

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

**Report and Accounts**

**31 March 2000**



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

## **REPORT AND ACCOUNTS 2000**

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

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

R Drolet  
J D Fitz  
R E Lerwill

### **SECRETARY**

K K Claydon

### **REGISTERED OFFICE**

124 Theobalds Road  
London  
WC1X 8RX

### **AUDITORS**

Arthur Andersen  
1 Surrey Street  
London  
WC2R 2PS

# CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED

## DIRECTORS' REPORT

The Directors present their annual report and the audited accounts of the year ended 31 March 2000.

## PRINCIPAL ACTIVITY AND REVIEW OF DEVELOPMENTS

The principal activity of the Company is the provision of managed data network services. It is the Directors' intention to continue the business in line with current activities.

## RESULTS AND DIVIDENDS

The Company made a profit for the year of £8,756,000 (1999: loss of £21,945,000).

The Directors do not recommend the payment of a dividend (1999: £nil).

## DIRECTORS AND THEIR INTERESTS

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

R Drolet	
G Wallace	(resigned 1 April 1999)
R Beveridge	(appointed 1 April 1999, resigned 30 May 2000)
G Clarke	(appointed 1 April 1999, resigned 30 May 2000)
M Molyneux	(appointed 1 April 1999, resigned 30 May 2000)
J D Fitz	(appointed 30 May 2000)
R E Lerwill	(appointed 30 May 2000)

Where those Directors serving at the year end held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications Ltd (now renamed NTL (CWC) Ltd), such interest is disclosed in the accounts of Cable & Wireless Communications Ltd, except as stated below:

Options to subscribe for ordinary shares in Cable and Wireless plc:

		At 1 April 1999 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 2000	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	(i)	3,289	-	-	3,289	£5.59	01/03/01	31/08/06
	(ii)	-	14,258	-	14,258	£9.82	22/12/02	22/12/06
	(iii)	-	3,054	-	3,054	£9.82	22/12/02	22/12/09
	(iv)	-	13,236	-	13,236	£0.00	31/03/02	
M Molyneux	(i)	4,816	-	-	4,816	£3.58	01/03/01	31/08/01
	(ii)	8,866	-	-	8,866	£4.21	03/07/99	02/07/03
	(ii)	-	11,202	-	11,202	£9.82	22/12/02	22/12/06
	(iii)	7,134	-	-	7,134	£4.21	03/07/99	02/07/06
R Beveridge	(ii)	-	15,276	-	15,276	£9.82	22/12/02	22/12/06
	(iii)	-	3,054	-	3,054	£9.82	22/12/02	22/12/09
	(iv)	-	16,365	-	16,365	£0.00	31/03/02	

- (i) Granted under the Cable & Wireless Employee Savings-Related Share Option Scheme.
- (ii) Granted under the Cable & Wireless Senior Employees Share Option Scheme.
- (iii) Granted under the Cable & Wireless Revenue Approved Share Option Scheme.
- (iv) Granted under the Cable & Wireless Performance Share plan

## EMPLOYEES

During the year the Company had no employees. Substantially all Group employees were employed by a fellow Group Company, Cable & Wireless Communications Ltd.

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

## **DIRECTORS' REPORT (Continued)**

### **PAYMENTS TO SUPPLIERS**

During the year, the Company did not enter into contracts with suppliers. Cable & Wireless Communications Services Limited, a fellow Group Company, entered into most contracts with suppliers to the Cable & Wireless Communications Ltd Group.

### **POST BALANCE SHEET EVENTS**

On 26 July 1999, Cable and Wireless plc, ntl Incorporated and ntl (CWC) Limited (formerly Cable & Wireless Communications Ltd) announced that they had agreed to propose a restructuring of ntl (CWC) Limited to the shareholders of ntl (CWC) Limited.

As part of the restructuring ntl (CWC) Limited, previously a 52.8% owned subsidiary of Cable and Wireless plc, was separated into its residential cable, business cable, indirect residential telephony, residential internet and digital television development and services businesses, referred to as CWC ConsumerCo, and its corporate business internet protocol and wholesale operations, referred to as CWC DataCo.

On 30 May 2000, the restructuring was completed and Cable and Wireless plc indirectly acquired the interest in CWC DataCo which was not already attributable to it, thereby achieving 100% ownership of CWC DataCo and ntl Incorporated indirectly acquired all of CWC ConsumerCo.

As a consequence of this transaction the entire issued share capital of the Company's immediate parent Caxton Holdings Limited was acquired by Cable & Wireless (UK) Holdings plc, a direct subsidiary of Cable and Wireless plc.

### **AUDITORS**

The directors will place a resolution to appoint KPMG as auditors for the ensuing year following the resignation of Arthur Andersen.

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



K Claydon  
Secretary  
29<sup>th</sup> January 2001

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

## **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.

## **AUDITORS' REPORT TO THE MEMBERS OF CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED**

We have audited the accounts on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of Directors and Auditors**

As described on page 4, the Company's Directors are responsible for the preparation of the accounts 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.

### **Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
1 Surrey Street  
London  
WC2R 2PS

29<sup>th</sup> January 2001

# CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2000

	Note	2000 £'000	1999 £'000
<b>TURNOVER</b>		162,934	134,571
Cost of sales		(99,466)	(99,023)
<b>GROSS PROFIT</b>		63,468	35,548
Other operating expenses (net)		(34,886)	(40,074)
Depreciation and amortisation			
Depreciation before exceptional charge	7	(9,158)	(9,893)
Impairment of Fixed Assets	4	(9,843)	-
		(19,001)	(9,893)
<b>OPERATING PROFIT / (LOSS)</b>		9,581	(14,419)
Interest payable	5	(825)	(7,526)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	8,756	(21,945)
Taxation	6	-	-
<b>PROFIT/ (LOSS) FOR THE FINANCIAL YEAR</b>	10	8,756	(21,945)

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 2000

	2000 £'000	1999 £'000
Opening balance	(102,007)	(80,062)
Profit/ (Loss) for the year	8,756	(21,945)
Closing balance	(93,251)	(102,007)

All activities derive from continuing operations.

