

Company Registration No. 6338

The Eastern Telegraph Company Limited

**Directors' Report and Financial Statements
For the year ended 31 March 2010**

Registered office:

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

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The Eastern Telegraph Company Limited
Directors' report and financial statements
For the year ended 31 March 2010

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The Eastern Telegraph Company Limited
Directors' report and financial statements
For the year ended 31 March 2010

Directors' report

The directors present their annual report and the financial statements of The Eastern Telegraph Company Limited ("the Company") for the year ended 31 March 2010

Principal activities and business review

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

The profit for the year after taxation amounted to \$nil (2009 - \$nil) and has been dealt with in the attached financial statements. The directors do not recommend payment of a dividend (2009 - \$nil)

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review

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

Directors

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

N I Cooper	
H M Hanscomb	(resigned 2 August 2010)
C Underwood	(appointed 2 August 2010)

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

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed 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 of Directors



E Bell
Company Secretary

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

Date 16 November 2010

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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss account 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 are sufficient to show and explain the Company's transactions, 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 2006. 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.



REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF THE EASTERN TELEGRAPH COMPANY LIMITED

We have audited the financial statements of The Eastern Telegraph Company Limited ('the Company') for the year ended 31 March 2010 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Dated 16/11/2010

Profit and loss account
For the year ended 31 March 2010

There are no profits or losses incurred in the current and prior years. Accordingly no profit and loss account has been prepared.

The accompanying notes from pages 7 to 10 form an integral part of the financial statements.

Statement of total recognised gains and losses
Year ended 31 March 2010

	2010	2009
	\$'000	\$'000
Foreign exchange (losses)/gains	(324)	4,624
Total (losses)/gains for the financial year	(324)	4,624

Reconciliation of movements in shareholders' deficit
Year ended 31 March 2010

	2010	2009
	\$'000	\$'000
Opening shareholders' deficit	(10,450)	(14,414)
Translation of share capital	46	(660)
Foreign exchange (losses)/gains	(324)	4,624
Closing shareholders' deficit	(10,728)	(10,450)

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Balance sheet
As at 31 March 2010

	Note	2010 \$'000	2009 \$'000
Debtors amounts falling due within one year	4	4,489	-
Creditors , amounts falling due within one year	5	(15,217)	(10,450)
Net current liabilities		(10,728)	(10,450)
Total assets less current liabilities		(10,728)	(10,450)
Net liabilities		(10,728)	(10,450)
Capital and reserves			
Called up share capital	6	1,786	1,740
Profit and loss account	7	(12,514)	(12,190)
Shareholder's deficit		(10,728)	(10,450)

The accompanying notes from pages 7 to 10 form an integral part of the financial statements

These financial statements were approved by the Board of Directors on 16 November 2010 and were signed on its behalf by



N I Cooper
Director

Notes to 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 s400 of the Companies Act 2006 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 \$10,728,000. 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. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Functional currency and presentational currency

As a result of the Group reorganisation, the functional currency of the ultimate parent company, Cable & Wireless Communications Plc, and the majority of the holding and financing companies of the Group, of which the Company is a member, changed to US dollars.

In respect of the Company, following the Group reorganisation, the directors consider the US dollar to be the local currency reflecting the economic effects of the underlying transactions, events and conditions of the Company within the group.

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 & Wireless Communications Plc, the Company has taken advantage of the exemption contained in FRS 8 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 & Wireless Communications 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 (2009 nil).

In the current and prior year, the auditor's remuneration of \$3,000 (2009 – \$3,000) was borne by another Group company.

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Notes (cont.)

3 Tax on profit on ordinary activities

	2010 \$'000	2009 \$'000
The credit for taxation comprises		
United Kingdom corporation tax at 28% (2009 – 28%)		
Current year	-	-
	-	-

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

	2010 \$'000	2009 \$'000
Profit before tax	-	-
Tax charge @ 28% (2009 28%)	-	-
Effects of		
Capital allowances in excess of depreciation	-	(28,485)
Group relief surrender	-	28,485
Current tax charge	-	-

A deferred tax asset of \$87,745 (2009 - \$85,474) 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.

4. Debtors' amounts falling due within one year

	2010 \$'000	2009 \$'000
Amounts owed by group undertakings	4,489	-

On 8 March 2010, Cable & Wireless Singapore PTE Limited assigned to the Company an intercompany receivable of \$4,488,528 in consideration for the assignment of an intercompany payable carried at the same amount.

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Notes (cont.)

5. Creditors: amounts falling due within one year

	2010	2009
	\$'000	\$'000
Amounts owed to group undertakings	<u>15,217</u>	<u>10,450</u>

On 8 March 2010, Cable & Wireless Singapore PTE Limited assigned to the Company an intercompany receivable of \$4,488,528 in consideration for the assignment of an intercompany payable carried at the same amount

6 Called up share capital

	2010	2009
	\$'000	\$'000
Authorised		
1,200,000 ordinary stock units of £1 each	1,786	1,740
5,800,000 ordinary shares of £1 each	<u>8,633</u>	<u>8,409</u>
	<u>10,419</u>	<u>10,149</u>
Allotted, called up, and fully paid		
1,200,000 ordinary stock units of £1 each	<u>1,786</u>	<u>1,740</u>

7. Movement on reserves

	Share capital	Profit and loss account	Total
		\$'000	
At 1 April 2009	1,740	(12,190)	(10,450)
Translation of share capital	46	-	46
Foreign exchange loss	-	(324)	(324)
	<u>1,786</u>	<u>(12,514)</u>	<u>(10,728)</u>
At 31 March 2010			

Notes (cont.)

8. Ultimate parent company

The Company's immediate parent undertaking is Cable & Wireless DI Holdings Limited, a company registered in England and Wales

The directors regard Cable & Wireless Communications Plc (2009 Cable and Wireless plc, now Cable & Wireless Limited), a company registered in England and Wales, as the ultimate parent company and controlling undertaking

Cable & Wireless Group reorganisation and demerger

On 19 March 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Arrangement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Communications Group as at this date

The smallest and largest group in which the results of the Company are consolidated is that of Cable & Wireless Communications Plc, the ultimate parent company. The consolidated financial statements of Cable & Wireless Communications Plc may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. No other group accounts include the results of the Company