

THE WESTERN TELEGRAPH COMPANY LIMITED

Report and Financial Statements

31 March 2003

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



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COMPANIES HOUSE**

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29/01/04**

THE WESTERN TELEGRAPH COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

ELECTIVE REGIME

On 5 October 1993 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.

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THE WESTERN TELEGRAPH COMPANY LIMITED

The Directors present their annual report and the financial statements for the year ended 31 March 2003.

ACTIVITIES

The main activity of the Company is to provide an interest free loan to Cable and Wireless plc. The Company was dormant within the meaning of Section 249AA of the Companies Act 1985 throughout the year. Accordingly, no auditors have been appointed by the Directors. No change in the Company's activities is envisaged in the foreseeable future.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounting to £nil (2002: loss of £72,783) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2002: £nil).

DIRECTORS AND THEIR INTERESTS

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

R E Lerwill (resigned 5 June 2003)
 K K Claydon
 J M Bolton (alternate to KK Claydon)

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 2002	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2003	
K K Claydon	16,571	6,519	4,721	18,369	
	7,412	39,780	18,762	28,430	(a)
	131,517	91,000	-	222,517	(b)
	10,782	-	10,782	-	(c)
	4,524	-	-	4,524	(d)
	36,326	-	-	36,326	(e)
	-	45,400	-	45,400	(f)
J M Bolton	1,014	643	-	1,657	
	3,459	21,134	9,457	15,136	(a)
	27,101	15,000	-	42,101	(b)

The interests of R E Lerwill are shown in the financial statements of the ultimate parent undertaking, Cable and Wireless plc.

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 contingent share awards granted on 1 April 1999 under the C&W Performance Share Plan (PSP) 1999, (d) which are contingent share awards granted on 1 April 2000 under the C&W PSP 2000, (e) which are contingent share awards granted on 27 July 2001 under the C&W PSP 2001 or (f) which are contingent share awards granted on 23 May 2002 under the C&W PSP 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
 Assistant Secretary

Date: 28 January 2004

THE WESTERN TELEGRAPH COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

	Note	2003 £	2002 £
Net interest income	3	-	72,381
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	72,381
Tax charge on profit on ordinary activities	4	-	(145,164)
LOSS FOR THE FINANCIAL YEAR		-	(72,783)

There are no recognised gains or losses for the current and prior year other than those presented in the profit and loss account. Accordingly no statement of recognised gains or losses has been prepared.

THE WESTERN TELEGRAPH COMPANY LIMITED

BALANCE SHEET
31 March 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
DEBTORS: Loan to parent undertaking		1,500,000	1,500,000
CREDITORS: amounts falling due within one year			
Amounts owed to parent undertaking		<u>(33,459,605)</u>	<u>(33,459,605)</u>
NET ASSETS		<u>(31,959,605)</u>	<u>(31,959,605)</u>
CAPITAL AND RESERVES			
Called up share capital	5	5,600,000	5,600,000
Profit and loss account	6	<u>(37,559,605)</u>	<u>(37,559,605)</u>
EQUITY SHAREHOLDER'S DEFICIT		<u>(31,959,605)</u>	<u>(31,959,605)</u>

The Directors confirm that:

- (a) for the year ended 31 March 2003 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 responsibility for (a) ensuring the Company keeps accounting records which comply with section 221 of the Companies Act 1985; and (b) 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 the Companies Act relating to accounts, so far as applicable to the Company.

The financial statements on pages 3 to 6 were approved by the Board of Directors on 28 January 2004 and signed on their behalf by:



K K CLAYDON
Director

THE WESTERN TELEGRAPH COMPANY LIMITED

BALANCE SHEET

31 March 2003

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis.

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £31,959,605. 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.

Tax

The charge for tax is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that 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.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company had no employees during the year (2002: nil). The Directors did not receive any emoluments from the Company (2002: £nil).

3. NET INTEREST AND OTHER SIMILAR INCOME

	2003 £	2002 £
Interest receivable on loan to parent undertaking	-	90,000
Interest payable on corporation tax paid	-	(17,619)
	<u>-</u>	<u>72,381</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
The charge for taxation comprises:		
United Kingdom corporation tax:		
Current year	-	27,000
Adjustment in respect of prior years	-	118,164
	<u>-</u>	<u>145,164</u>

THE WESTERN TELEGRAPH COMPANY LIMITED

BALANCE SHEET

31 March 2003

TAX ON PROFIT ON ORDINARY ACTIVITIES (cont)

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

	2003 %	2002 %
Tax on pre tax profit at standard tax rate	-	30
Effects of:		
Expenses not deductible for tax purposes	-	7
Adjustments in respect of previous periods	-	163
	<hr/>	<hr/>
Current tax rate	-	200
	<hr/>	<hr/>

5. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
5,600,000 ordinary stock units of £1 each	5,600,000	5,600,000
1,400,000 ordinary shares of £1 each	1,400,000	1,400,000
	<hr/>	<hr/>
	7,000,000	7,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
5,600,000 ordinary stock units of £1 each	5,600,000	5,600,000
	<hr/>	<hr/>

6. MOVEMENT ON RESERVES

	Profit and Loss Account £
At 1 April 2002 and 31 March 2003	(37,559,605)
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7. 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.

8. 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.

9. ULTIMATE PARENT COMPANY

The Directors consider that the Company's ultimate parent undertaking and controlling party 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, 124 Theobalds Road, London WC1X 8RX. No other group accounts include the results of the Company.