

COMPANY NUMBER - 8097331

Hibernia Media (UK) Limited

Annual Report and Financial Statements

Year Ended 31 December 2016

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DIRECTORS AND OTHER INFORMATION

Board of directors

Kenneth D. Peterson Jr. (resigned 9/1/2017)
Bjarni Thorvardarson (resigned 9/1/2017)
Richard D. Calder (appointed 9/1/2017)
Chris McKee (appointed 9/1/2017)
Mike Sicoli (appointed 9/1/2017)
Andrew Johnson (appointed 9/1/2017)

Solicitors

Eugene F Collins
Temple Chambers
3 Burlington Road
Dublin 4

Registered office

1st Floor
41 Chalton Street
London
England
NW1 1JD

Bankers

Royal Bank of Scotland
60 - 63 Threadneedle Street
PO Box 412
London EC2R 8LA

Secretary

York Place Company Secretaries Limited,
Elizabeth House
13 - 19 Queen Street
Leeds
West Yorkshire
England
LS1 2TW

Registered number: 8097331

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
One Spencer Dock
North Wall Quay
Dublin 1

STRATEGIC REPORT

Hibernia Media (UK) Limited (The Company) is a member of the Hibernia Networks Group of companies (The Group) and is a direct subsidiary of Hibernia NGS Limited the parent company of the Group. The Group owns and operates an international telecommunications network. The Group also has an extensive terrestrial network in Europe and North America, most of which is leased, and a small presence in Asia. The Group was acquired by GTT, a U.S. based, publicly listed, telecommunications company in January 2017.

Hibernia Networks and its constituent companies have grown rapidly in recent years. In the case of Hibernia Media (UK) Limited, revenues in 2016 grew by 33% year on year, and profit on ordinary activities after Interest and Tax decreased by 83% mainly due to deferred tax movements. Growth is expected to continue at similar rates going forward. Profitability is expected to increase in line with revenue growth.

Principal risks and uncertainties

Circumstances such as the loss of power, connectivity or other disruptions to the network may result in loss of sales and reputational damage. The Company mitigates this through on site generators, network diversity and a 24 hour network monitoring system. Actions from competitors such as a competitive pricing may affect future sales.

Key performance indicators (KPI's)

The Group continues to develop its terrestrial network. Revenue continues to grow strongly and is expected to do so in 2017 and beyond.

Key performance indicators ("KPIs")

The directors consider the following to be the KPIs of the Group:

Earnings before Interest, tax, depreciation and amortisation (EBITDA);

- EBITDA for the year increased by 1% to £1.40 million (2015: £1.39 million).

Revenue;

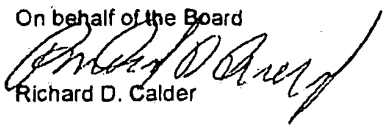
- Revenue for the year increased by 33% to £8.1 million (2015: £6.1 million).

Monthly recurring revenue (MRR)

- Cumulative MRR increased by 18% to £6.8 million (2015: £5.7 million).

The directors consider the performance to be satisfactory.

On behalf of the Board



Richard D. Calder

DIRECTORS' REPORT

The directors present their report and the financial statements of Hibernia Media (UK) Limited (the Company) for the financial year ended 31 December 2016.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 year.

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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Principal activities

Hibernia Media (UK) Limited (The Company) is a member of the Hibernia Networks Group of companies (The Group) and is a direct subsidiary of Hibernia NGS Limited, the parent company of The Group. The Group owns and operates an international telecommunications network. The core asset is a transatlantic fibre optic telecommunications network. The Group also has an extensive terrestrial network in Europe and North America, most of which is leased, and a small presence in Asia.

Future developments

It is the intention of the directors to continue to develop the current activities of the Company.

Dividends

No dividends were paid or proposed during the year (2015: £180,000).

Events since the end of the financial year

Please refer to note 20 for details of events since the end of the financial year.

Research and development

The Company did not engage in any research and development activities during the year.

Political and charitable donations

The Company did not make any political or charitable donations during the year (2015: £nil).

DIRECTORS' REPORT - continued

Business review

Hibernia Networks and its constituent companies have grown rapidly in recent years. In the case of Hibernia Media (UK) Limited, revenues in 2016 grew by 33% year on year, and profit on ordinary activities after interest and taxation increased by 83% mainly due to the movement in deferred tax. Growth is expected to continue at similar rates going forward. Profitability is expected to increase in line with revenue growth.

