

THE EASTERN LEASING COMPANY LIMITED

REPORT AND ACCOUNTS 1995

Registered Number 1672832 England



THE EASTERN LEASING COMPANY LIMITED

To the Company's Ordinary Shareholder

Elective Regime

The Company has passed elective resolutions in accordance with section 379A of the Companies Act 1985 as amended ("the Act") to dispense with the formalities of :

- o the laying of accounts before the Company in general meeting (section 252 of the Act);
- o the holding of annual general meetings (section 366A of the Act); and
- o the obligation to appoint auditors annually (section 386 of the Act).

Section 253(2) gives members the right to require the laying of accounts before the company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the accounts and reports are sent out in accordance with Section 238(1) of the Act.

Registered Office: 124 Theobalds Road, London WC1X 8RX

THE EASTERN LEASING COMPANY LIMITED

BOARD OF DIRECTORS

Directors

R J Olsen

J S Giles

A K Heard

R A H Wainright-Lee

Secretary

E C Kissane

REGISTERED OFFICE

124 THEOBALDS ROAD, LONDON, WC1X 8RX

THE EASTERN LEASING COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Annual Report together with the audited financial statements of the Company for the year ended 31 March, 1995.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The profit of the Company for the year to 31 March, 1995 amounted to £245,650 before taxation (1994 - £250,657). The profit after tax was £164,600 bringing accumulated distributable profits to £860,066. The Directors do not recommend payment of a dividend.

TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in Note 7 to the accounts.

DIRECTORS

The following served as Directors during the year under review:

R J Olsen,
A K Heard,
J P Baktis, resigned on 20 November 1995,
R A H Wainright-Lee,
J S Giles, appointed on 20 November 1995.

DISCLOSABLE INTERESTS

The interests of the Directors and their families in the shares of Cable and Wireless plc are shown below:

	Opening Balance at 1 April, 1994	Shares Acquired or Options Granted	Shares Disposed or Options Exercised	Closing Balance at 31 March, 1995
R J Olsen	56,853	2,791	-	59,644
	8,274 (a)	1,009	1,588	7,695 (a)
	271,502 (b)	106,000	-	377,502 (b)

THE EASTERN LEASING COMPANY LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DISCLOSABLE INTERESTS (CONTINUED)

	Opening Balance at 1 April, 1994	Shares Acquired or Options Granted	Shares Disposed or Options Exercised	Closing Balance at 31 March, 1995
A K Heard	12,972	281	-	13,253
	26,414 (b)	-	-	26,414 (b)
J P Baktis	8	-	-	8
	4,148 (a)	-	2,450	1,698 (a)
	46,932 (b)	13,368	-	60,300 (b)
R A H Wainright-Lee	2,045 (a)	807	-	2,852 (a)
	17,746 (b)	40,000	-	57,746 (b)

All interests are in fully paid ordinary shares unless marked (a) which are options to purchase ordinary shares under the Savings Related Share Option Scheme for Employees or (b) which are options to purchase ordinary shares under the discretionary share option schemes.

ELECTIVE REGIME

The Company has passed elective resolutions to dispense with the laying of accounts before the Company in general meeting, the holding of annual general meetings and the obligation to appoint auditors annually. KPMG are currently in office as auditors to the Company.

AUDITORS

On 6 February, 1995 our auditors changed the name under which they practise to KPMG, and accordingly, have signed their report in their new name.

By Order of the Board of Directors



E C Kissane

Secretary

124 Theobalds Road
London WC1X 8RX

20th November 1995

THE EASTERN LEASING COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- * select suitable accounting policies and then apply them consistently ;
- * make judgements and estimates that are reasonable and prudent ;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- * 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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.

THE EASTERN LEASING COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS OF THE EASTERN LEASING COMPANY LIMITED.

We have audited the financial statements on pages 8 to 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March, 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

9 January 1995

KPMG
Chartered Accountants
Registered Auditors
London

THE EASTERN LEASING COMPANY LIMITED

PROFIT & LOSS ACCOUNT

Year ended 31 March

	Note	1995 £	1994 £
Turnover	2	2,330,302	2,366,427
Operating costs	3	<u>(2,209,949)</u>	<u>(2,220,751)</u>
Operating profit		120,353	145,676
Net interest receivable	5	<u>125,297</u>	<u>104,981</u>
Profit on ordinary activities before taxation		245,650	250,657
Taxation	6	<u>(81,050)</u>	<u>(82,716)</u>
Profit for the financial year		<u>164,600</u>	<u>167,941</u>

The Company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during either 1995 or 1994. Therefore, turnover and operating profit derive entirely from continuing operations.

