

Hyperlink Hosted Services Limited

**Directors' report and financial
statements**

Registered number 3720046

31 March 2002



To the Company's Ordinary Shareholders

Elective Regime

On 7th June 2001 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 the accounts before the Company in general meeting (Section 252 of the Act);
- the holding of annual general meetings (Section 366A of the Act);
- 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.

Registered Office:
124 Theobalds Road
London
WC1X 8RX

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Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2002.

Principal activity

The principal activity of the Company is the operation of Internet Web Site Hosting Services.

Business review

The Directors consider the results of the Company to be satisfactory for the year.

Results and dividends

The Company made a profit of £258,001 (2001: £280,874).

The Directors do not recommend the payment of a dividend.

Directors and Directors' interests

The Directors who held office during the year were as follows:

K K Claydon
R Drolet
J D Fitz
R E Lerwill

Directors' report *(continued)*

Directors and Directors' 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 subsisting at the end of the financial year or entered into since the end of the previous financial year. The beneficial interests of the Directors in the shares of Cable and Wireless plc are as follows:

	At 1 April 2001 (or date of appointment if later)	Shares acquired/options granted	Shares disposed/ options exercised or lapsed	Closing balance as at 31 March 2002	
K K Claydon	1,742	14,829	-	16,571	
	5,337	4,903	2,828	7,412	(a)
	58,863	72,654	-	131,517	(b)
	6,553	289	6,842	-	(c)
	10,782	-	-	10,782	(d)
	4,524	-	-	4,524	(e)
	-	36,326	-	36,326	(f)
R Drolet	20,000	4,140	-	24,140	
	3,289	-	3,289	-	(a)
	34,907	172,059	-	206,966	(b)
	13,326	-	-	13,326	(d)
	10,031	-	-	10,031	(e)
	-	57,353	-	57,353	(f)
J D Fitz	1,218	4,881	-	6,099	
	619	2,075	-	2,694	(a)
	80,927	176,471	-	257,398	(b)
	4,676	205	4,881	-	(c)
	12,033	-	-	12,033	(d)
	8,261	-	-	8,261	(e)
	-	58,824	-	58,824	(f)

The interests in the shares of Cable and Wireless plc for R E Lerwill are disclosed in the Annual Report and Accounts of that company for the year ended 31 March 2002.

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, (c) which are C&W Long Term Incentive Plan 1998 (notional), (d) which are contingent share awards granted on 1 April 1999 under the C&W Performance Share Plan (PSP) 1999, (e) which are contingent share awards granted on 1 April 2000 under the C&W PSP 2000 or (f) which are contingent share awards granted on 27 July 2001 under the C&W PSP 2001. Full details of the LTIP and the PSP are included in the financial statements of the ultimate parent company.

By order of the Board



J M BOLTON
Secretary

Date: 11 February 2003

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 for that year. 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.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Hyperlink Hosted Services Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 3, 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 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 2002 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

11 February 2003

Profit and loss account

for the year ended 31 March 2002

	Note	Year ended 31 March 2002 £	Six month period ended 31 March 2001 £
Turnover	2	1,413,556	746,550
Cost of sales	3	(458,590)	(247,618)
Gross profit	3	954,966	498,932
Administrative expenses	3	(605,900)	(88,261)
Operating profit	2-5	349,066	410,671
Other interest receivable and similar income	6	14,445	-
Interest payable and similar charges	7	(2,464)	-
Profit on ordinary activities before taxation		361,047	410,671
Tax on profit on ordinary activities	8	(103,046)	(129,797)
Retained profit for the year		258,001	280,874

The results for the year are derived entirely from continuing operations.

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


There is no material difference between the Company's profit as reported and on an historical cost basis. Accordingly no note of historical profits and losses has been prepared.

Balance sheet

at 31 March 2002

	Note	31 March 2002		31 March 2001	
		£	£	£	£
Fixed assets	9		127,414		139,962
Current assets					
Debtors	10	1,292,558		1,231,774	
Cash at bank and in hand		120,474		11,916	
		1,413,032		1,243,690	
Creditors: amounts falling due within one year	11	(364,654)		(465,861)	
Net current assets			1,048,378		777,829
Net assets			1,175,792		917,791
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13	1,175,790		917,789	
Equity shareholders' funds	13	1,175,792		917,791	

These financial statements were approved by the Board of Directors on 11 February 2003 and were signed on its behalf by:


K K CLAYDON
Director

Notes

(forming part of 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 Company's financial statements.

