

**CABLE & WIRELESS REGIONAL LIMITED**

**Report and Financial Statements**

**31 March 2006**

Registered Office  
7<sup>th</sup> Floor, The Point  
37 North Wharf Road  
London  
W2 1LA

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COMPANIES HOUSE

## **CABLE & WIRELESS REGIONAL LIMITED**

### **To the Company's Ordinary Shareholders**

#### **Elective Regime**

On 19 July 2002 the Company passed elective resolutions in accordance with Section 379A of the Companies Act 1985 as amended ('the Act') to dispense with the formalities of

- the laying of accounts before the Company in general meeting (Section 252 of the Act),
- the holding of annual general meetings (Section 366A of the Act), and
- the obligation to appoint auditors annually (Section 386 of the Act)

Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with Section 238(1) of the Act.

# **CABLE & WIRELESS REGIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **CONTENTS**

	<b>Page</b>
<b>Directors' Report</b>	<b>2</b>
<b>Statement of Directors' Responsibilities</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Profit and Loss Account</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Notes to the Accounts</b>	<b>8</b>

# CABLE & WIRELESS REGIONAL LIMITED

## DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 March 2006

### ACTIVITIES

The principal activity of the Company during the year was to act as a holding Company for Cable & Wireless group companies. On 28 February 2007, the Company sold all its investments in Cable & Wireless Guernsey Limited, Cable & Wireless Jersey Limited and Cable & Wireless Isle of Man Limited to Sable Holding Limited. As a result of this sale, the directors believe it is appropriate to prepare these financial statements on a break up basis.

### RESULTS AND DIVIDENDS

The Company did not trade during the period. The Directors do not recommend payment of a dividend (2005 £nil).

### DIRECTORS AND THEIR INTERESTS

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

R H Dodd appointed 7 April 2005  
H M Hanscomb appointed 28 February 2005, resigned 12 July 2005  
B M James appointed 12 July 2005, resigned 1 September 2006  
J P M Jankovich appointed 1 September 2006

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year. The Directors who held office at the end of the financial year had the following beneficial interests in the shares of Cable and Wireless plc:

	At 1 April 2005 (or later date of appointment)	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2006
R H Dodd	135,501	-	-	135,501 (a)
	-	85,282	-	85,282 (b)
B M James	35,735	-	-	35,735 (a)
	-	13,807	-	13,807 (b)

All interests are in fully paid Ordinary Shares, unless marked (a) which are options to purchase Ordinary Shares under the discretionary share option schemes or (b) which are restricted shares granted on 25 August 2005 under the Restricted Share Plan ('RSP'), 50% of which will vest on 25 August 2006 and 50% will vest on 25 August 2008.

Full details of the RSP are included in the financial statements of the ultimate parent Company, Cable and Wireless plc.

### GOING CONCERN

These accounts have not been prepared on a going concern basis. The financial statements have been prepared on a break up basis – that is by reflecting all assets at their estimated recoverable amount and making full provision for all obligations as at the balance sheet date.

**DIRECTORS' REPORT**

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'H M Hanscomb', written in a cursive style.

H M Hanscomb  
Secretary

Date 25 JUNE 2007

**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 the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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.

Under applicable law the Directors are also responsible for preparing a Directors' Report that complies with that law.

# REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF CABLE & WIRELESS REGIONAL LIMITED

We have audited the financial statements of Cable & Wireless Regional Limited for the year ended 31 March 2006 which comprise 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. As described in note 1 they have not been prepared on a going concern basis.

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

As described in the Statement of Directors' Responsibilities on page 4, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. We also 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 2006 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 *26 June 2007*

8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

**CABLE & WIRELESS REGIONAL LIMITED****PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2006**

	Note	2006 £'000	2005 £'000
Net interest and other similar income	3	5,000	12,600
<b>OPERATING PROFIT</b>		<u>5,000</u>	<u>12,600</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5 000	12,600
Tax charge on profit on ordinary activities	4	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>5,000</u>	<u>12,600</u>

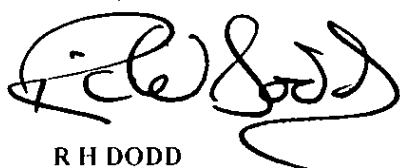
There are no recognised gains or losses for the year other than those presented in the profit and loss account. Accordingly no statement of recognised gains or losses has been prepared. All results derive from discontinued activities.

# CABLE & WIRELESS REGIONAL LIMITED

## BALANCE SHEET As at 31 March 2006

	Note	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>			
Investments	5	-	23,048
<b>CURRENT ASSETS</b>			
Investments	5	23,048	-
<b>TOTAL ASSETS</b>		23,048	23,048
<b>CRFDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Amounts owed to group undertakings		(5,448)	(10,448)
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		17,600	(10,448)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,600	12,600
<b>NET ASSETS</b>		17,600	12,600
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	-	-
Profit and Loss account	8	17,600	12,600
<b>EQUITY SHAREHOLDER'S FUNDS</b>	7	17,600	12,600

These financial statements on pages 6 to 11 [11] were approved by the Board of Directors on 22 JUNE 2007 and signed on their behalf by



**R H DODD**  
Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2006**

**1 ACCOUNTING POLICIES**

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

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. There was no impact on the adoption of FRS 21

**Basis of preparation**

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

Following the sale of the Company's investments, the directors believe it is not appropriate to prepare the financial statements on a going concern basis. The financial statements have therefore been prepared on a break up basis – that is by reflecting all assets at their estimated recoverable amount and making full provision for all obligations as at the balance sheet date

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

**Investments**

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

**Tax**

The charge for tax is based on the result for the year 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

**2 INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS**

The Company had no employees during the year (2005: nil). The Directors did not receive any emoluments from the Company during the year (2005: £nil). The auditors' remuneration for the year and the previous year was borne by the parent Company

# CABLE & WIRELESS REGIONAL LIMITED

## NOTES TO THE ACCOUNTS (cont.) Year ended 31 March 2006

### 3 NET INTEREST AND OTHER SIMILAR INCOME

	2006 £'000	2005 £'000
Dividend income	5,000	12,600

### 4 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
The charge for taxation comprises		
United Kingdom corporation tax at 30% (2005 - 30%)	-	-
	-	-

Tax reconciliation to UK statutory rate

	2006 %	2005 %
Tax on pre-tax profit at 30%	30.0	30.0
Effects of		
Double tax relief	(17.5)	(7.8)
Group relief claimed without payment	(12.5)	(22.2)
	0.0	0.0

### 5 INVESTMENTS

Shares in subsidiary undertakings

Cost

	2006 £'000	2005 £'000
<b>Fixed assets</b>		
At 31 March 2005	-	23,048
<b>Current assets</b>		
At 31 March 2006	23,048	-

The Company reclassified investments during the year pending the sale as disclosed in note 11

The Company's interest in subsidiary undertakings at the year end were as follows

Name of Subsidiary	Country of Incorporation	Type of Holding	Nature of Business
Cable & Wireless Isle of Man Limited	Isle of Man	100% Ordinary shares	Telecommunications
Cable & Wireless Jersey Limited	Jersey	100% Ordinary shares	Telecommunications
Cable and Wireless Guernsey Limited	Guernsey	100% Ordinary shares	Telecommunications

# CABLE & WIRELESS REGIONAL LIMITED

## NOTES TO THE ACCOUNTS (cont.)

Year ended 31 March 2006

### 6 CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised 2,000,000,000 ordinary shares of £1 each	2,000,000,000	2,000,000,000
Allotted, called up and fully paid 1 ordinary share of £1	1	1

### 7 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2006 £'000	2005 £'000
Profit for the financial year	5,000	12,600
Net increase in equity shareholder's funds	5,000	12,600
Opening equity shareholder's funds	12,600	-
Closing equity shareholder's funds	17,600	12,600

### 8 MOVEMENT ON RESERVES

	Profit and Loss account £'000	Total £'000
At 1 April 2005	12 600	-
Profit for the year retained	5,000	12 600
At 31 March 2006	17,600	12,600

### 9 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.

### 10 RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard No. 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.

### 11 POST BALANCE SHEET EVENTS

On 28 February 2007 the Company sold its investment in Cable & Wireless Guernsey Limited to Sable Holding Limited, a related Company subject to common control by Cable & Wireless plc, for consideration of £176,000,000 realising a gain on disposal of £152,952,000.

On 28 February 2007, the Company sold its investment in Cable & Wireless Jersey Limited, a related Company subject to common control by Cable & Wireless plc, to Sable Holding Limited for consideration of £47,000,000 realising a gain on disposal of £47,000,000.

On 28 February 2007, the Company sold its investment in Cable & Wireless Isle of Man Limited to Sable Holding Limited, a related Company subject to common control by Cable & Wireless plc, for consideration of £26,000,000 realising a gain on disposal of £26,000,000.

**NOTES TO THE ACCOUNTS (cont.)**

**Year ended 31 March 2006**

**12. ULTIMATE PARENT COMPANY**

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, 7th Floor The Point, 37 North Wharf Road, London W2 1LA. No other group accounts include the results of the Company.