

Company Registration Number: 01672832

The Eastern Leasing Company Limited
Annual Report and Financial Statements
For the Year Ended 31 March 2017

Registered Office
Vodafone House
The Connection
Newbury
Berkshire
England
RG14 2FN



Company Registration Number: 01672832

The Eastern Leasing Company Limited

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The Eastern Leasing Company Limited

Company Information

Directors

Vodafone Enterprise Corporate Secretaries Limited

G Mook

T Sayed

Company secretary

Vodafone Enterprise Corporate Secretaries Limited

Registration number

01672832

Registered office

Vodafone House

The Connection

Newbury

Berkshire

England

RG14 2FN

The Eastern Leasing Company Limited

Directors' Report for the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Principal activity and future developments

The principal activity of the Company is that of an investment holding company. No change in the Company's activities is envisaged in the foreseeable future.

The Company has taken advantage of the exemption in Companies Act 2006 to not present a Strategic Report.

Financial position and Liquidity

Given the support of Vodafone Group Plc, the Directors consider that the Company has access to sufficient funding to meet its financial needs as they fall due for a period of not less than 12 months from the date of these financial statements. Accordingly the Directors have prepared the financial statements on a going concern basis, notwithstanding net current liabilities of £18,682k (2016: net current assets £145,254k).

The Directors have reviewed the financial position of the Company, including the arrangements with Vodafone Group Plc undertakings. The Directors have also considered the financial position of the Company's ultimate parent Vodafone Group Plc, including centralised treasury arrangements and the availability of a credit facility.

On the basis of their assessment of the Company's financial position, the factors likely to affect its future development and performance, and the enquiries made of the Directors of Vodafone Group Plc, the Company's Directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern. Accordingly they expect that the Company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Risks and Uncertainties

The Directors have assessed the risks that the company is exposed to and have not identified any material risks. Business risks relating to the Vodafone Group are disclosed in the Annual Report of Vodafone Group Plc for the year end 31 March 2017, which does not form part of these financial statements.

Results and Dividends

The loss for the year of £177,033K predominantly arose due to write off of intercompany loans receivable and Impairment of Investment (2016: profit of £273,723K arose due to net write back of intercompany loans payable and net group interest income).

The directors do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: Enil).

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Directors' Report for the Year Ended 31 March 2017 (continued)

Directors of the company

The directors, who held office during the year and up to the date of signing the financial statements, were as follows:

	Appointed	Resigned
T Sayed	9 December 2016	
G Mook	31 May 2017	
Vodafone Enterprise Corporate Secretaries Limited	31 May 2017	
R Mullock		9 December 2016
Vodafone Corporate Secretaries Limited		31 May 2017

Registered office

The registered office of the Company is Vodafone House, The Connection, Newbury, Berkshire, England, United Kingdom, RG14 2FN.

Political Donation

There are no political donations made by the entity during the year (2016: £nil).

Financial Risk Management

The Company follows the board-approved policies of its parent, Vodafone Group Plc, to manage its principal financial risks which include currency risk, credit risk and liquidity risk.

The treasury function of the Vodafone Group provides a centralised treasury service to the Company, and follows a framework of policies and guidelines authorised and reviewed annually by the Vodafone Group Plc Board.

The other financial risks the directors consider relevant to the Company are credit risk and liquidity risk. These risks are mitigated by the fact that the counterparty of the majority of debtor balances are other Vodafone Group companies who are considered able to repay their debts.

The Group's internal auditors review the internal control environment regularly. There has been no significant change during the financial year to the types of financial risks faced by the Company, or the Company's approach to the management of those risks.

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom

Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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:

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Directors' Report for the Year Ended 31 March 2017 (continued)

Statement of Directors' Responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 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 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.

Indemnification of directors

In accordance with the Company's articles of association and to the extent permitted by law, the directors may be granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, Vodafone Group Plc maintained a directors' and officers' liability insurance policy throughout the year. This policy is renewed annually in August. Neither the Company's indemnity nor the insurance provides cover in the event that the director is proven to have acted dishonestly or fraudulently.

Events occurring after balance sheet date

The Company will closely monitor progress in relation to the impending exit of Great Britain from the membership of the European Union and regularly review the impact as part of the overall Group strategy.

Approved by the Board on *13/11/* 2017 and signed on its behalf by:



.....
Vodafone Enterprise Corporate Secretaries Limited
Company secretary

The Eastern Leasing Company Limited

Income Statement for the Year Ended 31 March 2017

	Note	2017 £'000	2016 £'000
Amounts written off investments		(13,096)	-
Amounts written back against loans		-	1,014,456
Amounts written off against loans		(164,034)	(764,045)
Operating (loss)/profit		(177,130)	250,411
Net Finance Income	5	121	29,113
(Loss)/profit on ordinary activities before taxation		(177,009)	279,524
Tax charge on loss on ordinary activities	6	(24)	(5,801)
(Loss)/profit for the financial year		(177,033)	273,723

The above results for the year are derived entirely from continuing operations.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical costs equivalents.

