

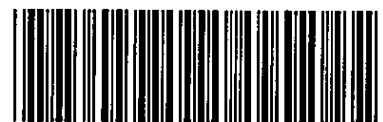
CABLE & WIRELESS US INVESTMENTS

Directors' Report and Financial Statements

Year Ended 31 December 2008

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

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CONTENTS

	Page
Directors' Report	2
Statement of Directors' responsibilities in respect of Directors' Report and the financial statements	3
Profit and Loss Account	4
Reconciliation of movement in Shareholders' funds	4
Balance Sheet	5
Notes to the accounts	6

DIRECTOR'S REPORT

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

Principal activities and review of developments

The Company's principal activity is to act as an investment holding company.

Following the return of capital to shareholders in the year ended 31 December 2007, the Company has been dormant within the meaning of section 249AA of the Companies Act 1985 throughout the year. Accordingly no auditors have been appointed by the Directors.

The loss for the year amounted to £nil (2007: £152) and has been dealt with in the attached financial statements. The Directors do not recommend the payment of a dividend (2007 interim dividend: £105,828 per share).

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

Directors

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

D J Platt

N I Cooper

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

By order of the Board of Directors.



H M HANSCOMB
Secretary

3rd Floor
26 Red Lion Square
London
WC1R 4HQ

Date: 7 September 2009

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 the directors 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.

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2008

	Note	2008 £	2007 £
Write back of investment		-	68
Operating expenses			
Write down of debt due from parent undertaking		-	(220)
Tax charge on ordinary activities	3	-	-
Loss for the financial year		-	(152)

During the current year the Company did not trade and received no income and incurred no expenditure.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 31 December 2008

	Note	2008 £	2007 £
Opening shareholders funds		2	2,116,411,423
Retained loss for the year		-	(152)
Dividends paid	4	-	(116,411,271)
Reduction of share capital	6	-	(1,098)
Return of capital to shareholders	7	-	(1,999,998,900)
Closing shareholders funds		2	2

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

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

BALANCE SHEET
As at 31 December 2008

	Note	2008 £	2007 £
CURRENT ASSETS			
Debtors	5	2	2
NET ASSETS		2	2
CAPITAL AND RESERVES			
Called up share capital	6	2	2
EQUITY SHAREHOLDER'S FUNDS		2	2

The Directors confirm that:

- (a) for the year ended 31 December 2008, the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 from the requirement to have its accounts audited; and
- (b) members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for (a) ensuring the Company keeps accounting records which comply with section 221 of the Companies Act 1985; and (b) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the Board of Directors on 7 September 2009 and signed on its behalf by:



D J PLATT
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

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 on the historical cost basis.

The Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to produce 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.

Taxation

The charge for taxation is based on the loss 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, available from the address in Note 9.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2008

2. Information about 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 prior year, the auditor's remuneration of £2,000 was borne by another group company.

3. Tax on ordinary activities

Factors affecting tax charge for the year

The tax assessment for the prior period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2008	2007
Loss on ordinary activities	-	(152)
Current tax at 28% (2007: 30%)	<u>-</u>	<u>46</u>
Effects of:		
Permanent differences	<u>-</u>	<u>(46)</u>
Total current tax charge	<u>-</u>	<u>-</u>

Factors that may affect the future current and total tax charge.

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

4. Dividends declared and paid

	2008 £	2007 £
Dividend Paid – Cable and Wireless (Investments) Limited	<u>-</u>	<u>(116,411,271)</u>

5. Debtors

	2008 £	2007 £
Amounts owed from parent undertaking	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2008

6. Called up share capital

	2008 £	2007 £
Authorised 100,000,000 ordinary shares of £1 each	100,000,000	100,000,000
Allotted, called up and fully paid 2 (2007: 1,100) ordinary shares of £1 each	2	1,100
Reduction of Share Capital	-	(1,098)
	2	2

7. Movement on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 2007	1,999,998,900	104,872,271	11,539,152
Return of capital to Cable and Wireless (Investments) Limited	(1,999,998,900)	-	-
Profit/(Loss) for the year	-	-	(152)
Transfer	-	(104,872,271)	104,872,271
Dividends for the year	-	-	(116,411,271)
At 31 December 2007	-	-	-
Profit/(Loss) for the year	-	-	-
At 31 December 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. There are no material transactions with any other related parties.

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 the ultimate parent undertaking and controlling party.

The 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.