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

The accompanying notes form an integral part of these statements.



# CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED

## BALANCE SHEET 31 March 2000

	Note	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>15,254</u>	<u>30,732</u>
<b>CURRENT ASSETS</b>			
Cash at bank and on hand		-	14
<b>CREDITORS: amounts falling due within</b>			
One year	8	<u>(108,505)</u>	<u>(132,753)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(108,505)</u>	<u>(132,739)</u>
<b>NET LIABILITIES</b>		<u>(93,251)</u>	<u>(102,007)</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	8	1	1
Profit and loss account	9	<u>(93,252)</u>	<u>(102,008)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>(93,251)</u>	<u>(102,007)</u>

These accounts were approved by the Board of Directors on 29<sup>th</sup> January 2001 and were signed on its behalf by:



R Lerwill

Director

The accompanying notes form an integral part of this statement.

**CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES  
LIMITED**  
**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2000**

**1. STATEMENT OF ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently in the preparation of the accounts, 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) 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.

**(c) 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 and cable television networks 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.

**Capitalisation of interest**

Interest is capitalised as part of the cost of separately identifiable capital projects, up to the time that such projects are substantially complete. The amount of interest capitalised is calculated as the capitalisation rate multiplied by the weighted average carrying amount of capital projects under construction during the period. The capitalisation rate during the year was the Group's weighted average cost of borrowing of 6.9% (1999: 7.6%)

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

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

**(d) Impairment reviews**

The Company undertakes an annual review to establish whether there is any indication of impairment in its assets. Where such indications exist, the Company undertakes an impairment review for the individual assets or income generating units. Any impairment is charged to the profit and loss account in the year in which it is identified.

# CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED

## NOTES TO THE ACCOUNTS (Continued) Year Ended 31 March 2000

### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

#### (e) Deferred taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The Company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used. No deferred tax assets are recognised in respect of accumulated tax losses.

#### (f) 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. PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £'000	1999 £'000
Profit/ (Loss) on ordinary activities before taxation is stated after charging:		
Depreciation	9,158	9,893

The auditors' remuneration for the current financial year end preceding year has been borne by a fellow Group Company.

### 3. EXCEPTIONAL ITEMS

Included within depreciation and amortisation is £9.8 million charge relating to an impairment of fixed assets, writing down the carrying value of fixed assets to their estimated recoverable amount. The estimated recoverable amount was determined by applying a discount rate 12%.

No taxation charge/credit was attributable to this charge.

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any remuneration during the year (1999 - £nil).

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

### 5. INTEREST PAYABLE

	2000 £'000	1999 £'000
Interest payable to Group Undertakings	(825)	(7,925)
Less: Interest capitalised within fixed assets	-	399
	<u>(825)</u>	<u>(7,526)</u>

### 6. TAXATION

The Company has no current year UK Corporation tax liability due to the availability of group relief from other Group Companies. There is no unprovided deferred tax liability.

### 7. TANGIBLE ASSETS

Short Leasehold Land and	Non-network plant and
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# CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED

## NOTES TO THE ACCOUNTS (Continued) Year Ended 31 March 2000

	Buildings £'000	Equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 1999	298	96,481	96,779
Additions	-	484	484
Transfers	-	5,563	5,563
Disposals	-	(539)	(539)
At 31 March 2000	298	101,989	102,287
<b>Depreciation</b>			
At 1 April 1999	5	66,042	66,047
Charge for the year	30	9,128	9,158
Impairment of Assets	-	9,843	9,843
Transfers	-	2,089	2,089
Disposals	-	(104)	(104)
At 31 March 2000	35	86,998	87,033
<b>Net book value</b>			
At 31 March 2000	263	14,991	15,254
At 31 March 1999	293	30,439	30,732

No profit/loss was recorded in respect of any disposals disclosed above.

The net book value includes capitalised interest of £Nil (1999: £399,000). Network cable, plant and equipment includes £nil (1999: £4,367,000) in respect of assets not yet in service and consequently upon which depreciation has not been charged.

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Amounts owed to fellow Group undertakings	108,505	132,753
	108,505	132,753

# CABLE & WIRELESS COMMUNICATIONS DATA NETWORK SERVICES LIMITED

## NOTES TO THE ACCOUNTS (Continued) Year Ended 31 March 2000

### 9. SHARE CAPITAL

	2000 £	1999 £
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 shares are not entitled to any dividend, and rank equally on any winding-up, being entitled only to the amount paid up on the shares.

### 11. RESERVES

	Profit and Loss Account £'000
At 1 April 1999	(102,008)
Retained profit for the year	8,756
At 31 March 2000	<u>(93,252)</u>

### 12. 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 Ltd Group Companies.

### 13. 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 Ltd is the parent Company. The consolidated accounts of Cable & Wireless Communications Ltd may be obtained from 124 Theobalds Road, London, WC1X 8RX.

The Company is dependent on the financial support of Cable and Wireless plc in order to meet its obligations as they fall due. Cable and Wireless 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.

### 14. POST BALANCE SHEET EVENTS

Since the balance sheet date the entire issued Share Capital of Caxton Holdings Ltd, Cable & Wireless Communications (Mercury)'s immediate parent was transferred to Cable & Wireless (UK) Holdings plc a wholly owned subsidiary of Cable and Wireless plc