Key performance indicators ("KPIs")

The directors consider the following to be the KPIs of the Group:

Earnings before interest, tax, depreciation and amortisation (EBITDA);

- EBITDA for the year increased by 1% to a profit of £1.40 million (2014: £1.39 million).

Revenue;

- Revenue for the year increased by 33% to £8.1 million (2015: £6.1 million).

Monthly recurring revenue (MRR)

Cumulative MRR increased by 18% to £6.8 million (2015: £5.7 million).

Principal risks and uncertainties

Circumstances such as the loss of power, connectivity or other disruptions to the network may result in loss of sales and reputational damage. Actions from competitors such as a competitive pricing may affect future sales. The Company mitigates this through on site generators, network diversity and a 24 hour network monitoring system.

Financial risk management

The Company is funded by the Group. Funding of the Group's activities is managed centrally and not on an individual company level. In funding its operations the Group uses a mixture of long term and short term loan facilities.

The Company's ability to sell large prepaid contracts reduces its dependency on external funding. The Directors consider the Group well-funded therefore mitigating financial risk.

Credit risk

Hibernia Media (UK) Ltd.'s credit risk arising on its financial assets is principally attributable to its trade and other receivables. The concentration of credit risk in relation to trade and other receivables is limited due to the exposure being spread over a large number of counterparties and customers. The majority of trade receivables are from Blue Chip customers.

Liquidity risk

Liquidity risk of the Group is managed centrally and not on an individual company level. The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure sufficient availability of funds for operations and planned expansions.

Directors' and secretary's interests

The names of the directors that served during the year are disclosed on page 2.

The directors, their spouses and minor children do not have any interests in the share capital of the Company.

At 31 December 2016, the Company was a wholly-owned subsidiary of Hibernia NGS Limited (Ireland). Hibernia NGS Limited was 51% majority-owned by Murosa Development S.A.R.L and 49% minority-owned by Columbia Ventures Corporation as at 31 December 2016. On 9 January 2017 GTT Communications Inc. acquired 100% of the company's ultimate parent Hibernia NGS Limited pursuant to a share purchase agreement.

DIRECTORS' REPORT - continued

Employee disclosure

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through in-house briefing groups.

Directors' indemnities

The ultimate parent undertaking, Hibernia NGS Limited, maintains liability insurance for the Company's directors and officers. Throughout the year to 31 December 2016 and at the date of approval of the financial statements, Hibernia NGS Limited has also provided an indemnity for the Company's directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Payments to suppliers

The Company seeks the best possible terms from suppliers and in placing orders gives consideration to quality, delivery, price and terms of payment. The average number of day's purchases Hibernia Media (UK) Limited has outstanding at 31 December 2016 was 37 days (2015: 6 days).

Disclosure of information to auditors

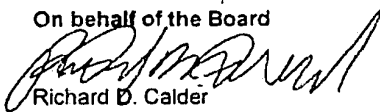
In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- as 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/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statutory auditors

The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

On behalf of the Board



Richard D. Calder



Independent auditors' report to the members of Hibernia Media (UK) Limited

Report on the financial statements

Our opinion

In our opinion, Hibernia Media (UK) Limited's financial statements (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.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the profit and loss account and the statement of comprehensive income for the year then ended;
- the Statement of Changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.


Gareth Hynes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
12 January 2018

PROFIT AND LOSS ACCOUNT
For the Financial Year Ended 31 December 2016

	Notes	2016 Stg£	2015 Stg£
Turnover	5	8,078,407	6,079,850
Cost of sales		(1,359,309)	(1,043,260)
Service fees		(815,631)	(97,826)
Total cost of sales		(2,174,940)	(1,141,086)
Gross profit		5,903,467	4,938,764
Administrative expenses	6	(4,512,469)	(3,928,776)
Amortisation	6	(318,972)	(343,107)
Operating profit		1,072,026	666,881
Interest payable and similar charges	9	(611,433)	(212,869)
Interest payable on loans from parent	9	(138,174)	(154,183)
Profit on ordinary activities before taxation		322,419	299,829
Tax (charge)/credit on profit on ordinary activities	10	(260,561)	174,427
Profit for the financial year		61,858	474,256

STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 December 2016

	2016 Stg£	2015 Stg£
Profit for the financial year	61,858	474,256
Other comprehensive income:		
Other comprehensive income for the financial year, net of tax	-	-
Total comprehensive income for the financial year	61,858	474,256

Hibernia Media (UK) Limited

BALANCE SHEET As at 31 December 2016

	Notes	2016 Stg£	2015 Stg£
Fixed assets			
Tangible assets	12	2,191,159	2,231,829
Intangible assets	11	1,026,506	1,345,478
		<u>3,217,665</u>	<u>3,577,307</u>
Current assets			
Debtors	13	1,126,464	1,027,354
Cash at bank and in hand		1,325,689	470,201
Accrued revenue		174,386	178,999
		<u>2,626,539</u>	<u>1,676,554</u>
Creditors: amounts falling due within one year	14	<u>(4,108,569)</u>	<u>(2,569,697)</u>
Net current liabilities		<u>(1,482,030)</u>	<u>(893,143)</u>
Total assets less current liabilities		1,735,635	2,684,164
Provision for liabilities	15	<u>(632,053)</u>	<u>(1,642,440)</u>
Net assets		<u>1,103,582</u>	<u>1,041,724</u>
Capital and reserves			
Called up share capital presented as equity	16	1	1
Profit and loss account		<u>1,103,581</u>	<u>1,041,723</u>
Total equity		<u>1,103,582</u>	<u>1,041,724</u>

The notes on pages 12 to 27 are an integral part of the financial statements.

The financial statements on pages 9 to 11 were authorised for issue by the board on 12 January 2018 and were signed on its behalf.

On behalf of the Board

Director



Richard D. Calder

STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2016

	Called-up share capital presented as equity Stg£	Profit and loss account Stg£	Total Stg£
Balance at 1 January 2015	1	747,467	747,468
Profit for the financial year	-	474,256	474,256
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	474,256	474,256
Dividends	-	(180,000)	(180,000)
Total transactions recognised directly in equity	-	(180,000)	(180,000)
Balance at 31 December 2015	1	1,041,723	1,041,724
Balance at 1 January 2016	1	1,041,723	1,041,724
Profit for the financial year	-	61,858	61,858
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	61,858	61,858
Balance at 31 December 2016	1	1,103,581	1,103,582

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Hibernia Media (UK) Limited is a member of the Hibernia Networks group of companies (the Group) and is a direct subsidiary of Hibernia NGS Limited, the parent company of the Group. The Group owns and operates an international telecommunications network. The core asset is a transatlantic fibre optic telecommunications network. The Group also has an extensive terrestrial network in Europe and North America, most of which is leased, and a small presence in Asia.

Hibernia Media (UK) Limited is incorporated as a company in the United Kingdom. The address of its registered office is 1st floor, 41 Chalton St, London, England, NW1 1JD.

Hibernia Media (UK) Limited's ultimate parent and ultimate controlling party is Hibernia NGS Limited. Hibernia NGS Limited prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which Hibernia Media (UK) Limited is a member. Copies of the Hibernia NGS Limited group financial statements are available from the Companies Registration Office, Parnell House, 14 Parnell Square, Dublin 1.

These financial statements are the Company's separate financial statements for the financial year beginning 1 January 2016 and ending 31 December 2016.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with UK GAAP (accounting standards issued by the Financial Reporting Council of the UK and the Companies Act 2006). The entity financial statements comply with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

3 Summary of significant accounting policies

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

(a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

Certain comparative information has been amended to reflect current year presentation.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(b) Going concern

The Company made a profit of £61,858 in the year and has net current liabilities of £1,482,030. The Company's parent is committed to funding any potential financing required should it arise and has confirmed in writing to the directors that it will make available sufficient funding to enable the company to meet its debts as and when they fall due for the foreseeable future and in any events for a period of not less than 12 months from the date of the approval of these financial statements. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis.

(c) Disclosure exemptions for qualifying entities under FRS 102

The Company is a qualifying entity and has taken advantage of the following disclosure exemptions available to qualifying entities:

- (i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17 (d) to present a statement of cash flows
- (ii) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.
- (iii) Exemption from the financial instrument disclosure requirements of Section 11 paragraph 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(d) Foreign currency

(i) *Functional and presentation currency*

The Company's functional and presentation currency is the GBP, denominated by the symbol "£"

(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 the end of each financial year foreign currency monetary items are translated to GBP 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 exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(e) Revenue recognition

(i) *Turnover*

Turnover is the amount of revenue derived from the provision of goods and services falling within the Company's ordinary activities after deduction of trade discounts and value-added tax. For Hibernia Media (UK) Limited, turnover comprises telecommunications revenues and installation and set-up fees.