The notes on pages 9 to 17 form an integral part of these financial statements.

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Statement of Comprehensive Income for the Year Ended 31 March 2017

The Company has not recognised any other comprehensive income/ (expense) and therefore no separate statement of comprehensive income has been prepared in respect of either year.

The notes on pages 9 to 17 form an integral part of these financial statements.

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Statement of Financial Position as at 31 March 2017

	Note	2017 £'000	2016 £'000
Fixed Assets			
Investment in subsidiaries	7	64,690	77,787
Current Assets			
Trade and other receivables	8	1	163,912
Creditors : Amount falling due within one year	9	(18,683)	(18,658)
Net Current (Liabilities)/ Assets		(18,682)	145,254
Net Assets		46,008	223,041
Capital and Reserves			
Called up share capital	10	1	1
Share Premium account		687,497	687,497
Retained earnings		(641,490)	(464,457)
Total shareholders' funds		46,008	223,041

For the year ending 31 March 2017 the company was entitled to exemption under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for (a) ensuring the Company keeps accounting records which comply with section 386 of the Companies Act 2006, and (b) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit and loss for the financial year, in accordance with the requirements of section 393 of the Act, and which otherwise comply with the requirement of Companies Act relating to accounts, so far as applicable to the Company.

The financial statements on pages 5 to 17 were authorised for issue by the board of directors on 13/11/17 and were signed on its behalf:



T Sayed
Director

The notes on pages 9 to 17 form an integral part of these financial statements.

The Eastern Leasing Company Limited

Statement of Changes in Equity for the Year Ended 31 March 2017

	Share Capital	Share Premium £'000	Retained earnings	Total
	£ '000	£'000	£'000	£'000
Balance as at 1 April 2015	1	687,497	(738,180)	(50,682)
Profit for the financial year	-	-	273,723	273,723
Balance as at 31 March 2016	<u>1</u>	<u>687,497</u>	<u>(464,457)</u>	<u>223,041</u>
Balance as at 1 April 2016	1	687,497	(464,457)	223,041
Loss for the financial year	-	-	(177,033)	(177,033)
Balance as at 31 March 2017	<u>1</u>	<u>687,497</u>	<u>(641,490)</u>	<u>46,008</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

The Eastern Leasing Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

1. General information

The principal activity of the Company is to act as an investment holding company.

The company is a public limited company limited by shares incorporated in United Kingdom and domiciled in England.

The address of its registered office is:

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

Company Registration Number: 01672832

These financial statements were authorised for issue by the Board on 13.11/2017.

2. Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention as modified by derivative financial assets and liabilities measured at fair value through profit or loss and in accordance with the UK Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company's functional and presentational currency is Pounds sterling '£'.

Cash flow statement

Under IAS 7, 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 Vodafone Group Plc in which the Company is consolidated and which are publicly available from the address in note 12.

The Eastern Leasing Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position)
 - 111 (cash flow statement information), and
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

Given the support of Vodafone Group Plc, the Directors consider that the Company has access to sufficient funding to meet its financial needs as they fall due for a period of not less than 12 months from the date of these financial statements. Accordingly the Directors have prepared the financial statements on a going concern basis, notwithstanding net current liabilities of £18,682k (2016: net current assets £145,254k). The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2.

Exemption from preparing group accounts

The financial statements contain information about The Eastern Leasing Company Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Vodafone Group Plc, a company incorporated in United Kingdom.

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Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income.'

Income tax expense

Income tax expense including UK Corporation tax and foreign tax is provided at amounts expected to be paid or recovered, using the tax rates and laws that have been entered or substantially enacted at the balance sheet date.

Investment in subsidiaries

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Earned income from the disposal of an investment is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

The Eastern Leasing Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Trade and other receivables

Trade and other receivables are amounts due from Vodafone Group Companies for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if larger), they are disclosed as current assets, if not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method less provision for impairment. Estimates are based on the ageing of the debt balances and historical experience. Receivables are written off when management considers them to be irrecoverable.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below,

The Eastern Leasing Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

3. Critical accounting estimates and judgements (continued)

(a) Impairment of amounts owed by group undertakings

The company makes an estimate of the recoverable value of these debtors. When assessing impairment of these debtors, management considers factors including aging profile of debtors, historical experience and the level of group support.

(b) Impairment of investments

In making the judgement for impairment of investment in subsidiary, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the subsidiary.

4. Employees and directors

The company had no employees during the year (2016: nil). Directors did not receive any emoluments from the company in respect of their services during the year (2016: £nil).

5. Net Finance income

	2017 £'000	2016 £'000
Interest receivable from group undertaking	121	40,752
Interest on loans from group undertaking	-	(11,617)
Forex exchange Loss	-	(22)
	121	11,639
	121	11,639

6. Tax charge on loss on ordinary activities

	2017 £'000	2016 £'000
Current Taxation		
UK corporation tax	24	5,823
UK corporation tax adjustment prior periods	-	(22)
Total current income tax	24	5,801
	24	5,801

The actual tax charge for the current and previous year differs from the tax charge at the standard rate of corporation tax in the UK of 20% (2016: 20%) for the reasons set out in the following reconciliation:

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Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

6. Tax charge on loss on ordinary activities (continued)

	2017	2016
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(177,009)	279,524
Taxation on (loss)/profit on ordinary activities before tax at standard rate of 20%. (2016: 20%)	<u>(35,402)</u>	<u>55,905</u>
Factors affecting tax charge:		
Increase/(decrease) from effect of expenses not deductible in determining tax loss	35,426	(50,082)
Decrease from effect of prior year adjustments	-	(22)
Total tax charge	<u>24</u>	<u>5,801</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were enacted in Finance Act (No. 2) 2015 and Finance Act 2016 respectively.

7. Investment in subsidiaries

	Subsidiary undertakings
	2017
	£'000
At Cost	
As 1 April 2016	2,539,976
Return of capital during the year ^(a)	(1)
As at 31 March 2017	<u>2,539,975</u>
Impairment	
As 1 April 2016	(2,462,189)
Impairment during the year	(13,096)
As at 31 March 2017	<u>(2,475,285)</u>
Net Book Value	
As at 31 March 2017	<u>64,690</u>
As at 31 March 2016	<u>77,787</u>

Details of the subsidiaries as at 31 March 2017 are as follows:

Subsidiary Undertaking	Class	Ownership	Country of incorporation	Principal activity
Cable & Wireless CIS Services Limited	Ordinary Shares	99%	England	Telecommunications
Cable & Wireless CIS Svyaz LLC*	Ordinary Shares	99%	Russian Federation	Telecommunications
Cable & Wireless Global Business Services Limited	Ordinary Shares	100%	England	Dormant
Cable & Wireless Global Holdings Limited	Ordinary Shares	100%	England	Telecommunications

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Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

Subsidiary Undertaking	Class	Ownership	Country of incorporation	Principal activity
Cable & Wireless Global Telecommunication Services Limited	Ordinary Shares	100%	England	Telecommunications
Cable & Wireless GN Limited	Ordinary Shares	100%	Ireland	Telecommunications
Vodafone Enterprise Australia Pty Limited	Ordinary Shares	100%	Australia	Telecommunications
Vodafone Enterprise Equipment Limited	Ordinary Shares	100%	England	Telecommunications
Vodafone Enterprise Global Business S.a.r.l	Ordinary Shares	100%	Luxembourg	Dormant
Cable and Wireless (India) Limited*	Ordinary Shares	100%	England	Telecommunications
Vodafone Enterprise Global Limited	Ordinary Shares	100%	Ireland	Telecommunications
Vodafone Enterprise Hong Kong Ltd	Ordinary Shares	100%	Hong Kong	Telecommunications
Vodafone Enterprise Communications Technical Services (Shanghai) Co., Ltd.*	Ordinary Shares	100%	China	Telecommunications
Vodafone Enterprise Global Network HK Ltd*	Ordinary Shares	100%	Hong Kong	Telecommunications
Vodafone Global Network Limited	Ordinary Shares	100%	Ireland	Telecommunications
Apollo Submarine Cable System Limited*	Ordinary Shares	100%	England	Telecommunications
Cable & Wireless Americas Systems Inc*	Ordinary Shares	100%	United States	Telecommunications
Vodafone Global Network Limited Slovakia- Branch*	Ordinary Shares	100%	Slovakia	Telecommunications

*Denotes indirect holdings

⁽¹⁾ The Company's subsidiary - Cable & Wireless Global Business Services Limited has performed share capital reduction during the year. As a result, the Company has reduced its investment in the subsidiary by £1k by way of return of capital.

The Eastern Leasing Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

8. Trade and other receivables

	2017	2016
	£'000	£'000
Amounts owed by group undertakings	1	163,912
	1	163,912
	1	163,912

The amount due from group undertaking in the current year is unsecured, interest free and repayable on demand. The amounts due in the previous year bear interest ranges from LIBOR to LIBOR plus 3.50% (LIBOR to LIBOR plus 3.50%). The loan and any interest accrued thereon are repayable in full upon 30 days written notice.

9. Creditors: amount falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	18,659	12,835
Group relief payable	24	5,823
	18,683	18,658
	18,683	18,658

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

10. Called up share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1.00 each	1,002	1,002	1,002	1,002
	1,002	1,002	1,002	1,002

11. Related party disclosures

The Company has taken advantage of the Related Party Disclosures exemption granted under paragraphs 8 'FRS 101', reduced disclosure framework, not to disclose transactions with Vodafone Group Plc group companies.

The Eastern Leasing Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

12. Controlling parties

The Company's immediate parent company is Cable and Wireless UK Holdings Limited, a company registered in England and Wales. The Directors regard Vodafone Group plc, a company registered in England and Wales, as the ultimate parent company and controlling party.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2017 may be obtained from the company's website www.vodafone.com or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England.

13. Events after the end of the reporting period

The Company will closely monitor progress in relation to the impending exit of Great Britain from membership of the European Union and regularly review the impact as part of the Group's overall strategy.