

**THE EASTERN TELEGRAPH COMPANY LIMITED**

**Report and Financial Statements**

**31 March 2001**

**Registered Office:  
124 Theobalds Road  
London  
WC1X 8RX**



# THE EASTERN TELEGRAPH COMPANY LIMITED

## To the Company's Ordinary Shareholders

### Elective Regime

The Company has 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);
- 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.

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# THE EASTERN TELEGRAPH COMPANY LIMITED

## REPORT AND FINANCIAL STATEMENTS 2001

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**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND AUDITORS**

**DIRECTORS**

K K Claydon  
R E Lerwill  
J M Bolton (alternate to K K Claydon)

**SECRETARY**

J M Bolton

**AUDITORS**

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
PO Box 695  
London  
EC4Y 8BB

# THE EASTERN TELEGRAPH COMPANY LIMITED

## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2001.

## ACTIVITIES

The Company carries on telecommunications training in the United Kingdom.

## REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company through its college in Coventry continues to be the centre of excellence for telecommunications education and training. The college buildings which were transferred from Cable and Wireless plc were put up for sale during the year and the training business transferred to the Global segment of the Cable & Wireless Group.

## RESULTS AND DIVIDENDS

The loss for the year after taxation amounting to £14,360,000 (2000 - loss £777,000) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2000:£nil).

## DIRECTORS AND THEIR INTERESTS

The Directors who held office at the end of the year have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company subsisting at the end of the financial year. The beneficial interests of the Directors in the shares of Cable and Wireless plc, are as follows:

	At 1 April 2000 (or later date of appointment)	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2001
K K Claydon	1,937	40,569	40,764	1,742
	5,337	1,329	1,329	5,337 (a)
	64,622	23,613	29,372	58,863 (b)
	9,674	510	10,184	- (c)
	6,553	-	-	6,553 (d)
	10,782	-	-	10,782 (e)
	-	4,524	-	4,524 (f)
J M Bolton	-	814	-	814
	1,241	255	1,496	- (a)
	2,650	7,245	-	9,895 (b)

The interests of R E Lerwill are shown in the financial statements of the ultimate parent undertaking, Cable and Wireless plc.

All interests are in fully paid Ordinary Shares, unless marked (a) which are options to purchase Ordinary Shares under the C&W Employee Savings Related Share Option Scheme, (b) which are options to purchase Ordinary Shares under the discretionary share option schemes, (c) which are C&W Long Term Incentive Plan 1997 (LTIP) (notional), (d) which are C&W Long Term Incentive Plan 1998 (notional), (e) which are contingent share awards under the C & W Performance Share Plan (PSP) 1999 granted on 01.04.99 or (f) which are contingent share awards under the C & W Performance Share Plan (PSP) 2000 granted on 01.04.00. Full details of the LTIP and the PSP are included in the financial statements of the ultimate parent company.

# THE EASTERN TELEGRAPH COMPANY LIMITED

## DIRECTORS' REPORT

Mr KK Claydon held 1,500 Ordinary Shares in Cable & Wireless Communications plc (CWC) at 1 April 2000. On 30 May 2000, these shares were disposed of in accordance with the terms of the acquisition of the Data business of CWC (Dataco) by Cable and Wireless plc and the acquisition of the consumer business of CWC (ConsumerCo) by ntl Incorporated.

By order of the Board of Directors.



J M Bolton  
Secretary

Date: 21 November 2001

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year 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 the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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.

**AUDITORS' REPORT TO THE MEMBERS OF THE EASTERN TELEGRAPH  
COMPANY LIMITED**

We have audited the financial statements on pages 8 to 14.

*Respective responsibilities of Directors and auditors*

The Directors are responsible for preparing the Directors' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

*Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the Company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*V. L. C. Audit Ltd*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

Date: 21 November 2001



# THE EASTERN TELEGRAPH COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2001

	Note	2001 £000	2000 £000
<b>TURNOVER</b>	2	-	13,630
Operating costs		(207)	(14,076)
<b>OPERATING (LOSS)</b>	4	(207)	(446)
Amounts written off fixed assets	8	(14,426)	-
Net interest and other similar income	6	45	77
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(14,588)	(369)
Tax credit/(charge) on loss on ordinary activities	7	228	(408)
<b>(LOSS) FOR THE FINANCIAL YEAR</b>		(14,360)	(777)
<b>Retained (loss) brought forward</b>		(187)	590
<b>Retained (loss) carried forward</b>		(14,547)	(187)

There are no recognised gains or losses other than the loss for the year and the loss for the previous year. Accordingly no statement of recognised gains and losses has been prepared.

There are no movements in equity shareholders' funds other than the loss for the year and the loss for the previous year.

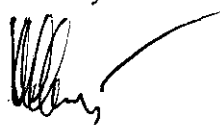
There is no difference between the Company's results as reported and on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

# THE EASTERN TELEGRAPH COMPANY LIMITED

## BALANCE SHEET 31 March 2001

	Note	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	4,203	1,687
<b>CURRENT ASSETS</b>			
Stocks - consumable stores		14	42
Debtors	9	2,443	3,904
Cash at bank and in hand		940	893
		3,397	4,839
<b>CREDITORS: amounts falling due within one year</b>	10	(20,947)	(5,143)
<b>NET CURRENT LIABILITIES</b>		(17,550)	(304)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(13,347)	1,383
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Other provisions	11	-	(370)
<b>NET (LIABILITIES)/ASSETS</b>		(13,347)	1,013
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,200	1,200
Profit and loss account		(14,547)	(187)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(13,347)	1,013

The financial statements were approved by the Board of Directors and signed on ~~21 November~~ 2001 on their behalf by:



K K CLAYDON  
Director

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2001

### 1. ACCOUNTING POLICIES

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

#### Tangible fixed assets and depreciation

Depreciation of tangible fixed assets is set aside on the basis of providing in equal annual instalments for the costs or valuation over the estimated useful life of these assets, namely:

Freehold Buildings	40 years	Average	40 years
Plant	3 to 20 years	Average	5 years

Freehold land, where the cost is distinguishable from the cost of the building thereon is not depreciated.

#### Deferred taxation

The Company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used.

#### Pensions

Charges from group pension schemes operated by Cable and Wireless plc are charged to the profit and loss account in the period to which they relate.

### 2. TURNOVER

Turnover arises wholly in the United Kingdom and comprises fees for telecommunications training.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001	2000
Average monthly number of persons employed by the Company during the year was:	-	115

The Directors did not receive any emoluments from the Company (2000 - £ nil).

	2001 £000	2000 £000
The aggregate remuneration and associated costs of employees were:		
Salaries and wages	-	4,655
Social security costs	-	329
Pension costs	-	374
Redundancy provision	-	370
	-	5,728

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2001

### 4. OPERATING LOSS

	2001 £000	2000 £000
Operating loss is after charging:		
Depreciation of owned fixed assets	552	614
Audit fee	-	5
	<u>          </u>	<u>          </u>

The audit fee was borne by the ultimate parent company.

### 5. PENSIONS

The Company participates in pension schemes operated by Cable and Wireless plc. The schemes are principally of the defined benefit type whereby retirement benefits are based on the employee's final remuneration and length of service and are funded through separate trustee administered schemes. Contributions to the scheme are made in accordance with the recommendations of independent actuaries who value the scheme at regular intervals, usually triennially. Further information relating to the scheme is disclosed in the accounts of Cable and Wireless plc.

### 6. NET INTEREST AND OTHER SIMILAR INCOME

	2001 £000	2000 £000
Deposit and short term interest	45	77
	<u>          </u>	<u>          </u>

### 7. TAX ON (LOSS) ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
The (credit)/charge for taxation comprises:		
United Kingdom corporation tax at 31% (2000 - 31%)		
Current year	(126)	(122)
Adjustment in respect of prior year	(102)	530
	<u>          </u>	<u>          </u>
	(228)	408
	<u>          </u>	<u>          </u>

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 2001

### 8. TANGIBLE FIXED ASSETS

	Land and Buildings £000	Plant £000	Total £000
Cost or valuation			
At 1 April 2000	-	7,310	7,310
Additions	-	68	68
Transfer from Group company	17,426	-	17,426
At 31 March 2001	<u>17,426</u>	<u>7,378</u>	<u>24,804</u>
Depreciation			
At 1 April 2000	-	5,623	5,623
Impairment	14,426	-	14,426
Charge for the year	-	552	552
At 31 March 2001	<u>14,426</u>	<u>6,175</u>	<u>20,601</u>
Net book value			
At 31 March 2001	<u>3,000</u>	<u>1,203</u>	<u>4,203</u>
At 31 March 2000	<u>-</u>	<u>1,687</u>	<u>1,687</u>

During the year, the buildings used by Coventry College were transferred to the Company from Cable and Wireless plc prior to sale. The carrying value of these buildings has been written down to their expected realisable value.

### 9. DEBTORS

	2001 £000	2000 £000
Trade debtors	1,125	884
Other debtors	1,110	1,443
Prepayments and accrued income	208	1,577
	<u>2,443</u>	<u>3,904</u>

Deferred tax provided in the accounts and the potential liability, including amounts for which provision has been made, are as follows:

	Asset recognised		Total potential (asset)/liability	
	2001 £000	2000 £000	2001 £000	2000 £000
Tax effect of timing differences due to:				
Excess capital allowances	-	-	529	614
Other	-	-	(337)	(337)
	<u>-</u>	<u>-</u>	<u>192</u>	<u>277</u>

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2001

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£000	£000
Bank overdraft	342	90
Trade creditors	21	398
Amounts owed to parent undertaking	20,004	2,060
Other creditors	-	687
Accruals and deferred income	580	1,908
	<u>20,947</u>	<u>5,143</u>

### 11. OTHER PROVISIONS

	2001	2000
	£000	£000
At 1 April	370	-
Charge to current profit and loss account	-	370
Amounts paid or released during the year	(370)	-
	<u>-</u>	<u>370</u>
At 31 March	-	370

	2001	2000
	£000	£000
Redundancy provision	-	370
	<u>-</u>	<u>370</u>

### 12. CALLED UP SHARE CAPITAL

	2001	2000
	£000	£000
Authorised		
1,200,000 ordinary stock units of £1 each	1,200	1,200
5,800,000 ordinary shares of £1 each	5,800	5,800
	<u>7,000</u>	<u>7,000</u>
Allotted, called up, and fully paid		
1,200,000 ordinary stock units of £1 each	1,200	1,200
	<u>1,200</u>	<u>1,200</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2001**

**13. 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.

**14. 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 materials transactions with any other related parties.

**15. ULTIMATE PARENT COMPANY**

The Company's holding company and ultimate parent company 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, 124 Theobalds Road, London WC1X 8RX.