Company Registration No. 00238525

Cable & Wireless Limited

Directors' report and financial statements

31 March 2012

Registered Office:

3rd Floor, 26 Red Lion Square

London WC1R 4HQ

Contents

DIRECTORS' REPORT

The Directors present their Directors' report and the audited financial statements for the year ended 31 March 2012.

Principal activities and business review

The principal activity of the Company is that of a Group holding company. At the end of 2009/10, the Company ceased to be the ultimate Parent Company of the Cable & Wireless Group (now the Cable & Wireless Communications Plc Group).

The Company's loss for the year after taxation amounted to US$117 million (2010/11 - US$184 million. This was after a one-off pension contribution of US$150 million).

Key performance indicators

Taking into account the principal activities of the Company, the following key performance indicators have been identified:

	2011/12 US$m	2010/11 US$m
Operating loss	(18)	(168)
Dividends received from Group undertakings and joint ventures	2	1
Interest payable and similar charges	(133)	(116)

The operating loss has reduced this year due to significant contributions being made to the Group-wide pension scheme in the prior year. As permitted by FRS 17 *Retirement Benefits* the accounting in these financial statements is as if the scheme was a defined contribution scheme (note 18). The increase in interest payable and similar charges relates to increased exchange losses on foreign currency denominated loans and additional interest costs on loans with Group companies.

Principal risks and uncertainties

As a holding company, the results of the Company are subject to a number of risks. The principal risks and uncertainties affecting the Company are as follows:

Investments

The Company is exposed to the risk of deterioration in business performance in its Group undertakings which may have an adverse effect on the carrying value of the Company’s investments.

Foreign exchange

Given the Group’s geographical spread, a portion of the Company’s income from Group undertakings originates outside US dollar economies. This income and associated investments are exposed to exchange rate fluctuations as a result of the geographical allocation of the Group’s income and expenses. The Company is also exposed to foreign exchange fluctuations on its loans denominated in foreign currencies. This factor creates a potential risk of adverse financial impact to the Company. Short-term exchange rate fluctuations are often offset naturally. We also manage this risk by using foreign exchange hedging contracts (see note 12 to the financial statements) against forecast US dollar repatriation and sterling obligations regarding the 2012 bond.

Pensions

The Group-wide defined benefit pension scheme, based in the UK, is well managed and measures have been taken to reduce financial risk exposures. However the value of the scheme’s assets and liabilities are affected by market movements and the Company may also have to make additional contributions to the scheme if the scheme’s assumptions change. The Company manages this risk by maintaining regular dialogue with the scheme Trustees who manage the scheme’s assets with appropriate external advice.

Interest costs

The Company holds a number of loans with third parties and Group undertakings on which it is exposed to interest rate fluctuations. This risk is actively managed by the Group Treasury function. In addition, the major part of the Company’s third party debt comprises of fixed coupon bonds (see note 14).

Litigation

As with most large organisations, there is a risk of litigation against business units within the Group. As the former ultimate Parent Company of the Group, the Company may be exposed to risks associated with litigation brought against it in that capacity. When facing litigation, the Company defends its position vigorously using appropriate legal advice and support.

Dividends

The Company did not pay a dividend during the year (2010/11 - US$130 million).

Share capital and treasury shares

No treasury shares were acquired during the year. At 31 March 2012 and 31 March 2011 there were no shares in treasury.

Directors

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

TL Pennington
NI Cooper
C Underwood

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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board:

C Underwood
Company Secretary

Dated: 16 July 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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).

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the current directors, whose names are listed on page 2, confirms that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The management report contained within the Directors' report includes a fair review of the development and performance and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Independent Auditor's Report To The Members Of Cable & Wireless Limited

We have audited the financial statements of Cable & Wireless Limited (the Company) for the year ended 31 March 2012 set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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
As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL
Dated: 16 July 2012

Profit and loss account

For the year ended 31 March 2012

		2011/12			2010/11		
	Note	**Pre-exceptional items US$m**	**Exceptional items US$m**	**Total US$m**	Pre-exceptional items US$m	Exceptional items US$m	Total US$m
Administrative expenses	3	**(18)**	**-**	**(18)**	(28)	(140)	(168)
Operating loss		**(18)**	**-**	**(18)**	(28)	(140)	(168)
Income from shares in Group undertakings and joint ventures	4	**2**	**-**	**2**	1	-	1
Other non-operating income	5,8	**6**	**3**	**9**	65	12	77
Other non-operating expenses	5,8	**-**	**-**	**-**	(5)	-	(5)
Interest receivable and similar income	6	**5**	**-**	**5**	22	-	22
Interest payable and similar charges	7	**(133)**	**-**	**(133)**	(116)	-	(116)
Loss on ordinary activities before income tax		**(138)**	**3**	**(135)**	(61)	(128)	(189)
Tax credit on loss on ordinary activities	9	**18**	-	**18**	5	-	5
Loss for the financial year		**(120)**	**3**	**(117)**	(56)	(128)	(184)

The accompanying notes on pages 9 to 27 are an integral part of the financial statements of the Company.

Statement of total recognised gains and losses

For the year ended 31 March 2012

	2011/12 US$m	2010/11 US$m
Loss for the financial year	**(117)**	(184)
Actuarial losses on pension schemes	**(3)**	(1)
Cash received in respect of employee share schemes	**-**	1
Shares allotted under share schemes	**(2)**	-
Fair value gains on assets held-for-sale	**5**	2
Total recognised gains and losses for the financial year	**(117)**	(182)

The accompanying notes on pages 9 to 27 are an integral part of the financial statements of the Company.

Balance sheet
As at 31 March 2012

	Note	**2012 US$m**	2011 US$m
Fixed assets investments			
Shares in Group undertakings	11	**12,412**	12,413
Shares in joint ventures	11	**2**	6
Investments			
Held to maturity investments	12	**85**	85
Available-for-sale investments	12	**36**	31
		12,535	12,535
Current assets			
Debtors: amounts falling due within one year	13	**4,305**	4,041
Cash at bank and in hand		**-**	7
Financial assets at fair value through profit or loss	12	**39**	65
		4,344	4,113
Current liabilities			
Creditors: amounts falling due within one year	14	**(10,962)**	(10,306)
Provisions for liabilities and charges	17	**(5)**	-
		(10,967)	(10,306)
Net current liabilities		**(6,623)**	(6,193)
Total assets less current liabilities		**5,912**	6,342
Creditors: amounts falling due after one year	15	**-**	(316)
Liabilities at fair value through profit or loss	16	**(6)**	-
Provisions for liabilities and charges	17	**(4)**	(11)
Pensions obligations	18	**(42)**	(38)
Net assets		**5,860**	5,977
Capital and reserves			
Called-up share capital	19	**976**	976
Share premium account	20	**374**	374
Profit and loss account	20	**2,095**	2,217
Other reserves	20	**2,415**	2,410
Shareholder's funds		**5,860**	5,977

The accompanying notes on pages 9 to 27 are an integral part of the financial statements of the Company.

The financial statements of the Company were approved by the Directors on 16 July 2012 and signed on its behalf by:

NI Cooper
Director
Cable & Wireless Limited
Registered Number: 00238525

Reconciliation of movements in shareholders' funds
For the year ended 31 March 2012

	Note	**2012 US$m**	2011 US$m
Loss for the financial year		**(117)**	(184)
Dividends		**-**	(130)
Actuarial losses on pension schemes		**(3)**	(1)
Cash received in respect of employee share schemes		**-**	1
Shares allotted under share schemes		**(2)**	(3)
Fair value gains on assets held for sale		**5**	2
Decrease in shareholders' funds		**(117)**	(315)
Opening shareholders' funds		**5,977**	6,292
Closing shareholders' funds		**5,860**	5,977

The accompanying notes on pages 9 to 27 are an integral part of the financial statements of the Company.

1 Statement of accounting policies

1.1 Accounting Policies

No amendments to standards have been adopted in these financial statements for the first time.

1.2 Basis of preparation

The Company's financial statements have been prepared in accordance with accounting standards applicable under generally accepted accounting principles in the United Kingdom and the provisions of the Companies Act 2006. They have been prepared on the historical cost basis where appropriate.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS1 (revised 1996), 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 & Wireless Communications Plc in which the Company is consolidated and which are publicly available from the address in note 22. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

In respect of the Company, the Directors consider the US dollar to be the functional currency reflecting the economic effects of the underlying transactions, events and conditions for the Company. The Company has therefore presented its financial statements in US dollars. The principal exchange rates used in preparing the Group financial statements are as follows:

	Year ended 31 March 2012	Year ended 31 March 2011
US$: £		
Average	**1.5974**	1.5465
Year end	**1.5967**	1.6012

The financial statements have been prepared on a going concern basis. 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.

The Company is exempt under FRS 29 *Financial Instruments: Disclosures* from the requirement to provide its own financial instruments disclosures on the grounds that they are included in publicly available consolidated financial statements which include disclosures that comply with the IFRS equivalent standard.

1.3 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

FRS 18 *Accounting Policies* requires that a description of the impact of any change in estimation techniques should be provided where the change has a material impact on the reported results for the period.

1.4 Investments in Group undertakings and joint ventures

Investments in Group undertakings are included in the balance sheet at historic cost less amounts written off in respect of any impairment. Investments in joint ventures are included in the balance sheet at cost.

1.5 Financial instruments

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets are held. The basis of determining fair values is set out in note 1.6. Management determines the classification of its financial assets at initial recognition in accordance with FRS 26 *Financial Instruments: Recognition and Measurement* and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either held for trading or those designated upon initial recognition. Derivatives are also categorised as held for trading.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within one year of the reporting date.

Receivables

Receivables are non-derivative financial assets with fixed or determinable receipts that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a third party or Group undertakings with no intention of trading the receivable. They are presented in current assets, except for those with maturities greater than one year after the balance sheet date (these are classified as non-current assets). Receivables are recognised initially at fair value and subsequently measured at the amounts considered receivable (amortised cost).

Loans and borrowings

Loans and borrowings are recognised initially at fair value net of directly attributable transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the loans using the effective interest method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Recognition and measurement
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

1.6 Fair value estimation
The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for investments held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The nominal value (less estimated impairments) of debtors and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. Discounted cash flows are used to determine the fair value for the majority of remaining financial instruments.

1.7 Pensions
The Company is a member of the Group's defined benefit pension scheme ("the Scheme") but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 *Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Company's profit and loss account represents the contributions payable to the Scheme in respect of the accounting period.

The Company also operates an unfunded pension plan to cover the costs of former Directors' and other senior employees' pension entitlements. Provision is made in accordance with FRS 17 *Retirement Benefits* in the Company's financial statements for the expected costs of meeting the associated liabilities. These costs are recorded in administrative expenses.

Costs in respect of the Company's defined contribution pension schemes are charged to the profit and loss account on an accruals basis as contributions become payable.

1.8 Tax
The charge or credit 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 that have arisen but not reversed at the balance sheet date.

1.9 The Cable & Wireless Communications Share Ownership Trust (ESOP) and purchase of own shares by the Company
The financial statements of the Company include the assets and related liabilities of The Cable & Wireless Communications Share Ownership Trust.

The ESOP holds shares in both Cable & Wireless Communications Plc and Cable & Wireless Worldwide plc (an unrelated company). As the shares are not those of the Company, the assets and liabilities have been recognised on balance sheet and recorded at fair value.

1.10 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

2 Information regarding auditors, directors and employees

No remuneration was paid to the Directors for services to this company.

The Company had an average of 17 employees during the year (2011- 19) whose costs were bourne by a fellow Group undertaking.

In the current year the auditors remuneration of US$75,000 (2011- US$75,000) for the audit of these financial statements has been borne by another group company.

3 Administrative expenses

	2011/12	2010/11
	US$m	US$m
Pension costs	**2**	2
Share based payment costs	**15**	9
Management fees	**12**	41
Foreign exchange income	**-**	(5)
Write-back of amounts due to other group companies	**(12)**	-
Other administration expenses	**1**	(19)
Pre-exceptional administrative expenses	**18**	28

	2011/12	2010/11
	US$m	US$m
Pension costs	**-**	150
Other administration expenses	**-**	(10)
Exceptional administrative expenses	**-**	140

No exceptional costs were incurred during the year (2010/11 - US$150 million in respect of its one-off contribution to payments made to the Group-wide pension scheme, US$17 million credit to the Company in respect of the successful costs judgement made against Digicel and US$7 million of costs in relation to the acquisition by the Cable & Wireless Communications Group of the Bahamas Telecommunications Company).

4 Income from shares in Group undertakings and joint ventures

	2011/12	2010/11
	US$m	US$m
Dividends from joint ventures	**2**	1

5 Other non-operating income / (expenses)

The following transactions arise in the normal course of the Company's operations as an investment holding company (see note 11).

	2011/12	2010/11
	US$m	US$m
Gain on disposal of joint ventures	**6**	-
Provisions against loans	**-**	(5)
Reversal of provision against loans	**-**	65
Other non-operating income	**6**	60

6 Interest receivable and similar income

	2011/12 US$m	2010/11 US$m
Amounts owed by Group undertakings	**4**	8
Other investment income	**1**	2
Exchange gains on translation of foreign currency denominated loans	**-**	12
Interest receivable and similar income	**5**	22

7 Interest payable and similar charges

	2011/12 US$m	2010/11 US$m
Amounts owed to Group undertakings	**94**	84
Bank loans and overdrafts	**-**	2
Bonds	**32**	30
Exchange losses on translation of foreign currency denominated loans	**7**	-
Interest payable and similar charges	**133**	116

8 Exceptional non-operating income

	2011/12 US$m	2010/11 US$m
Gains on derivatives	**3**	12
Exceptional non-operating income	**3**	12

The Company holds forward exchange contracts hedging sterling exposures and future sterling obligations regarding the 2012 bond. The Company did not apply hedge accounting to these contracts and as such they were revalued to fair value through profit or loss. See note 12 for further information.

9 Income tax

Tax on loss on ordinary activities

	2011/12 US$m	2010/11 US$m
UK corporation tax at 26% (2011 – 28%)	**-**	-
Double taxation relief	**-**	-
UK corporation tax after double taxation relief	**-**	-
Overseas taxation	**-**	-
Adjustment in respect of prior years	**(18)**	(5)
Tax credit on loss on ordinary activities	**(18)**	(5)

Factors affecting the current tax charge

The current tax credit for the year is US$18 million (2010/11 - US$5 million). The tax provision was higher than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below:

	2011/12 US$m	2010/11 US$m
Loss before taxation	**(135)**	**(189)**
Tax at UK statutory rate	**(35)**	**(53)**
Expenditure not deductible for tax purposes	**(3)**	**(11)**
Other timing differences	**(8)**	**8**
Group relief surrendered	**46**	**56**
Current tax charge for the current period	**-**	**-**
Adjustment in respect of prior periods	**(18)**	**(5)**
Current tax credit	**(18)**	**(5)**

The Budget on 21 March 2012 announced a change to the UK corporation tax rate to 24%. This was substantively enacted on 26 March 2012 and is effective from 1 April 2012. This reduction replaces the decrease to 25% previously enacted in Finance Act 2011.

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, will reduce the rate by 1% per annum, to 22% by 1 April 2014. These changes had not been substantively enacted by the balance sheet date and therefore are not recognised in these financial statements.

10 Employee share schemes

The Cable & Wireless Communications Share Ownership Trust (ESOP)

The Cable & Wireless Communications Share Ownership Trust (the trust), is a discretionary trust which was funded by loans from the Company to acquire shares in the Company. Subsequent to the demerger of Cable & Wireless Worldwide plc in March 2010, the ESOP continues to be used to satisfy existing options and awards under incentive plans.

At 31 March 2012, the Trust held 37,524,230 shares in Cable & Wireless Communications Plc and 15,398,747 shares in Cable & Wireless Worldwide plc (2010/11 – 40,054,310 shares in Cable & Wireless Communications Plc and 19,798,744 shares in Cable & Wireless Worldwide plc) with a market value of US$28 million (2010/11 - US$46 million). Refer to note 12 for further information.

11 Fixed asset investments

	Joint ventures US$m	Group undertakings US$m	Total US$m
Cost			
At 1 April 2011	12	12,687	12,699
Disposals	(4)	-	(4)
At 31 March 2012	**8**	**12,687**	**12,695**
Loans			
At 1 April 2011	-	44	44
Loans repaid and transferred	-	(1)	(1)
At 31 March 2012	**-**	**43**	**43**
Provisions and amounts written off			
At 1 April 2011	(6)	(318)	(324)
At 31 March 2012	**(6)**	**(318)**	**(324)**
Net book value			
At 31 March 2012	**2**	**12,412**	**12,414**
At 31 March 2011	6	12,413	12,419

The Company's investment in joint ventures comprised US$2 million of unlisted shares (2010/11 - US$6 million of unlisted shares).

During the year, the Company sold its joint venture operations in Fiji and Vanuatu. A gain of US$6 million was recognised on the disposal of Fiji International Telecommunications Limited and its subsidiary. No gain or loss was made on the sale of Telecom Vanuatu Limited.

In June 2010, the Company transferred its investment in Cable & Wireless (Seychelles) Limited to CWIG Limited, a fellow Group undertaking, for US$17 million. CWIG Limited issued an additional share to the Company in respect of the consideration

In June 2010, the Company transferred its investment in CWIG Limited to Sable Holding Limited, a subsidiary of the Company, for US$17 million. Sable Holding Limited issued an additional share to the Company in respect of the consideration.

During 2010/11, five subsidiaries of the Company being, Cable & Wireless Asia and Pacific Limited, Cable & Wireless Hong Kong Finance, Cable & Wireless U.K. Finance, Cable & Wireless U.K. Finance No. 1 Limited and Cable & Wireless U.K. Finance No. 3 were liquidated. The total investment had previously been fully provided for.

The Company has carried out a review to determine whether there has been impairment in the carrying values of its fixed asset investments in line with FRS 11 *Impairment of fixed assets and goodwill*. The review was based on a combination of discounted cash flow analysis, using the Group's approved five year business plan, and net asset values. No impairments were recorded.

The valuation was determined by discounting future cash flows based on the approved five year business plan extrapolated at long term growth rates of between nil and 2.0% (2010/11 - 0.5% and 2.0%) at pre-tax discount rates of between 8% and 17% (2010/11 – 7% and 12%) dependent on the risk adjusted cost of capital of the different investments.

12 Financial assets

Movements in available-for-sale financial assets for the year are as follows:

	UK Government gilts US$m
At 1 April 2011	31
Fair value gains	5
At 31 March 2012	**36**
Current	-
Non-current	36

Movements in other financial assets for the year are as follows:

	Held to maturity investments	Fair value through profit or loss		
	Listed bonds US$m	Derivative instruments US$m	ESOP shares US$m	Total US$m
At 1 April 2011	85	13	52	65
Movements	-	(5)	(16)	(21)
Disposals	-	-	(5)	(5)
At 31 March 2012	**85**	**8**	**31**	**39**
Current	-	8	31	39
Non-current	85	-	-	-

The table below analyses financial instruments carried at fair value by valuation method. The different levels are defined as follows:
Level 1 – Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (from prices) or indirectly (derived from prices).
Level 3 – Fair values measured using inputs for the asset or liability that are not based on observable market data.

				At 31 March 2012
	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
UK Government Gilts	36	-	-	36
Cable & Wireless Worldwide plc shares at fair value through the profit or loss	10	-	-	10
Cable & Wireless Communications Plc shares at fair value through the profit or loss	21	-	-	21
Derivative instruments	-	8	-	8
Total financial assets at fair value	**67**	**8**	-	**75**

On demerger, shares in The Cable & Wireless Communications Share Ownership Trust, formerly the Cable and Wireless Employee Share Ownership Plan Trust (ESOP) were converted from 43 million Cable and Wireless plc shares to 43 million Cable & Wireless Communications Plc shares and 43 million Cable & Wireless Worldwide plc shares. The Cable & Wireless Communications Plc shares (a related listed company) and the Cable & Wireless Worldwide plc shares (an unrelated listed company) have been recognised as investments at fair value through profit or loss as they represent shares that are not equity instruments of the Company. In 2010/11, a portion of these shares with a market value of US$30 million were delivered during the year to the Cable & Wireless Worldwide Group as part of the demerger agreement.

At 31 March 2012, the Company held forward exchange contracts to sell US$324 million (2010/11 - US$260 million) hedging US dollar exposures and future sterling obligations regarding the 2012 bond. At 31 March 2012, the fair value of these contracts was an asset of US$8 million (2010/11 - US$13 million asset). The Company did not apply hedge accounting to these contracts and as such they were revalued to fair value through the profit and loss account.

13 Debtors

	2011/12 US$m	2010/11 US$m
Amounts falling due within one year		
Amounts owed by parent undertaking	**4,305**	4,031
Amounts owed by subsidiary undertakings	**-**	5
Other debtors	**-**	5
Total debtors	**4,305**	4,041

There is no material difference between the carrying value and fair value of debtors at 31 March 2012.

14 Creditors: due within one year

	2011/12 US$m	2010/11 US$m
Amounts falling due within one year		
Trade and other creditors	**2**	5
Amounts owed to subsidiary undertakings	**10,506**	10,094
Taxation and social security	**115**	133
Accruals and deferred income	**22**	28
Sterling secured bonds repayable in 2012	**317**	-
Sterling secured loans repayable in 2012	**-**	46
Total creditors	**10,962**	10,306

Current creditors are comprised of the following loans:

a) Sterling secured loans repayable in 2012
At 31 March 2011, the Company had a US$46 million loan facility due in 2012. It is secured by bonds held by the Company with a carrying amount of US$85 million (see note 12). These bonds were issued by Cable and Wireless International Finance BV (a subsidiary).

b) Sterling unsecured bonds repayable in 2012
The sterling bond is a £200 million listed bond due in 2012 with a balance at 31 March 2012, net of costs, of US$317 million (2010/11– US$316 million). Interest is payable at 8.75% per annum.

The fair value of the bond was not materially different from its carrying amount. Market values obtained from third parties have been used to determine the fair value of the bond.

15 Creditors: due after one year

	2011/12 US$m	2010/11 US$m
Sterling unsecured bonds repayable in 2012	-	**316**
Total non-current loans		**316**

16 Financial liabilities at fair value through profit or loss

	2011/12 US$m	2010/11 US$m
Derivative instruments	6	-
Total financial liabilities at fair value through profit or loss	6	-

At 31 March 2012, the Company held a forward foreign exchange contract with another Group company. The contract allows the Company to sell US$330 million (2011 – US$337 million), mitigating US dollar exposures arising on future sterling obligations falling due to subsidiary companies. The Company did not apply hedge accounting to this contract as as such it was revalued to fair value through the income statement.

17 Provisions for liabilities and charges

Note	Property US$m (i)	Other US$m (ii)	Total US$m
At 1 April 2011	6	5	11
Amounts used	(1)	(1)	(2)
At 31 March 2012	**5**	**4**	**9**
Current	2	3	5
Non-current	3	1	4

i) Property

Provision has been made for the lower of the best estimate of the unavoidable lease payments or cost of exit in respect of vacant properties. Unavoidable lease payments represent the difference between the rentals due and any income expected to be derived from the vacant properties being sub-let. The provision is expected to be utilised over the lease contract life.

ii) Other

Other provisions include amounts relating to specific legal claims against the Company and amounts relating to acquisitions and disposals of Group companies and investments.

18 Pension obligations

The Company is a member of a Group-wide pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 *Retirement Benefits*, the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme.

The latest triennial valuation was carried out by Towers Watson Limited as at 31 March 2010. An agreement was reached between the Trustees of the Group's pension scheme and the Group to remove the deficit calculated by this valuation by 2016.

The Group paid a total contribution of US$2 million (2010/11 - US$157 million) in 2011/12, all being normal contributions (2010/11 - exceptional deficit funding of US$149 million and normal contributions of US$8 million) to meet the cost of future benefit accrual and expenses, to recover part of the deficit on the scheme funding basis and to meet the cost of the agreed de-risking of the scheme's investment strategy. A deficit recovery funding plan was also agreed with the Trustees during March 2011 with the aim that the deficit would be eliminated by April 2016. The payments under this agreement will fall within the following ranges (July 2014 - £20.5 million to £30.4 million; July 2015 - £21.1 million to £31.3 million; and April 2016 - £21.9 million to £32.5 million). These contributions are based on best estimated investment returns and are subject to the outcome of the next full valuation due in March 2013. The Company did not contribute to the scheme (2010/11 – US$148 million).

The Company is not able to separate the performance of the Group-wide scheme to give the element that relates solely to the Company's employees. As an indication, however, the Cable & Wireless Communications Group–wide scheme had a deficit at 31 March 2012, after the impact of minimum funding requirements in respect of contributions due from 2014 to 2016, of US$129 million, compared with a US$81 million deficit at 31 March 2011.

More details are included in the financial statements of Cable & Wireless Communications Plc for the year ended 31 March 2012. These accounts can be obtained from the Company Secretary, Cable & Wireless Communications Plc, 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ.

The Company also operates unfunded pension plans to cover the costs of former Directors' and other senior employees' pension entitlements. Provision is made in the Company's financial statements for the expected costs of meeting the associated liabilities and is disclosed as the retirement benefit obligation on the Company's balance sheet.

The major assumptions used in the valuation of the Group-wide scheme and unfunded schemes at the end of the year were:

	2011/12	2010/11
	%	%
Inflation assumption	**3.2**	**3.4**
Rate of increase in salaries[1]	**3.7**	**3.9**
Rate of increase in pensions in payment and deferred pensions[2]	**2.0 to 3.1**	**2.2 to 3.3**
Discount rate applied to scheme liabilities	**4.9**	**5.6**

[1] Not applicable to unfunded schemes
[2] In excess of any Guaranteed Minimum Pension element.

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Movements in present value of defined benefit obligation

	Unfunded schemes	
	31 March 2012	31 March 2011
	US$m	US$m
Obligation at 1 April	**(38)**	(34)
Interest cost	**(2)**	(2)
Actuarial losses recognised in equity	**(3)**	(1)
Benefits paid	**1**	1
Exchange differences on translation	**-**	(2)
Obligation at 31 March	**(42)**	(38)

19 Called-up share capital

	31 March 2012	31 March 2011
	US$m	US$m
Allotted, called-up and fully paid		
2,624,571,985 ordinary shares of 25 pence each		
(2010/11 - 2,624,571,985 ordinary shares of 25 pence each)	**976**	976

20 Reserves

	Share capital US$m	Share premium US$m	Special reserve US$m	Other reserves US$m	Fair value reserve US$m	Profit and loss account US$m	Total US$m
At 1 April 2011	976	374	2,139	262	9	2,217	5,977
Loss for the year	-	-	-	-	-	(117)	(117)
Actuarial losses on pension schemes	-	-	-	-	-	(3)	(3)
Fair value gains on assets held for sale	-	-	-	-	5	-	5
Shares allotted under share schemes	-	-	-	-	-	(2)	(2)
At 31 March 2012	**976**	**374**	**2,139**	**262**	**14**	**2,095**	**5,860**

At 31 March 2012, there were no treasury shares held by the Company (2010/11 - Nil). For the year ended 31 March 2012, the aggregate nominal value of shares allotted was nil.

The special reserve relates to the cancellation of the share premium account approved at the 2003 Annual General Meeting and confirmed by the Court in February 2004. It will be reduced from time to time by the amount of any increase in the paid-up share capital and share premium account after 20 February 2004 resulting from the issue of new shares for cash or other new consideration. The special reserve will not be treated as realised profits until any debt or claim outstanding as at 20 February 2004 has been repaid or remedied.

Other reserves include a capital redemption reserve of US$156 million (2010/11 - US$156 million), US$30 million (2010/11 - US$30 million) relating to unrealised gains on disposal of investments and US$76 million (2010/11 - US$76 million) relating to rights granted to equity instruments of the Company to the employees of subsidiaries of the Company.

21 Deferred taxation

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. Due to the availability of losses and other relief, no tax is expected to be payable on them in the foreseeable future.

As at 31 March 2012, the Company had unrecognised deferred tax assets in the UK relating to capital allowances of US$3 million (2010/11 - US$3 million) and other timing differences of US$165 million (2010/11 - US$67 million).

22 Related party transactions

The Company's immediate parent and ultimate parent company is Cable & Wireless Communications Plc, incorporated in England.

The largest and smallest group in which the results of the Company are consolidated is that headed by Cable & Wireless Communications Plc, incorporated in England. The consolidated financial statements of the Group are available to the public and may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ. No other group accounts include the results of the Company.

Transactions with companies related by virtue of common control or ownership

Material transactions with Group undertakings that are not wholly owned by the Group are as follows:

	At 31 March 2012 US$000	At 31 March 2011 US$000
Debtors	**-**	242

The debtor balance at 31 March 2011 was with Dhivehi Raajjeyge Gulhun Plc. The Company did not have any further transactions with Group undertakings that are not wholly owned by the Group.

Transactions with joint ventures

All trade transactions with joint ventures arise in the normal course of business and primarily relate to fees for use of Cable & Wireless' products and services. There were no material trade transactions with joint ventures during the year.

The Company received dividends of US$2 million from joint ventures (2010/11 - US$1 million) for the year ended 31 March 2012.

The only company related by virtue of being a joint venture of the Group with which the Group transacted during the year was Solomon Telekom Company Limited.

Transactions with other related parties

At 31 March 2011, a Director of another Group company held bonds issued by the Company with a nominal value of US$2,666,489 (£1,670,000) (purchased in prior periods). The Director sold the entire holding during the year ended 31 March 2012. The interest earned on these bonds prior to disposal during the year ended 31 March 2012 was US$23,022 of which US$ nil remained unpaid at 31 March 2012 (2010/11 - US$225,982 of which US$151,924 remained unpaid at 31 March 2011). A profit of US$493,932 was realised upon the sale of the bonds.

The spouse of a Director of another Group company holds bonds issued by the Company. These bonds had a nominal value at 31 March 2012 of US$15,967 (£10,000) (31 March 2011 – US$16,012 (£10,000)). The interest earned on those bonds during 2011/12 was US$1,398 of which US$901 remained unpaid at 31 March 2012 (2010/11 – US$1,353 of which US$910 remained unpaid at 31 March 2011).

23 Group undertakings and joint ventures

The principal operating undertakings of the Group are as follows:

	Issued share capital (million)	Ownership percentage %	Class of shares	Country of incorporation	Nature of business
Subsidiaries					
Cable & Wireless Jamaica Ltd	16,817	82	Ordinary	Jamaica	Telecommunications
The Bahamas Telecommunications Company Ltd	255	51	Ordinary	Bahamas	Telecommunications
Cable & Wireless Panama, SA [1]	316	49	Ordinary	Panama	Telecommunications
Companhia de Telecomunicacoes de Macau, SARL [2]	150	51	Ordinary	Macau	Telecommunications
Cable & Wireless (Barbados) Ltd	72	81	Ordinary	Barbados	Telecommunications
Cable and Wireless (West Indies) Ltd	5	100	Ordinary	England	Holding Company
Dhivehi Raajjeyge Gulhun Plc	190	52	Ordinary	Maldives	Telecommunications
Monaco Telecom SAM [4]	2	49	Ordinary	Monaco	Telecommunications
Sable Holding Limited	16	100	Ordinary	England	Holding Company
Cable & Wireless International Finance BV	1	100	Ordinary	Netherlands	Finance Company
Joint ventures					
Cable & Wireless Trademark Management Ltd	–	50	Ordinary	England	Owner of the Cable & Wireless brand
Telecommunications Services of Trinidad and Tobago Ltd [3]	283	49	Ordinary	Trinidad and Tobago	Telecommunications

[1] The Group regards this company as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.

[2] This company has a financial year end of 31 December due to the requirements of the shareholders' agreement.

[3] This company is audited by a firm other than KPMG and its international member firms.

[4] The Group holds an economic interest of 55% in Monaco Telecom SAM via an agreement.

Cable & Wireless Limited does not have any direct investment in any of the above subsidiaries and joint ventures, with the exception of Sable Holding Ltd, Cable & Wireless International Finance B.V. and Cable & Wireless Trademark Management Ltd.

The list above only includes those companies whose results or financial position, in the opinion of the Directors, principally affect the figures shown in the financial statements.

Full details of all subsidiary undertakings and joint ventures are as follows:

	Effective Ownership percentage %	Class of shares	Country of incorporation
Subsidiaries			
Cable & Wireless DI Holdings Ltd	100	Ordinary	England
Cable & Wireless Central Holding Ltd	100	Ordinary	England
The Western Telegraph Company Ltd	100	Ordinary	England
The Eastern Telegraph Company Ltd	100	Ordinary	England
Cable & Wireless (UK) Group Ltd	100	Ordinary	England
Cable & Wireless (Israel) Company Ltd	100	Ordinary	Israel
Cable & Wireless (Malaysia) Sdn Bhd	100	Ordinary	Malaysia
Cable and Wireless (Investments) Ltd	100	Ordinary	England
Cable & Wireless (Singapore) Pte Ltd	100	Ordinary	Singapore
PT Mitracipta Sarananusa	100	Ordinary	Indonesia
Cable & Wireless (Employee Shareholdings) Ltd	100	Ordinary	Hong Kong
Cable & Wireless Services UK Ltd	100	Ordinary	England
Cable & Wireless URBS Trustee Ltd	100	Ordinary	England
Cable & Wireless Pension Trustee Ltd	100	Ordinary	England
Cable & Wireless Delaware 1, Inc	100	Ordinary	U.S.A
Cable and Wireless International Finance BV	100	Ordinary	Netherlands
Pender Insurance Ltd	100	Ordinary	Isle of Man
Petrel Communications Corporation	100	Ordinary	U.S.A
Petrel Communications SA	100	Ordinary	Switzerland
Sable Holding Ltd	100	Ordinary	England
Companhia de Telecomunicacoes de Macau, SARL [2]	51	Ordinary	Macau
Teleone China (Zuhal) Company Ltd	51	Ordinary	China
Canton Holdings Ltd	51	Ordinary	Cayman Islands
CTM (HK) Ltd	51	Ordinary	Hong Kong
TeleOne (Singapore) Pte Ltd	51	Ordinary	Singapore
Sable International Finance Ltd	100	Ordinary	Cayman Islands
CWC Costa Rica Holdings Ltd	100	Ordinary	Cayman Islands
CWC (Costa Rica) SA	100	Ordinary	Costa Rica
Cable & Wireless (Costa Rica) SA	100	Ordinary	Costa Rica
Cable & Wireless Carrier Ltd	100	Ordinary	England
CWC Communications Ltd	100	Ordinary	England
CWC Islands Ltd	100	Ordinary	England
Cable & Wireless (Diego Garcia) Ltd	100	Ordinary	Bermuda
Cable & Wireless Network Services Ltd	100	Ordinary	Bermuda
Cable & Wireless South Atlantic Ltd	100	Ordinary	Falklands
Cable & Wireless Jersey Ltd	100	Ordinary	Jersey
Cable & Wireless Guernsey Ltd	100	Ordinary	Guernsey
Cable & Wireless Isle of Man Ltd	100	Ordinary	Isle of Man
Dhivehi Raajjeyge Gulhun Plc	52	Ordinary	Maldives
CWIG Ltd	100	Ordinary	England
Cable & Wireless (Seychelles) Ltd	100	Ordinary	Seychelles
Atlas (Seychelles) Ltd	100	Ordinary	Seychelles
Seychelles Cable System Ltd	33	Ordinary	Seychelles
Le Chantier Property Ltd	100	Ordinary	Seychelles
CWC Macau Holdings Ltd	100	Ordinary	Cayman Islands
CWIGroup Ltd	100	Ordinary	Cayman Islands
Compagnie Monegasque de Communication SAM	100	Ordinary	Monaco
Monaco Telecom SAM [4]	49	Ordinary	Monaco
Monaco Telecom Holdings (Cyprus) Ltd [5]	49	Ordinary	Cyprus
Divona Algerie SPA [5]	49	Ordinary	Algeria
Monaco Telecom International SAM [5]	49	Ordinary	Monaco
Afinis Communications SA [5]	49	Ordinary	Luxembourg
MTI Telecom Africa SARL AU [5]	49	Ordinary	Morocco
Connecteo Burkina Faso [5]	37	Ordinary	Burkina Faso
Connecteo Benin [5]	46	Ordinary	Benin
Connecteo Guinée [5]	42	Ordinary	Guinea
Connecteo Cameroun [5]	49	Ordinary	Cameroon

	Effective Ownership percentage %	Class of shares	Country of incorporation
Connecteo Niger [5]	38	Ordinary	Niger
Connecteo Sénégal [5]	49	Ordinary	Sénégal
Connecteo Services [5]	49	Ordinary	France
CWIGroup Ltd	100	Ordinary	England
Cable & Wireless International HQ Ltd	100	Ordinary	England
Cable & Wireless Communications Insurance Ltd	100	Ordinary	Cayman Islands
CWI Group M&I HQ SAM	100	Ordinary	Monaco
Cable and Wireless (West Indies) Ltd	100	Ordinary	England
Cable & Wireless (EWC) Ltd	100	Ordinary	BVI
Cable & Wireless (Barbados) Ltd	81	Ordinary	Barbados
Cable & Wireless Antigua & Barbuda Ltd	100	Ordinary	Antigua & Barbuda
Cable & Wireless Grenada Ltd	70	Ordinary	Grenada
Cable & Wireless Jamaica Finance (Cayman) Ltd	100	Ordinary	Cayman Islands
Cable & Wireless St Vincent and the Grenadines Ltd	100	Ordinary	St Vincent and the Grenadines
Cable and Wireless (BVI) Ltd	100	Ordinary	BVI
Cable and Wireless (CALA Management Services) Ltd	100	Ordinary	England
Cable and Wireless (TCI) Ltd	100	Ordinary	Turks & Caicos
CWI Caribbean Ltd	100	Ordinary	Barbados
CWC Cable & Wireless Communications Dominican Republic SA	100	Ordinary	Dominican Republic
CWC Bahamas Holdings Ltd	100	Ordinary	The Bahamas
The Bahamas Telecommunications Company Ltd	51	Ordinary	The Bahamas
Cable & Wireless (St Lucia) Ltd	100	Ordinary	St Lucia
Cable & Wireless Dominica Ltd	80	Ordinary	Dominica
Cable & Wireless Holdings Inc	100	Ordinary	Barbados
Cable & Wireless St Kitts & Nevis Ltd	77	Ordinary	St Kitts & Nevis
Cable and Wireless (Anguilla) Ltd	100	Ordinary	Anguilla
Cable and Wireless (Far East) Ltd	100	Ordinary	Hong Kong
Cable and Wireless Caribbean Cellular (Marketing) Ltd	100	Ordinary	BVI
CWC CALA Holdings Ltd	100	Ordinary	Barbados
Cable and Wireless (Cayman Islands) Ltd	100	Ordinary	Cayman Islands
Kelfenora Ltd	100	Ordinary	Cayman Islands
Cable & Wireless Jamaica Ltd	82	Ordinary	Jamaica
Cable & Wireless Jamaica Foundation Ltd	82	Ordinary	Jamaica
Caribbean Landing Company Ltd	82	Ordinary	Jamaica
Digital Media & Entertainment Ltd	82	Ordinary	Jamaica
Jamaica Digiport International Ltd	82	Ordinary	Jamaica
Jamaica International Telecommunications Ltd	82	Ordinary	Jamaica
The Jamaica Telephone Company Ltd	82	Ordinary	Jamaica
Cable & Wireless Panama, SA [1]	49	Ordinary	Panama
Des Vieux Telecom, Inc [1]	49	Ordinary	U.S.A
International Contact Center SA [1]	49	Ordinary	Panama
IPD Corp. [1]	49	Ordinary	Panama

Joint ventures			
Solomon Telekom Company Ltd	33	Ordinary	Solomon Islands
Telekom Television Ltd	33	Ordinary	Solomon Islands
Telecom Development Company Afghanistan BV	18	Ordinary	Netherlands
Telecom Development Company Afghanistan Ltd	18	Ordinary	Afghanistan
Cable & Wireless Trademark Management Ltd	50	Ordinary	England
Telecommunications Services of Trinidad and Tobago Ltd [3]	49	Ordinary	Trinidad and Tobago

[1] The Group regards this company as a subsidiary because it controls the majority of the Board of Directors through a shareholders' agreement.

[2] This company has a financial year end of 31 December due to the requirements of the shareholders' agreement.

[3] This company is audited by a firm other than KPMG and its international member firms.

[4] The Group holds an economic interest of 55% in Monaco Telecom SAM via an agreement.

[5] These companies are controlled through a direct majority shareholding held via Monaco Telecom SAM.

The company has no trade investments.

24 Dividends

The aggregate amount of dividends comprises:

	2011/12 US$m	2010/11 US$m
Dividends paid	**-**	130

25 Legal proceedings

In July 2007, the Company and four Group subsidiaries along with Telecommunications Services of Trinidad and Tobago Limited (TSTT), in which the Group holds a 49% interest, were served with proceedings in the English High Court by a Caribbean competitor, Digicel. The claim alleged that the relevant Group subsidiaries delayed Digicel's entry into six Caribbean markets (St. Lucia, St. Vincent & the Grenadines, Grenada, Barbados, the Cayman Islands and Turks & Caicos) in breach of applicable statutory and contractual obligations concerning interconnection. A similar allegation was made against TSTT. In addition, it was alleged that the Company and its four subsidiaries (but not TSTT) conspired to cause delay to Digicel. Trial in the English High Court began in May 2009 and closed in November 2009.

On 15 April 2010, the UK High Court dismissed all of the claims in the seven markets and the overarching conspiracy claim with the exception of a minor breach of a short letter agreement with Digicel in Turks & Caicos. The Court ruled that this breach caused no delay to Digicel and thus no loss. The Court has ordered Digicel to pay the Group's costs incurred in defending the claim on an enhanced indemnity basis; and to pay 87.5% of TSTT's costs assessed on a standard basis. Digicel subsequently sought leave to appeal the judgment insofar as it related to the claim against TSTT. This application for leave was rejected by the Court of Appeal on 18 May 2011. The Company and the Group does not expect the ultimate resolution of the actions to which it is a party to have a significant adverse impact on the financial position of the Company.

26 Commitments

The Company had no capital commitments at the end of 2011/12 or 2010/11.

27 Guarantees and contingent liabilities

Guarantees given by the Company at the end of the financial year for which no provision has been made in the financial statements are as follows:

	31 March 2012 US$m	31 March 2011 US$m
Trading guarantees	**-**	5
Other guarantees	**1,889**	1,342
Total guarantees	**1,889**	1,347

Trading guarantees principally comprise performance bonds for contracts concluded in the normal course of business, guaranteeing that the Group companies will meet their obligations to complete projects in accordance with the contractual terms and conditions. The nature of contracts includes projects, service level agreements, installation of equipment, surveys, purchase of equipment and transportation of materials. The guarantees contain a clause that they will be terminated on final acceptance of work to be done under the contract.

Other guarantees include guarantees for financial obligations principally in respect of borrowings, leases and letters of credit. Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make payment under the guarantee.

Total guarantees at 31 March 2012 include US$2 million of other guarantees (2010/11 – US$17 million of other guarantees) relating to the demerged Cable & Wireless Worldwide Group. The Company has provided guarantees to third parties in respect of trading contracts between third parties and the Cable & Wireless Worldwide Group. The Company has agreed a fee schedule with Cable & Wireless Communications Group for the benefit of these guarantees. To date, the Company has not been required to make any payments in respect of its obligations under these trading guarantees.

Under the Separation Agreement, Cable & Wireless Communications and Cable & Wireless Worldwide agree to provide each other with certain customary indemnities on a reciprocal basis in respect of liabilities which the Cable & Wireless Communications Group may incur but which relate exclusively to the Cable & Wireless Worldwide Group and vice versa and in respect of an agreed proportion of liabilities which do not relate exclusively to one Group or the other.

Along with other Group companies the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as borrower under a US$600 million revolving credit facility.

Along with other Group companies, the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as issuer under a US$500 million secured notes issue. The bonds were arranged with a coupon of 7.75% and are due to be repaid in 2017.

Along with other Group companies, the Company is joint and several guarantor of the obligations of Sable International Finance Limited in its capacity as issuer under a US$400 million secured notes issue. The bonds were arranged with a coupon of 8.75% and are due to be repaid in 2020.

The Company is a guarantor of £200 million 8.625% Guaranteed Bonds issued by Cable & Wireless International Finance B.V. due 2019.

Whilst Pender, the Group's former insurance operation, ceased to underwrite new business from April 2003, it has in the past written policies in favour of the Group and third parties. Potentially significant insurance claims have been made against Pender under certain of these third party policies, which have also given rise to uncertainties and potential disputes with reinsurers. Significant progress has been made in resolving these claims in the year. Detail of these insurance claims and potential claims are not disclosed as such disclosure may be prejudicial to the outcome of such claims.

In addition, the Company, as is considered standard practice in such agreements, has given guarantees and indemnities in relation to a number of disposals of subsidiary undertakings in prior years. Generally, liability has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. The Company also gives warranties and indemnities in relation to certain agreements including facility sharing agreements. Some of these agreements do not contain liability caps.

Whilst the Company has ceased participation in the Merchant Navy Officers Pension Fund (MNOPF), it may be liable for contributions to fund a portion of any funding deficits which may occur in the future. The Group has made arrangements with MNOPF to pay invoices totalling £1.7 million, plus interest, relating to the actuarial valuations made by the MNOPF trustee as at 31 March 2003, 2006 and 2009, by instalments over the next nine years. It is possible that the MNOPF trustee may invoice us in the future for additional amounts to the extent that there is an actuarially determined funding deficit. It is not possible to quantify the amount of any potential additional funding liability at this time.