

Registered number 3745587

**CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED**

**Directors' Report and Financial Statements**

**31 March 2008**

**Registered Office:**  
**3<sup>rd</sup> Floor**  
**26 Red Lion Square**  
**London WC1R 4HQ**

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# **CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED**

## **FINANCIAL STATEMENTS 2008**

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# **CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED**

## **DIRECTORS' REPORT**

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

### **Principal activities and review of developments**

The Company's principal activity is to act as an investment holding company. It is the Directors' intention to continue the business in line with current activities.

The company has met the requirements in Companies Act 1985 to obtain an exemption provided from the presentation of an Enhanced Business Review.

The result for the year after tax amounted to £nil (2007 loss of £36,568,647) and has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2007 £nil).

### **Directors**

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

D J Platt

N I Cooper

L Davidson (appointed 2 July 2007, resigned 31 August 2007)

The 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 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 this information.

### **Auditors**

Pursuant to shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

On behalf of the Board

  
N I Cooper  
Director

3<sup>rd</sup> Floor  
26 Red Lion Square  
London WC1R 4HQ

Date 18 August 2008

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED**

We have audited the financial statements of Cable & Wireless Eastern Hemisphere UK Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Reconciliation of Movement in Shareholders Funds, 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 in respect of Directors' Report on page 3.

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 result 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  
London

Date 22 August 2008

## PROFIT AND LOSS ACCOUNT YEAR ENDED 31 MARCH 2008

	Note	2008 £	2007 £
Exceptional operating costs	3	-	(36,568,647)
Loss on ordinary activities before taxation		-	(36,568,647)
Tax (charge) / credit on ordinary activities	4	-	-
<b>Loss for the financial year</b>		<b>-</b>	<b>(36,568,647)</b>

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS YEAR ENDED 31 MARCH 2008

	Note	2008 £	2007 £
Opening shareholders' funds		3,143,232,235	3,179,800,882
New share capital subscribed	6,7	340,899,797	-
Retained loss		-	(36,568,647)
<b>Closing shareholders' funds</b>		<b>3,484,132,032</b>	<b>3,143,232,235</b>

The results for the year are derived entirely from continuing operations

There are no recognised gains and losses other than the result for the year above. Accordingly, no separate statement of total recognised gains and losses have been presented.

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

**BALANCE SHEET**  
**31 March 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	5	<u>3,484,132,032</u>	<u>3,143,232,235</u>
<b>NET ASSETS</b>		<u>3,484,132,032</u>	<u>3,143,232,235</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	2,073,743,628	1,737,049,982
Share premium account	7	1,446,957,051	1,442,750,900
Profit and loss account	7	<u>(36,568,647)</u>	<u>(36,568,647)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>3,484,132,032</u>	<u>3,143,232,235</u>

These financial statements were approved by the Board of Directors on  
 signed on their behalf by

18 August

2008 and



**D J PLATT**  
 Director



# **CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 March 2008**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules

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.

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.

#### **Investments**

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

#### **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred due to 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.

#### **Cash Flow Statement**

Under FRS 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 consolidated cash flow statement is included in the financial statements of Cable and Wireless plc, in which the Company is consolidated, from the address in Note 9.

### **2. Information regarding directors, employees and auditors**

The Company had no employees during the year (2007: nil). The Directors did not receive any emoluments from the Company (2007: £nil).

In the current and prior year, the auditor's remuneration of £2,000 for the audit of these financial statements was borne by another group company.

### **3. Exceptionals**

In 2007, the Company reviewed the carrying amount of its fixed asset investments in subsidiary undertaking. This resulted in an exceptional charge of £36,568,647 following the impairment in value of the Company's fixed asset investment in subsidiary undertaking, Cable & Wireless Eastern Hemisphere BV.

## CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

### NOTES TO THE ACCOUNTS (Cont.)

Year ended 31 March 2008

#### 4. Taxation

##### Factors affecting tax charge for the current year

The tax assessment for the period is lower (2007 lower) than the standard rate of corporation tax in the UK (30%, 2007 lower) The difference is explained below

	2008	2007
Loss on ordinary activities before taxation	-	(36,568,647)
Current tax credit at 30% (2007 30%)	-	10,970,594
	<hr/>	<hr/>
Effects of	-	-
Permanent differences	-	(10,970,594)
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

##### *Factors that may affect the future current and total tax charge*

There were no recognised or unrecognised deferred tax balances as at 31 March 2008 or 31 March 2007

The corporation tax rate applicable to the Company will reduce from 30% to 28% from 1 April 2008

# CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

## NOTES TO THE ACCOUNTS (Cont.) Year ended 31 March 2008

### 5 Investments

#### Shares in subsidiary undertakings

	2008	2007
	£	£
<b>Cost</b>		
At the beginning of year	3,179,800,882	1,444,956,882
Additions – Cable & Wireless European Investments Limited	1,749,288,032	1,734,844,000
Disposals – Cable & Wireless Eastern Hemisphere BV	(1,444,956,882)	-
<b>At end of year</b>	<b>3,484,132,032</b>	<b>3,179,800,882</b>
<b>Provision</b>		
At beginning of year	(36,568,647)	-
Disposals – Cable & Wireless Eastern Hemisphere BV	36,568,647	
Impairment losses	-	(36,568,647)
<b>At end of year</b>	<b>-</b>	<b>(36,568,647)</b>
<b>Net Book Value</b>		
<b>At 31 March</b>	<b>3,484,132,032</b>	<b>3,143,232,235</b>

# CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

## NOTES TO THE ACCOUNTS (Cont.) Year ended 31 March 2008

Undertaking	Country of incorporation	Principal activity	Class of share	Percentage of ownership (direct)
Cable & Wireless European Investments Limited	England & Wales	Investment Holdings	Ordinary	100%

On 26 June 2007, the Company transferred its 29.41% holdings of ordinary shares in Cable & Wireless Eastern Hemisphere BV to Cable & Wireless European Investments Limited in consideration for the issue and allotment of 1,408,388,235 ordinary shares of £1 in capital of Cable & Wireless European Investments Limited

### 6. Called up share capital

	2008 £	2007 £
Authorised 2,073,743,628 Ordinary shares of £1 each	2,073,743,628	2,073,743,628
Allotted, called up and fully paid		
At 1 April 1,737,049,982 Ordinary shares of £1 each (2007 2,205,982 Ordinary shares of £1 each)	1,737,049,982	2,205,982
Additional shares allotted	336,693,646	1,734,844,000
At 31 March	2,073,743,628	1,737,049,982

On 18 July 2007, the Company allotted 336,693,646 Ordinary Shares to its parent company, Cable & Wireless (Investments) Limited, at a consideration of £340,899,797 for the transfer to the Company of the issued share capital of Cable and Wireless European Investments Limited

### 7 Movement on reserves

	Share premium £	Profit and loss account £	Total £
At 1 April 2007	1,442,750,900	(36,568,647)	1,406,182,253
Additional Shares Allotted	4,206,151	-	4,206,151
At 31 March 2008	1,446,957,051	(36,568,647)	1,410,388,404

## **CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED**

### **NOTES TO THE ACCOUNTS (Cont.)**

**Year ended 31 March 2008**

#### **8 Related party transactions**

Under FRS 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

#### **9 Ultimate parent company**

The Company's immediate parent undertaking is Cable and Wireless (Investments) Limited, a company registered in England and Wales

The Directors regard Cable and Wireless plc, a Company registered in England and Wales as Company's ultimate parent undertaking and controlling party. The consolidated financial statements of Cable and Wireless plc can be obtained from the Secretary, Cable and Wireless plc, 3<sup>rd</sup> Floor, 26 Red Lion Square, London, WC1R 4 HQ. No other group accounts include the result of the Company