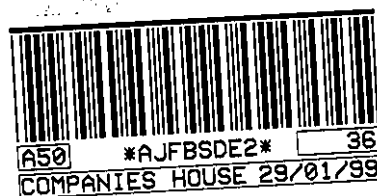


Streetwarm Services Limited

Report and Accounts

31 March 1998



Report and Accounts 1998

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Officers And Professional Advisers

Directors

G Wallace
N Mearing-Smith
R Drolet

Secretary

R Drolet

Registered Office

Caxton Way
Watford Business Park
Watford
Hertfordshire
WD1 8XH

Auditors

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

**Directors' report
for the 15 months ended 31 March 1998**

The directors present their report and the audited accounts for the period ended 31 March 1998.

Principal activity and review of the business

There was no income and expenditure during the period. The principal activity of the company is to carry on the business of a holding company.

Future developments

The company will continue to carry on the business of a holding company.

State of affairs

The state of the company's affairs at 31 March 1998 is set out on page 6 and is considered satisfactory.

Directors and their interests

The Directors currently serving or who held office during the period were as follows:

J Killian	(resigned 2 June 1997)
N Mearing-Smith	
P Repp	(resigned 2 June 1997)
G Wallace	(appointed 2 June 1997)
R Drolet	(appointed 2 June 1997)

Where the Directors held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications plc, such interest is disclosed in the accounts of Cable & Wireless Communications plc, except as stated below:

Ordinary shares of Cable & Wireless Communications plc:

	At 1 January 1997 (or later date of appointment)	Shares acquired	Shares disposed	At 31 March 1998
N Mearing-Smith	153,949	-	-	153,949

Streetwarm Services Limited

Options to subscribe for ordinary shares in Cable & Wireless Communications plc:

	At 1 January 1997 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1998	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	57,542	-	-	57,542	\$4.583	1/5/97	2/7/03

Year 2000

The matters relating to the impact of the Year 2000 issue on the reporting systems and operations of the Company are set out on page 23 of the 1998 Annual Report and Accounts of Cable & Wireless Communications plc.

Auditors

On 7 July 1998, Coopers & Lybrand resigned and Arthur Andersen were appointed as auditors.

Approved by the Board of Directors and signed on its behalf by



R Drolet

Secretary

22 January 1999

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss for the financial period:

The Directors are responsible for ensuring that in preparing the accounts, the Company has:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any explanations and material departures disclosed in the notes to the accounts; and
- prepared the accounts 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 the financial position of the Company which enable them to ensure that the accounts 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 Streetwarm Services Limited**

We have audited the accounts on pages 6 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

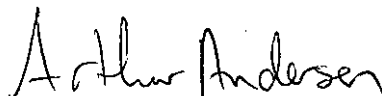
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 March 1998 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

22 January 1999

Streetwarm Services Limited

Balance sheet 31 March 1998

	Notes	31 March 1998 £'000	31 December 1996 £'000
Fixed assets			
Investments	5	<u>505</u>	<u>505</u>
Total assets less current liabilities		<u>505</u>	<u>505</u>
Capital and reserves			
Called up share capital	6	-	-
Share premium account		<u>505</u>	<u>505</u>
Equity shareholders' funds		<u>505</u>	<u>505</u>

These accounts were approved by the Board of Directors on 22 January 1999 and signed on its behalf by:



R Drolet
Director

Notes to the accounts
15 months ended 31 March 1998

1 Accounting policies

The principal accounting policies, which have been applied consistently in the preparation of these accounts, are as follows:

Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Investments

Investments are held at cost less provision for any permanent diminution in value.

2 Profit and loss account

No profit and loss account has been prepared as the company received no income and bore no expenditure during the period.

The preference shares held by the company in NYNEX CableComms Surrey confer the right to a fixed cumulative dividend at the rate of £1,128,049 per annum (exclusive of any associated tax credit available to shareholders). This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2013. For the periods ended 31 December 1996 and 31 March 1998, no distributable profits were available to the preference shareholders. The preference dividend has not been declared and therefore no income has been recognised or accrued for in the accounts for the periods ended 31 December 1996 and 31 March 1998.

3 Audit fees

The auditors' remuneration for the current and preceding financial periods has been borne by a fellow group company.

4 Directors' emoluments and employees

The directors received no emoluments for the period (1996:£Nil). The company had no employees during the period (1996:Nil).

5 Fixed asset investments

Cost

At 1 January 1997 and 31 March 1998

£505,000

Name of undertaking	Country of registration	Description of shares held at 31 March 1998	Proportion of nominal value of issued preference shares held %
NYNEX CableComms Surrey	England & Wales	Preference £1	100

In the opinion of the directors, the value of the company's investment is not less than the amount at which it is stated in the balance sheet.

The preference shares in NYNEX CableComms Surrey confer the right to a fixed cumulative dividend at the rate of £1,128,049 per annum (exclusive of any associated tax credit available to shareholders). This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2013.

After payment of the preference dividend, the preference shareholders are entitled to 15% of the remaining distributable profits. For the periods ended 31 December 1996 and 31 March 1998, no distributable profits were available to the preference shareholders. The preference dividend has not been declared and therefore no income has been recognised or accrued for in the accounts for the periods ended 31 December 1996 and 31 March 1998.

6 Share capital

	Number	£'000
Authorised:		
Ordinary shares of US \$0.01 each		
At 1 January 1997 and 31 March 1998	<u>101</u>	<u>-</u>
Deferred shares of £1 each		
At 1 January 1997 and 31 March 1998	<u>1,000</u>	<u>1</u>
Allotted, called up and fully paid:		
Ordinary shares of US \$0.01 each		
At 1 January 1997 and 31 March 1998	<u>101</u>	<u>-</u>
Deferred shares of £1 each		
At 1 January 1997 and 31 March 1998	<u>99</u>	<u>-</u>
Allotted, called up but not yet paid:		
Deferred shares of £1 each		
At 1 January 1997 and 31 March 1998	<u>2</u>	<u>-</u>

Share capital (continued)

The holders of the deferred shares shall only be entitled to participate in the assets of the company after the holders of every other class of shares in the capital of the company shall have received on a return of assets on liquidation or otherwise the sum of £1,000 million in respect of each share (other than deferred shares) held by them. The company shall have the power and authority at any time to purchase all or any of the deferred shares for an aggregate consideration of £1 which shall be applied for the benefit of the company.

7 Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised), the Company has not prepared a cash flow statement because more than 90% of the voting rights of the Company are controlled within the Group and the Group accounts in which the Company is consolidated are publicly available (see Note 10).

8 Capital commitments

As at 31 December 1996 and at 31 March 1998, there was no capital expenditure contracted for and not accrued for in the accounts.

9 Contingent liabilities

There were no contingent liabilities at 31 December 1996 and at 31 March 1998.

10 Ultimate parent company and controlling undertaking

The Directors regard Cable and Wireless plc, a Company registered in England and Wales, as the ultimate parent Company and controlling undertaking.

The largest Group in which the results of the Company are consolidated is that of which Cable and Wireless plc is the parent Company. The consolidated accounts of Cable and Wireless plc may be obtained from 124 Theobalds Road, London, WC1X 8RX.

The smallest Group in which the results of the Company are consolidated is that of which NYNEX UK Telephone & Cable TV Holding Company Limited is the parent Company. The consolidated accounts of NYNEX UK Telephone & Cable TV Holding Company Limited may be obtained from Caxton Way, Watford Business Park, Hertfordshire, WD1 8XH.