

**CABLE & WIRELESS COMMUNICATIONS
CABLECOMMS GROUP PLC**
(formerly NYNEX CableComms Group plc)

Report and Accounts

31 March 1999



REPORT AND ACCOUNTS 1999

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Beveridge
G Clarke
R Drolet
M Molyneux

SECRETARY

R Drolet

REGISTERED OFFICE

Caxton Way
Watford Business Park
Watford
Hertfordshire
WD1 8XH

AUDITORS

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The Company's principal activity is to act as a holding company. On 26 February 1999, the Company changed its name to Cable & Wireless Communications CableComms Group plc.

RESULTS AND DIVIDENDS

The Company recorded a nil result for the year ended 31 March 1999 (1998: loss £945,000).

The Directors do not recommend payment of a dividend (1998: £nil).

DIRECTORS AND THEIR INTERESTS

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

R Drolet	
N Mearing-Smith	(resigned 29 January 1999)
G Wallace	(resigned 1 April 1999)
R Beveridge	(appointed 1 April 1999)
G Clarke	(appointed 1 April 1999)
M Molyneux	(appointed 1 April 1999)

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:

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

	At 1 April 1998 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1999
R Drolet	57,542	-	(57,542)	-

On 18 June 1998, R Drolet exercised options for 6,547 shares at \$4.583 and on the same day sold the shares for £5.22, realising a gain of £16,223 (assuming an exchange rate of \$1.67:£1).

On 23 June 1998, R Drolet exercised further options for 25,000 shares at \$4.583 and on the same day sold the shares for £5.38, realising a gain of £65,860 (assuming an exchange rate of \$1.67:£1).

On 27 January 1999, R Drolet exercised further options for 25,995 shares at \$4.583 and on the same day sold the shares for £8.50, realising a gain of £148,886 (assuming an exchange rate of \$1.65:£1).

DIRECTORS' REPORT**DIRECTORS AND THEIR INTERESTS (continued)**

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

		At 1 April 1998 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1999	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	(i)	-	3,289	-	3,289	£5.59	1/3/01	31/8/06
M	(i)	4,816	-	-	4,816	£3.58	1/3/01	31/8/01
Molyneux	(ii)	8,866	-	-	8,866	£4.21	3/7/99	2/7/03
	(iii)	7,134	-	-	7,134	£4.21	3/7/99	2/7/06

- (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 Options Scheme.

EMPLOYEES

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

PAYMENTS TO SUPPLIERS

The Company does not enter into contracts with suppliers. Cable & Wireless Communications Services Limited and Cable & Wireless Communications Programming Limited, fellow Group Companies, enter into most contracts with suppliers to the Cable & Wireless Communications plc Group.

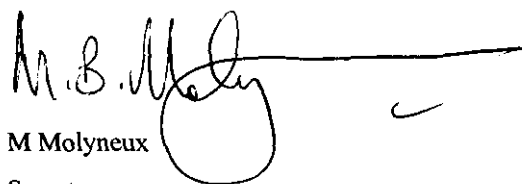
YEAR 2000

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 22 of the 1999 Annual Report and Accounts of Cable & Wireless Communications plc.

AUDITORS

The Directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

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



M Molyneux

Secretary

29 October 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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 CABLECOMMS GROUP PLC

We have audited the accounts on pages 6 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

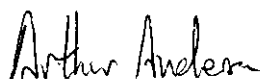
Basis of opinion

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 1999 and of its result 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 October 1999

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1999

	Note	Year ended 31 March 1999 £'000	15 months ended 31 March 1998 £'000
Operating expenses (net)		-	(945)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	(945)
Taxation	4	-	-
LOSS FOR THE FINANCIAL PERIOD		-	(945)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 March 1999

	Year ended 31 March 1999 £'000	15 months ended 31 March 1998 £'000
Opening balance	483,497	483,904
Loss for the financial period	-	(945)
Share issue	-	538
Closing balance	483,497	483,497

All activities derive from continuing operations.

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

The accompanying notes form an integral part of these statements.

BALANCE SHEET
31 March 1999

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Investments	5	<u>461,158</u>	<u>461,158</u>
CURRENT ASSETS			
Debtors	6	<u>22,339</u>	<u>22,339</u>
NET CURRENT ASSETS		<u>22,339</u>	<u>22,339</u>
NET ASSETS		<u>483,497</u>	<u>483,497</u>
CAPITAL AND RESERVES			
Called up equity share capital	7	92,600	92,600
Share premium	8	391,459	391,459
Profit and loss account	8	<u>(562)</u>	<u>(562)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>483,497</u>	<u>483,497</u>

These accounts were approved by the Board of Directors on 29 October 1999 and signed on its behalf by:



R. Beveridge

Director

The accompanying notes form an integral part of this statement.

NOTES TO THE ACCOUNTS**31 March 1999****1. STATEMENT OF ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently in the preparation of the accounts throughout the year and the preceding period, 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.

Consolidated accounts are not prepared as the Company is a wholly owned subsidiary of another Company incorporated in Great Britain which prepares Group accounts (see note 10).

(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 10).

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration is borne by a fellow Group Company in both the current year and preceding period.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors did not receive any remuneration during the year (1998 - £nil).

Cable & Wireless Communications plc, a fellow Group Company, employs 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 plc.

4. TAXATION

The Company has approximately £ 1,600,000 (1998: £1,170,000) of tax losses available. There is no unprovided deferred tax liability.

5. INVESTMENTS HELD AS FIXED ASSETS

	1999 £'000	1998 £'000
Subsidiary undertaking		
Cost and net book value	461,158	461,158

At 31 March 1999 the investment represented a 90% holding in NYNEX UK Holdings Inc. The investment was held in common stock of NYNEX UK Holdings Inc, a Company registered in the United States, with an issued and paid-up capital of US\$11,000 represented by 110 shares.

No dividends were received in respect of this investment during the year (1998 - £nil)

Details of the company's principal operating subsidiaries are given in note 11.

NOTES TO THE ACCOUNTS (Continued)
31 March 1999

6. DEBTORS

	1999 £'000	1998 £'000
Amounts owed by other group companies	22,339	22,339

7. SHARE CAPITAL

	No. of shares	£'000
Authorised		
Ordinary shares of 10p each		
As at 31 March 1998 and 1999	1,500,000,000	150,000
Allotted, called up and fully paid		
Ordinary shares of 10p each		
As at 31 March 1998 and 1999	925,999,698	92,600

8. RESERVES

	Share premium account £'000	Profit and loss account £'000
As at 1 April 1998 and 31 March 1999	391,459	(562)

9. 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 Group Companies.

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 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.

NOTES TO THE ACCOUNTS (Continued)

31 March 1999

11. PRINCIPAL OPERATING SUBSIDIARY UNDERTAKINGS

Cable & Wireless Communications (N) Wirral Telephone and Cable TV Company (formerly NYNEX Wirral Telephone and Cable TV Company)

Cable & Wireless Communications CableComms Bolton (formerly NYNEX CableComms Bolton)

Cable & Wireless Communications CableComms Bromley (formerly NYNEX CableComms Bromley)

Cable & Wireless Communications CableComms Bury and Rochdale (formerly NYNEX CableComms Bury and Rochdale)

Cable & Wireless Communications CableComms Cheshire (formerly NYNEX CableComms Cheshire)

Cable & Wireless Communications CableComms Derby (formerly NYNEX CableComms Derby)

Cable & Wireless Communications CableComms Greater Manchester (formerly NYNEX CableComms Greater Manchester)

Cable & Wireless Communications CableComms Macclesfield (formerly NYNEX CableComms Macclesfield)

Cable & Wireless Communications CableComms Oldham and Tameside (formerly NYNEX CableComms Oldham and Tameside)

Cable & Wireless Communications CableComms Solent (formerly NYNEX CableComms Solent)

Cable & Wireless Communications CableComms Staffordshire (formerly NYNEX CableComms Staffordshire)

Cable & Wireless Communications CableComms Stockport (formerly NYNEX CableComms Stockport)

Cable & Wireless Communications CableComms Surrey (formerly NYNEX CableComms Surrey)

Cable & Wireless Communications CableComms Sussex (formerly NYNEX CableComms Sussex)

Cable & Wireless Communications CableComms Wessex (formerly NYNEX CableComms Wessex)

Cable & Wireless Communications CableComms Wirral (formerly NYNEX CableComms Wirral)

The principal operating activity of each of the above subsidiaries, is a Cable TV & Telecommunications provider. All holdings are 100%.