

STARCLASS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997
Company Registration Number: 1018703



REPORT OF THE DIRECTORS

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REPORT OF THE DIRECTORS

The directors present their report together with the unaudited financial statements for the year ended 31 March 1997.

BUSINESS REVIEW

The Company has not traded or made profits or losses during the year ended 31 March 1997.

DIRECTORS

The following directors held office during the year under review:

C J Athersych	Appointed 14 August 1996
S Boraman	Resigned 14 August 1996
J A Chisholm	

The directors have no interests in the shares of the Company, nor any disclosable interest in any contracts or arrangements with the Company either subsisting at the end of the financial year or entered into since their date of appointment.

The beneficial interests of the directors holding office on 31 March 1997, and their families in the shares of the ultimate holding undertaking were as below:

Cable & Wireless plc ordinary shares of 25p each:

	C J Athersych	J A Chisholm
Ordinary shares		
At 31 March 1996 (or date of appointment if later)	-	7,756
At 31 March 1997	-	7,848
Options to acquire ordinary shares		
At 31 March 1996 (or date of appointment if later)		
SAYE	2,419	4,787
SESOS/RESOS	30,834	4,000
Granted in the year		
SAYE	-	695
SESOS/RESOS	-	-
Exercised in the year		
SAYE	-	(1,348)
SESOS/RESOS	(16,834)	-
At 31 March 1997		
SAYE	2,419	4,134
SESOS/RESOS	14,000	4,000

SAYE	<i>Options granted under the C&W Employee Savings Related Share Option Scheme</i>
SESOS	<i>Options granted under the C&W Senior Employees Share Option Scheme</i>
RESOS	<i>Options granted under the C&W Revenue Approved Share Option Scheme</i>

REPORT OF THE DIRECTORS

AUDITORS

In accordance with section 250(3) of the Companies Act 1985, the Company qualifies as a dormant company and has resolved that auditors shall not be appointed.

By order of the Board

A handwritten signature in black ink, appearing to read 'C J Athersych', written in a cursive style.

C J Athersych
Secretary

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those 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 accounting standards in the United Kingdom have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

BALANCE SHEET

At 31 March 1997

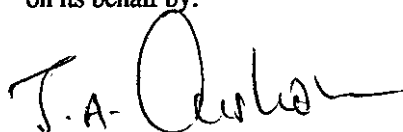
	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Investments	3	858	858
CREDITORS: amounts falling due within one year	4	(883)	(883)
NET LIABILITIES		<u>(25)</u>	<u>(25)</u>
CAPITAL AND RESERVES			
Called up share capital	5	93	93
Profit and loss account		(118)	(118)
EQUITY SHAREHOLDERS' FUNDS		<u>(25)</u>	<u>(25)</u>

The notes on pages 6 to 7 form part of these financial statements.

The Company was dormant within the meaning of Section 250(3) of the Companies Act 1985 throughout the year ended 31 March 1997.

There was no movement in shareholder funds during the year nor recognised gains and losses as the Company has not traded or made profits or losses in the current and previous financial years.

The financial statements on pages 5 to 7 were approved by the Board of Directors on 29 May 1997 and signed on its behalf by:



J A Chisholm
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention.

The immediate parent undertaking, Mercury Communications Limited, has confirmed that it will continue to provide financial and other support to the Company for the foreseeable future.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Mercury Communications Limited, in whose consolidated accounts a Group cash flow statement is included.

2. PROFIT AND LOSS ACCOUNT

The Company has not traded, made profits or losses nor incurred any liabilities during the year ended 31 March 1997, therefore, no profit and loss account is attached.

3. INVESTMENT IN SUBSIDIARY UNDERTAKING

	1997 £'000	1996 £'000
Shares in subsidiary undertaking		
Cost at 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 shares in this subsidiary undertaking are worth not less than the value stated in the balance sheet.

4. CREDITORS

	1997 £'000	1996 £'000
Amounts falling due within one year		
Amounts owed to parent undertaking	<u>883</u>	<u>883</u>

5. SHARE CAPITAL

	1997 £'000	1996 £'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>

The non-voting deferred shares are not entitled to any dividend, and rank second in any winding-up, being entitled only to the amount paid up on the shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1997

6. POST BALANCE SHEET EVENTS

On 28 April 1997, an offer for shares took place to effect the merger of the immediate parent undertaking, Mercury Communications Limited, NYNEX CableComms Group PLC and NYNEX CableComms Group Inc, Bell Cablemedia plc and Videotron Holdings plc to form Cable & Wireless Communications plc.

7. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions and balances with related parties on the grounds that 100% of its voting rights are controlled directly by Mercury Communications Limited, in whose consolidated accounts all relevant transactions have been disclosed.

8. ULTIMATE HOLDING UNDERTAKING

Under Section 228 of the Companies Act 1985, group accounts are not required as the Company is itself a wholly owned subsidiary of Mercury Communications Limited which is registered in England and Wales. A copy of the financial statements of Mercury Communications Limited can be obtained from Mercury Communications Limited, Mercury House, Red Lion Square, London WC1R 4HQ.

The Company's ultimate holding undertaking, as regarded by the directors, and head of the group in which the results of the Company are consolidated, is Cable and Wireless plc, incorporated in Great Britain and registered in England and Wales. A copy of Cable and Wireless plc's financial statements can be obtained from Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX.