

The Eastern Leasing Company Limited

Directors' report and financial statements

31 March 2012



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Directors' report

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

Principal activities and review of developments

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

Business review

The profit for the year amounts to £15,036,704 (2011 loss of £32,848,334) No change in the Company's activities is envisaged in the foreseeable future

The Company has met the requirements in the Companies Act 2006 to obtain the exemption from the need to present an enhanced business review

The Directors consider that the Company has access to sufficient funding to meet its needs Accordingly the Directors have prepared the financial statements on a going concern basis

Dividends

The Directors do not recommend the payment of a dividend (2011 £nil)

Directors of the Company

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

P S Davis

I J Gibson (resigned 13 September 2011)

A R Kinch (appointed 13 September 2011)

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

Directors' report

(continued)

Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information

By Order of the Board



P S Davis
Director

Date 31 August 2012

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 the Directors 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 apply them consistently,
- make judgements and accounting 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.

Independent Auditor's report 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 2012, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' report and the financial statements, set out on page 3, 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 profit 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

Date 31 August 2012

Profit and loss account

For the year ended 31 March 2012

	Note	2012 £	2011 £
Amounts written back/(written off) investments	7	5,978,848	(6,305,000)
Amounts provided against loans	3	(39,451,008)	(26,563,000)
Income from subsidiary	7	19,907,428	-
Operating loss		(13,564,732)	(32,868,000)
Interest receivable and similar income	4	40,109,311	19,666
Interest payable and similar charges	5	(11,507,875)	-
Profit/(loss) on ordinary activities before taxation		15,036,704	(32,848,334)
Taxation	6	-	-
Profit/(loss) for the financial year		15,036,704	(32,848,334)

The results for the period are derived entirely from continuing operations

The company has no recognised gains or losses for the year other than the results 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.

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2012

	2012 £	2011 £
Profit/(loss) attributable to the members of the company	15,036,704	(32,848,334)
Net addition/(reduction) to shareholders' funds	15,036,704	(32,848,334)
Opening shareholders' (deficit)/funds at 1 April	(30,314,356)	2,533,978
Closing shareholders' deficit at 31 March	<u>(15,277,652)</u>	<u>(30,314,356)</u>

Balance sheet
as at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	7	<u>77,490,000</u>	<u>138,175,000</u>
Current assets			
Debtors	8	176,262,863	89,033,284
Creditors amounts falling due within one year	9	<u>(269,030,515)</u>	<u>(257,522,640)</u>
Net current liabilities		<u>(92,767,652)</u>	<u>(168,489,356)</u>
Net liabilities		<u>(15,277,652)</u>	<u>(30,314,356)</u>
Capital and reserves			
Called up equity share capital	10	1,002	1,002
Share premium account	11	687,496,999	687,496,999
Profit and loss account	11	<u>(702,775,653)</u>	<u>(717,812,357)</u>
Total shareholders' deficit		<u>(15,277,652)</u>	<u>(30,314,356)</u>

These accounts were approved by the Board of Directors on 31 August 2012 and signed on its behalf by



A R Kinch
Director

Notes to the financial statements
(forming part of 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 financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £15,277,652 (2011 £30,314,356) at 31 March 2012. 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 1

The Directors have reviewed the financial position of the Company, including the arrangements with Cable&Wireless Worldwide Group undertakings. The Directors have also considered the financial position of the Company's parent Cable & Wireless Worldwide plc and the Cable&Wireless Worldwide Group, including centralised treasury arrangements, the availability of a credit facility and at 31 March 2012, cash and cash equivalent balances of £106 million

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Cable & Wireless Worldwide plc, the Company's Directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Cable&Wireless Worldwide Group 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

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group

Cash flow statement

Under FRS 1, 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 Worldwide plc in which the Company is consolidated and which are publicly available from the address in note 14

Fixed asset investments

Investments including investments in subsidiary undertakings are carried at cost less provision 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

Notes to the financial statements

(continued)

2 Notes to the profit and loss account

The Directors did not receive any emoluments in respect of their services for this Company during the year (2011 £nil)

The Company had no employees during the year (2011 nil)

In the current year and the prior year, the auditor's remuneration of £2,500 (2011 £3,000) for the audit of these financial statements has been borne by another group company

3 Amounts provided against loans

In the prior year, as part of a reorganisation exercise, the intercompany loan receivables payable by Cable & Wireless Global Holding Limited were assigned to the Company by its fellow group undertakings. The recoverability of these receivables was reassessed and this resulted in an impairment of £39,451,008 (2011 £26,563,000)

4 Interest receivable and similar income

	2012 £	2011 £
Interest receivable from group undertakings	<u>40,109,311</u>	<u>19,666</u>

5 Interest payable and other similar charges

	2012 £	2011 £
Interest on loans from group undertakings	<u>11,507,875</u>	<u>-</u>

Notes to the financial statements

(continued)

6 Taxation

Analysis of taxation for the year

	2012 £	2011 £
Current tax		
UK Corporation tax	-	-

Factors affecting current tax charge for the year

The current tax is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	15,036,704	(32,848,334)
Corporation tax at standard rate	3,909,543	(9,197,534)
Permanent differences	3,526,830	9,203,041
Group relief claimed without payment	(7,436,373)	(5,507)
Current tax for the period	-	-

Factors that may affect future tax charges

There were no recognised or unrecognised deferred tax balances as at 31 March 2012 or 31 March 2011

The corporation tax rate has been reduced from 26% to 24% from 1 April 2012 The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 per cent by 1 April 2014

Notes to the financial statements

(continued)

7 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 April 2011	2,606,640,043
Return of capital	<u>(66,663,848)</u>
At 31 March 2012	<u>2,539,976,195</u>
Provision for impairment	
At 1 April 2011	2,468,465,043
Reversal of impairment	<u>(5,978,848)</u>
At 31 March 2012	<u>2,462,486,195</u>
Net book value	
At 31 March 2012	<u>77,490,000</u>
At 31 March 2011	<u>138,175,000</u>

During the year, £86,571,276 was received from C&W Global Businesses International SARL, a subsidiary of the Company, following a reduction in its share premium, of which £66,663,848 was treated as a return of capital to the Company and the remaining £19,907,428 was treated as deemed dividend income

The Company carried out a review to determine whether there has been impairment of the carrying values of its fixed asset investments in line with FRS 11 'Impairment of fixed assets and goodwill' This exercise resulted in a write-back of £5,978,848 (2011 write-off of £6,305,000) to reflect identified impairments

Notes to the financial statements

(continued)

7 Fixed asset investments *(continued)*

Principal subsidiary undertakings

Details of principal operating subsidiary undertakings are given below

Subsidiary undertaking	Class	Ownership	Country of incorporation	Principal activities
Cable & Wireless Global Telecommunication Services Limited	Ordinary	100%	England and Wales	Transfer pricing management
Cable & Wireless Global Network Limited	Ordinary	100%	Ireland	Telecommunication services provider
Cable & Wireless Americas Operations Inc*	Ordinary	100%	USA	Telecommunication services provider
Apollo Submarine Cable Systems Limited*	Ordinary	60%	England and Wales	Telecommunication services provider
Cable & Wireless Global Business Services Pty Limited	Ordinary	100%	Australia	Telecommunication services provider

*Denotes indirect holding

A full list of all subsidiary undertakings will be included with the ultimate parent company's Annual Return

Notes to the financial statements

(continued)

8 Debtors

	2012 £	2011 £
Amounts falling due within one year:		
Amounts due from group undertakings	<u>176,262,863</u>	<u>89,033,284</u>

The amounts due from group undertakings bear interest ranges from LIBOR to LIBOR plus 3 50% (2011 LIBOR plus 3 50%) The loan and any interest accrued thereon are repayable in full upon 30 days written notice

9 Creditors

	2012 £	2011 £
Amounts falling due within one year:		
Amounts owed to group undertakings	<u>269,030,515</u>	<u>257,522,640</u>

The amounts due to group undertakings bear interest of LIBOR plus 3 50% The loans and any interest accrued thereon become repayable in full on the last day of each borrowing period or immediately upon demand by the lender

10 Share capital

Allotted, called up and fully paid:

	2012	2011
	No £	No £
Ordinary share of £1 00 each	<u>1,002</u> <u>1,002</u>	<u>1,002</u> <u>1,002</u>

11 Reserves

	Share premium account £	Profit and loss account £
At 1 April 2011	687,496,999	(717,812,357)
Profit for the year	<u>-</u>	<u>15,036,704</u>
At 31 March 2012	<u>687,496,999</u>	<u>(702,775,653)</u>

Notes to the financial statements

(continued)

12 Contingent liabilities

The Company and other fellow group companies, entered into a £260,000,000 multi-currency revolving facility agreement with a consortium of banks. The facility was secured by a fixed charge over shares held in certain subsidiaries including the Company and a floating charge over assets in certain subsidiaries including the assets of the Company. No amounts were drawn down at 31 March 2012 (2011: £nil) and the facility was subsequently cancelled in July 2012.

13 Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose transactions with wholly owned entities that are part of the Cable&Wireless Worldwide Group, as all of the Company's voting rights are controlled within the Group. There are no transactions with any other related parties.

14 Ultimate parent company and controlling party

The Company's immediate parent company is Cable & 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, following its acquisition of the Cable&Wireless Worldwide Group on 27 July 2012.

The smallest and largest group in which the results of the Company are consolidated is that of Cable & Wireless Worldwide plc, the parent company. The consolidated financial statements of Cable & Wireless Worldwide plc may be obtained from the Company Secretary, Cable & Wireless Worldwide plc, Waterside House, Longshot Lane, Bracknell, Berkshire, RG12 1XL.