

MANX CABLE COMPANY LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

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DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of Manx Cable Company Limited ("the Company") is that of the leasing of a sub-sea electricity and fibre optic interconnector cable link between the United Kingdom and the Isle of Man.

RESULTS AND TRANSFERS TO RESERVES

The results and transfers to reserves for the year are set out on page 9.

DIVIDEND

An interim dividend of £0.5 million was declared to the controlling party, Manx Utilities Authority, during the year (2019-20: £8.0 million). No final dividend is proposed (2019-20: £nil).

DIRECTORS

The Directors who served during the year and up to the date of this report were:

- W D Mummery (appointed 14 August 2020)
- A J Allinson (resigned 19 May 2020)
- T M Crookall (resigned 19 May 2020)
- C J L Spencer
- P E King
- A W Dobbins

Ms K J Westcott has served as Company Secretary during the year and up to the date of this report.

AUDITOR

Previously Grant Thornton Limited was appointed as auditor by Isle of Man Government's Treasury Department. Grant Thornton Limited, being eligible, has expressed their willingness to continue in office in accordance with Section 12 (2) of the Isle of Man Companies Act 1982.

By order of the Board

K J Westcott
Secretary

Date: 30 July 2021

Registered Office:

- Manx Utilities Authority Headquarters, Isle of Man Business Park, Ballacottier, Cooil Road, Braddan, Isle of Man, IM2 2QZ.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of the Isle of Man Company law and the Accounts and Audit Regulations 2018. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland, as applicable to an Isle of Man company.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 Acts 1931 to 2004 and the Accounts and Audit Regulations 2018. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

W D Mummery

Director

Date: 30 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANX CABLE COMPANY LIMITED

OUR OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Manx Cable Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 Isle of Man Companies Acts 1931 to 2004.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict with certainty all future events or conditions and as any subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report cannot be viewed as a guarantee as to the entity's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANX CABLE COMPANY LIMITED (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the directors' report set out on page 3, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- the company has not kept proper books of account, or if proper 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 books of account and returns; or
- the financial statements do not contain particulars as to loans to, and remuneration of directors; or
- we have not received all the information and explanations which are necessary for the purposes of our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANX CABLE COMPANY LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including FRS 102, Isle of Man Companies Acts 1931 to 2004, and taxation laws. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of minutes and documents provided to the board.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any unusual journal entry postings.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANX CABLE COMPANY LIMITED (CONTINUED)

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with section 15 of the Companies Act 1982. 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.

Grant Thornton Limited

Douglas
Isle of Man

30 July 2021

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2021

Note	2020-21 £	2019-20 £
Turnover	3,087,976	9,525,231
Operating Expenses	(2,055,974)	(1,913,768)
5 Gross Profit	1,032,002	7,611,463
Interest payable	(388,987)	(73,314)
Profit Before Tax	643,015	7,538,149
6 Taxation	-	-
Profit After Tax	643,015	7,538,149
Reserves at the beginning of the year	2,273,433	2,735,284
Profit for the year	643,015	7,538,149
Dividends paid and proposed	(500,000)	(8,000,000)
Reserves at the end of the year	2,416,448	2,273,433

The notes on pages 11 to 18 form an integral part of these financial statements.

The Directors consider that all results derive from continuing activities.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

Note		2021 £	2020 £
8	Tangible fixed assets	26,414,737	27,177,091
	Current assets		
	Debtors and Prepayments	44,932	128,464
	Cash and cash equivalents	247,044	442,608
		291,976	571,072
	Creditors: amounts falling due within one year		
	Creditors and accruals	(131,472)	(225,617)
13	Due to controlling party	(15,158,793)	(16,249,112)
		(15,290,265)	(16,474,730)
	Net current liabilities	(14,998,289)	(15,903,658)
	Net assets	11,416,448	11,273,433
	Capital and reserves		
9	Share capital	9,000,000	9,000,000
	Retained reserves	2,416,448	2,273,433
	Equity shareholder's funds	11,416,448	11,273,433

The notes on pages 11 to 18 form an integral part of these financial statements.

The financial statements on pages 9 to 18 were authorised for issue by the Board of Directors on 30 July 2021.

W D Mummery

Director

P E King

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

Manx Cable Company Limited is a private company limited by shares incorporated under the Isle of Man Companies Acts 1931 to 2004.

- Company registration number: 091223C
- Registered Office address: Manx Utilities Authority Headquarters, Isle of Man Business Park, Ballacottier, Cooil Road, Braddan, Isle of Man, IM2 2QZ.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS102") as applicable to an Isle of Man company.

These financial statements are presented in Pound Sterling (£) which is considered the functional and presentational currency of the Company.

These financial statements are prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value.

Whilst the entity is in a net current liability position, the parent entity, Manx Utilities Authority ("Manx Utilities"), has confirmed it will provide financial support as required for a period of at least twelve months from the date of signing these financial statements. Accordingly these financial statements have been prepared on a going concern basis.

Going Concern

The company meets its day to day working capital requirements from its cash reserves. After reviewing the company's available resources, the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting when preparing the financial statements.

3. ACCOUNTING POLICIES

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

Revenue Recognition

(i) Turnover

- Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes and duties.
- Income, which relates to operating lease charges for the use of the Company's interconnector cable between the Isle of Man and the United Kingdom, is accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

(ii) Operating leased assets

- Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

(ii) Interest income and expense

- Interest income and expense is recognised using the effective interest rate method.

Operational Expenditure

(i) Operating expenses

All expenses are recognised on an accruals basis.

Tangible Assets

(i) Recognition

Fixed assets represent the cost of the interconnector and related professional and finance expenses, which have been capitalised up to the date that the taking over certificate was issued.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Where such expenditure is less than a specified de-minimis level it is not capitalised but is charged to the statement of income and retained earnings in the year in which it is incurred. Capital expenditure incurred on tangible assets that does not materially add to the value of those assets is written off to the Statement of Income and Retained Earnings.

Finance costs that are directly attributable to the construction of tangible fixed assets are capitalised as part of these assets.

(ii) Depreciation

Depreciation is applied using a straight-line method over the estimated operating lives of the assets. The assets are depreciated over their useful economic lives from the date the project taking over certificate was issued.

The estimated useful economic lives, residual values, and depreciation method are reviewed at each period end with the effect that any changes in estimates are accounted for on a prospective basis. Depreciation is first charged in the year following that in which the expenditure was incurred or, in respect of generation and processing plant, the year of commissioning.

During 2019-20 the remaining useful economic life of the interconnector was increased by 20 years (from an initial life of 40 years to 60 years). The impact of this change was a prospective reduction in current and future depreciation charges of £527,374 per year.

(iii) Subsequent measurement and additions

Subsequent costs, including major inspections, are included in the 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 Group and the cost can be measured reliably. The carrying amount of any replaced asset is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Debtors and Prepayments

Short term debtors and prepayments are measured at transaction price, less any impairment.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within financial liabilities in current liabilities.

Creditors and Accruals

Short term creditors and accruals are measured at transaction price, less any impairment.

Loans Due to Controlling Party

Loans from fellow group entities are initially recognised at transaction price.

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

Taxation

Taxation is provided for all periods for which these financial statements form the basis of assessment.

Share Capital

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

Reserves

Reserves comprises all current and prior period retained profits and losses.

Dividends

Dividends to the company's shareholder are recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholder. These amounts are recognised in the Statement of Income and Retained Earnings

Cash flow Statement

No cash flow statement has been prepared as the Company has satisfied the exemption criteria under Financial Reporting Standard 102 (Section 1.12) as a wholly owned subsidiary of Manx Utilities, whose consolidated financial statements are publically available from its registered office given on page 11.

Arithmetic Rounding

These financial statements are prepared using figures extracted from Manx Utilities' financial systems which are rounded to the nearest penny, but presented here rounded to the nearest pound. This may cause some small differences between total amounts shown and the sum of the amounts (as presented) relating to the total amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out below:

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

(i) Covid-19 pandemic

On the 11 March 2020 the World Health Organisation declared a pandemic in respect of the Covid-19 virus. On the 16 March 2020 the Isle of Man Government invoked powers under the Emergency Powers Act 1936 and introduced numerous regulations and restrictions to the Isle of Man. These powers remained in place until 18 June 2020 and were then reintroduced in varying degrees during January 2021 and March to April 2021 respectively. The introduction of restrictions to normal activities has had a significant adverse impact on economic activity on the Isle of Man, as have restrictions introduced around the world.

The impact of Covid-19 on economic activity could impact on various aspects of an entity's financial statements. Examples of such impacts include the use of the going concern basis of preparation of the financial statements, the impairment of the net book values of fixed assets and the recoverability of debts. The Directors consider that no aspects of these financial statements need to be adjusted for the impact of Covid-19.

(ii) Determination of the useful lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 8 for the carrying amount of the tangible assets and Note 3 for the useful economic lives of the asset.

(iii) Contingent Liabilities (Note 11)

The Company has both statutory and commercial obligations arising from its operating activities. These obligations may give rise to financial liabilities or costs in future years that arise from actions taken previously. Examples include the cost of decommissioning sites at the end of their operating lives, if the cost of decommissioning a site exceeds the residual site value, potential uninsured losses arising from legal claims, or future costs arising from long-term agreements (such as wayleave agreements). Whether such liabilities may arise is highly uncertain and the financial value of such liabilities cannot be reliably predicted. Where circumstances mean a liability is considered likely to occur and its value can be reliably estimated then a provision is made within the financial statements along with consideration of whether there is the possibility for any reimbursement; where no such circumstances have been identified then no provision is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

5. GROSS PROFIT

Gross profit is stated after charging:

	2020-21 £	2019-20 £
Auditor's remuneration	1,000	1,000
Insurance costs	633,429	674,109
Wayleaves	99,496	101,970
Repairs and maintenance	372,756	368,473
Depreciation	823,254	672,114
Operating lease payments	(58,000)	(58,332)

6. TAXATION

The Company is subject to taxation at 0% (2019-20: 0%) and the charge for the year was £nil (2019-20: £nil).

7. FEES AND REMUNERATION

DIRECTORS' FEES

Board Members of Manx Utilities who are also Directors of the Company do not receive Directors' Fees in addition to their Board Members' fees, which are disclosed in Manx Utilities' own financial statements. Employees of Manx Utilities who are also a Director of the Company do not receive Directors' Fees in addition to their employment remuneration. The following Director is neither a Board Member nor employee of Manx Utilities but was a Director throughout the year and received fees as set out below:

	2020-21 £	2019-20 £
C J L Spencer	7,589	7,558
	7,589	7,558

The following Directors of the Company were also Board Members or employees of Manx Utilities during the year:

- W D Mummery (appointed 14 August 2020)
- A J Allinson (resigned 19 May 2020)
- T M Crookall (resigned 19 May 2020)
- P E King
- A W Dobbins

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

8. TANGIBLE ASSETS

Electricity Interconnector	2021 £	2020 £
At 31 March 2020		
Cost	47,701,626	47,632,916
Accumulated depreciation	(20,524,536)	(19,852,422)
Net book amount	27,177,091	27,780,494
Year Ended 31 March 2021		
Opening net book amount	27,177,091	27,780,494
Additions	60,900	68,710
Depreciation	(823,254)	(672,114)
Closing net book amount	26,414,737	27,177,091
At 31 March 2021		
Cost	47,762,526	47,701,626
Accumulated depreciation	(21,347,789)	(20,524,536)
Net book amount	26,414,737	27,177,091

9. SHARE CAPITAL

	2021 £	2020 £
Authorised		
4,500,000 "A" ordinary shares of £1 each	4,500,000	4,500,000
4,500,000 "B" ordinary shares of £1 each	4,500,000	4,500,000
Total	9,000,000	9,000,000
Issued		
4,500,000 "A" ordinary shares of £1 each	4,500,000	4,500,000
4,500,000 "B" ordinary shares of £1 each	4,500,000	4,500,000
Ordinary shares of £1 each	9,000,000	9,000,000

All shares carry the right to one vote, dividends as proposed by the Directors and an equal share of the assets on a winding up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

10. OPERATING LEASES PAYMENTS PAYABLE TO THE COMPANY

In 1999, the Company entered into contractual arrangements with the Manx Electricity Authority (now the Manx Utilities Authority) to obtain capacity on an electricity inter-connector between the United Kingdom and the Isle of Man. These contractual arrangements were entered into by Manx Utilities in order to supply electricity to the Isle of Man from the United Kingdom and to sell electricity generated in the Isle of Man to the United Kingdom.

For 2020-21, the annual payments due from the Manx Utilities Authority were reduced from £9.5 million to £3.1 million to better reflect the level of cost being incurred by the Company from the operation of the interconnector cable.

The Company had the following future minimum lease payments due to it under non-cancellable operating leases as at end of the following periods:

	2021	2020
	£	£
Payments due:		
Not later than one year	3,087,972	3,087,972
Later than one year and not later than five years	12,351,888	12,351,888
Later than five years	43,231,608	46,319,580

11. CONTINGENT LIABILITIES

The Company has entered into wayleave agreements in respect of the interconnector cable which include a clause which can require the Company to move its assets in certain circumstances at its own cost. The Company is aware of construction work in the United Kingdom close to the interconnector cable which may result in the Company incurring unplanned costs. It is uncertain whether this will be required, and as such it is not possible to estimate or disclose the financial impact of this contingent liability.

12. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material events since 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

13. RELATED PARTY TRANSACTIONS

	2021 £	2020 £
Charge levied for use of fibre pair – E-lan Communications Limited	58,000	58,500

All transactions with related parties are at arm's length.

The Company also has related party transactions with its parent entity, Manx Utilities Authority and these have not been disclosed as exemption criteria in FRS 102 Section 1.12 have been met.

Balances due to and from the controlling party are the subject of a loan facility in the amount of £20.0 million (2020: £20.0 million). The amounts are unsecured and require 12 months' notice for repayment. Interest is charged monthly at the interest rate set by the Treasury of the Isle of Man Government for borrowings under the Consolidated Loans Fund plus 0.50%.

Balances due to the controlling party in the current and previous year were unsecured, interest free and repayable on demand.

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Manx Cable Company Limited

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Douglas

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