

**CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES  
LIMITED**

**Report and Financial Statements**

**31 March 2004**



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COMPANIES HOUSE

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16/12/04

Registered Office:  
124 Theobalds Road  
London  
WC1X 8RX

**To the Company's Ordinary Shareholders**

**Elective regime**

On 7 February 1991 the Company 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.

**Cable & Wireless Communications Data Network Services Limited**

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# Cable & Wireless Communications Data Network Services Limited

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2004.

### Principal activities

The principal activity of the Company was the provision of managed data network services. The business was transferred to a fellow subsidiary Company effective from 1 April 2003. As the Directors intend to liquidate the Company, the Directors have not prepared the accounts on a going concern basis. The effect of adopting this basis is explained in note 1.

### Results and appropriations

The loss for the year amounted to £173,000 (2003: profit of £125,486,000) and has been dealt with in the attached financial statements. An interim dividend of £166,667 per 'A' Ordinary share was paid on 31 March 2004. The Directors do not recommend the payment of a final dividend.

### Directors and their interests

The Directors who held office during the year and subsequent to the year end were as follows:

R Drolet	resigned 6 July 2003
J D Fitz	resigned 27 May 2003
R E Lerwill	resigned 5 June 2003
G H Norton	appointed 1 July 2003, resigned 16 September 2004
R Hoggarth	appointed 14 July 2003
L Solomon	appointed 16 September 2004

The Directors who held office at the end of the financial year had 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 Directors who held office at the end of the financial year had the following beneficial interests in the shares of Cable and Wireless plc:

	At 1 April 2003 (or later date of appointment)	Shares acquired or options granted	Shares disposed or options exercised or lapsed	Closing Balance at 31 March 2004	
R Hoggarth	-	100,000	-	100,000	
	-	8,576	-	8,576	(a)
	-	930,438	-	930,438	(b)
	-	100,000	-	100,000	(c)
G H Norton	10,452	886	-	11,338	
	-	10,393	-	10,393	(a)
	150,000	-	-	150,000	(b)

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, or (c) which are restricted shares which will vest on 14 July 2006.

By order of the Board



**H M HANSCOMB**

*Assistant Secretary*

Date: 26 November 2004

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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. As explained in note 1 to the financial statements, the Directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 Data Network Services Limited**

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

We have audited the financial statements on pages 5 to 10, which as described in note 1, have not been prepared on a going concern basis.

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 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 2004 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

*26 November 2004*

# Cable & Wireless Communications Data Network Services Limited

## Profit and loss account for the year ended 31 March 2004

	Note	2004 £000	2003 £000
<b>Turnover – continuing operations</b>	1	-	270,378
Cost of sales		-	(90,875)
<b>Gross profit</b>		-	179,503
Operating costs	2	-	(1,417)
Loss on disposal of fixed assets	5	(173)	-
<b>(Loss) / profit on ordinary activities before taxation</b>		(173)	178,086
Taxation	4	-	(52,600)
<b>(Loss) / profit for the financial year</b>		(173)	125,486
Interim dividend paid		(125,000)	-
<b>Retained (loss) / profit for the financial year</b>		(125,173)	125,486

As stated in note 1, the Company is to be liquidated and activities have been discontinued. Therefore there is no turnover during the year.

The Company had no recognised gains or losses other than those reflected in the profit and loss account, accordingly no statement of recognised gains and losses has been prepared.

There is no difference between the reported loss and historical cost loss for the period stated above. No note of historic profits and losses has been prepared.

# Cable & Wireless Communications Data Network Services Limited

## Balance sheet

At 31 March 2004

	Note	2004 £000	2003 £000
<b>Fixed assets</b>			
Tangible assets	5	-	173
<b>Current assets</b>			
Debtors	6	110,637	235,637
<b>Creditors: amounts falling due within one year</b>	7	(76,653)	(76,653)
<b>Net current assets</b>		33,984	158,984
<b>Net assets</b>		33,984	159,157
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	9	33,983	159,156
<b>Equity shareholder's funds</b>	10	33,984	159,157

These financial statements were approved by the Board of Directors on **26 November** 2004 and were signed on its behalf by:

  
**L SOLOMON**  
 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.

#### **Basis of preparation**

In previous years the financial statements have been prepared on a going concern basis. As the Directors intend to liquidate the Company the Directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in the financial statements.

#### **Cash flow statement**

Under FRS 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. 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 12.

