

CWIGROUP LIMITED (formerly Cable & Wireless International Group Limited)

Report and Financial Statements

31 March 2008

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

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CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)
REPORT AND FINANCIAL STATEMENTS 2008
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CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 March 2008

ACTIVITIES

The principal activity of the Company is to act as an investment holding company. No change in the Company's activities is envisaged in the foreseeable future.

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

RESULTS AND DIVIDENDS

The Company made a profit after taxation of £31,666,000 (2007 £584,403,000). The Directors did not recommend the payment of a dividend during the year (2007 £584,103,000 (£582 per share)).

DIRECTORS

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

J P M Jankovich-Besan	(resigned 30 April 2008)
I Muir	(resigned 30 November 2007)
FJ Mount	(appointed 17 April 2007, resigned 31 December 2007)
GW Battersby	(appointed 17 April 2007)
RH Dodd	(appointed 17 April 2007)
PW Green	(appointed 17 April 2007)
H Jones	(appointed 17 April 2007, resigned 12 November 2007)
CJ Hetherington	(appointed 17 April 2007, resigned 14 December 2007)
NI Cooper	(appointed 17 April 2007)
Lord GIM Robertson	(appointed 17 April 2007, resigned 12 November 2007)
WA Rice	(appointed 17 April 2007)
BPJ Buckley	(appointed 12 December 2007)
K McFadyen	(appointed 1 April 2008)
J Pluthero	(appointed 13 November 2007)

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

CHANGE OF NAME

On 20 June 2008 the Cable & Wireless International Group Limited changed its name to CWIGroup Limited.

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.

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

DIRECTORS' REPORT

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 of Directors



P S J DAVIS

Secretary

Date: 23 September 2008

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

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

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 AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

We have audited the financial statements of CWIGroup Limited (formerly Cable & Wireless International Group Limited) for the year ended 31 March 2008 which comprise the primary statements such as the Profit and Loss Account, the Balance Sheet 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 4.

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.

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 2008 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

Date: 23 September 2008

8 Salisbury Square
London EC4Y 8BB
United Kingdom

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Operating costs		<u>(38,343)</u>	<u>(10,700)</u>
OPERATING LOSS	4	<u>(38,343)</u>	<u>(10,700)</u>
Dividend income		<u>70,009</u>	<u>595,103</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	5	<u><u>31,666</u></u>	<u><u>584,403</u></u>

There are no recognised gains or losses for the year other than those presented in the profit and loss account. Accordingly no statement of recognised gains or losses has been prepared. All results derive from continuing activities.

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

BALANCE SHEET

As at 31 March 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	6	972,498	972,498
CURRENT ASSETS			
Intercompany debtors		41,831	11,000
CREDITORS: amounts falling due within one year:	7	(727,874)	(720,891)
NET CURRENT LIABILITIES		<u>(686,043)</u>	<u>(709,891)</u>
CREDITORS: amounts falling due after more than one year:	8	(2,882)	(10,700)
NET ASSETS		<u>283,573</u>	<u>251,907</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,004	1,004
Share premium account	10	250,603	250,603
Profit and Loss account	10	31,966	300
EQUITY SHAREHOLDER'S FUNDS		<u>283,573</u>	<u>251,907</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 23 September 2008 and signed on their behalf by

K McFadyen
Director

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

NOTES TO THE ACCOUNTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis

The Company has taken advantage of the exemption to prepare consolidated financial statements under Section 228 of the Companies Act 1985, on the grounds that it is a wholly-owned subsidiary undertaking of Cable and Wireless plc, a Company registered within the European Union. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared on the going concern basis. 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.

Tax

The charge for tax is based on the result for the period and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that 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.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

Fixed asset investments

Fixed asset investments are stated at cost less amounts written off in respect of any impairments.

Cash long term incentive plan ('LTIP')

The Cable & Wireless Group operates a Cash LTIP. The plan rewards Executive Directors and certain senior employees responsible for the International business division of Cable and Wireless plc, of which CWIGroup Limited (formerly Cable & Wireless International Group Limited) is the principal holding company. The plan is accounted for as an 'other long term employee benefit'. A liability represents the estimated present value of the obligation at the balance sheet date.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included within finance income.

2. INFORMATION REGARDING EMPLOYEES AND AUDITORS

The Company had no employees during the year (2007: nil).

In the current and prior years, the auditor's remuneration of £2,000 was borne by another group company.

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidation basis in the financial statements of the Company's ultimate parent, Cable and Wireless plc.

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

NOTES TO THE ACCOUNTS

Year ended 31 March 2008

3. REMUNERATION OF DIRECTORS

	2008 £'000	2007 £'000
Amounts receivable under long term incentive schemes	11,216	-

Amounts receivable under long term incentive schemes of £11,216,000 relate to Directors' early termination payments, in accordance with the early leaver rules under the Long Term Incentive Plan. At 31 March 2008, £2,647,000 was accrued in respect of payments to Directors leaving the scheme after year end.

