

Company registration no. 03057908

CWIGroup Limited

Directors' report and financial statements

For the year ended 31 March 2012

Registered Office
3rd Floor
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London
WC1R 4HQ

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Directors' report

The Directors of CWIGroup Limited present their annual report and the financial statements of CWIGroup Limited (the Company) for the year ended 31 March 2012

Principal activities

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

The profit for the year amounted to \$201,000 (2011: \$24,044,289 loss). No dividend is recommended (2011: \$nil).

Business review

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review.

The Company is a guarantor of borrowing facilities entered into by Sable International Finance Limited, a company under the common control of Cable & Wireless Communications Plc (note 12).

Directors

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

N Cooper	
T Pennington	
A Parkinson	(Appointed 5 October 2011, resigned 15 March 2012)
C Underwood	(Appointed 5 October 2011)
B Bradberry	(Appointed 13 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 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

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

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'C. Underwood', written in a cursive style.

C Underwood

Director

Date 7 September 2012

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)

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, 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 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 CWIGroup Limited

We have audited the financial statements of CWIGroup Limited ('the Company') for the year ended 31 March 2012 set out on pages 6 to 16. 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 auditors' 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 Statement set out on page 4, 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 profit 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 matters 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 7 September 2012

Profit and loss account

For the year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
Operating profit/(loss)	3	201	(24,044)
Profit/(loss) on ordinary activities before taxation		201	(24,044)
Taxation	6	-	-
Profit/(loss) for the financial year		201	(24,044)

The results for the year are derived entirely from continuing operations

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

The accompanying notes on pages 9 to 16 form an integral part of these financial statements

Balance sheet
As at 31 March 2012

	Note	2012 \$'000	2011 \$'000
Fixed assets			
Investments	6	1,037,657	1,037,657
Current assets			
Debtors – amounts falling due within one year	7	476,464	485,167
Current liabilities			
Creditors – amounts falling due within one year	8	(1,077,913)	(1,090,392)
Net current liabilities		(601,449)	(605,227)
Creditors – amounts falling due within one year	9	(3,575)	-
Net assets		<u>432,633</u>	<u>432,432</u>
Capital and reserves			
Called-up share capital	10	1,494	1,494
Share premium account	11	372,998	372,998
Profit and loss account	11	58,141	57,940
Shareholders' funds		<u>432,633</u>	<u>432,432</u>

The accompanying notes on pages 9 to 16 form an integral part of these financial statements

The financial statements on pages 6 to 8 were approved by the Board of Directors on 7 September 2012 and signed on their behalf by



T L Pennington
Director
CWIGroup Limited
Company number 03057908

Statement of total recognised gains and losses

for the year ended 31 March 2012

	2012 \$'000	2011 \$'000
Profit/(loss) for the financial year	201	(24,044)
Total recognised gains and losses for the financial year	201	(24,044)

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2012

	2012 \$'000	2011 \$'000
Opening shareholders' funds	432,432	456,476
Profit/(loss) for the financial year	201	(24,044)
Closing shareholders' funds	432,633	432,432

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 Company's financial statements have been 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 Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary undertaking of Cable & Wireless Communications Plc, a company registered within the European Economic Area. 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 13.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of \$601,449,000 (2011 net current liabilities \$605,227,000). 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.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included within income from shares in group undertakings.

Taxation

The charge for taxation is based on the profit 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.

Investments

Fixed asset investments are stated at cost less amounts written off in respect of any impairment. Fixed asset investments have indefinite useful lives, are not subject to amortisation, and are tested annually for impairment.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Cash long-term incentive plan (LTIP)

The Group operated a Cash LTIP. The plan rewards Executive Directors and certain senior employees responsible for the Group, of which CWIGroup Limited is one of the principal holding companies. The plan is accounted for as an 'other long-term employee benefit'. A liability represented the estimated present value of the obligation at the balance sheet date at 31 March 2011. During 2011/12 the outstanding cash amount payable was converted into Cable & Wireless Communications Plc restricted shares in respect of senior Group employees.

2. Information regarding auditors, the Directors and employees

The Company had no employees during the year (2011: nil)

In the current and prior year, the auditor's remuneration of \$4,000 (2011: \$3,000) was borne by another Group company.