#### **Turnover and revenue recognition**

Turnover, which excludes value added tax, is accounted for on the accruals basis. Revenue is recognised in the period in which the service is provided. Turnover arises from the Company's principal activity being the provision of managed data network services in the United Kingdom.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are recorded at cost, which includes materials, direct labour and other incremental costs applicable to the design, construction and connection of the telecommunications network, plant and equipment.

Incremental costs to be capitalised include all costs of those departments responsible solely for design, construction and connection. Where departments spend only part of their time on functions directly connected with design, construction and connection, the relevant proportion of total overheads is capitalised. Where the projects do not become operational, costs are written off to the profit and loss account.

Costs of departments relating to revenue related operations, such as direct selling, marketing and other customer related departments, are not capitalised.

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 lives of the assets. The useful lives are as follows:

##### **Land and buildings:**

- Leasehold land and buildings	up to 40 years or term of lease if less
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##### **Communications network plant and equipment:**

- ducting and network construction	10 to 40 years
- electronic equipment and cabling	10 to 20 years
- other network plant and equipment	6 to 25 years
- non-network plant and equipment	3 to 10 years

#### **Deferred taxation**

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 except as otherwise required by FRS19. 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.

# Cable & Wireless Communications Data Network Services Limited

## Notes to the financial statements (continued)

### 2. (Loss) / Profit on ordinary activities before taxation

	2004 £'000	2003 £'000
(Loss) / Profit on ordinary activities before taxation is stated after charging:		
Depreciation of owned fixed assets	-	1,417

The auditors' remuneration for the financial year ended 31 March 2004 and the preceding year has been borne by a fellow group company.

### 3. Information regarding Directors and employees

The Directors did not receive any remuneration during the year (2003: £nil). The Company had no employees during the year.

### 4. Tax on ordinary activities

Analysis of charge in the period:

	2004 £'000	2003 £'000
<i>UK Corporation Tax</i>		
Current tax (credit) / charge on income for the year	-	52,600
Tax on profit on ordinary activities	-	52,600

The current tax credit is lower than (2003:charge is lower than) the standard rate of corporation tax in the UK of 30% (2003:30%). The differences are explained below:

	2004 £'000	2003 £'000
<i>Current tax reconciliation:</i>		
(Loss) / Profit on ordinary activities	(173)	178,086
Current tax (credit) / charge at 30% (2003: 30%)	(52)	53,426
<i>Effects of:</i>		
Expenditure not deductible for tax purposes	52	-
Capital allowances for period in excess of depreciation	-	(826)
	-	52,600

#### Factors that may affect future tax charges

A deferred tax asset of £nil (2003:£3,699,315) 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.

# Cable & Wireless Communications Data Network Services Limited

## Notes to the financial statements

### 5. Tangible assets

	Short Leasehold Land and Buildings £'000	Non-network plant and Equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2003	298	106,118	106,416
Transfer to associated undertaking	(298)	(106,118)	(106,416)
<b>At 31 March 2004</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Depreciation</b>			
At 1 April 2003	125	106,118	106,243
Transfer to associated undertaking	(125)	(106,118)	(106,243)
<b>At 31 March 2004</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
<b>At 31 March 2004</b>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2003	<u>173</u>	<u>-</u>	<u>173</u>

At 1 April 2003 assets valued at £173,000 were transferred to an associated undertaking, Cable & Wireless UK, for nil consideration and resulted in a loss on disposal of £173,000.

### 6. Debtors

	2004 £'000	2003 £'000
Amounts owed by fellow group undertakings	<u>110,637</u>	<u>235,637</u>

### 7. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed to fellow group undertakings	<u>76,653</u>	<u>76,653</u>

### 8. Share capital

	2004 £	2003 £
Authorised, allotted, called-up and fully paid:		
<b>Equity Interests</b>		
750 'A' Ordinary shares of £1 each	750	750
<b>Non Equity Interests</b>		
250 'B' Ordinary shares of £1 each	250	250
	<u>1,000</u>	<u>1,000</u>

The non-voting 'B' Ordinary shareholders are not entitled to any dividend, and rank equally on any winding-up, being entitled only to the amount paid up on the shares.

# Cable & Wireless Communications Data Network Services Limited

## Notes to the financial statements

### 9. Reserves

	Profit and Loss Account £'000
At 1 April 2003	159,156
Retained loss for the year	(125,173)
At 31 March 2004	<u>33,983</u>

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

	2004 £'000	2003 £'000
Opening deficit in shareholder's funds	159,157	33,671
(Loss) / profit for the year	(125,173)	125,486
Closing shareholder's funds	<u>33,984</u>	<u>159,157</u>

### 11. 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.

### 12. 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.