

**THE EASTERN LEASING COMPANY LIMITED**

**Directors' report and financial statements**

**31 March 2008**

**Registered Office:  
Lakeside House  
Cain Road  
Bracknell  
Berkshire  
RG12 1XL**

**SATURDAY**



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## Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2008.

### Principal activity

The principal activity of the Company is the provision of lease and hire-purchase finance for capital projects.

### Business review

The profit for the year amounts to £96,312 (2007: £87,664). The Directors do not recommend payment of a dividend (2007: £nil).

The Company has met the requirements in Companies Act 1985 to obtain the exemption from the need to present an enhanced business review.

### Directors

The Directors who served during the year are as follows:

D J Platt  
N I Cooper

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this 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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

The Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

On behalf of the Board



**N.I Cooper**  
Director

Date 12 August 2008

## **Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements**

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 Principles).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Report of the independent auditors, KPMG Audit Plc, to the members of The Eastern Leasing Company Limited**

We have audited the financial statements of The Eastern Leasing Company Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Report of the independent auditors, KPMG Audit Plc, to the members of The Eastern Leasing Company Limited (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*12 August* 2008

8 Salisbury Square  
London  
EC4Y 8BB

**Profit and loss account**  
*for the year ended 31 March 2008*

	<i>Note</i>	2008 £	2007 £
Other operating expenses		<u>(39,940)</u>	<u>(15,716)</u>
<b>Operating loss</b>	2	<b>(39,940)</b>	<b>(15,716)</b>
Other interest receivable and similar income	3	136,252	103,380
<b>Profit on ordinary activities before taxation</b>		<u>96,312</u>	<u>87,664</u>
Taxation	4	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u><u>96,312</u></u>	<u><u>87,664</u></u>

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

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 March 2008*

	2008 £	2007 £
Opening shareholders' deficit	2,317,036	2,229,372
Profit for the financial year	96,312	87,664
Closing shareholders' deficit	<u><u>2,413,348</u></u>	<u><u>2,317,036</u></u>

There are no recognised gains and losses other than the result for the period above. Accordingly, no separate statement of total recognised gains and losses has been presented.

There is no difference between the reported result and that which would be reported under the historical cost convention.

**Balance Sheet**

at 31 March 2008

	<i>Note</i>	2008 £	2007 £
<b>Fixed assets</b>			
Investments	5	-	-
<b>Current assets</b>			
Debtors	6	<u>2,413,348</u>	<u>2,317,036</u>
<b>Net current assets</b>		<u>2,413,348</u>	<u>2,317,036</u>
<b>Net assets</b>		<u><u>2,413,348</u></u>	<u><u>2,317,036</u></u>
<b>Capital and reserves</b>			
Called up share capital	7	1,002	1,002
Share premium accounts	8	687,496,999	687,496,999
Profit and loss account	8	<u>(685,084,653)</u>	<u>(685,180,965)</u>
<b>Shareholder's funds</b>		<u><u>2,413,348</u></u>	<u><u>2,317,036</u></u>

The financial statements were approved by the Board of Directors on 12 August 2008 and were signed on its behalf by:



**DJ PLATT**  
 Director

The accompanying notes form an integral part of these statements.



## Notes to the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

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

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

#### *Fixed asset investments*

Fixed asset investments are stated at cost less amounts written off for impairment.

#### *Taxation*

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Cash flow statement*

Under FRS1 (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 11.

#### *Accounting for finance leases and hire purchase contracts*

Finance charges are allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. The total net investment in finance leases and hire purchase contracts included in the balance sheet represents total lease and hire purchase payments receivable net of finance charges relating to future accounting periods.

### 2. Notes to the profit and loss account

Directors' emoluments are borne by other group companies in the current and prior year.

The Company had no employees during the year (2007: less than one full-time equivalent). The staff do not have contracts of employment with the Company, but are seconded from a fellow group company. Staff costs are borne by other group companies.

In the current year and the prior year, the auditors remuneration of £2,000 for the audit of these financial statements has been borne by another group company.

Other operating expense relates to £24,224 written off amounts owed by group undertakings.

	2008 £	2007 £
Finance lease and hire purchase interest payable	15,716	15,716

**Notes to the financial statements (continued)**

**3. Other interest receivable and similar income**

	2008 £	2007 £
Interest receivable from fellow group undertakings	136,252	103,380

**4. Tax charge on ordinary activities**

*Analysis of charge in period*

	2008 £	2007 £
<i>UK corporation tax:</i>		
Current tax on profit for the period	-	-
Tax on profit on ordinary activities	-	-

*Factors affecting the tax charge for the period*

The current tax charge is lower (2007: lower) than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before taxation	96,312	87,664
Current tax at 30% (2007: 30%)	28,894	26,299
<i>Effects of:</i>		
Group relief Claimed without payment	(28,894)	(26,299)
Total current tax charge	-	-

*Factors that may affect future current and total tax charges*

There were no recognised or unrecognised deferred tax balances as at 31 March 2008 or 31 March 2007.

The corporation tax rate applicable to the Company will reduce from 30% to 28% from 1 April 2008.

Notes to the financial statements (continued)

5. Fixed Asset Investments

	<b>£</b>
<b>Cost</b>	
At 1 April 2007 and 31 March 2008	<u>2,462,160,043</u>
<b>Amounts written off</b>	
At 1 April 2007 and 31 March 2008	<u>2,462,160,043</u>
<b>Net Book Value</b>	
At 31 March 2008 and 31 March 2007	<u>-</u>

**Principal subsidiary undertakings**

Details of the Company's subsidiary undertakings are given below.

<b>Subsidiary undertaking</b>	<b>Class and percentage of shares held</b>	<b>Principal activities</b>
Cable & Wireless Global Holding Limited	Ordinary 100%	Investment holding company

6. Debtors

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by parent undertaking	-	72,509
Amounts owed by fellow group undertakings	2,413,348	2,244,527
	<u>2,413,348</u>	<u>2,317,036</u>

Of the amounts owed by group undertakings £2,380,780 bears interest of LIBOR. The loan and any interest accrued thereon becomes repayable in full upon 30 days' written notice.

**Notes to the financial statements (continued)**

**7. Share capital**

	2008 £	2007 £
<b>Authorised:</b>		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
<b>Allotted, called-up and fully paid:</b>		
1,002 Ordinary shares of £1 each	<u>1,002</u>	<u>1,002</u>

**8. Reserves**

	Share premium £	Profit and loss account £	Total £
At 1 April 2007	687,496,999	(685,180,965)	2,316,034
Profit for the financial year	-	96,312	96,312
<b>At 31 March 2008</b>	<u>687,496,999</u>	<u>(685,084,653)</u>	<u>2,412,346</u>

**9. Finance Lease Commitments**

The Company has the following finance lease commitments, due within:

	2008 £	2007 £
One year	<u>15,716</u>	<u>15,716</u>

The finance lease arose on the purchase of plant and machinery. The plant and machinery was transferred to another group undertaking at net book value in the year ending 31 March 1998. All related plant and machinery now has £nil net book value. These leases are secured on the assets. Repayment is guaranteed by the ultimate parent, Cable & Wireless plc.

**10. Related party transactions**

Under FRS 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 the Group. There are no transactions with any other related parties.

**11. Ultimate parent company and controlling undertaking**

The Company's immediate parent undertaking is Cable & Wireless UK Holdings Limited, a company registered in England and Wales.

The Directors regard Cable and Wireless plc, a company registered in England and Wales, as the ultimate parent company and controlling party.

The smallest and largest group in which the results of the Company are consolidated is that of Cable and Wireless plc, the parent company. The consolidated financial statements of Cable and Wireless plc may be obtained from the Secretary, Cable and Wireless plc, 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ. No other group accounts include the results of the Company.