

**CABLE & WIRELESS GLOBAL MARKETS
EQUIPMENT LIMITED**

Directors' report and financial statements

31 March 2008

**Registered Office:
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Cain Road
Bracknell
Berkshire
RG12 1XL**

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2008.

Principal activity

The Company's principal activity is to hold network assets which are used by other Cable & Wireless group companies.

Business review

No change in the Company's activities is envisaged in the foreseeable future.

The loss for the year amounts to £279,609 (2007: £22,765).

The Company has met the requirements in Companies Act 1985 to obtain the exemption from the need to present an enhanced business review.

Proposed dividends

The Directors do not recommend payment of a dividend (2007: £nil).

Directors

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

N I Cooper

J M Jensen

I Gunatilleke

(resigned 22 June 2007)

(appointed 22 June 2007)

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the Board



H. M. HANSCOMB
Company Secretary

Date: 4 September 2008

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 and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 judgments 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Markets Equipment Limited

We have audited the financial statements of Cable & Wireless Global Markets Equipment Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, Reconciliation of movements in shareholders funds, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Markets Equipment Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

4th September

2008

Profit and loss account

for the year ended 31 March 2008

	Note	2008 £	2007 £
Turnover	2	3,000	221,000
Operating expenses		(13,546)	(10,027)
Exceptional operating expenses	4	-	(210,948)
Operating (loss)/profit before interest and taxation		(10,546)	25
Interest receivable and similar income	5	-	6,307
Interest payable and similar charges	6	(269,063)	-
(Loss)/profit on ordinary activities before taxation		(279,609)	6,332
Tax on ordinary activities	7	-	(29,097)
Loss for the financial year		(279,609)	(22,765)

The results for the period are derived entirely from continuing operations.

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2008

	2008 £	2007 £
Opening shareholders' deficit	(4,577,034)	(4,554,269)
Loss for the financial year	(279,609)	(22,765)
Closing shareholders' deficit	(4,856,643)	(4,577,034)

There are no recognised gains and losses other than the result for the period above. Accordingly, no separate statement of total recognised gains and losses has been presented.

There is no difference between the reported result and that which would be reported under the historical cost convention.

Balance Sheet

for the year ended 31 March 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible fixed assets	8	-	-
Current assets			
Debtors	9	501,578	1,148,738
Creditors: amounts falling due within one year	10	(5,358,221)	(5,725,772)
Net current liabilities		(4,856,643)	(4,577,034)
Net liabilities		(4,856,643)	(4,577,034)
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and loss account	12	(5,356,643)	(5,077,034)
Shareholders' deficit		(4,856,643)	(4,577,034)

These financial statements were approved by the Board of Directors on 4 September 2008 and were signed on its behalf by:


N I COOPER
 Director

The accompanying notes form an integral part of these financial statements.

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 financial statements.

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 a going concern basis, notwithstanding net liabilities of £4,856,643 (2007: £4,577,034). 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.

Tangible fixed assets and depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and their estimated residual value in equal annual instalments over the estimated useful life of the assets. These lives are:

Plant and equipment 3 or 5 years

Cash flow statement

Under FRS1 (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. A consolidated cash flow statement is included in the financial statements of Cable and Wireless plc in which the Company is consolidated and which are publicly available from the address in note 14.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Turnover

Turnover arises wholly in the United Kingdom and comprises of revenue earned from the use of its assets by fellow group companies.

3. Notes to the profit and loss account

Directors' emoluments are borne by other group companies in the current and prior year.

The Company had no employees during the year (2007: nil).

In the current year and the prior year, the auditors remuneration of £3,000 for the audit of these financial statements has been borne by another group company.

Notes to the financial statements (continued)

4. Exceptional operating expenses

	2008 £	2007 £
Intercompany debtor write off	-	210,948

During the prior year the Company wrote off a balance owed by a fellow group company as it is no longer considered recoverable.

5. Interest receivable and similar income

	2008 £	2007 £
Interest receivable from group undertakings	-	6,307

6. Interest payable and similar charges

	2008 £	2007 £
Interest payable to group undertakings	269,063	-

7. Tax on ordinary activities

	2008 £	2007 £
Analysis of charge (credit) in the period:		
<i>UK Corporation tax</i>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	29,097
Tax on ordinary activities	-	29,097

Factors affecting the tax charge for the current period

The current tax charge is higher (2007: higher) than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before taxation	(279,609)	6,332
Current tax at 30% (2007: 30%)	(83,883)	1,900
Effects of:		
-Group relief surrendered/(claimed) without payment	83,883	(1,900)
-Adjustments in respect of prior periods	-	29,097
Total current tax charge	-	29,097

Notes to the financial statements (continued)

7. Tax on ordinary activities (continued)

Factors that may affect future tax charges

A deferred tax asset of £1,567,616 (2007: £1,875,675) has not been recognised on timing differences resulting from depreciation in excess of capital allowances, as these are not considered recoverable in the foreseeable future.

The corporation tax rate applicable to the Company will reduce from 30% to 28% from 1 April 2008.

8. Tangible fixed assets

	Plant and Equipment £
Cost	
At 1 April 2007 and at 31 March 2008	7,389,401
Depreciation	
At 1 April 2007 and at 31 March 2008	7,389,401
Net book value	
At 31 March 2007 and at 31 March 2008	-

9. Debtors

	2008 £	2007 £
Amounts falling due within one year:		
Amounts owed by group undertakings	1,513	646,209
Called up share capital not paid	500,000	500,000
Other debtors	65	2,529
	<u>501,578</u>	<u>1,148,738</u>

10. Creditors

	2008 £	2007 £
Amounts falling due within one year:		
Amounts due to group undertakings	5,296,254	5,482,589
Accruals and deferred income	61,967	243,183
	<u>5,358,221</u>	<u>5,725,772</u>

The amount owed by group undertakings includes a loan payable to Cable & Wireless Europe Holdings Limited of £5,104,708 which bears interest of LIBOR plus 1%. The loan and any interest accrued thereon become repayable in full on the last day of each borrowing period or immediately upon demand by the lender.

Notes to the financial statements (continued)

11. Called up share capital

	2008 £	2007 £
Authorised:		
5,000,000 ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and paid:		
1,000,000 ordinary shares of £1 each 50p paid	<u>500,000</u>	<u>500,000</u>

Unpaid called up share capital of £500,000 (see note 9) arises since the investment by Cable & Wireless Global Businesses International S.a.r.l comprised £500,000 investment in shares and intercompany loan of £500,000.

12. Reserves

	£
Profit and loss account	
At 1 April 2007	(5,077,034)
Loss for the financial year	<u>(279,609)</u>
At 31 March 2008	<u>(5,356,643)</u>

13. Related party transactions

Under FRS 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.

14. Ultimate parent company and controlling party

The Company's immediate parent company is Cable & Wireless Global Businesses International S.a.r.l, registered in Luxembourg.

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

The smallest and largest group in which the results of the Company are consolidated is that of Cable and Wireless plc, the parent company. The consolidated financial statements of Cable and Wireless plc may be obtained from the Secretary, Cable and Wireless plc, 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ. No other group accounts include the results of the Company.