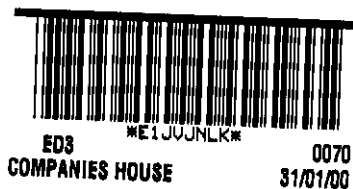


**CABLE & WIRELESS COMMUNICATIONS  
(N) SIDEOFFER LIMITED**

**(formerly Sideoffer Limited)**

**Report and Accounts**

**31 March 1999**



**REPORT AND ACCOUNTS 1999**

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**Officers and Professional Advisers**

**DIRECTORS**

R Beveridge  
G Clarke  
R Drolet  
M Molyneux

**SECRETARY**

R Drolet

**REGISTERED OFFICE**

Caxton Way  
Watford Business Park  
Watford  
Hertfordshire  
WD1 8XH

**AUDITORS**

Arthur Andersen  
1 Surrey Street  
London  
WC2R 2PS

**DIRECTORS' REPORT**

The directors present their report and the audited accounts for the year ended 31 March 1999.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

There was no income and expenditure during the year. The principal activity of the company is to carry on the business of a holding company.

On 26 February 1999, the Company changed its name to Cable & Wireless Communications (N) Sideoffer Limited.

**FUTURE DEVELOPMENTS**

The company will continue to carry on the business of a holding company.

**STATE OF AFFAIRS**

The state of the company's affairs at 31 March 1999 is set out on page 6 and is considered satisfactory.

**DIRECTORS AND THEIR INTERESTS**

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

R Drolet	
N Mearing-Smith	(resigned 29 January 1999)
G Wallace	(resigned 1 April 1999)
R Beveridge	(appointed 1 April 1999)
G Clarke	(appointed 1 April 1999)
M Molyneux	(appointed 1 April 1999)

Where the Directors held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications plc, such interest is disclosed in the accounts of Cable & Wireless Communications plc, except as stated below:

Options to subscribe for ordinary shares in Cable & Wireless Communications plc:

	<b>At 1 April 1998 (or later date of appointment)</b>	<b>Granted Number</b>	<b>Exercised Number</b>	<b>At 31 March 1999</b>
R Drolet	57,542	-	(57,542)	

On 18 June 1998, R Drolet exercised options for 6,547 shares at \$4.583 and on the same day sold the shares for £5.22, realising a gain of £16,223 (assuming an exchange rate of \$1.67:£1).

On 23 June 1998, R Drolet exercised further options for 25,000 shares at \$4.583 and on the same day sold the shares for £5.38, realising a gain of £148,886 (assuming an exchange rate of \$1.67:£1).

On 27 January 1999, R Drolet exercised further options for 25,995 shares at \$4.583 and on the same day sold the shares for £8.50, realising a gain of £148,886 (assuming an exchange rate of \$1.65:£1)

**DIRECTORS' REPORT (continued)**

**DIRECTORS AND THEIR INTERESTS (continued)**

Options to subscribe for ordinary shares in Cable and Wireless plc:

		At 1 April 1998 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1999	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	(i)	-	3,289	-	3,289	£5.59	1/3/01	31/8/06
M Molyneux	(i)	4,816	-	-	4,816	£3.58	1/3/01	31/8/01
	(ii)	8,866	-	-	8,866	£4.21	3/7/99	2/7/03
	(iii)	7,134	-	-	7,134	£4.21	3/7/99	2/7/06

- (i) Granted under the Cable and Wireless Employee Savings-Related Share Option Scheme.
- (ii) Granted under the Cable and Wireless Senior Employees Share Option Scheme.
- (iii) Granted under the Cable and Wireless Revenue Approved Share Option Scheme.

**EMPLOYEES**

The Company has no employees. All Group employees are employed by a fellow Group Company, Cable & Wireless Communications plc.

**PAYMENTS TO SUPPLIERS**

The Company does not enter into contracts with suppliers. Cable & Wireless Communications Services Limited and Cable & Wireless Communications Programming Limited, fellow Group Companies, enter into most contracts with suppliers to the Cable & Wireless Communications plc Group.

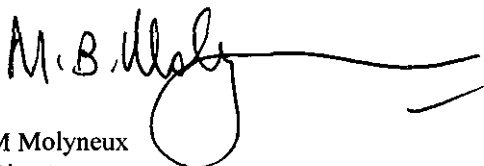
**YEAR 2000**

The matters relating to the impact of the Year 2000 issue on the reporting systems and operations of the Company are set out on page 22 of the 1999 Annual Report and Accounts of Cable & Wireless Communications plc.

**AUDITORS**

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Approved by the Board of Directors  
and signed on its behalf by



M Molyneux  
Director  
25 January 2000

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss for the financial period:

The Directors are responsible for ensuring that in preparing the accounts, the Company has:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any explanations and material departures disclosed in the notes to the accounts; and
- prepared the accounts 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 the financial position of the Company which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT  
TO THE MEMBERS OF SIDEOFFER LIMITED**

We have audited the accounts on pages 6 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of Directors and Auditors**

As described on page 4, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

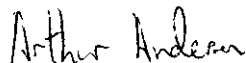
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 March 1999 and of its result and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
Chartered Accountants and Registered Auditors  
1 Surrey Street  
London  
WC2R 2PS

25 January 2000

**BALANCE SHEET**

**31 March 1999**

	Note	31 March 1999 £'000	31 March 1998 £'000
<b>FIXED ASSETS</b>			
Investments	4	418	418
<b>NET ASSETS</b>		418	418
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	5	-	-
Share premium account	6	418	418
<b>EQUITY SHAREHOLDERS' FUNDS</b>		418	418

These accounts were approved by the Board of Directors on 25 January 2000 and signed on its behalf by:



R Beveridge  
Director

The accompanying notes form an integral part of this balance sheet.



