

CABLE & WIRELESS GLOBAL BUSINESS SERVICES LIMITED

Report and Financial Statements

31 March 2007

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

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2007

Principal activity

The principal activity of the Company was the provision of management services to certain companies within the Cable & Wireless group. This includes the collection and redistribution of funds relating to fellow subsidiary company billings to customers. The Company transferred its principal trading activity to a fellow group undertaking during 2004. Since that date, the Company has not actively traded but continues to receive interest income on loans to fellow group undertakings.

Business review

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

Results and dividends

The loss for the year after taxation amounting to £1,104,000 (2006 profit of £3,852,000) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2006 £nil).

Directors

The Directors who held office during the year are shown below:

JM Jensen	(resigned 22 June 2007)
N Cooper	
I Gunatilleke	(appointed 22 June 2007)
HM Hanscomb – Alternate to JM Jensen	(appointed 9 March 2007, resigned 30 March 2007)

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

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.

Auditors

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

By order of the Board



H HANSCOMB
Company Secretary

Date: 20 December 2007

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 they 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.

Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Business Services Limited

We have audited the financial statements of Cable & Wireless Global Business Services Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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 2.

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.

Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Business Services Limited (Continued)

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 2007 and of its loss 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

21 December 2007

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

Profit and loss account
for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Turnover		31	-
Cost of sales		-	(264)
Gross profit/(loss)		31	(264)
Other operating expenses		-	-
Exceptional operating expenses	5	(5,585)	-
Operating (loss)		(5,554)	(264)
Other interest receivable and similar income	6	4,450	4,116
(Loss)/profit on ordinary activities before taxation		(1,104)	3,852
Tax on ordinary activities	7	-	-
(Loss)/profit for the financial year		(1,104)	3,852

The results are derived from discontinued activities

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

There are no material differences between the Company's results as reported and on a historical cost basis. Accordingly, no of historical cost profit and loss has been prepared.

Reconciliation of Shareholders' Funds
For the year ended 31 March 2007

	2007 £'000	2006 £'000
Retained (loss)/profit for the financial year	(1,104)	3,852
Net (decrease)/increase in shareholders' funds	(1,104)	3,852
Opening shareholders' funds	9,909	6,057
Closing shareholders' funds	8,805	9,909

Balance sheet
 at 31 March 2007

	Note	2007 £'000	2006 £'000
Current assets			
Debtors	8	100,991	108,945
		<u>100,991</u>	<u>108,945</u>
Creditors: amounts falling due within one year	9	(92,186)	(99,036)
Net current assets		<u>8,805</u>	<u>9,909</u>
Net assets		<u>8,805</u>	<u>9,909</u>
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account	11	3,805	4,909
Shareholders' funds		<u>8,805</u>	<u>9,909</u>

The accompanying notes form an integral part of these statements

The financial statements were approved by the Board of Directors on 20 December 2007 and signed on their behalf by



I GUNATILLEKE
 Director

Notes to the financial statements

1. *Accounting policies*

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

Basis of preparation

The financial statements are prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules

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

Taxation

The charge for taxation is based on the profit 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

Cash flow statement

Under FRS 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 consolidated cash flow statement is included in the financial statements of Cable and Wireless plc in which the company is consolidated from the address in note 13

2. **Turnover**

The turnover of the Company arose from transfer pricing activity

3. **Information regarding Directors and employees**

The Company had no employees during the year (2006: nil)

Directors' emoluments are borne by other group companies (2006: £nil)

4. **Profit on ordinary activities before taxation**

In the current year and prior year, the auditors' remuneration of £3,000 for the audit of these financial statements has been borne by another group company

Notes to the financial statements (continued)

5 Exceptional operating credit/(expenses)

	2007	2006
	£	£
Intercompany debtor write-off	<u>5,585,000</u>	<u>-</u>

During the current year the Company has written off a balance owed by a fellow group company as it is no longer considered recoverable

6. Other interest receivable and similar income

	2007	2006
	£'000	£'000
Receivable from group undertakings	4,471	4,108
Net exchange (loss)/gains	<u>(21)</u>	<u>8</u>
	<u>4,450</u>	<u>4,116</u>

7. Tax on ordinary activities

Factors affecting the tax charge for the current period

The current tax charge is higher (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007	2006
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	<u>(1,104)</u>	<u>3,852</u>
Current tax (credit)/charge at 30% (2006 30%)	(331)	1,156
Effects of		
-Permanent differences	1,675	-
-Group relief claimed without payment	<u>(1,344)</u>	<u>(1,156)</u>
Total current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future current and total tax charges

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

There were no recognised or unrecognised deferred tax balances as at 31 March 2007 or 31 March 2006

8. Debtors

	2007	2006
	£'000	£'000
Amounts owed by group undertakings	<u>100,991</u>	<u>108,945</u>

Of the amounts owed by group undertakings £96,821,494 bears interest of LIBOR. The loan and any interest accrued thereon becomes repayable in full upon 30 days' written notice

Notes to the financial statements (continued)

9. Creditors amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	<u>92,186</u>	<u>99,036</u>

10. Called up share capital

	2007 £'000	2006 £'000
Authorised:		
5,000,002 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid.		
5,000,002 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

11. Reserves

	£'000
Profit and loss account	
At 1 April 2006	4,909
Retained loss for the year	<u>(1,104)</u>
At 31 March 2007	<u>3,805</u>

12. Related party transactions

The Company's immediate parent company is Cable & Wireless Global Businesses International S a r l, registered in Luxembourg

Under FRS 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 the Group. There are no transactions with any other related parties

13. Ultimate parent company

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 Cable and Wireless plc, the ultimate parent company. The consolidated financial statements of Cable and Wireless plc may be obtained from The Secretary, Cable and Wireless plc, 7th Floor, The Point, 37 North Wharf Road, London W2 1LA. No other group accounts include the results of the Company