The financial statements have been prepared under the historical cost convention.

Basis of preparation

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the invoiced value of services provided by the Company stated net of value added tax.

Depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and the estimated residual value, in equal annual instalments over the estimated useful lives of the assets.

These lives are:

Computer equipment	2 years
Office equipment	4 years

Deferred taxation

The Company adopted FRS 19 (Deferred Tax) during the year. 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. 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.

2 Turnover

Turnover is derived from the Company's principal activities, and primarily arose in the United Kingdom.

Notes (continued)

3 Operating profit

	Year ended 31 March 2002	Six month period ended 31 March 2001
<i>Operating profit is stated after charging:</i>	£	£
Auditors' remuneration		
Audit	4,000	4,000
Depreciation:		
Owned assets	111,845	39,992
	<u> </u>	<u> </u>

4 Staff numbers and costs

	Year ended 31 March 2002	Six month period ended 31 March 2001
Operations	5	-
	<u> </u>	<u> </u>
	5	-
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2002	Six month period ended 31 March 2001
	£	£
Wages and salaries	326,215	-
Social security costs	36,052	-
Other pension costs	13,701	-
	<u> </u>	<u> </u>
	375,968	-
	<u> </u>	<u> </u>

5 Remuneration of Directors

The Directors did not receive emoluments from the Company during the year.

Notes *(continued)*

6 Other interest receivable and similar income

	Year ended 31 March 2002	Six month period ended 31 March 2001
	£	£
Other	14,445	-
	<u>14,445</u>	<u>-</u>
	<u><u>14,445</u></u>	<u><u>-</u></u>

7 Interest payable and similar charges

	Year ended 31 March 2002	Six month period ended 31 March 2001
	£	£
On bank loans and overdrafts	2,464	-
	<u>2,464</u>	<u>-</u>
	<u><u>2,464</u></u>	<u><u>-</u></u>

Notes (continued)

8 Taxation on ordinary activities

	Year ended 31 March 2002	Six month period ended 31 March 2001
	£	£
Corporation tax at 30% (2001: 30%)	122,606	129,797
Deferred tax	(19,560)	-
	<hr/>	<hr/>
Tax on ordinary activities	103,046	129,797
	<hr/>	<hr/>

A deferred tax asset of £19,560 has been recognised on timing differences. These assets can only be deducted against certain types of future income where there is sufficient evidence that suitable taxable profits will be generated.

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

	Year ended 31 March 2002	Six month period ended 31 March 2001
	%	%
Tax on pre tax profit at 30%	30.0	30.0
Effects of:		
Depreciation in excess of capital allowances	4.0	1.3
	<hr/>	<hr/>
Current Tax	34.0	31.3
	<hr/>	<hr/>

Notes (continued)

9 Assets

	Computer equipment £	Office equipment £	Total £
<i>Cost</i>			
As at 31 March 2001	179,954	-	179,954
Additions during the year	97,147	2,150	99,297
	<hr/>	<hr/>	<hr/>
As at 31 March 2002	277,101	2,150	279,251
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
As at 31 March 2001	39,992	-	39,992
Charges for the year	111,800	45	111,845
	<hr/>	<hr/>	<hr/>
As at 31 March 2002	151,792	45	151,837
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
As at 31 March 2002	125,309	2,105	127,414
	<hr/>	<hr/>	<hr/>
As at 31 March 2001	139,962	-	139,962
	<hr/>	<hr/>	<hr/>

10 Debtors

	2002 £	2001 £
Trade debtors	45,223	241,911
Amount owed by group undertakings	1,125,812	887,722
Other debtors and prepayments	101,963	102,141
Deferred tax	19,560	-
	<hr/>	<hr/>
	1,292,558	1,231,774
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	6,003	29,664
Amounts owed to group undertakings	319,864	114,378
Corporation tax	-	258,161
Taxation and social security	30,165	40,798
Accruals and deferred income	8,622	22,860
	<hr/>	<hr/>
	364,654	465,861
	<hr/>	<hr/>

Notes (continued)

12 Share capital

	2002 £	2001 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	917,791	636,917
Profit for the year/period	258,001	280,874
	<hr/>	<hr/>
Closing shareholders' funds	1,175,792	917,791
	<hr/>	<hr/>

14 Related party transactions

Under Financial Reporting Standard 8, 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 material transactions with any other related parties.

15 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 The Secretary, Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX. No other group accounts include the results of the Company.