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1999**

**1 ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently in the current year and preceding period in the preparation of these accounts, are as follows:

**(a) Accounting convention**

These accounts have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom.

**(b) Investments**

Investments in subsidiary companies are held at cost less provisions for impairment. The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act because it is a wholly owned subsidiary of another Company incorporated in Great Britain which prepares Group accounts (see Note 7).

**(c) Cash flow statement**

Under the provisions of Financial Reporting Standard No.1 (Revised), the Company has not prepared a cash flow statement because it is a wholly owned subsidiary of a Company incorporated in Great Britain which is part of a Group which prepares a consolidated cash flow statement (see Note 7).

**2 TRADING RESULTS**

The company did not trade in the current year or prior period, and has made neither profit nor loss any other recognised gain or loss during the year ended 31 March 1999 or the 15 months ended 31 March 1998 and accordingly no profit and loss account has been presented.

Auditors' remuneration for the current financial year and the preceding financial period has been borne by a fellow Group undertaking.

The preference shares held by the Company in Cable & Wireless Communications CableComms Wirral (formerly NYNEX CableComms Wirral) confer the right to a fixed cumulative dividend at the rate of £2,000,000 per annum.

This dividend will accrue on a daily basis from 11 October 1994 until 11 October 2014. For periods ended 31 March 1998 and 31 March 1999, no distributable profits were available to the preference shareholders. The preference dividend has not been declared and therefore no income has been recognised or accrued for in the accounts for the year ended 31 March 1999 and period ended 31 March 1998.

**NOTES TO THE ACCOUNTS (continued)**

**Year ended 31 March 1999**

**3 DIRECTORS' EMOLUMENTS AND EMPLOYEES**

The directors received no emoluments for the year (1998: £Nil).

Cable & Wireless Communications plc, a fellow Group company, employs all of the Group's employees. Details of staff numbers and staff costs for the Group are disclosed in the accounts of Cable & Wireless Communications plc.

**4 FIXED ASSET INVESTMENTS**

**Subsidiary undertaking**

**Cost**

At 1 January 1998 and 31 March 1999

**£'000**

**418**

Name of undertaking	Country of registration	Description of shares held at 31 March 1999	Proportion of nominal value of issued preference shares held %
Cable & Wireless Communications Cablecomms Wirral (formerly, NYNEX CableComms Wirral)	England & Wales	Preference £1	100

In the opinion of the directors, the value of the company's investment is not less than the amount at which it is stated in the balance sheet.

The articles of association of Cable & Wireless Communications CableComms Wirral (formerly NYNEX CableComms Wirral) provide for a fixed cumulative dividend at the rate of £2,000,000 per annum. This dividend will accrue on a daily basis from 11 October 1994 until 11 October 2014.

After payment of the preference dividend, the preference shareholders are entitled to 15% of the remaining distributable profits. For the year ended 31 March 1999 and period ended 31 March 1998, no distributable profits were available to the preference shareholders. The preference dividend has not been declared and therefore no income has been recognised or accrued for in the accounts for the year ended 31 March 1999 and 15 months ended 31 March 1998.

# CABLE & WIRELESS COMMUNICATIONS (N) SIDEOFFER LIMITED

## NOTES TO THE ACCOUNTS (continued)

Year ended 31 March 1999

### 5 SHARE CAPITAL

	Number	£'000
<b>Authorised:</b>		
Ordinary shares of US \$0.01 each		
At 1 January 1998 and 31 March 1999	100	-
Deferred shares of £1 each		
At 1 January 1998 and 31 March 1999	1,000	1
<b>Allotted, called up and fully paid:</b>		
Ordinary shares of US \$0.01 each		
At 1 January 1998 and 31 March 1999	100	-
Deferred shares of £1 each		
At 1 January 1998 and 31 March 1999	100	-

The holders of the deferred shares shall only be entitled to participate in the assets of the company after the holders of every other class of shares in the capital of the company shall have received on a return of assets on liquidation or otherwise the sum of £1,000 million in respect of each share (other than deferred shares) held by them. The company shall have the power and authority at any time to purchase all or any of the deferred shares for an aggregate consideration of £1 which shall be applied for the benefit of the company.

### 6. SHARE PREMIUM

	Share Premium Account £'000
At 1 April 1998 and 31 March 1999	418

### 7. 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 124 Theobalds Road, London, WC1X 8RX.

The smallest Group in which the results of the Company are consolidated is that of which Cable & Wireless Communications (N) UK Telephone & Cable TV Holding Company Limited (formerly NYNEX UK Telephone & Cable TV Holding Company Limited) is the parent Company. The consolidated accounts of Cable & Wireless Communications (N) UK Telephone & Cable TV Holding Company Limited may be obtained from Caxton Way, Watford Business Park, Watford, Hertfordshire, WD1 8XH.