There are no movements in shareholders' funds other than the profit for the year.

There are no recognised gains or losses other than the profit for the year.

There is no material difference between the Company's results as reported and on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

THE EASTERN LEASING COMPANY LIMITED

BALANCE SHEET

At 31 March

	Note	1995 £	1994 £
Fixed assets			
Tangible assets	7	<u>9,015,736</u>	<u>9,852,665</u>
Current assets			
Debtors : due within one year	8	4,311,289	5,059,667
: due after more than one year	8	6,572,481	7,032,393
Cash at bank and in hand		<u>22</u>	<u>1</u>
		<u>10,883,792</u>	<u>12,092,061</u>
Current liabilities			
Creditors: amounts falling due within one year			
Short term loans	9	367,575	325,444
Other	9	<u>7,600,016</u>	<u>3,934,857</u>
		<u>7,967,591</u>	<u>4,260,301</u>
Net current assets		<u>2,916,201</u>	<u>7,831,760</u>
Total assets less current liabilities		<u>11,931,937</u>	<u>17,684,425</u>
Creditors: amounts falling due after one year	9	9,043,523	15,000,373
Provision for deferred tax	10	<u>2,027,348</u>	<u>1,987,586</u>
Net assets		<u><u>861,066</u></u>	<u><u>696,466</u></u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	<u>860,066</u>	<u>695,466</u>
Total shareholders' funds		<u><u>861,066</u></u>	<u><u>696,466</u></u>

The accounts on pages 8 to 15 were approved by the Board of Directors and signed on their behalf by:



J S Giles
Director

20th November 1995

THE EASTERN LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

(b) 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.

(c) Tangible fixed assets and depreciation

Fixed assets used in operating leases are depreciated so as to write off their costs less estimated residual values over their anticipated useful lives on an increasing basis such that the net income from operating leases, after charging depreciation and interest, is allocated to accounting periods on a straight line basis over the lease term.

(d) Deferred taxation

The Company does not provide for deferred taxation unless there is a reasonable probability that a liability will arise in the foreseeable future. Where deferred taxation is provided, the liability method is used.

2 TURNOVER

The total income originates in the UK from finance leases, hire-purchase contracts and operating leases.

	1995 £	1994 £
Income from finance leases and similar hire-purchase contracts	398,316	434,441
Income from operating leases	<u>1,931,986</u>	<u>1,931,986</u>
	<u>2,330,302</u>	<u>2,366,427</u>

THE EASTERN LEASING COMPANY LIMITED

NOTES TO ACCOUNTS (CONTINUED)

3 OPERATING COSTS

	1995 £	1994 £
Finance lease and hire-purchase interest payable	882,433	1,003,320
Net interest payable:		
Interest differential on forward contract	467,575	467,630
Charges from group undertaking	13,720	12,493
Depreciation on tangible fixed assets	836,929	734,288
Auditors' remuneration	2,500	2,500
Other operating costs	6,792	520
	<u>2,209,949</u>	<u>2,220,751</u>

4 DIRECTORS AND EMPLOYEES

(a) The average weekly number of persons employed by the company on a part time basis was 4 (1994 - 4) equivalent to less than 1 full-time member of staff (1994 - 1). The staff do not have contracts of employment with the Company, they are seconded from the parent company which recharges their remuneration and associated costs. Staff costs charged for the year amounted to £13,720 (1994 - £10,490).

(b) The Directors did not receive any emoluments from the Company (1994 - nil).

