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Company Registration No. ZC55

LONDON HYDRAULIC POWER COMPANY

Report and Financial Statements

31 March 2004

**Registered Office:
124 Theobalds Road
London
WC1X 8RX**



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London Hydraulic Power Company

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London Hydraulic Power Company

Directors' report

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

Principal activities and review of developments

The Company was dormant throughout the year. Accordingly, no profit and loss account has been produced and no auditors have been appointed by the Directors. The Company is not expected to trade in the foreseeable future.

Directors and their interests

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

R Drolet	resigned 6 July 2003
J D Fitz	resigned 27 May 2003
R E Lerwill	resigned 5 June 2003
G H Norton	appointed 1 July 2003, resigned 16 September 2004
R Hoggarth	appointed 14 July 2003
L Solomon	appointed 16 September 2004

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 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 or options granted	Shares disposed or options exercised or lapsed	Closing Balance at 31 March 2004
R Hoggarth	-	100,000	-	100,000
	-	8,576	-	8,576 (a)
	-	930,438	-	930,438 (b)
	-	100,000	-	100,000 (c)
G H Norton	10,452	886	-	11,338
	-	10,393	-	10,393 (a)
	150,000	-	-	150,000 (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 restricted shares which will vest on 14 July 2006.

By order of the Board:



H M HANSCOMB
Assistant Secretary

Date: 28 September 2004

London Hydraulic Power Company

Profit and loss account

for the year ended 31 March 2004

The Company did not trade during the financial year or the previous financial year and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss in the current and prior year.

London Hydraulic Power Company

Balance sheet

At 31 March 2004

	Note	2004 £000	2003 £000
Current assets			
Debtors	3	515	515
Net current assets		<u>515</u>	<u>515</u>
Net assets		<u>515</u>	<u>515</u>
Capital and reserves			
Called up share capital	4	166	166
Profit and loss account		264	264
Other reserves		85	85
Shareholders' funds		<u>515</u>	<u>515</u>

The Directors confirm that:

- (a) for the year ended 31 March 2004 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 from the requirement to have its accounts audited; and
- (b) members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibilities for (i) ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985, and (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the Board of Directors on 28 September 2004 and signed on its behalf by:



L SOLOMON
Director

The accompanying notes form an integral part of this statement.

Notes to the financial statements

1. Accounting policies

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

Basis of preparation

The financial statements are prepared under the historical cost convention. The accounts have been prepared on a going concern basis.

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 and which are publicly available from the address in note 6.

2. Information regarding Directors and employees

The Company had no employees during the year (2003: nil). The Directors did not receive any emoluments from the Company (2003: nil).

3. Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Amounts due from Group undertakings	<u>515</u>	<u>515</u>

4. Share capital

	2004 £'000	2003 £'000
Authorised, allotted, called up and fully paid:		
79,000 Ordinary shares of £2 each	158	158
790 5% non-cumulative preference shares of £10 each	<u>8</u>	<u>8</u>
	<u>166</u>	<u>166</u>

The preference shareholders have the right to vote at all General Meetings and are entitled to 4,000 votes per share. The preference shares rank first upon a winding up and are entitled to £10,000 per share.

5. Related party transactions

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.

6. 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.