

Company Registration No 2966036

**The Education Exchange Limited**

**Report and Financial Statements**

**31 March 2007**

MONDAY



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**Registered Office:  
Lakeside House  
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 2007

### Principal activities and review of developments

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review

On 1 April 2002 the business was transferred to a fellow subsidiary undertaking of Cable and Wireless plc. The Company formerly carried on the business of providing leased line Internet connections and virtual private network services

The Directors have decided to liquidate the company within the foreseeable future. Therefore these accounts have been prepared on a break up basis. The impact of the preparation of these accounts on a break up basis is explained in note 1.

### Business review

The Company made a profit for the year of £891 (2006 £888). The Directors do not recommend payment of a dividend (2006 £nil).

### Directors

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

J M Jensen	(resigned 22 June 2007)
N I Cooper	
I J Gibson	(appointed 6 July 2007)
N J Morgan – Alternate to I J Gibson	(appointed 6 July 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 Directors' 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 29 November 2007

## **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

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 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



## KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of The Education Exchange Limited**

We have audited the financial statements of The Education Exchange Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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.

**Independent auditors' report to the members of The Education Exchange 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 2007 and of its profit 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 Directors Report is consistent with the financial statements

*KPMG Audit Plc*

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

*5th Dec* 2007

8 Salisbury Square  
London  
EC4Y 8BB

**Profit and loss account**  
*For the year ended 31 March 2007*

	<i>Note</i>	2007 £	2006 £
Other expenses		-	-
<b>Operating loss</b>		<u>-</u>	<u>-</u>
Other interest receivable and similar income	3	891	888
<b>Profit on ordinary activities before taxation</b>		<u>891</u>	<u>888</u>
Taxation	4	-	-
<b>Profit for the financial year</b>		<u><u>891</u></u>	<u><u>888</u></u>

The results for the year are derived entirely from discontinued operations

The Company has no recognised gains and losses other than those set out above. Accordingly, no statement of recognised gains and losses has been prepared.

There are no material differences between the Company's results as reported on a historical cost basis. Accordingly no historical cost profit and loss has been prepared.

**Reconciliation of movements in shareholders' funds**  
*For the year ended 31 March 2007*

	2007	2006
Opening shareholders' deficit	(1,284,791)	(1,285,679)
Profit for the year	891	888
Closing shareholders' deficit	<u><u>(1,283,900)</u></u>	<u><u>(1,284,791)</u></u>

**Balance sheet**  
*At 31 March 2007*

	<i>Note</i>	<b>2007</b> £	<b>2006</b> £
<b>Current assets</b>			
Debtors	5	46,903	1,812,189
Cash at bank and in hand		-	46,012
		<u>46,903</u>	<u>1,858,201</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,330,803)</u>	<u>(3,142,992)</u>
<b>Net current liabilities</b>		<u>(1,283,900)</u>	<u>(1,284,791)</u>
<b>Net liabilities</b>		<u>(1,283,900)</u>	<u>(1,284,791)</u>
<b>Capital and reserves</b>			
Called up equity share capital	7	100	100
Profit and loss account	8	(1,284,000)	(1,284,891)
<b>Shareholder's deficit</b>		<u>(1,283,900)</u>	<u>(1,284,791)</u>

These accounts were approved by the Board of Directors on  
 signed on its behalf by

29 November

2007 and

  
**I J GIBSON**  
 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 financial statements, except as noted below

#### Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules

In previous years the financial statements have been prepared on a going concern basis. The Directors have decided to liquidate the company within the foreseeable future. Therefore these accounts have been prepared on a break up basis. There has been no impact on the accounts as a result of preparing them on a break up basis.

#### 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 FRS 19. 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 is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary of a company, incorporated in England & Wales, which prepares a consolidated cash flow statement. A consolidated cash flow statement is included in the financial statements of Cable and Wireless plc from the address in note 10.

### 2. 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 current or prior year.

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

### 3 Other interest receivable and similar income

	2007 £	2006 £
Third party interest received	891	888
	<u>891</u>	<u>888</u>

## Notes to the financial statements (continued)

### 4. Taxation on ordinary activities

#### *Factors affecting tax charge for the current year*

The current tax charge is lower than (2006 lower) the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>891</u>	<u>888</u>
Current tax at 30% (2006 30%)	267	266
Effect of		
- Group relief claimed without payment	<u>(267)</u>	<u>(266)</u>
Total current charge / (credit) for the year	<u>-</u>	<u>-</u>

#### *Factors that may affect future current and total tax charges*

There were no recognised or unrecognised deferred tax balances as at 31 March 2007 or 31 March 2006

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

### 5 Debtors

	2007 £	2006 £
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>46,903</u>	<u>1,812,189</u>

### 6 Creditors

	2007 £	2006 £
Amounts falling due within one year:		
Amounts owed to fellow group undertakings	<u>1,330,803</u>	<u>3,142,992</u>
	<u>1,330,803</u>	<u>3,142,992</u>

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

### 7 Share capital

	2007 £	2006 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

### 8 Reserves

	Profit and loss Account £
At 1 April 2006	(1,284,891)
Retained profit for the year	<u>891</u>
At 31 March 2007	<u>(1,284,000)</u>

### 9 Related party transactions

The Company is controlled by Internet Network Services Limited, its immediate controlling party. The ultimate controlling party is Cable and Wireless plc.

Under FRS 8, 'Related Party Transactions' 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 Cable and Wireless plc, the ultimate parent company. The consolidated financial statements of Cable and Wireless plc may be obtained from The Secretary, Cable and Wireless plc, 7th Floor, The Point, 37 North Wharf Road, London W2 1LA. No other group accounts include the results of the Company.