Telecommunications' revenues primarily relate to customer usage of services. Revenues related to usage are recognised as usage accrues. Installation and set-up fees (which are non-refundable) are recognised as revenue as soon as installation is completed.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(f) Employee benefits

The Company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

(ii) Post-employment benefits

The Company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the Company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

(iii) Share appreciation rights (SARs)

The Company operates a share appreciation rights scheme (SARs). Certain employees of the company have been granted Stock Appreciation Rights (SARs) over shares in the ultimate parent company, Hibernia NGS Limited. The SARs are granted with a fixed exercise price, are exercisable three years after the date of grant and expire on the 3rd of April 2023. Employees are required to remain in employment with the group throughout the three year vesting period. The SARs shall only become exercisable in case of a liquidity event or a sale.

(g) Income tax

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(g) Income tax – continued

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

(h) Tangible fixed assets

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Land and buildings

Land and buildings include freehold land and offices. Land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses.

The difference between depreciation based on the deemed cost of land and buildings (which is recognised in profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve in equity to the profit and loss account reserve in equity each financial year.

(ii) Plant and machinery and fixtures, fittings and equipment

Plant and machinery and fixtures, fittings and equipment include cable, fibre optic network equipment, computer equipment and fixtures and fittings. Plant and machinery and fixtures, fittings and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Plant & equipment	3 - 20 years
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The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Assets in the course of construction

Assets in the course of construction are carried at cost. These assets are not depreciated until they are available for use.

(vi) Derecognition

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(i) Intangible assets

Customer contracts

The Company's investment in customer contracts is carried at historical cost less accumulated amortisation. Amortisation of intangible assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Customer Contracts	7 years
--------------------	---------

(j) Borrowing costs

All borrowing costs are recognised in profit or loss in the financial year in which they are incurred.

(k) Leased assets

(i) *Finance leases*

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor.

At the commencement of the finance lease term the Company recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

(ii) *Operating leases*

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

(l) Impairment of non-financial assets

At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(n) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

(i) Restructuring provisions are recognised when the Company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The Company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the Company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and

(ii) Provision is not made for future operating losses.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the Company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(o) Financial instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

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 ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Similarly, the Company has a number of basic financial liabilities, including trade and other creditors, bank loans and overdrafts, and loans from fellow group companies, which are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, whereby the financial liability is measured at the present value of the future payments discounted at a market rate of interest of a similar debt instrument.

Trade and other creditors, bank loans and overdrafts, loans from fellow group companies and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(p) Share capital presented as equity

Equity shares issued are recognised at the proceeds received and presented as share capital and share premium. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Distributions to equity shareholders

Dividends and other distributions to Company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the Company's shareholders.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements 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.

(a) Critical judgement in applying the entity's accounting policies

The following judgement, apart from those involving estimates, made by the directors has had significant effect on the amounts recognised in the financial statements;

(i) Going Concern

The Company has net current liabilities of Stg£1,482,030 as at 31 December 2016. In forming their view on going concern, the directors have had regard to the availability of financial support from other group companies and concluded that it is appropriate to prepare these financial statements on a going concern basis.

(b) Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic lives of tangible fixed assets

The annual depreciation on tangible fixed 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 reviewed 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 12 for the carrying amount of the tangible fixed assets, and note 3 (h) for the useful economic lives for each class of tangible fixed assets.

(ii) Impairment of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 13 for the net carrying amount of the debtors.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Turnover	2016 Stg£	2015 Stg£
Analysis of turnover by geographical market:		
United Kingdom	2,884,362	1,430,695
Europe	4,520,672	3,974,372
North America	556,919	665,086
Other	83,451	-
Ireland	33,003	9,697
	<u>8,078,407</u>	<u>6,079,850</u>
Analysis of turnover by category:		
Telecommunications revenues	7,833,904	5,984,689
Installation and set-up fees	244,503	95,161
Total	<u>8,078,407</u>	<u>6,079,850</u>

6 Operating profit	2016 Stg£	2015 Stg£
Operating profit is stated after charging:		
Impairment loss – trade debtors	85,758	39,192
Depreciation	550,620	545,741
Amortisation of intangible fixed assets (included in administration expenses)	318,972	343,107

Auditors' remuneration

Remuneration (including expenses) for the statutory audit and other services carried out for the Company by the Company's auditors is as follows:

	2016 Stg£	2015 Stg£
Audit of these financial statements	8,756	16,385
Tax advisory services	2,353	-
Total	<u>11,109</u>	<u>16,385</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Employees and directors

