

CABLE AND WIRELESS (CALA MANAGEMENT SERVICES) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2012

**Registered Office.
3rd Floor
26 Red Lion Square
London WC1R 4HQ**

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DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of Cable and Wireless (CALA Management Services) Limited (the Company) for the year ended 31 March 2012

PRINCIPAL ACTIVITIES

The Company's main operation is that of providing management services in connection with a Management and Operation Agreement with Cable and Wireless Panama S A (CWP)

PRINCIPAL RISKS AND UNCERTAINTIES

The risk facing the business is the recoverability of debt from CWP. Under the Operation Agreement, the Company bears the credit risk on the CWP debt, yet is required to pay incurred management fees

GOING CONCERN

The Company reports shareholders' funds of \$72,000 as at 31 March 2012 (Restated 2011 \$72,000). See note 13 for prior year adjustment. The Directors have reviewed the financial position of the Company, including the arrangements in connection with the operation agreement, and believe that it remains appropriate to prepare the financial statements on a going concern basis.

KEY PERFORMANCE INDICATORS

The Company's result for the year after taxation amounted to \$nil (2011 \$nil)

The Directors do not recommend payment of a dividend (2011 \$nil)

DIRECTORS

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

B Bradberry (appointed 13 March 2012)
T L Pennington
C Underwood
A Parkinson (resigned 15 March 2012)

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 auditor is aware of that information

AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board of Directors



C UNDERWOOD
Company Secretary

Date 15 October 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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)

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABLE AND WIRELESS (CALA MANAGEMENT SERVICES) LIMITED

We have audited the financial statements of Cable and Wireless (CALA Management Services) Limited (the Company) for the year ended 31 March 2012 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL
Dated 5 October 2012

Profit and Loss Account
For the year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
Turnover	2	7,449	8,617
Operating costs	3	(7,449)	(8,617)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		-	-
Tax on profit/(loss) on ordinary activities	6	-	-
		<hr/>	<hr/>
Result for the financial year		<hr/> <hr/>	<hr/> <hr/>

The results for the year are derived entirely from continuing operations

There is no difference between the reported result and that which would be reported under the historical cost convention

The accompanying notes on pages 10 to 14 are an integral part of the financial statements of the Company

Statement of total Recognised Gains/(Losses)
For the year ended 31 March 2012

	2012 \$'000	2011 \$'000
Profit for the financial year	-	-
Foreign exchange (loss)/gain	-	(130)
	<hr/>	<hr/>
TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE FINANCIAL YEAR	-	(130)
	<hr/>	<hr/>
Prior year adjustment (note 13)	(2,856)	-
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	<u>(2,856)</u>	<u>-</u>

Reconciliation of Movement in Shareholders' Funds
For the year ended 31 March 2012

	2012 \$'000	Restated 2011 \$'000
Foreign exchange (loss)/gain	-	(130)
	<hr/>	<hr/>
	-	(130)
Opening shareholders' funds (originally \$2,928,000 before deducting prior year adjustment of \$2,856,000)	72	202
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	<u>72</u>	<u>72</u>

Balance Sheet
As at 31 March 2012

	Note	2012 \$'000	Restated 2011 \$'000
CURRENT ASSETS			
Debtors – amounts falling due within one year	7	3,350	4,517
Prepayments	7	28	-
CURRENT LIABILITIES			
Creditors – amounts falling due within one year	8	(3,306)	(4,445)
NET CURRENT ASSETS, TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<u>72</u>	<u>72</u>
CAPITAL AND RESERVES			
Called-up share capital	9	30,066	30,066
Profit and loss account	10	(29,994)	(29,994)
SHAREHOLDERS' FUNDS		<u>72</u>	<u>72</u>

The accompanying notes on pages 10 to 14 are an integral part of the financial statements of the Company
 The financial statements of the Company were approved by the Board of Directors on 15 October 2012 and
 signed on its behalf by



