

Company Registration No. 3047165

INTERNET NETWORK SERVICES LIMITED

Directors' report and financial statements

31 March 2009

**Registered Office
Waterside House
Longshot Lane
Bracknell
Berkshire
RG12 1XL**

THURSDAY



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COMPANIES HOUSE**

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Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

Principal activities and review of developments

The Company's principal activity was to hold assets used by other Cable & Wireless Group companies. In the year ended 31st March 20005, the assets were transferred to a fellow subsidiary of Cable and Wireless plc and the Company ceased to trade.

The Company is not expected to trade in the foreseeable future.

Business review

The Company made a loss for the year of £318,104 (2008: £2,550,338). The Directors do not recommend payment of a dividend (2008: £nil).

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

Directors

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

N I Cooper	(resigned 27 th January 2009)
I J Gibson	
N J Morgan – Alternate to I J Gibson	
P S Davis	(appointed 27 th January 2009)

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: 8th DECEMBER 2009

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 the applicable law (UK Generally Accepted Accounting Policies).

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 auditor, KPMG Audit Plc, to the members of Internet Network Services Limited

We have audited the financial statements of Internet Networks Services Limited for the year ended 31 March 2009 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.



Report of the independent auditor, KPMG Audit Plc, to the members of Internet Network Services 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 2009 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 Directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

8 December 2009

Profit and loss account

For the year ended 31 March 2009

	<i>Note</i>	2009 £	2008 £
Other operating expense		(3,895)	(4,644)
Exceptional operating expense	3	(326,471)	-
Operating loss		<u>(330,366)</u>	<u>(4,644)</u>
Other interest receivable and similar income	4	12,262	18,776
Interest payable and similar charges	5	-	(2,564,470)
Loss on ordinary activities before taxation		<u>(318,104)</u>	<u>(2,550,338)</u>
Taxation	6	-	-
Loss for the financial year		<u>(318,104)</u>	<u>(2,550,338)</u>

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

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2009

	2009 £	2008 £
Opening shareholders' deficit	(38,225,391)	(35,675,053)
Loss for the financial year	(318,104)	(2,550,338)
Closing shareholders' deficit	<u>(38,543,495)</u>	<u>(38,225,391)</u>

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

At 31 March 2009

	Note	2009 £	2008 £
Fixed assets			
Investments	7	-	-
Current assets			
Debtors	8	46,903	374,374
Cash at bank and in hand		<u>554,926</u>	<u>538,743</u>
		601,829	913,117
Creditors: amounts falling due within one year	9	<u>(39,145,324)</u>	<u>(39,138,508)</u>
Net liabilities		<u>(38,543,495)</u>	<u>(38,225,391)</u>
Capital and reserves			
Called up equity share capital	10	9,225,000	9,225,000
Profit and loss account	11	<u>(47,768,495)</u>	<u>(47,450,391)</u>
Shareholders' deficit		<u>(38,543,495)</u>	<u>(38,225,391)</u>

These accounts were approved by the Board of Directors on 8th December
on its behalf by:

2009 and signed



I.J. GIBSON
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 £38,543,495 (2008: £38,225,391). 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.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Fixed asset investments

Fixed asset investments are stated at cost less amounts written off for impairment.

Foreign currencies

Transactions in foreign currency are recorded in sterling at the rate of exchange ruling on the date of the transaction, except for those for which forward cover has been purchased. All monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the balance sheet date and gains or losses on translation are dealt with through the profit and loss account.

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.

Notes to the financial statements *(continued)*

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 year (2008: nil).

In the current year the auditor's remuneration of £2,000 (2008: £3,000) for the audit of these financial statements has been borne by another group company.

Exceptional operating expenses of £326,471 relate to amounts provided against balances owed by subsidiary undertakings deemed to be irrecoverable.

3. Exceptional operating expenses

		2009 £	2008 £
Investment impairment (see note 7)		1,283,900	-
Reversal of provision against intercompany balances	(a)	(957,429)	-
		<u>326,471</u>	<u>-</u>

(a) The Company had previously provided against intercompany debtors that the Directors believed to be deemed irrecoverable. The movement in the year represents amounts received from these previously provided debts due to restructuring and reorganisation of the Cable & Wireless Group.

4. Other interest receivable and similar income

	2009 £	2008 £
Bank deposit interest receivable	<u>12,262</u>	<u>18,776</u>

5. Interest payable and similar charges

	2009 £	2008 £
Interest payable to fellow group undertakings	<u>-</u>	<u>2,564,470</u>

Notes to the financial statements (continued)

6. Taxation

Analysis of charge in the period

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on losses for the period	-	-
Total current tax	-	-

The current tax charge is higher than (2008: higher) the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £	2008 £
<i>Current tax reconciliation:</i>		
Loss on ordinary activities	<u>(318,104)</u>	<u>(2,550,338)</u>
Current tax credit at 28% (2008: 30%)	(89,069)	(765,101)
<i>Effects of:</i>		
Permanent Differences	91,412	769,341
Group Relief Claimed without payment	(2,343)	(4,240)
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges

There were no recognised or unrecognised deferred tax balances as at 31 March 2009 or 31 March 2008.

7. Fixed Asset Investments

	£
Cost	
At 1 April 2008	-
Additions	1,283,900
As at 31 March 2009	<u>1,283,900</u>
Amounts written off	
At 1 April 2008	-
Impairment in year (see note 3)	(1,283,900)
As at 31 March 2009	<u>(1,283,900)</u>
Net book value	
As at 31 March 2009	<u>-</u>
At 31 March 2008	<u>-</u>

Notes to the financial statements (continued)

7. Fixed Asset Investments (continued)

During the year the Company subscribed for one additional share in its subsidiary undertaking The Education Exchange Limited, for a consideration of £1,283,900.

The Company has carried out a review to determine whether there has been an impairment in the carrying values of its fixed asset investments in line with FRS 11 'Impairment of fixed assets and goodwill'. The investment in shares in subsidiary companies was written down to zero where the subsidiaries are non-trading and in a net liability position. This exercise has resulted in a write-down of £1,283,900 (2008: £nil) to reflect identified impairments.

Principal subsidiary undertakings

Details of the Company's subsidiary undertakings are given below.

Subsidiary undertaking	Class and percentage of shares held		Principal activities
The Education Exchange Limited	Ordinary	100%	Non Trading

8. Debtors

	2009 £	2008 £
Amounts falling due within one year:		
Amounts owed by fellow group undertakings	<u>46,903</u>	<u>374,374</u>

9. Creditors

	2009 £	2008 £
Amounts falling due within one year:		
Amounts owed to group undertakings	<u>(39,145,324)</u>	<u>(39,138,508)</u>

10. Share capital

	2009 £	2008 £
Authorised:		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid:		
9,225,000 ordinary shares of £1 each	<u>9,225,000</u>	<u>9,225,000</u>

Notes to the financial statements (continued)

11. Reserves

	Profit and loss Account £
At 1 April 2008	(47,450,391)
Loss for the financial year	<u>(318,104)</u>
At 31 March 2009	<u>(47,768,495)</u>

12. Commitments

All payments in respect of operating leases during the year were borne by a fellow subsidiary undertaking.

13. Related party transactions

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.

14. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Cable & Wireless UK Holdings Limited, a company registered in England and Wales.

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.