	2016 Number	2015 Number
(i) <i>Employees</i>		
The average number of persons employed by the company during the financial year was:	5	5

	2016 Stg£	2015 Stg£
Staff costs comprise:		
Wages and salaries	547,670	439,905
Social insurance costs	61,021	60,079
Other retirement benefit costs	16,374	18,130
Staff costs	625,065	518,114

(ii) <i>Directors</i>		
Emoluments	-	-
Benefits under long-term incentive schemes	-	-
Contributions to defined contributions schemes	-	-
Compensation for loss of office paid by the company and other termination payments	-	-

Retirement benefits are accruing to nil directors (2015: nil directors) under a defined contribution scheme.

	2016 Stg£	2015 Stg£
<i>Highest paid director</i>		
The highest paid director's emoluments were as follows:		
Emoluments	-	-
Benefits under long-term incentive schemes	-	-

8 Share-based payments

Certain employees of the Company have been granted Stock Appreciation Rights (SARs) over shares in the ultimate parent company, Hibernia NGS Limited. Each grant of SARS specified a grant price. The standard vesting period for a SARS grant was four years, although the agreement also provided for accelerated vesting. Employees who left the company retained their vested SARS for a period of two years from their departure date. Settlement of SARS was contingent on a Liquidity Event or a Sale of the business.

SARS expense is recognised when it is deemed probable that a triggering event will occur. As a Share Purchase Agreement was in place with GTT Communications Inc. at 31, December 2016 it was deemed that the conditions required to recognise the SARS cost had been met. The charge for the year was based on management's estimate of the deemed share price on the acquisition of the group by GTT.

The total share-based payment expense recognised in profit or loss for the financial year was £17,470 (2015: NIL). The total carrying amount of the liability arising from share appreciation rights granted as at 31 December 2016 was £17,470 (2015: NIL).

NOTES TO THE FINANCIAL STATEMENTS - continued

	2016 Stg£	2015 Stg£
9 Net interest expense		
(a) Interest payable and similar charges		
Interest payable on loans from parent undertakings (note 14)	138,174	154,183
Unwinding of discounting	66,138	42,156
Foreign exchange loss	540,409	166,411
Bank interest and charges	4,886	4,302
	<u>749,607</u>	<u>367,052</u>
(b) Net interest expense		
Interest receivable and similar income	-	-
Interest payable and similar charges	<u>(749,607)</u>	<u>(367,052)</u>
Net interest expense	<u>(749,607)</u>	<u>(367,052)</u>
10 Income tax	2016 Stg£	2015 Stg£
(a) Tax expense included in profit or loss		
Current tax:		
UK corporation tax on profit for the financial year	61,076	-
Adjustments in respect of prior financial years	-	-
Current tax expense for the financial year	<u>61,076</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	<u>199,485</u>	<u>(174,427)</u>
Deferred tax charge/(credit) for the financial year	<u>199,485</u>	<u>(174,427)</u>
Tax charge/(credit) on profit on ordinary activities	<u>260,561</u>	<u>(174,427)</u>
(b) Reconciliation of tax expense		
Tax assessed for the financial year is greater (2015: less) than the standard rate of corporation tax in the UK for the financial year ended 31 December 2016 of 20.0% (2015: 20.25%). The differences are explained below:		
	2016 Stg£	2015 Stg£
Profit on ordinary activities before taxation	<u>322,419</u>	<u>299,829</u>
Profit multiplied by the standard rate of tax in the UK for the financial year ended 31 December 2016 of 20.0% (2015: 20.25%)	64,484	60,716
Effects of:		
Expenses not deductible for tax purposes	(3,408)	(56,230)
Group relief claimed	-	(178,913)
Adjustment to prior year deferred tax	<u>199,485</u>	<u>-</u>
Tax on profit on ordinary activities	<u>260,561</u>	<u>(174,427)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Intangible assets	Customer contracts Stg£	Total Stg£
Cost		
At 1 January 2015		
Cost or deemed cost	2,232,805	2,232,805
Accumulated amortisation	(544,220)	(544,220)
Carrying amount	1,688,585	1,688,585
Financial year ended 31 December 2015		
Opening carrying amount	1,688,585	1,688,585
Additions	-	-
Amortisation	(343,107)	(343,107)
Carrying amount	1,345,478	1,345,478
At 31 December 2015		
Cost or deemed cost	2,232,805	2,232,805
Accumulated amortisation	(887,327)	(887,327)
Carrying amount	1,345,478	1,345,478
Financial year ended 31 December 2016		
Opening carrying amount	1,345,478	1,345,478
Additions	-	-
Amortisation	(318,972)	(318,972)
Carrying amount	1,026,506	1,026,506
At 31 December 2016		
Cost or deemed cost	2,232,805	2,232,805
Accumulated amortisation	(1,206,299)	(1,206,299)
Carrying amount	1,026,506	1,026,506

