5,387</u>	<u>42,286</u>

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 December 2016**

8. STOCKS

	2016 £	2015 £
Finished goods and goods for resale	-	62,305

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

9. DEBTORS

	2016 £	2015 £
Trade debtors	234,108	715,068
Corporation Tax	35,160	-
Prepayments and other debtors	386,389	347,182
	<u>655,657</u>	<u>1,062,250</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	207,254	434,416
Amounts owed to group undertakings	650,407	1,061,858
Other creditors	30,493	63,998
Corporation tax	-	42,286
Accruals and deferred income	292,592	207,261
	<u>1,180,746</u>	<u>1,809,819</u>

Amounts owed to group undertakings are unsecured, subject to interest at market rates and repayable on demand.

CINCINNATI BELL TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2016

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Assets in the course of construction £	Total £
Cost or valuation			
At 1 January 2015	-	-	-
Additions	348,727	349,737	698,464
Transfers	-	-	-
At 31 December 2016	348,727	349,737	698,464
Depreciation			
At 1 January 2015	-	-	-
Charge for the year	8,718	-	8,718
At 31 December 2016	8,718	-	8,718
Net book value			
At 31 December 2015	-	-	-
At 31 December 2016	340,009	349,737	689,746

12. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Authorised		
100 (2015: 100) Ordinary shares of £1 each	100	100
Called up, allotted and fully paid		
100 (2015: 100) Ordinary shares of £1 each	100	100

13. ULTIMATE PARENT COMPANY

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.

The smallest group to consolidate these financial statements is Cincinnati Bell Technology Solutions Inc., an intermediate company in the Cincinnati Bell Inc. Group. The largest group to consolidate these financial statements is Cincinnati Bell Inc. The consolidated financial statements of Cincinnati Bell Technology Solutions Inc. and Cincinnati Bell Inc. can be obtained from 201 E. 4th Street, Cincinnati, OH 45202.