

Company Registration No. 2964774 England

**CABLE & WIRELESS CIS SERVICES LIMITED**

**Report and Financial Statements**

**31 March 2004**

**Registered Office:**  
**Lakeside House**  
**Cain Road**  
**Bracknell**  
**Berkshire**  
**RG12 1XL**



## **CABLE & WIRELESS CIS SERVICES LIMITED**

### **To the Company's Ordinary Shareholders**

#### **Elective Regime**

On 19 January 1996 the Company 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); and
- 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.

**CABLE & WIRELESS CIS SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

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## **CABLE & WIRELESS CIS SERVICES LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 March 2004.

### **ACTIVITIES AND REVIEW OF DEVELOPMENTS**

The principal activity of the Company is to act as an investment holding company and support ongoing telecommunication activities in Russia.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounting to £1,555,786 (2003: loss £398,087) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2003: £nil).

### **DIRECTORS**

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

K K Claydon	resigned 14 November 2003
J M Bolton	appointed 17 January 2003, resigned 14 November 2003
L Davidson	appointed 20 August 2003, resigned 1 September 2003
J M Holding	appointed 13 November 2003, resigned 19 October 2004
P Newell	appointed 13 November 2003, resigned 31 May 2005
S P Cunningham	appointed 19 October 2004, resigned 5 April 2005
R H Dodd	appointed 5 April 2005
LC Mawdsley	appointed 10 June 2005

## DIRECTORS' REPORT (CONTINUED)

## DIRECTORS AND THEIR INTERESTS (continued)

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year. The Directors who held office at the end of the financial year had the following beneficial interests in the shares of Cable and Wireless plc :

	At 1 April 2003 (or later date of appointment)	Shares acquired/ options granted	Shares disposed/ options exercised or lapsed	Closing balance as at 31 March 2004	
J M Holding	255	-	-	255	
	1,292	10,735	1,292	10,735	(a)
	112,181	150,000	-	262,181	(b)
	40,500	-	-	40,500	(c)
P Newell	19,376	-	-	19,376	(a)
	21,543	-	-	21,543	(b)

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 or, (c) which are contingent share awards granted on 23 May 2002 under the C&W Performance Share Plan 2002. Full details of the PSP are included in the financial statements of the ultimate parent company.

By order of the Board of Directors



**H M HANSCOMB**  
Secretary

Date: 4/7/05

**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 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.

**REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF CABLE & WIRELESS CIS SERVICES LIMITED**

We have audited the financial statements on pages 6 to 11.

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 are responsible for preparing the Directors' report and, as described on page 4, 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 1985. 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

**Date:** 4 July 2005

8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

# CABLE & WIRELESS CIS SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2004

	Note	2004 £	2003 £
Other operating income		-	2,859
Operating gains/(costs)	2	1,744,773	(93,101)
<b>OPERATING PROFIT/ (LOSS ) AND PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,744,773</u>	<u>(90,242)</u>
Tax credit/(charge) on profit/ (loss) on ordinary activities	4	(188,987)	(307,845)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>1,555,786</u></u>	<u><u>(398,087)</u></u>

There are no recognised gains or losses other than those set out above. Accordingly, no statement of recognised gains and losses has been prepared.




# CABLE & WIRELESS CIS SERVICES LIMITED

## BALANCE SHEET As at 31 March 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Investments	5	-	-
<b>CURRENT ASSETS</b>			
Debtors	6	1,269,047	1,450,268
Cash at bank and in hand		2,599	11,618
		<u>1,271,646</u>	<u>1,461,886</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(5,026,393)</u>	<u>(6,772,419)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,754,747)</u>	<u>(5,310,533)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(3,754,747)</u>	<u>(5,310,533)</u>
<b>NET LIABILITIES</b>		<u>(3,754,747)</u>	<u>(5,310,533)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	100	100
Profit and loss account	9	<u>(3,754,847)</u>	<u>(5,310,633)</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>(3,754,747)</u>	<u>(5,310,533)</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on 4 July 2005 and signed on its behalf by:

  
LC Mawdsley  
Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2004**

**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**(i) 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 section 228 of the Companies Act 1985 from the requirement to prepare Group Accounts. 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 £3,754,747. 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.

**(ii) Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, where exchange rates do not fluctuate significantly, an average rate for the period is used as an approximation. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**(iii) Investments**

Investments held as fixed assets are stated at cost less amounts written off in respect of any impairments.

**(iv) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date except as otherwise required by FRS19. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

## 2. OPERATING COSTS

	2004 £	2003 £
Other operating (gains)/costs	(1,744,773)	93,101
	<u>(1,744,773)</u>	<u>93,101</u>

## 3. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS

The Directors did not receive any emoluments from the Company (2003: £nil). The average monthly number of persons employed by the Company during the year is nil (2003: nil).

The auditors' remuneration for the year and the preceding financial year was borne by the ultimate parent company.

## 4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004 £	2003 £
The tax (credit)/charge for taxation comprises:		
United Kingdom Corporation tax		
Current year at 30%	520,173	306,503
Adjustment in respect of prior years	(331,186)	1,342
	<u>188,987</u>	<u>307,845</u>

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

	2004	2003
Tax on pre-tax profit at 30%	523,432	(26,744)
Effects of:		
Expenses not deductible for tax purposes	-	336,506
Capital allowances for period in excess of depreciation	(3,259)	(3,259)
Adjustments to tax charge in respect of previous period	(331,186)	1,342
Tax charge	<u>188,987</u>	<u>307,845</u>

A deferred tax asset of £9,778 (2003: £13,037) has not been recognised on excess capital allowances. These assets can only be deducted against certain types of future income. There is currently insufficient evidence that suitable taxable profits will be generated.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2004**

**5. INVESTMENTS**

The cost and net book value of Investments was £nil at both 1 April 2003 and 31 March 2004.

The Company in which the Company's interest at year end is more than 20% is as follows:

	Country of Incorporation	Principal activity	Class and percentage of shares held
Cable & Wireless CIS Svyaz LLC	Russia	Web hosting centre	100% ordinary

This investment was fully written off in the year ended 31 March 2002.

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
Prepayments and accrued income	2,149	695
Other debtors	-	501
Amounts owed by subsidiary undertaking	1,266,898	1,449,072
	<u>1,269,047</u>	<u>1,450,268</u>

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
Trade creditors	2,228	2,574
Amounts owed to fellow subsidiary	3,560,832	5,102,000
Amounts owed to parent undertakings	1,463,333	1,667,845
	<u>5,026,393</u>	<u>6,772,419</u>

Of the amounts owed to parent undertakings £208,264 bears interest of LIBOR plus 1% from 31 March 2004. (2003: £ nil) The loan and any interest accrued thereon becomes repayable in full on the last day of each borrowing period or immediately upon demand of the lender.

**8 CALLED UP SHARE CAPITAL**

	2004 £	2003 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2004**

**9 MOVEMENT IN RESERVES**

	<b>Profit &amp; Loss Account £</b>
At 1 April 2003	(5,310,633)
Profit for the financial year	1,555,786
	<hr/>
At 31 March 2004	(3,754,847)
	<hr/>

**10. 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.

**11. RELATED PARTY TRANSACTIONS**

Under Financial Reporting Standard 8 'Related party transactions', 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 transactions with any other related parties.

**12. ULTIMATE PARENT COMPANY**

The Company's 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, 7<sup>th</sup> Floor, The Point, Paddington Basin, 37 North Wharf Road, London, W2 1LA. No other group accounts include the results of the Company.