Amounts paid to the Company's auditors 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 & Wireless Communications Plc.

No remuneration or benefits were paid to the Directors for services to this Company.

3. Operating costs

	2011/12	2010/11
	\$'000	\$'000
Administration	(201)	(88)
Costs relating to the long-term incentive plan	-	23,791
Exchange differences	-	341
	<u>(201)</u>	<u>24,044</u>

4. Income from shares in group undertakings

	2011/12	2010/11
	\$'000	\$'000
Dividend income from shares Group undertakings	-	79,534
	<u>-</u>	<u>79,534</u>

Notes to the financial statements (continued)

5. Taxation

	2011/12 \$'000	2010/11 \$'000
The charge for taxation comprises		
United Kingdom corporation tax at 26% (2011 28%)	-	-
Tax on profit/(loss) on ordinary activities	-	-

Factors affecting the current tax charge

The current tax charge for the year is \$nil (2011 \$nil) The tax charge was lower than the standard rate of corporation tax in the UK of 26% (2011 28%) The differences are explained below

	2011/12 \$'000	2010/11 \$'000
Profit/(loss) on ordinary activities before tax	201	(24,044)
Tax at UK statutory rate	52	(6,732)
(Income not taxable)/expenditure not allowable	(52)	56
Other timing differences	(9)	1,598
Group relief surrendered without payment	9	5,078
Total current tax charge	-	-

A deferred tax asset of \$3,702,000 (2011 \$5,717,000) has not been recognised on losses and short-term timing differences, as these are not considered recoverable in the foreseeable future

Notes to the financial statements (continued)

6. Investments

\$'000

Net book value at 31 March 2012 and 2011

1,037,657

The Company has carried out a review to determine whether there has been impairment in the carrying values of its fixed asset investments in line with FRS 11 *Impairment of fixed assets and goodwill*. The review was based on a combination of discounted cash flow analysis, using the Group's approved five year business plan, and net asset values. No impairments have been noted for year ended 31 March 2012 (31 March 2011 – nil).

Interests in subsidiaries

The principal operating undertakings of the Company are the following

Name	Country of incorporation	Type and percentage holding	Nature of business
Cable and Wireless (West Indies) Limited	England	100% Ordinary shares	Telecommunications
Cable & Wireless International HQ Limited	England	100% Ordinary shares	Telecommunications
CWI Group M&I HQ SAM	Monaco	100% Ordinary shares	Telecommunications

Notes to the financial statements (continued)

Full details of all subsidiary undertakings and joint ventures are as follows

	Effective ownership percentage %	Class of shares	Country of incorporation
Subsidiaries			
Cable & Wireless International HQ Ltd	100	Ordinary	England
Cable & Wireless Communications Insurance Ltd	100	Ordinary	Cayman Islands
CWI Group M&I HQ SAM	100	Ordinary	Monaco
Cable and Wireless (West Indies) Ltd	100	Ordinary	England
Cable & Wireless (EWC) Ltd	100	Ordinary	BVI
Cable & Wireless (Barbados) Ltd	81	Ordinary	Barbados
Cable & Wireless Antigua & Barbuda Ltd	100	Ordinary	Antigua & Barbuda
Cable & Wireless Grenada Ltd	70	Ordinary	Grenada
Cable & Wireless Jamaica Finance (Cayman) Ltd	100	Ordinary	Cayman
Cable & Wireless St Vincent and the Grenadines Ltd	100	Ordinary	St Vincent and the Grenadines
Cable & Wireless (BVI) Ltd	100	Ordinary	BVI
Cable & Wireless (CALA Management Services) Ltd	100	Ordinary	England
Cable & Wireless (TCI) Ltd	100	Ordinary	Turks & Caicos
CWI Caribbean Ltd	100	Ordinary	Barbados
CWC Cable & Wireless Communications Dominican Republic SA	100	Ordinary	Dominican Republic
CWC Bahamas Holdings Ltd	100	Ordinary	The Bahamas
The Bahamas Telecommunications Company Limited	51	Ordinary	The Bahamas
Cable & Wireless (St Lucia) Ltd	100	Ordinary	St Lucia
Cable & Wireless Dominica Ltd	80	Ordinary	Dominica
Cable & Wireless Holdings Inc	100	Ordinary	USA

	Effective ownership percentage %	Class of shares	Country of incorporation
Cable & Wireless St Kitts & Nevis Ltd	77	Ordinary	St Kitts & Nevis
Cable and Wireless (Anguilla) Ltd	100	Ordinary	Anguilla
Cable and Wireless (Far East) Ltd	100	Ordinary	Hong Kong
Cable and Wireless Caribbean Cellular (Marketing) Ltd	100	Ordinary	BVI
CWC CALA Holdings Ltd	100	Ordinary	Barbados
Cable and Wireless (Cayman Islands) Ltd	100	Ordinary	Cayman
Kelfenora Ltd	100	Ordinary	Cayman
Cable & Wireless Jamaica Ltd	82	Ordinary	Jamaica
Cable & Wireless Jamaica Foundation Ltd	82	Ordinary	Jamaica
Caribbean Landing Company Ltd	82	Ordinary	Jamaica
Digital Media & Entertainment Ltd	82	Ordinary	Jamaica
Jamaica Digiport International Ltd	82	Ordinary	Jamaica
Jamaica International Telecommunications Ltd	82	Ordinary	Jamaica
The Jamaica Telephone Company Ltd	82	Ordinary	Jamaica
Cable & Wireless Panama, SA ¹	49	Ordinary	Panama
Des Vieux Telecom, Inc ¹	49	Ordinary	USA
International Contact Center SA ¹	49	Ordinary	Panama
IPD Corp ¹	49	Ordinary	Panama
Joint ventures			
Telecommunications Services of Trinidad and Tobago Ltd ²	49	Ordinary	Trinidad and Tobago

¹ The Group regards this company as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement

² This company is audited by a firm other than KPMG and its international member firms

The company has no trade investments

Notes to the financial statements (continued)

7. Debtors – amounts falling due within one year

	2012 \$'000	2011 \$'000
Amount due from subsidiary undertaking	<u>476,464</u>	<u>485,167</u>

As at 31 March 2012, the amount due from Cable & Wireless International HQ Limited (CWIHQ) (a subsidiary undertaking, on an interest-free loan payable on a demand basis) was \$476,464,000 (2011 \$485,167,000)

8. Creditors – amounts falling due within one year

	2012 \$'000	2011 \$'000
Accruals	4,939	17,217
Amounts payable to Group undertaking	-	201
Interest-free loan from parent undertaking	<u>1,072,974</u>	<u>1,072,974</u>
	<u>1,077,913</u>	<u>1,090,392</u>

The Company is a guarantor of borrowing facilities entered into by Sable International Finance Limited, a company under the common control of Cable & Wireless Communications Plc (note 12)

9. Creditors – amounts falling due after one year

	2012 \$'000	2011 \$'000
Accruals	<u>3,575</u>	<u>-</u>

10. Called-up share capital

	2012 \$'000	2011 \$'000
<i>Allotted, called up and fully paid</i>		
1,003,543 ordinary shares of £1 each	<u>1,494</u>	<u>1,494</u>

Notes to the financial statements (continued)

11. Capital and reserves

	Called-up share capital	Share premium	Profit and loss account	Total
	\$'000	\$'000	\$'000	\$'000
At 1 April 2011	1,494	372,998	57,940	432,432
Profit for the year	-	-	201	201
At 31 March 2012	1,494	372,998	58,141	432,633

12. Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose transactions with entities that are wholly owned within the Cable & Wireless Communications Group. There are no material transactions with any other related parties.

Along with other Group companies, the Company is a joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as borrower under a US\$600 million revolving credit facilities.

Along with other Group companies, the Company is a joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as issuer under a US\$500 million secured notes issue. The bonds were arranged with a coupon of 7.75% and are due to be repaid in 2017.

Along with other Group companies, the Company is a joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as issuer under a US\$400 million secured notes issue. The bonds were arranged with a coupon of 8.75% and are due to be repaid in 2020.

13. Ultimate parent company

The Company's immediate parent undertaking is Sable Holding Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Cable & Wireless Communications Plc.

The smallest and largest group in which the 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.