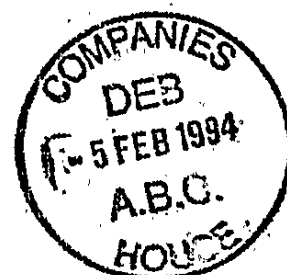
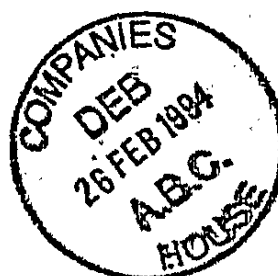
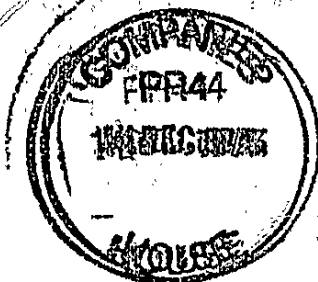


6338C



THE EASTERN TELEGRAPH COMPANY LIMITED



REPORT AND ACCOUNTS  
1993

**THE EASTERN TELEGRAPH COMPANY LIMITED**

**REPORT AND ACCOUNTS 1993**

**Registered Number 6338C England**

**THE EASTERN TELEGRAPH COMPANY LIMITED**

**BOARD OF DIRECTORS**

**Directors**

**Rodney J. Olsen**

**Brian A. Pemberton**

**Secretary**

**Kenneth K Claydon**

**REGISTERED OFFICE**

**124 THEOBALDS ROAD, LONDON, WC1X 8RX**

THE EASTERN TELEGRAPH COMPANY LIMITED  
REPORT OF THE DIRECTORS

The Directors submit their Annual Report together with the audited accounts of the Company for the year ended 31 March, 1993.

PRINCIPAL ACTIVITIES

The Company carries on telecommunications training activities in the United Kingdom.

REVIEW OF DEVELOPEMENTS AND FUTURE PROSPECTS

The Assets of the new Group Training College have been transferred to the Parent Company and the current activities of the Company will continue until the Training College comes on stream.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounting to £ 41,600 has been dealt with as shown in the attached accounts. The Directors do not recommend payment of a dividend.

DIRECTORS

The following served as Directors during the year under review: Mr R.J.Olsen and Mr B.A.Pemberton.

DISCLOSABLE INTEREST

The shareholdings of the Directors in Group Companies are shown in the Report and Accounts of Cable and Wireless plc.

APPRECIATION

The Directors would like to take this opportunity to express their thanks to all employees and their families for their invaluable contribution over the past year.

AUDITORS

The auditors, KPMG Peat Marwick, have expressed their willingness to continue in office and a resolution proposing their reappointment, and authorising the Directors to agree their remuneration will be put to the Annual General Meeting.

By Order of the Board of Directors.



K.K. Claydon.  
Secretary

124 Theobalds Road  
London WC1X 8RX

21 June, 1993

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial reporting period which 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 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors' report to the members of The Eastern Telegraph Company Limited

We have audited the financial statements on pages 5 to 13.

### Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of 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 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

K/AC [Signature]

KPMG Pent Marwick  
Chartered Accountants  
Registered Auditors  
8 Dec 1993

London

# THE EASTERN TELEGRAPH COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

For the Year Ended 31 March, 1993

	Note	1993 £	1992 £
Turnover	2	4,523,057	4,139,600
Operating Costs	3	4,423,367	3,732,184
Trading Profit		<u>99,690</u>	<u>407,416</u>
Net interest and other similar income	4	11,613	11,478
Profit on ordinary activities before taxation		<u>111,303</u>	<u>418,894</u>
Taxation	7	152,903	170,434
Profit/(Loss) on ordinary activities after taxation	15	<u>(41,600)</u>	<u>248,460</u>

# THE EASTERN TELEGRAPH COMPANY LIMITED

## BALANCE SHEET

At 31 March, 1993

	Note	1993 £	1992 £
<b>FIXED ASSETS</b>			
Tangible assets	8	9,152,269	11,831,177
<b>CURRENT ASSETS</b>			
Debtors	9	377,841	167,410
Cash at bank and in hand		303,021	31,200
		680,862	198,610
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	10	210,700	466,159
<b>NET CURRENT LIABILITIES</b>		470,162	-267,549
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,622,431	11,563,628
Creditors: amounts falling due after one year	11	3,817,809	6,182,575
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	12	-336,925	-254,726
Other provisions	13	2,007,368	1,460,000
<b>NET ASSETS</b>		4,134,179	4,175,779
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,200,000	1,200,000
Revaluation reserve	15	756,650	756,650
Profit and loss account	15	2,177,529	2,219,129
		4,134,179	4,175,779

The accounts on pages 5 to 13 were approved by the Board of Directors on 21 June, 1993 and signed on their behalf by



Rodney J. Olsen  
Director

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

The principal accounting policies of the Eastern Telegraph Company Limited are summarised below:

#### (a) Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards on the historical cost basis adjusted for the revaluation of certain land and buildings on the basis set out in (b) below.

#### (b) Tangible fixed assets and Depreciation

Depreciation of tangible fixed assets is set aside on the basis of providing in equal annual instalments 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. Certain land and buildings are included at open market value for existing use as revalued at 31 March, 1981.

#### (c) Deferred taxation

The Company provides for deferred taxation using the liability method if there is reasonable probability that the liability will arise in the foreseeable future. Provision is made in full using the liability method in respect of accelerated capital allowances.

#### (d) Pensions

The Company participates in a Group pension scheme operated by Cable and Wireless plc. Contributions and pension costs are based on pension costs across the Group as a whole. The pension scheme is administered by trustees and is independent of the Company's and the Group's finances. The scheme is valued by independent actuaries at frequent intervals, usually triennially.

The regular cost of providing benefits is charged to trading profit over the service lives of the members of the schemes on the basis of a constant percentage of pensionable pay. Variations from regular cost arising from periodic actuarial variations are allocated to trading profit over the expected remaining service lives of the members.

### 2. TURNOVER

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



# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 3. OPERATING COSTS

	1993 £	1992 £
Employee costs	1,830,311	1,908,300
Other operating costs	2,004,035	1,223,338
Depreciation of owned tangible fixed assets	586,521	595,546
Auditors' remuneration	2,500	5,000
	<u>4,423,367</u>	<u>3,732,184</u>

Having regard to the special nature of the Company's business an analysis of operating costs in the manner prescribed by the Companies Act 1985 is not meaningful. In the circumstances therefore the Directors have, as required by paragraph 3 (3) of Schedule 4 to the Companies Act 1985, adapted the prescribed format to the requirements of the Company's business.

### 4. NET INTEREST AND OTHER SIMILAR INCOME

	1993 £	1992 £
Deposit and short term loan interest	11,613	11,500
Loss on sale of fixed assets	-	(22)
	<u>11,613</u>	<u>11,478</u>

### 5. DIRECTORS AND EMPLOYEES

a) The average weekly number of persons employed by the Company during the year was:

1993 Number	1992 Number
<u>82</u>	<u>73</u>

b) The aggregate remuneration and associated costs of Company employees were:

	1993 £	1992 £
Salaries and wages	1,635,086	1,246,600
Social security costs	124,355	96,200
	<u>1,759,441</u>	<u>1,342,800</u>

c) Neither the Chairman nor any other Director received emoluments from the Company (1992 Nil).

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 6. Pensions

The Company participates in Group pension schemes operated by Cable and Wireless plc. The schemes are principally of the defined benefit type whereby retirement benefits are based on the employees' 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.

Actuarial valuations of the Cable and Wireless plc pension schemes were prepared at 30th June 1991. Part of the surplus in the United Kingdom scheme was absorbed by improved benefits and the remainder was absorbed by a suspension of company contributions, to continue until the results of the next actuarial valuation are known.

Certain employees who are not members of the group pension scheme are entitled to terminal terminal gratuities on retirement. Provisions for terminal gratuities are charged to profits for the period to which they relate.

### 7. TAXATION

The charge for taxation based on the results for the year, comprises:

	1993 £	1992 £
UK Corporation tax	262,604	430,492
UK Corporation tax - prior years	(27,502)	(146,568)
Deferred taxation - current	(82,199)	(112,180)
- prior years		(1,310)
	<u>152,903</u>	<u>170,434</u>

If deferred taxation had been fully provided under the liability method in 1993, there would have been no change in the taxation charge (1992 - Nil).