5 NET INTEREST RECEIVABLE

	1995 £	1994 £
Interest receivable on loans to group undertakings	144,587	120,288
Less interest payable in respect of loans from group undertakings	<u>(19,290)</u>	<u>(15,307)</u>
	<u>125,297</u>	<u>104,981</u>

THE EASTERN LEASING COMPANY LIMITED

NOTES TO ACCOUNTS (CONTINUED)

6 TAXATION

	1995 £	1994 £
Corporation Tax at 33% (1994 - 33%)		
Current year	41,288	(96,233)
Prior year	-	-
Deferred Tax		
Current year	<u>39,762</u>	<u>178,949</u>
	<u>81,050</u>	<u>82,716</u>

7 TANGIBLE FIXED ASSETS

	Plant
	£
Cost	
At 1 April, 1994 and 31 March, 1995	<u>12,055,753</u>
Depreciation	
At 1 April, 1994	2,203,088
Charge for the year	<u>836,929</u>
At 31 March, 1995	<u>3,040,017</u>
Net Book Value	
At 31 March, 1995	<u>9,015,736</u>
At 31 March, 1994	<u>9,852,665</u>

The above assets are held under finance leases for use in operating leases.

THE EASTERN LEASING COMPANY LIMITED

NOTES TO ACCOUNTS (CONTINUED)

8 DEBTORS

	1995 £	1994 £
Amounts falling due within one year:		
Net investment in finance leases and hire-purchase contracts	1,749	327,017
Amounts owed by group undertakings	2,471,879	3,056,505
Taxation	-	96,233
Prepayments and accrued income	1,800,694	1,537,703
Other debtors	36,967	42,209
	<u>4,311,289</u>	<u>5,059,667</u>
Amounts falling due in more than one year:		
Net investment in finance leases and hire-purchase contracts	3,341,826	3,343,690
Prepayments and accrued income	3,230,655	3,688,703
	<u>6,572,481</u>	<u>7,032,393</u>
Net investment in finance leases and hire-purchase contracts comprises:		
Total lease and hire-purchase payments receivable	3,555,745	4,226,356
Less finance charges allocated to future periods	(212,170)	(555,649)
	<u>3,343,575</u>	<u>3,670,707</u>
Totals rentals received during the year in respect of finance leases and hire purchase contracts	<u>670,475</u>	<u>678,168</u>

THE EASTERN LEASING COMPANY LIMITED

NOTES TO ACCOUNTS (CONTINUED)

9 CREDITORS

	1995 £	1994 £
Amounts falling due within one year:		
Short term loans - other group undertakings	367,575	325,444
Net obligation under finance leases and hire-purchase contracts	7,090,839	3,576,641
Amounts owed to group undertakings	-	24
Deferred income	467,889	358,192
Taxation	41,288	-
	<u>7,967,591</u>	<u>4,260,301</u>
Amounts falling due after one year:		
Obligations under finance leases and hire-purchase contracts	9,424,050	15,920,992
Less current instalments due	<u>(380,527)</u>	<u>(920,619)</u>
	<u>9,043,523</u>	<u>15,000,373</u>
Net obligations under finance leases and hire-purchase contracts are repayable as follows:		
Between one and two years	3,879,752	6,708,096
Between two and five years	<u>5,163,765</u>	<u>8,292,277</u>
	<u>9,043,517</u>	<u>15,000,373</u>

10 DEFERRED TAXATION

	1995 £	1994 £
Amount provided		
At 1 April	1,987,586	1,808,637
Net charge to current profits	<u>39,762</u>	<u>178,949</u>
At 31 March	<u>2,027,348</u>	<u>1,987,586</u>

Deferred taxation provided in the accounts and the potential liability, including amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1995	1994	1995	1994
	£	£	£	£
Tax effect of timing differences due to:				
Excess capital allowances	2,027,348	1,987,586	2,027,348	1,987,586
Other	-	-	-	-
	<u>2,027,348</u>	<u>1,987,586</u>	<u>2,027,348</u>	<u>1,987,586</u>

THE EASTERN LEASING COMPANY LIMITED

NOTES TO ACCOUNTS (CONTINUED)

11 SHARE CAPITAL

	1995 £	1994 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

12 PROFIT AND LOSS ACCOUNT

	1995 £
At 1 April, 1994	695,466
Profit for the financial year	<u>164,600</u>
At 31 March, 1995	<u>860,066</u>

13 CASH FLOW STATEMENT

Under Financial Reporting Standard 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 cash flow statement is included in the financial statements of Cable and Wireless plc.

14 HOLDING COMPANY

The Company's holding company and ultimate parent company is Cable and Wireless plc registered in England & Wales. A copy of Cable and Wireless plc's published consolidated accounts can be obtained from The Secretary, Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX.