

**CABLE & WIRELESS COMMUNICATIONS
STARCLASS LIMITED**

Report and Financial Statements

31 March 2001



Report and financial statements 2001

Contents	Page
Officers and professional advisors	2
Directors' report	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	6

Officers and professional advisors

Directors

J D Fitz
R E Lerwill
R Drolet

Secretary

K K Claydon

Registered Office

124 Theobalds Road
London
WC1X 8RX

Cable & Wireless Communications Starclass Limited

Directors' report

The Directors present their annual report and the financial statements for the year ended 31 March 2001.

Principal activities and review of developments

The Company has not traded during the current and previous years and will remain dormant for the foreseeable future.

Result and dividends

The Company recorded a nil result for the year ended 31 March 2001 (2000: £nil).

The Directors do not recommend the payment of a dividend (2000: £nil).

Directors and their interests

The Directors who held office during the year were as follows:

R Drolet	
R Beveridge	(resigned 30 May 2000)
G Clarke	(resigned 30 May 2000)
M Molyneux	(resigned 30 May 2000)
J D Fitz	(appointed 30 May 2000)
R E Lerwill	(appointed 30 May 2000)

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company subsisting at the end of the financial year. The beneficial interests of the Directors in the shares of Cable and Wireless plc are as follows:

	At 1 April 2000 (or later date of appointment)	Shares acquired or options granted	Shares disposed or options exercised	At 31 March 2001	
R Drolet	-	20,000	-	20,000	
	3,289	-	-	3,289	(a)
	17,312	17,595	-	34,907	(b)
	13,236	-	-	13,236	(d)
	-	10,031	-	10,031	(e)
J D Fitz	1,209	9	-	1,218	
	619	-	-	619	(a)
	80,927	-	-	80,927	(b)
	4,008	668	-	4,676	(c)
	12,033	-	-	12,033	(d)
	8,261	-	-	8,261	(e)

All interests are in fully paid Ordinary Shares, unless marked (a) which are options to purchase Ordinary Shares under the C&W Employee Savings Related Share Option Scheme, (b) which are options to purchase Ordinary Shares under the discretionary share option schemes, (c) which are C&W Long Term Incentive Plan (LTIP) 1998 (notional), (d) which are contingent share awards under the C&W Performance Share Plan (PSP) 1999 granted on 1 April 1999 or (e) which are contingent share awards under the C&W Performance Share Plan 2000 granted on 1 April 2000. Full details of the LTIP and the PSP are included in the financial statements of the ultimate parent company, Cable and Wireless plc.

The interests in shares of Cable and Wireless plc for R E Lerwill are disclosed in the Annual Report and Accounts for the year ended 31 March 2001 for that company.

Directors' report (continued)

Employees

During the year the Company had no employees.

Payments to suppliers

During the year, the Company did not enter into contracts with suppliers.

Elective regime

The Company has passed elective resolutions in accordance with Section 379A of the Companies Act 1985 as amended ("the Act") to dispense with the formalities of:

- the laying of accounts before the Company in general meeting (Section 252 of the Act);
- the holding of annual general meetings (Section 366A of the Act);
- the obligation to appoint auditors annually (Section 386 of the Act).

Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with Section 238(1) of the Act.

By order of the Board:



K K. CLAYDON
Secretary

Date: 16 January 2002

Profit and loss account

For the year ended 31 March 2001

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor a loss.

Cable & Wireless Communications Starclass Limited

Balance sheet

At 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investments	3	858	858
Creditors: amounts falling due within one year	4	(883)	(883)
Net liabilities		<u>(25)</u>	<u>(25)</u>
Capital and reserves			
Called up share capital	5	93	93
Profit and Loss account		(118)	(118)
		<u>(25)</u>	<u>(25)</u>
Equity shareholder funds		(110)	(110)
Non-equity shareholder funds		85	85
		<u>(25)</u>	<u>(25)</u>

The Directors confirm that:

- (a) For the year ended 31 March 2001 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 and
- (b) Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for (a) ensuring the Company keeps accounting records which comply with section 221 of the Companies Act 1985; and (b) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226 of that act, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These accounts were approved by the Board of Directors on 16 January 2002 and signed on its behalf by:


R E LERWILL

Director

The accompanying notes form an integral part of this statement.

Notes to the financial statements

1. Accounting policies

The principal accounting policies, which have been applied consistently in the preparation of the accounts for the current and previous year, are as follows:

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom on the historical cost basis.

Fixed asset investments

Fixed asset investments are stated at cost less provisions for impairment.

Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised), the Company has not prepared a cash flow statement because it is a wholly owned subsidiary of a company, incorporated in Great Britain, which prepares a consolidated cashflow statement.

2. Information regarding directors and employees

The Directors did not receive any remuneration during the year (2000 - £nil).

3. Investments held as fixed assets

	2001 £'000	2000 £'000
Shares in subsidiary undertaking: Cost at 1 April and 31 March	<u>858</u>	<u>858</u>

This represents a 68.7% holding in the ordinary share capital of City Cable (Holdings) Limited, a dormant company registered in England & Wales, which in turn, owns 80% of the ordinary share capital of London Hydraulic Power Company, also registered in England & Wales, whose principal activity is the ownership of an underground mains system used for communications purposes.

In the opinion of the Directors, the value of this investment is not worth less than the amount at which it is included above.

4. Creditors

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Amounts owed to Group undertakings	<u>883</u>	<u>883</u>

Cable & Wireless Communications Starclass Limited

Notes to the financial statements (continued)

5. Share capital

	2001 £'000	2000 £'000
Authorised:		
85,078 deferred shares of £1 each	85	85
1,492,200 ordinary shares of 1p each	<u>15</u>	<u>15</u>
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
850,780 ordinary shares of 1p each	8	8
Non Equity Interests:		
85,078 deferred shares of £1 each	<u>85</u>	<u>85</u>
	<u>93</u>	<u>93</u>

6. Trading results

The Company has made neither a profit nor loss nor any other recognised gain or loss during the year ended 31 March 2001 or the year ended 31 March 2000.

7. Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 not to disclose related party transactions with Cable and Wireless plc Group companies.

9. Ultimate parent company and controlling undertaking

The Directors regard Cable and Wireless plc, a Company registered in England and Wales, as the ultimate parent company and controlling undertaking.

The largest Group in which the results of the Company are consolidated is that of which Cable and Wireless plc is the parent company. The consolidated accounts of Cable and Wireless plc may be obtained from 124 Theobalds Road, London, WC1X 8RX. No other group accounts include the results of the Company.