

STARCLASS LIMITED

Report and Accounts

31 March 1998



REPORT AND ACCOUNTS 1998

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OFFICERS

DIRECTORS

G Wallace
N Mearing-Smith
R Drolet

SECRETARY

R Drolet

REGISTERED OFFICE

Caxton Way
Watford Business Park
Watford
Hertfordshire
WD1 8HX

STARCLASS LIMITED

DIRECTORS REPORT

The Directors present their annual report and the unaudited accounts for the year ended 31 March 1998.

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 has made neither a profit nor loss for the year ended 31 March 1998 (1997: £nil).

The Directors do not recommend the payment of a dividend (1997: £nil).

DIRECTORS AND THEIR INTERESTS

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

C Athersych	(resigned 2 June 1997)
J Chisholm	(resigned 2 June 1997)
R Drolet	(appointed 2 June 1997)
N Mearing-Smith	(appointed 2 June 1997)
G Wallace	(appointed 2 June 1997)

Where the Directors held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications plc, such interest is disclosed in the accounts of Cable & Wireless Communications plc, except as stated below:

Ordinary shares of Cable & Wireless Communications plc:

	At 1 January 1997 (or later date of appointment)	Shares acquired	Shares disposed	At 31 March 1998
N Mearing-Smith	153,949	-	-	153,949

Options to subscribe for ordinary shares in Cable & Wireless Communications plc:

	At 1 January 1997 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1998	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	57,542	-	-	57,542	\$4.583	1/5/97	2/7/03

EMPLOYEES

The Company has no employees. Most Group employees are employed by a fellow Group Company, Cable & Wireless Communications plc.

DIRECTORS REPORT

YEAR 2000

The matters relating to the impact of the Year 2000 issue on the reporting systems and operations of the Company are set out on page 23 of the 1998 Annual Report and Accounts of Cable & Wireless Communications plc.

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.

Approved by the Board of Directors
and signed on its behalf by:



R Drolet

Secretary

22 January 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the financial year:

The Directors are responsible for ensuring that in preparing the accounts, the Company has:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any explanations and material departures disclosed in the notes to the accounts; and
- prepared the accounts 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 the financial position of the Company which enable them to ensure that the accounts comply with the Companies Act 1985. 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.

STARCLASS LIMITED

BALANCE SHEET 31 March 1998

	Note	31 March 1998 £'000	31 March 1997 £'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 Company was dormant throughout the current and prior year.

These accounts were approved by the Board of Directors on 22 January 1999 and signed on its behalf by:



R Drolet

Director

The accompanying notes form an integral part of this statement.

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

1. STATEMENT OF 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:

(a) Basis of preparation

The accounts are prepared in accordance with applicable Accounting Standards in the United Kingdom and on the historical cost basis.

(b) Fixed asset investments

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

Group accounts are not prepared as the Company is a wholly owned subsidiary of another Company incorporated in Great Britain which prepares Group accounts.

(c) 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 is part of a Group which prepares a consolidated cash flow statement (see Note 8).

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors did not receive any remuneration during the year (1997 - £nil).

Cable & Wireless Communications plc, a fellow Group Company, employs most of the Group's employees. Details of staff numbers and staff costs for the Group are disclosed in the accounts of Cable & Wireless Communications plc.

3. INVESTMENTS HELD AS FIXED ASSETS

	31 March 1998 £'000	31 March 1997 £'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 value of this investment is not worth less than the amount at which it is included above.

4. CREDITORS

	31 March 1998 £'000	31 March 1997 £'000
Amounts falling due within one year:		
Amounts owed to parent undertaking	<u>883</u>	<u>883</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

5. SHARE CAPITAL

	31 March 1998 £'000	31 March 1997 £'000
Authorised:		
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>
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	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.

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 1998 or the year ended 31 March 1997 and accordingly no profit and loss account has been presented.

Auditors' remuneration has been borne by a fellow subsidiary Company.

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 & Wireless Communications plc Group Companies.

8. 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.

The smallest Group in which the results of the Company are consolidated is that of which Cable & Wireless Communications plc is the parent Company. The consolidated accounts of Cable & Wireless Communications plc may be obtained from Caxton Way, Watford Business Park, Watford, Hertfordshire, WD1 8XH.

The Company is dependent on the financial support of Cable & Wireless Communications plc in order to meet its obligations as they fall due. Cable & Wireless Communications plc has indicated that it will continue to support the Company, thereby enabling it to meet its obligations as they fall due, for a period of not less than one year from the date of this report.