

Company Registration No. 6338

The Eastern Telegraph Company Limited

Directors' Report and Financial Statements
31 March 2008

Registered Office.

3rd Floor
26 Red Lion Square
London WC1R 4HQ

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Directors' report

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

Principal activities and business review

The Company carried on telecommunications training in the United Kingdom until 2001 when the trade was transferred to another Cable & Wireless Group company

The profit for the year after taxation amounting to £418,000 (2007 – £249,000) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2007 – £nil)

No change in the Company's activities is envisaged in the foreseeable future

The Company has met the requirements in Companies Act 1985 to obtain 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

N I Cooper
H M Hanscomb

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

Auditors

The Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office

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 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

By order of the board



H M Hanscomb
Company Secretary

3rd Floor
26 Red Lion Square
London, WC1R 4HQ

Date 3 September 2008

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 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.



KPMG LLP

*8 Salisbury Square
London
EC4Y 8BB
United Kingdom*

Independent auditor's report to the members of The Eastern Telegraph Company Limited

We have audited the financial statements of The Eastern Telegraph Company Limited for the year ended 31 March 2008, 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.

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 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 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: *9 Sept 2008*

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Profit and loss account
For the year ended 31 March 2008

	Note	2008 £000	2007 £000
Other operating income	3	418	249
Operating profit		418	249
Profit on ordinary activities before taxation		418	249
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		418	249

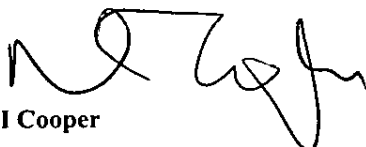
There are no recognised gains or losses for the current and prior year other than those presented in the profit and loss account. Accordingly no statement of recognised gains or losses has been prepared. The results for the current and prior years are derived from continuing operations.

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Balance sheet
As at 31 March 2008

	Note	2008 £000	2007 £000
Creditors amounts falling due within one year	5	(7,208)	(7,626)
Net current liabilities		(7,208)	(7,626)
Total assets less current liabilities		(7,208)	(7,626)
Net liabilities		(7,208)	(7,626)
Capital and reserves			
Called up share capital	6	1,200	1,200
Profit and loss account	7	(8,408)	(8,826)
Equity shareholder's deficit		(7,208)	(7,626)

These financial statements were approved by the Board of Directors on 3 September 2008
and were signed on its behalf by


N I Cooper
Director

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items that 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 S228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £7,208,000. 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.

Cash flow statement

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Related parties

As a wholly owned subsidiary of Cable and Wireless plc, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities that form part of the group (or investees in the group qualifying as related parties). The consolidated financial statements of Cable and Wireless plc, within which this company is included, can be obtained from the address given in note 8.

Taxation

The charge for taxation is based on the result 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.

2. Information regarding directors, employees and auditors

Directors' emoluments are borne by other group companies in the current and prior year.

The Company had no employees during the year (2007 nil).

In the current and prior year, the auditor's remuneration of £2,000 (2007 – £2,000) was borne by another group company.

Notes (cont.)

3. Other operating income

	2008 £000	2007 £000
Recovery of amounts previously written off	<u>418</u>	<u>249</u>

4. Tax on profit on ordinary activities

	2008 £000	2007 £000
The credit for taxation comprises		
United Kingdom corporation tax at 30% (2007 – 30%)		
Current year	-	-
Adjustment in respect of prior year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Reconciliation of the Company's current tax to the United Kingdom statutory rate

	2008 %	2007 %
Statutory Rate	30.0	30.0
Effects of Permanent differences	<u>(30.0)</u>	<u>(30.0)</u>
Current tax rate	<u>-</u>	<u>-</u>

A deferred tax asset of £78,603 (2007 - £112,291) has not been recognised on excess capital allowances and other short-term differences. These assets can only be deducted against certain types of future income. There is currently insufficient evidence that suitable taxable profits will be generated.

Factors that may affect current and total tax charges:

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

5. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	<u>7,208</u>	<u>7,626</u>

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Notes (cont.)

6. Called up share capital

	2008	2007
	£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	<u>1,200</u>	<u>1,200</u>

7 Movement on reserves

	Profit and loss account £'000
At 1 April 2007	(8,826)
Profit for the year	<u>418</u>
At 31 March 2008	<u>(8,408)</u>

8 Ultimate parent company

The Company's immediate parent undertaking is Sable Holding 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 company and controlling party

The smallest and largest group in which the results of the Company are consolidated is that of Cable and Wireless plc, the parent company. The consolidated financial statements of Cable and Wireless plc may 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.