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £4,290,000 (2007 nil).

4. OPERATING LOSS

	2008 £'000	2007 £'000
Operating loss is stated after charging		
Administration costs	2,038	-
Management fees	28,405	-
Costs relating to the long term incentive plan	7,900	10,700
	38,343	10,700

The long term incentive plan ('LTIP') is a performance based reward scheme. The LTIP creates a reward pool over a four year period from 1 April 2006 (or until a vesting event, if earlier) depending on the extent to which the Cable & Wireless International business division has grown in value from its base valuation at the start of the period (£2,041 million). The base valuation is adjusted over the performance period i) to reflect additional capital notionally treated as borrowed by the business ii) to reflect capital notionally returned by the business and iii) increased by the notional weighted average cost of capital of the business (which will be at least 8% per annum compounded). The charge for the year represents the movement in the present value of the obligation under the scheme.

The total amount recognised in the accounts reflects two years of service out of the four year LTIP period, payments made and the £1.1 billion increase in market capitalisation from 1 April 2006 to 31 March 2008. 10% of that increase goes into the LTIP reward pool after taking into account the equity hurdle rate, the notional interest charge and the cash flows in and out. The LTIP accrual does not represent a committed amount to participants in the plan as the eventual payout is dependent on performance over the life of the plan and in accordance with its rules.

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

NOTES TO THE ACCOUNTS

Year ended 31 March 2008

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
The charge for taxation comprises		
United Kingdom corporation tax at 30% (2007 - 30%)	5,000	2,750
Double taxation relief	(5,000)	(2,750)
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u> </u> -	<u> </u> -
Factors affecting the current tax charge		
	2008 £'000	2007 £'000
The current tax charge for the period is lower (2007 lower) than the standard rate of corporation tax in the UK (30%, 2007 30%) The differences are explained below		
Profit on ordinary activities before tax	31,666	584,403
	<u> </u>	<u> </u>
Current tax at 30% (2007 30%)	9,500	175,321
Double tax relief	(3,500)	(1,925)
Income not taxable	(15,003)	(175,231)
Other timing differences	(240)	3,210
Group relief claimed without payment	9,243	(1,375)
	<u> </u>	<u> </u>
Total current tax charge	<u> </u> -	<u> </u> -

A deferred tax asset of £2,772,000 (2007 £3,210,000) has not been recognised on short term timing differences, as these are not considered recoverable in the foreseeable future

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

NOTES TO THE ACCOUNTS

Year ended 31 March 2008

6 INVESTMENTS HELD AS FIXED ASSETS

	2008	2007
	£'000	£'000
At 31 March	972,498	972,498

Interests in subsidiaries:

Name	Country of incorporation	Type and percentage holding	Nature of business
Cable and Wireless (West Indies) Limited	England	100% Ordinary shares	Telecommunications
Cable & Wireless Jersey Limited	Jersey	100% Ordinary shares	Telecommunications
Cable & Wireless South Atlantic Limited	Falkland Islands	100% Ordinary shares	Telecommunications
Cable and Wireless Guernsey Limited	Guernsey	100% Ordinary shares	Telecommunications
Cable & Wireless Isle of Man Limited	Isle of Man	100% Ordinary shares	Telecommunications
Cable & Wireless (Diego Garcia) Limited	Bermuda	100% Ordinary shares	Telecommunications
Cable & Wireless International HQ Limited	England	100% Ordinary shares	Telecommunications

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£'000	£'000
Other tax & social security	2,487	-
Accruals	4,496	-
Interest free loan from parent undertaking	720,891	720,891
	<u>727,874</u>	<u>720,891</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2007
	£'000	£'000
Accruals	2,882	10,700

CWIGROUP LIMITED (Formerly Cable & Wireless International Group Limited)

NOTES TO THE ACCOUNTS

Year ended 31 March 2008

9. CALLED UP SHARE CAPITAL

	2008	2007
	£'000	£'000
Authorised 2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid 1,003,543 ordinary shares of £1 each	<u>1,004</u>	<u>1,004</u>

10. MOVEMENT ON RESERVES

	Share Premium	Profit and Loss Account	Total
	£'000	£'000	£'000
At 1 April 2007	250,603	300	250,903
Profit for the year	-	31,666	31,666
At 31 March 2008	<u>250,603</u>	<u>31,966</u>	<u>282,569</u>

11. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, 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 that group. There are no material transactions with any other related parties.

12. CASH FLOW STATEMENT

Under Financial Reporting Standard 1 (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 cash flow statement is included in the financial statements of Cable and Wireless plc.

13. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Sable Holding Limited.

The Directors consider that the Company's ultimate parent undertaking and controlling party is Cable and Wireless plc, registered in England and Wales. A copy of Cable and Wireless plc's published consolidated financial statements can 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.