15 October 2012

B BRADBERRY
 Director

Cable and Wireless (CALA Management Services) Limited
Company Registration Number 3057907

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 accounting standards applicable under generally accepted accounting principles in the United Kingdom and the provisions of the Companies Act 2006 and on the historical cost basis

The financial statements have been prepared on a going concern basis. The Directors have reviewed the financial position of the Company, including the arrangements with Group undertakings, and believe that, the company has adequate resources to continue its operational existence for the foreseeable future. Thus they continue to adopt a going concern basis in preparing the financial statements. 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 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

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 & Wireless Communications Plc in which the Company is consolidated and which are publicly available from the address in note 12.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

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.

Pensions

Following the sale of the Company's businesses in 2009, the remaining employees and associated share options, were transferred to Cable and Wireless (West Indies) Limited. In 2010, the Company participated in both funded defined contribution and funded defined benefit pension plans. Contributions to defined contribution plans were expensed as incurred. Contributions to a defined benefit plan operated by Cable and Wireless plc (now Cable & Wireless Limited) were determined by an independent actuary. The plan provided benefits based on final pensionable pay. As permitted by FRS 17, the Company was exempt from accounting for pension schemes as defined benefit schemes since it was unable to identify its share of the underlying assets and liabilities from those of the other participating employers within the Group. Therefore the Company treated the pension schemes as if they were defined contribution schemes and expensed contributions as incurred.

Notes to the Financial Statements

1 ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of services.

Other operating income

Other operating income relates to the recharge of operating costs incurred by the Company on behalf of other business units. Revenue is recognised when the service is provided.

2. TURNOVER

Turnover derives from management fees paid by fellow Group companies in respect of corporate, financial, managerial and technical services.

	2012 \$'000	2011 \$'000
Management fees		
Fellow Group companies	7,449	8,617
	<u>7,449</u>	<u>8,617</u>

3. OPERATING COSTS

	2012 \$'000	2011 \$'000
Management fee to fellow Group companies	7,449	8,617
	<u>7,449</u>	<u>8,617</u>

4 INFORMATION REGARDING AUDITORS, DIRECTORS AND EMPLOYEES

No remuneration was paid to the Directors for services to this company (2011: \$nil).

There are no persons employed by the Company (2011: \$nil).

In the current year the auditors' remuneration of \$15,000 (2011: \$15,000) for the audit of these financial statements has been borne by another group company. There were no other amounts receivable by the Company's auditors in respect of services to the Company.

5. PENSIONS

The Company is a member of a Group-wide pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 Retirement Benefits, the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme.

Notes to the Financial Statements

The latest triennial valuation was carried out by Towers Watson Limited as at 31 March 2010. An agreement was reached between the Trustees of the Group's pension scheme and the Group to remove the deficit calculated by this valuation by 2016.

The Group paid a total contribution of US\$2 million (2010/11 US\$157 million) in 2011/12, all being normal contributions (2010/11 - exceptional deficit funding of US\$149 million and normal contributions of US\$8 million) to meet the cost of future benefit accrual and expenses, to recover part of the deficit on the scheme funding basis and to meet the cost of the agreed de-risking of the scheme's investment strategy. A deficit recovery funding plan was also agreed with the Trustees during March 2011 with the aim that the deficit would be eliminated by April 2016. The payments under this agreement will fall within the following ranges (July 2014 - £20.5 million to £30.4 million, July 2015 - £21.1 million to £31.3 million, and April 2016 - £21.9 million to £32.5 million). These contributions are based on best estimated investment returns and are subject to the outcome of the next full valuation due in March 2013. The Company did not contribute to the scheme (2010/11 - US\$148 million).

The Company is not able to separate the performance of the Group-wide scheme to give the element that relates solely to the Company's employees. As an indication, however, the Cable & Wireless Communications Group-wide scheme had a deficit at 31 March 2012, after the impact of minimum funding requirements in respect of contributions due from 2014 to 2016, of US\$129 million, compared with a US\$81 million deficit at 31 March 2011.

More details are included in the financial statements of Cable & Wireless Communications Plc for the year ended 31 March 2012. These accounts can be obtained from the Company Secretary, Cable & Wireless Communications Plc, 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ.

6. TAXATION

The taxation credit based on the loss for the year comprises

	2012 \$'000	2011 \$'000
Overseas taxation	-	-
Adjustments in respect of prior years	-	-
	<u> </u>	<u> </u>
Current tax credit	<u> </u>	<u> </u>

Factors affecting current period tax charge

The corporation tax charge assessed for the period is equal to (2011 equal) the standard rate of corporation tax of 26% (2011 28%) for the following reasons:

	2012 \$'000	2011 \$'000
Profit before tax	-	-
	<u> </u>	<u> </u>
Profit before tax multiplied by the standard tax rate (26%)	-	-
Effects of		
Withholding tax suffered	-	-
Income not taxable	-	-
Group relief surrendered without payment	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Notes to the Financial Statements

The Company holds no deferred tax asset or liability either recognised or unrecognised in this or the preceding year

7. DEBTORS

	2012 \$'000	Restated 2011 \$'000
Amounts falling due within one year		
Amounts owed by Group undertakings	3,350	4,517
Prepayments	28	-
	<hr/>	<hr/>
Total debtors	<u>3,378</u>	<u>4,517</u>

8. CREDITORS

	2012 \$'000	2011 \$'000
Amounts falling due within one year		
Amounts owed to Group undertakings	3,306	4,434
Other creditors	-	11
	<hr/>	<hr/>
Total creditors	<u>3,306</u>	<u>4,445</u>

9. CALLED-UP SHARE CAPITAL

	2012 \$'000	2011 \$'000
Allotted and fully paid		
20,200,002 ordinary shares of £1 each	30,066	30,066
	<hr/>	<hr/>

10. RESERVES

	Share Capital \$'000	Profit and Loss account \$'000	Total \$'000
At 31 March 2011 as previously reported	30,066	(27,138)	2,928
Prior year adjustment (note 13)	-	(2,856)	(2,856)
	<hr/>	<hr/>	<hr/>
At 31 March 2011 (as restated)	30,066	(29,994)	72
Profit/(loss) for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2012	<u>30,066</u>	<u>(29,994)</u>	<u>72</u>

Notes to the Financial Statements

11. RELATED PARTY TRANSACTIONS

Under FRS 8, *Related Party Disclosure*, the Company is exempt from the requirement to disclose transactions with entities that are 100% owned by the Cable and Wireless Communications Group, or investees of the Group qualifying as related parties, where all of the Company's voting rights are controlled within the Group

The Company received management fees of \$7,449,000 (2011 \$8,617,000) from Cable and Wireless Panama SA, which is 49% owned by the Cable & Wireless Communications group. As at the 31 March, 2012, there is an outstanding debtor from Cable and Wireless Panama SA of \$3,350,000 (2011 \$4,517,000)

There are no other material transactions with any other related parties

12. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Cable and Wireless (West Indies) Limited, incorporated in England and Wales. On 19 March 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Arrangement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless plc (now Cable & Wireless Limited) as the ultimate Parent Company of the Company as at this date.

The Group in which the ultimate results of the Company are consolidated is that of Cable & Wireless Communications Plc, the ultimate Parent Company. The consolidated financial statements of Cable & Wireless Communications Plc may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. No other group accounts include the results of the Company.

13. Prior year adjustment

Following a reconciliation of intercompany amounts, an adjustment has been made to correct intercompany balances arising in prior periods. As a result of this adjustment, opening reserves at 1 April 2011 and 1 April 2010 decreased by \$2,856,000, with a corresponding decrease in intercompany debtors. The adjustment has no effect on tax amounts. For the years ended 31 March 2011 and 31 March 2012, there has been no impact on the profit and loss account.