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant £	Total £
Cost or valuation			
At 1 April, 1992	12,238,791	2,463,265	14,702,056
Additions	12,780,165	1,215,956	13,996,121
Disposals and Transfers	(16,104,391)	(31,397)	(16,135,788)
At 31 March, 1993	8,914,565	3,647,824	12,562,389
Depreciation			
At 1 April, 1992	1,416,087	1,454,792	2,870,879
Charge for the year	225,077	361,444	586,521
Eliminated in respect of disposals and transfers	(65,733)	18,453	(47,280)
At 31 March, 1993	1,575,431	1,834,689	3,410,120
Net book value			
At 31 March, 1993	7,339,134	1,813,135	9,152,269
At 31 March, 1992	10,822,704	1,008,473	11,831,177
Cost or valuation at 31 March, 1993 is represented by:	£	£	£
Valuation in 1981	915,759	-	915,759
Cost	7,998,806	3,647,824	11,646,630
	8,914,565	3,647,824	12,562,389

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 8. TANGIBLE FIXED ASSETS (continued)

Certain land and buildings were valued on the basis of an open market for existing use at 31 March, 1981 by members of the Royal Institution of Chartered Surveyors. If land and buildings had not been revalued they would have been included at the following amounts:

	Land and buildings 1993 £	1992 £
Cost	7,998,806	11,323,032
Aggregate depreciation	1,343,335	1,108,936
Net	<u>6,655,471</u>	<u>10,214,096</u>

### 9. DEBTORS

	1993 £	1992 £
Amounts falling due within one year:		
Trade debtors	214,013	128,510
Staff and other debtors	163,828	38,900
	<u>377,841</u>	<u>167,410</u>

### 10. CREDITORS

	1993 £	1992 £
Amounts falling due within one year:		
Accruals	-	262,486
Payments in advance	163,804	238,100
Corporation Tax	46,896	(34,427)
	<u>210,700</u>	<u>466,159</u>

**THE EASTERN TELEGRAPH COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**11. CREDITORS**

	1993 £	1992 £
Amounts falling due after one year:		
Amount owed to holding company	<u>3,817,809</u>	<u>6,182,575</u>

**12. DEFERRED TAXATION**

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

	Amount provided		Total potential (asset)/liability	
	1993 £	1992 £	1993 £	1992 £
Tax effect of timing differences	375,875	227,074	375,286	227,074
due to excess capital allowances	(712,800)	(481,800)	(671,835)	(522,765)
Other				
	<u>(336,925)</u>	<u>(254,726)</u>	<u>(296,549)</u>	<u>(295,691)</u>

**13. OTHER PROVISIONS**

	1993 £
At 1 April 1992	1,460,000
Provided from current profits	700,000
Net amounts released during the year	(152,632)
	<u>2,007,368</u>
At 31 March 1993	
Other provisions comprise:	
Severance/Reallocation payments	1,667,368
Staff development/training	160,000
Refurbishment/Repairs	180,000
	<u>2,007,368</u>

# THE EASTERN TELEGRAPH COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 14. CALLED UP SHARE CAPITAL

	1993 £	1992 £
Authorised:		
Ordinary stock units of £1 each	1,200,000	1,200,000
Ordinary shares of £1 each	5,800,000	5,800,000
	<u>7,000,000</u>	<u>7,000,000</u>
Allotted, called up and fully paid:		
Ordinary stock units of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

### 15. RESERVES

	Revaluation Reserve £	Profit and Loss account £
At 1 April, 1992	756,650	2,219,129
Profit for the year	-	(41,600)
At 31 March, 1993	<u>756,650</u>	<u>2,177,529</u>

### 16. FUTURE CAPITAL EXPENDITURE

	1993 £	1992 £
Amounts authorised in addition to commitments	-	16,410,000
	<u>-</u>	<u>16,410,000</u>

### 17. CASH FLOW STATEMENT

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare 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.

### 18. HOLDING COMPANY

The Company's holding company is Cable and Wireless plc incorporated in England