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Tangible fixed assets	Plant and machinery Stg£	Total Stg£
Cost		
At 1 January 2015		
Cost or deemed cost	3,021,055	3,021,055
Accumulated depreciation and impairment	(902,641)	(902,641)
Carrying amount	2,118,414	2,118,414
Financial year ended 31 December 2015		
Opening carrying amount	2,118,414	2,118,414
Additions	659,156	659,156
Depreciation	(545,741)	(545,741)
Carrying amount	2,231,829	2,231,829
At 31 December 2015		
Cost or deemed cost	3,680,211	3,680,211
Accumulated depreciation and impairment	(1,448,382)	(1,448,382)
Carrying amount	2,231,829	2,231,829
Financial year ended 31 December 2016		
Opening carrying amount	2,231,829	2,231,829
Additions	509,950	509,950
Depreciation	(550,620)	(550,620)
Carrying amount	2,191,159	2,191,159
At 31 December 2016		
Cost or deemed cost	4,190,161	4,190,161
Accumulated depreciation and impairment	(1,999,002)	(1,999,002)
Carrying amount	2,191,159	2,191,159

There were no borrowing costs capitalised during the year (2015: Stg£ nil).

13 Debtors	2016 Stg£	2015 Stg£
Trade debtors	757,799	536,557
Prepayments	140,120	202,504
VAT recoverable	228,545	113,866
Deferred taxation	-	174,427
	1,126,464	1,027,354

Trade debtors are after provision for impairment of £134,027 (2015: £48,269).

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Creditors: amounts falling due within one year	2016	2015
	Stg£	Stg£
Trade creditors	587,321	81,622
Accruals	247,181	391,179
Deferred income	59,835	90,622
Taxes	73,818	32,441
Deferred tax liability	25,058	-
Amounts owing to parent Company	3,115,356	1,973,833
	<u>4,108,569</u>	<u>2,569,697</u>

Amounts owed to parent undertakings are unsecured, interest bearing and repayable on demand.

Trade and other creditors are payable at various date in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

The deferred tax liability results from differences between accounting and tax depreciation.

	2016	2015
	Stg£	Stg£
Taxation and social insurance comprises:		
PAYE	9,317	7,758
NI	3,425	5,110
Corporation tax payable	61,076	-
State taxes	-	19,573
	<u>73,818</u>	<u>32,441</u>

15 Provision for liabilities	2016	2015
	Stg£	Stg£
Deferred consideration		
At 1 January	1,642,440	2,795,110
Paid during the year	(1,274,933)	(1,259,539)
Impact of discounting	66,138	42,156
Foreign currency on retranslation	198,408	64,713
At 31 December	<u>632,053</u>	<u>1,642,440</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Capital and reserves

	2016 Stg£	2015 Stg£
Authorised:		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid - presented as equity		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

Dividends

There were no dividends paid or proposed during the year (2015: Stg£180,000).

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years less dividends paid.

17 Capital and other commitments

At 31 December, substantially all of the assets of the Company are pledged as collateral for the senior secured term loan of the Group. The Company had no other commitments (2015: £nil).

The Company had no off-balance sheet arrangements.

18 Related party transactions

Hibernia Media (UK) Limited is wholly owned within the Hibernia NGS Group. Transactions with Hibernia NGS Ltd and with other wholly owned subsidiary companies within the Hibernia NGS Group are not disclosed as the Company has taken advantage of the exemption available under FRS 102 section 33.1A from disclosing such transactions.

19 Pensions

The Company operates a defined contribution pension scheme for its employees. Contributions made to the scheme are charged to the profit and loss account.

The total pension charge for the year amounted to Stg£16,374 (2015: Stg£18,130).

20 Events since the end of the financial year

On 9 January 2017 GTT Communications Inc., a publicly listed company in the United States of America, acquired 100% of the company's ultimate parent Hibernia NGS Limited pursuant to a share purchase agreement.

21 Approval of financial statements

The financial statements were approved by the board of directors on 12 January 2018.