

**CABLE & WIRLESS COMMUNICATIONS  
STARCLASS LIMITED**

**Report and Financial Statements**

**31 March 2002**



**Registered Office:  
124 Theobalds Road  
London  
WC1X 8RX**

## **Cable & Wireless Communications Starclass Limited**

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## Cable & Wireless Communications Starclass Limited

### Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2002.

### Principal activities and review of developments

The Company's principal activity is to act as a holding company.

### Result and dividends

The Company recorded a loss of £572,000 for the year ended 31 March 2002 (2001: £Nil).

The Directors do not recommend the payment of a dividend (2001: £Nil).

### Directors and their interests

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

R Drolet  
J D Fitz  
RE Lerwill

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

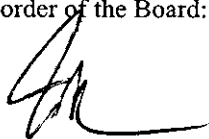
	At 1 April 2001	Shares acquired or options granted	Shares disposed or options exercised	At 31 March 2002
R Drolet	20,000	4,140	-	24,140
	3,289	-	3,289	- (a)
	34,907	172,059	-	206,966 (b)
	13,236	-	-	13,236 (d)
	10,031	-	-	10,031 (e)
	-	57,353	-	57,353 (f)
J D Fitz	1,218	4,881	-	6,099
	619	2,075	-	2,694 (a)
	80,927	176,471	-	257,398 (b)
	4,676	205	4,881	- (c)
	12,033	-	-	12,033 (d)
	8,261	-	-	8,261 (e)
	-	58,824	-	58,824 (f)

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 1998 (notional), (d) which are contingent share awards granted on 1 April 1999 under the C&W Performance Share Plan (PSP) 1999, (e) which are contingent share awards granted on 1 April 2000 under the C&W PSP 2000 or (f) which are contingent share awards granted on 27 July 2001 under the C&W PSP 2001. Full details of the LTIP and the PSP are included in the financial statements of the ultimate parent company, Cable and Wireless plc.

## **Cable & Wireless Communications Starclass Limited**

The interests in the shares of Cable and Wireless plc for R E Lerwill are disclosed in the Annual Report and Accounts of that company for the year ended 31 March 2002.

By order of the Board:



**J M BOLTON**  
Assistant Secretary

Date: 10 February 2003

## **Cable & Wireless Communications Starclass Limited**

### **Statement of directors' responsibilities**

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 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 proper accounting records which 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 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.

## **Cable & Wireless Communications Starclass Limited**

### **Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Communications Starclass Limited**

We have audited the financial statements on pages 5 to 10.

#### **Respective responsibilities of directors and auditors**

The Directors are responsible for preparing the Directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

*10 February 2003*

## Cable & Wireless Communications Starclass Limited

### Profit and loss account for the year ended 31 March 2002

	<i>Note</i>	<b>2002 £'000</b>	2001 £'000
<b>Turnover – continuing operations</b>		-	-
Amounts written - off investments	4	(572)	-
<b>Loss on ordinary activities before and after taxation</b>		<u>(572)</u>	<u>-</u>
Taxation	3	-	-
<b>Retained loss for the year</b>		<u><u>(572)</u></u>	<u><u>-</u></u>

The Company had no recognised gains or losses other than those reflected in the profit and loss account.

There is no difference between the reported loss and historical cost loss.

# Cable & Wireless Communications Starclass Limited

## Balance sheet

at 31 March 2002

	Note	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Investments	4	286	858
<b>Creditors: amounts falling due within one year</b>	5	(883)	(883)
<b>Net liabilities</b>		<u>(597)</u>	<u>(25)</u>
<b>Capital and reserves</b>			
Called up share capital	6	93	93
Profit and Loss account	7	(690)	(118)
		<u>(597)</u>	<u>(25)</u>
Equity shareholder's funds		(682)	(110)
Non-equity shareholder's funds		85	85
		<u>(597)</u>	<u>(25)</u>

These financial statements were approved by the Board of Directors on 10 February 2003 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 following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements except as noted below. The Company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements. No material adjustment has arisen through the adoption of these standards and consequently the comparative figures have not been restated.

**Basis of preparation**

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £597,000. The Directors have reviewed the financial position of the Company, including the arrangements with group undertakings, and believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

**Deferred taxation**

The Company adopted FRS 19 'Deferred Tax' during the year. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**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 (2001: £Nil). The Company had no employees in the year (2001: Nil).

# Cable & Wireless Communications Starclass Limited

## Notes to the financial statements (continued)

### 3. Tax on ordinary activities

Analysis of charge in the period:	2002	2001
	£	£
<i>Corporation tax</i>		
Current tax on loss for the year	-	-

There is no corporation tax charged or credited during the year (2001: £Nil). The reasons for this compared to the standard rate of corporation tax in the UK of 30% (2001: 30%) are explained below:

	2002	2001
	£	£
Loss on ordinary activities before taxation	(572)	-
Current tax at 30% (2001: 30%)	172	-
Effects of:		
-Write - down of investments	(172)	-
	-	-

#### *Factors that may affect future charges*

A deferred tax asset of £172,000 (2001: £Nil) has not been recognised on capital losses as these are not considered recoverable in the foreseeable future.

### 4. Investments held as fixed assets

	2002	2001
	£'000	£'000
Shares in subsidiary undertaking:		
Cost at 1 April 2001 and 31 March 2002	858	858
Amounts written off:		
At 1 April 2001	-	-
Amounts written off in year	(572)	-
At 31 March 2002	(572)	-
Net Book Value at 31 March 2002	286	858
Net Book Value at 1 April 2001	858	858

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.

# Cable & Wireless Communications Starclass Limited

## Notes to the financial statements (continued)

### 4. Investments held as fixed assets (continued)

The write-down in the year ended 31 March 2002 reflects the reduction in the net assets of London Hydraulic Power Company.

In the opinion of the Directors, at 31 March 2002, the value of this investment is not worth less than the amount at which it is included above.

### 5. Creditors

	2002 £'000	2001 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed to Group undertakings	883	883

### 6. Share capital

	2002 £'000	2001 £'000
<b>Authorised:</b>		
85,078 deferred shares of £1 each	85	85
1,492,200 ordinary shares of 1p each	15	15
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
850,780 ordinary shares of 1p each	8	8
<b>Non Equity Interests:</b>		
85,078 deferred shares of £1 each	85	85
	<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.

### 7. Reserves

	Profit and loss account £'000
At 1 April 2001	(118)
Loss for the year	(572)
At 31 March 2002	<u>(690)</u>

## Cable & Wireless Communications Starclass Limited

### Notes to the financial statements *(continued)*

#### 8. Reconciliation of movements in shareholder's funds

	2002 £'000	2001 £'000
Opening balance	(25)	(25)
Loss for the year	(572)	-
Closing balance	<u>(597)</u>	<u>(25)</u>

#### 9. Related party transactions

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Cable & Wireless Group, or investees of the Group qualifying as related parties, as all of the Company's voting rights are controlled within the Group. There are no transactions with any other related parties

#### 10. 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 The Secretary, Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX.