

AUCS Communications Services (UK)
Limited

Annual report and accounts
for the year ended 31 December 2003

Registered number: 2548310



AUCS Communications Services (UK) Limited

Annual report and accounts for the year ended 31 December 2003

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AUCS Communications Services (UK) Limited

Directors and advisers for the year ended 31 December 2003

Directors

A van't Zelfde
T Nieuwenhoven

Secretary and registered office

T Nieuwenhoven
Prospect House
Fishing Line Road
Redditch
B97 6EW

Registered auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Allen & Overy
One New Change
London
EC4M 9QQ

Bankers

Natwest Bank
180 Brompton Road
London
SW3 1HL

AUCS Communications Services (UK) Limited

Directors' report for the year ended 31 December 2003

The directors submit their report and financial statements for AUCS Communications Services (UK) Limited for the year ended 31 December 2003.

Principal activities

The company provides services and operational assistance in the United Kingdom for AUCS Communications Services v.o.f in delivering telecommunication services to customers on a Europe-wide basis. In performing such services the company acts as a contractor. The costs incurred in performing such operations are chargeable to AUCS Communications Services v.o.f together with a profit margin in the form of a service charge.

Review of business and future developments

During the year, the company continued to support the remaining operations of AUCS Communication Services v.o.f. All trading activities ceased as of 31 December 2003.

Results and dividends

The directors do not recommend the payment of any dividends. The loss for the year of £124,329 (2002: £1,938,110) will be transferred from reserves.

Financial support

The parent company of the company has received confirmation of the continuation of financial support from its shareholders KPN Telecom BV, Swisscom AG, TeliaSonera AB.

Directors

The directors who served during the year, and to date, are as follows:

A van't Zelfde
T Nieuwenhoven

The directors had no interests in the shares and debentures of either the company or any other body corporate in AUCS Communications Services v.o.f.

AUCS Communications Services (UK) Limited

Directors' report for the year ended 31 December 2003 (continued)

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

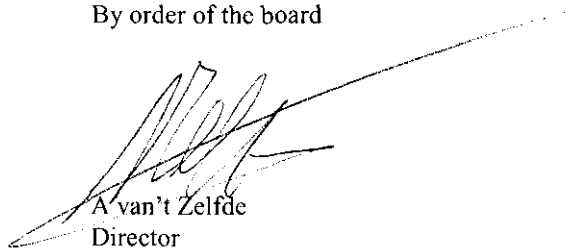
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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 the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next annual general meeting.

By order of the board



A van't Zelfde
Director
29 March 2004

Report of the auditors to the members of AUCS Communications Services (UK) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 the company's affairs at 31 December 2003 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Birmingham

24 March 2004

AUCS Communications Services (UK) Limited

Profit and loss account for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	793,666	19,021,900
Operating expenses		(396,635)	(11,447,193)
Exceptional operating expenses	4	(297,845)	(190,094)
Total operating expenses	3	(694,480)	(11,637,287)
Operating profit	5	99,186	7,384,613
Exceptional items			
Provision for losses on discontinued operation	4	(150,000)	(10,499,960)
Loss on disposal of fixed assets		-	(273,727)
Loss on ordinary activities before interest and taxation		(50,814)	(3,389,074)
Net interest receivable	8	1,869	-
Loss on ordinary activities before taxation		(48,945)	(3,389,074)
Tax on loss on ordinary activities	9	(75,384)	1,450,964
Loss for the year	16	(124,329)	(1,938,110)

The results above relate entirely to discontinued operations.

There is no difference between the profit on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.


There are no other gains or losses other than those disclosed within the profit and loss account and hence no separate statement of recognised gains and losses has been presented.

AUCS Communications Services (UK) Limited

Balance sheet as at 31 December 2003

	Notes	2003	2002
		£	£
Current assets			
Debtors	10	1,787,152	7,636,548
Investments	11	-	61,163
Cash at bank and in hand		26,971	37,155
		1,814,123	7,734,866
Creditors: amounts falling due within one year	12	(72,444)	(893,858)
Net current assets		1,741,679	6,841,008
Total assets less current liabilities		1,741,679	6,841,008
Provision for liabilities and charges	13	-	(4,975,000)
Net assets		1,741,679	1,866,008
Capital and reserves			
Called up share capital	14	100,000	100,000
Profit and loss account	15	1,641,679	1,766,008
Equity shareholders' funds	16	1,741,679	1,866,008

The financial statements on pages 5 to 24 were approved by the board of directors on 29 March 2004 and were signed on its behalf by:


A van't Zelfde
Director

AUCS Communications Services (UK) Limited

Cash flow statement for the year ended 31 December 2003

	Notes	2003 £	2002 £
Net cash outflow from operating activities	17	(73,216)	(1,207,572)
Returns on investments and servicing of finance			
Interest received		4,649	-
Interest paid		(2,780)	-
		1,869	-
Taxation			
UK Corporation tax paid		-	(374,661)
Capital expenditure			
Payments to acquire tangible fixed assets		-	(47,893)
Receipts from sales of tangible fixed assets		-	1,318,114
		-	1,270,221
Net cash outflow before management of liquid resources		(71,347)	(312,012)
Management of liquid resources			
Disposal of current asset investments		61,163	-
Decrease in net cash	19	(10,184)	(312,012)

Included in liquid resources are current asset listed investments (note 11).

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

The company has prepared accounts on the going concern basis. In support of this, commitments have been received from the parent company that it will continue to provide financial support to enable the company to meet its obligations as they fall due in the period of run down of the company's business and beyond.

Turnover

Turnover excludes value added tax and comprises the invoiced value of services and accrued income in respect of amounts to be billed to customers.

Foreign currencies

Transactions in foreign currencies are recorded in sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

The company provides in full for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are only recognised where there is a greater likelihood than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

Pensions

The company operates a defined contribution pension scheme and a defined benefit pension scheme. Contributions under the defined contribution pension scheme are charged to the profit and loss account as incurred. Contributions under the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' estimated working lives. The latter contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Assets of both schemes are held in independently administered funds.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

2 Turnover

Turnover is derived entirely from the service charge levied on AUCS Communications Services v.o.f.

3 Operating expenses

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Cost of sales	-	1,535,114
Administrative expenses	694,480	10,102,173
(including exceptional costs of £297,845 (2002: £190,094) (note 4))		
	694,480	11,637,287

4 Exceptional items

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Exceptional operating expenses		
Surrender of lease	297,845	-
Unrealised loss on investments, net of exchange differences (note 11)	-	22,502
Life assurance	-	167,592
	297,845	190,094

During the year the company paid an amount of £297,845 to surrender the lease on a vacant property in Kensington High Street.

During the year the company transferred 49,468 shares in Infonet Services Corporation, to AUCS Communication Services v.o.f at the book price \$1.98 per share. No gain or loss was made on the transaction.

At the previous year-end, an amount of £167,592 was included in accruals, which relates to the underpayment of employee life assurance premiums. These amounts were settled in full in 2003.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

4 Exceptional items (continued)

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Exceptional costs arising from discontinued operation		
Redundancy costs	-	5,524,960
Pension costs	150,000	4,975,000
	150,000	10,499,960

During 2002 employees of the company were made redundant, which resulted in payments of £5,524,960.

Following a decision by the company to cease participation in the AUCS UK Defined Benefit Pension Scheme, the company made a final settlement payment of £5,125,000 on 30 April 2003. An amount of £4,975,000 was included within provisions at 31 December 2002.

The tax attributable to the redundancy costs was a current tax credit of £nil (2002: £1,657,488). The tax attributable to the pension costs was a current tax credit of £45,000 (2002: deferred tax credit £1,492,500).

5 Operating profit

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Operating profit is stated after charging:		
Depreciation	-	452,711
Auditors' remuneration:		
- audit services	-	24,000
- non-audit services	-	14,250
Operating leases – other	47,342	781,448

The auditors' remuneration is borne by AUCS Communication Services v.o.f, the parent company.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

6 Directors' emoluments

The directors are paid by the immediate parent undertaking and no costs are recharged to the company.

There were no directors in 2003 or 2002 with benefits accruing under a money purchase pension scheme or defined benefit scheme.

7 Employee information

The average monthly number of persons (including executive directors and including those persons whose contracts of employment are with the parent company) during the year was:

	Year ended 31 December 2003	Year ended 31 December 2002
	Number	Number
By activity		
Marketing and sales	-	7
Technical	-	120
Administration	-	17
	-	144

The employees of the company were transferred to Infonet Services Europe on 1 October 2002, following the transfer of the operational activities.

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Staff costs (for the above persons)		
Wages and salaries	-	4,279,297
Social security costs	-	970,565
Other pension costs	-	966,400
		6,216,262

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

8 Net interest receivable

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Interest receivable on taxes	4,649	-
Interest payable on taxes	(2,780)	-
	1,869	-

9 Taxation

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Current tax:		
United Kingdom corporation tax on losses for the year at 30% (2002: 30%)	(1,879,753)	536,734
Adjustment in respect of prior years	(41,342)	8,781
	(1,921,095)	545,515
Deferred tax:		
Origination and reversal of timing differences	1,996,479	(1,996,479)
Tax charge/(credit) on loss on ordinary activities	75,384	(1,450,964)

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

9 Taxation (continued)

The tax assessed for the year is higher than the corporation tax rate applying in the UK (30%). The differences are explained below:

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Loss on ordinary activities before taxation	(48,945)	(3,389,074)
Loss on ordinary activities at the UK tax rate 30% (2002: 30%)	(14,684)	(1,016,722)
Effects of:		
Expenses not deductible for tax purposes	112,108	61,044
Accelerated capital allowances and other timing differences	(1,977,177)	1,492,412
Adjustments to tax charge in respect of prior period	(41,342)	8,781
Total current tax charge	(1,921,095)	545,515

10 Debtors

	2003	2002
	£	£
Trade debtors	131,690	927,664
Amounts due from parent and fellow subsidiaries	213,152	4,316,498
Deferred taxation	-	1,996,479
Corporation tax receivable	1,375,580	-
Other debtors	66,730	391,541
Prepayments and accrued income	-	4,366
	1,787,152	7,636,548

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

10 Debtors (continued)

Deferred tax assets

	2003	2003	2002	2002
	Recognised	Unrecognised	Recognised	Unrecognised
	£	£	£	£
Accelerated capital allowances	-	-	503,979	-
Other timing differences (pension costs)	-	-	1,492,500	-
Capital losses	-	441,631	-	441,631
Total deferred tax assets	-	441,631	1,996,479	441,631
At 1 January 2003				1,996,479
Deferred tax charge in profit and loss account (note 9)				(1,996,479)
At 31 December 2003				-

The deferred tax asset relating to the capital losses has not been recognised, as management considers it unlikely that any capital gains will crystallise against which to offset, and therefore recover, these losses.

11 Investments

During the year the company transferred 49,468 shares in Infonet Services Corporation, to AUCS Communication Services v.o.f at the book price of \$1.98 per share. No gain or loss was made on the transaction. At 31 December 2002 the current asset investments comprised of 49,468 shares in Infonet Services Corporation.

Current asset investments are stated at the lower of cost and net realisable value. Accordingly, at 31 December 2002 the shares were restated at the current market price of \$1.98.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

12 Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	72,444	92,389
Corporation tax	-	545,515
Other creditors	-	3,982
Accruals and deferred income	-	251,972
	72,444	893,858

13 Provisions for liabilities and charges

	Pension costs
	£
At 1 January 2003	4,975,000
Charged to the profit and loss account (note 4)	-
Utilised	(4,975,000)
At 31 December 2003	-

14 Called up share capital

	2003	2002
	£	£
Authorised		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

15 Profit and loss account

	£
At 1 January 2003	1,766,008
Loss for the year	(124,329)
At 31 December 2003	1,641,679

16 Reconciliation of movements in equity shareholders' funds

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Loss for the financial year	(124,329)	(1,938,110)
Opening equity shareholders' funds	1,866,008	3,804,118
Closing equity shareholders' funds	1,741,679	1,866,008

17 Reconciliation of operating profit to net cash flow from operating activities

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Operating profit	99,186	7,384,613
Depreciation	-	452,711
Exceptional costs (note 4)	(150,000)	(5,524,960)
Unrealised loss on current asset investments (note 4)	-	22,502
Decrease / (increase) in debtors	5,228,497	(1,110,143)
Decrease in creditors and provisions	(5,250,899)	(2,432,295)
Net cash outflow from operating activities	(73,216)	(1,207,572)

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

18 Reconciliation of net cash flow to movement in net funds

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Decrease in cash in the year	(10,184)	(312,012)
Change in net funds resulting from cash flows	(10,184)	(312,012)
Other non-cash items	(61,163)	(22,502)
Movement in net funds in the year	(71,347)	(334,514)
Net funds at beginning of year	98,318	432,832
Net funds at end of year	26,971	98,318

Other non-cash items relate to the unrealised loss on current asset investments (note 12).

19 Analysis of net funds

	At 1 January 2003	Cash flows	Other non- cash changes	At 31 December 2003
	£	£	£	£
Cash in hand and at bank	37,155	(10,184)	-	26,971
Current asset investments	61,163	-	(61,163)	-
Total	98,318	(10,184)	(61,163)	26,971

20 Pension commitments

The company operates the AUCS UK Defined Benefit Pension Plan with assets held in a separately administered fund. No contributions have been made to the plan during the year.

AUCS UK Defined Benefit Pension Plan

The company operated a defined benefit plan in the UK during 2003, however it should be noted that the company made a payment in final settlement of the scheme liability during 2003, as described in note 4.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Pension commitments (continued)

SSAP 24 disclosures

The total net pension cost was £150,000 (2002: £619,844). The cost is assessed in accordance with the advice of independent professionally qualified actuaries, William M Mercer. Included in other debtors is an amount of £nil (2002: £75,000) in respect of contributions made to the company's scheme.

The latest actuarial valuation of the scheme was carried out on 8 July 2002 under the discontinuance method. As at this date, the market value of the scheme's assets was £5.9 million and the actuarial value of those assets represented 44% of the benefits that had accrued to members. However, following a decision by the company to cease participation in the scheme, the company made a payment on 30 April 2003 of £4,975,000 in full and final settlement of the scheme. Hence, at 31 December 2003, the company has no further liability in respect of the scheme.

The principal assumptions adopted in the valuation were that the discount rate would average 4.9% for non-retired members and 5.4% for retired members and that price inflation would average 2.8%.

FRS 17 disclosures

An actuarial valuation was carried out on 8 July 2003 and updated to 31 December 2003 by a qualified independent actuary.

The major assumptions used by the actuary were:

	Year ended 31 December 2003	Year ended 31 December 2002	Year ended 31 December 2001
Rate of increase in salaries	3.70%	3.85%	4.00%
Rate of increase in pensions in payment	2.70%	2.35%	2.50%
Discount rate	5.40%	5.50%	6.00%
Inflation assumption	2.70%	2.35%	2.50%

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Pension commitments (continued)

The assets in the plan and the expected rate of return were:

	Long-term rate of return expected at 31 December 2003	Value at 31 December 2003 £'000	Long-term rate of return expected at 31 December 2002	Value at 31 December 2002 £'000	Long-term rate of return expected at 31 December 2001	Value at 31 December 2001 £'000
Equities	6.90%		7.00%	-	7.50%	6,283
Bonds	5.40%	11,833	5.50%	6,684	N/a	-
Total market value of assets		11,833		6,684		6,283
Present value of scheme liabilities		(10,434)		(9,550)		(7,508)
Surplus / (deficit) in the plan		1,399		(2,866)		(1,225)
Less irrecoverable surplus		(1,399)		-		-
Recognised pension liability		-		(2,866)		(1,225)
Related deferred tax asset		-		860		367
Net pension liability		-		(2,006)		(858)

As no future contributions are due to the plan, the surplus of £1,399,000 has not been recognised in the company's balance sheet.

The above disclosures reflect the FRS17 position of the pension fund at 31 December 2003. However, it should be noted that the company made a payment in final settlement of the scheme liability during 2003, as described in note 4.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Pension commitments (continued)

If the above pension liability was recognised in the financial statements, the company's net assets and profit and loss reserve would be as follows:

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000	Year ended 31 December 2001 £'000
Net assets excluding pension liability	1,742	1,866	3,804
Pension liability	-	(2,006)	(1,225)
Net assets / (liabilities) including pension liability	1,742	(140)	2,579
Profit and loss reserve excluding pension liability	1,642	1,766	3,704
Pension liability	-	(2,006)	(1,225)
Net assets / (liabilities) including pension liability	1,642	(240)	2,479

Analysis of the amount that would have been charged to operating profit	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Service cost	-	619
Past service cost	-	-
Total operating charge	-	619

Analysis of amount that would have been credited to other finance income	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Expected return on plan assets	544	491
Interest on pension liabilities	(516)	(466)
Net return	28	25

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Pension commitments (continued)

Analysis of the amount that would have been recognised in the statement of total recognised gains and losses	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Actual return less expected return on assets	(119)	(617)
Experience gains and losses on liabilities	-	(176)
Changes in assumptions	(719)	(885)
Actuarial loss recognised in statement of total recognised gains and losses	(838)	(1,678)
Adjustment due to surplus cap	(1,399)	-
Net loss recognised	(2,237)	(1,678)

Movement in deficit during the year	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Deficit in plan at beginning of year	(2,866)	(1,224)
Movement in year:		
Current service cost	-	(619)
Contributions	5,075	630
Net return on assets / (interest cost)	28	25
Actuarial loss	(2,237)	(1,678)
Deficit in plan at end of year	-	(2,866)

The actuarial valuation at 31 December 2003 showed a decrease in the deficit from £2,866,000 to a surplus of £1,399,000 (2002: increase in deficit from £1,224,000 to £2,866,000). Contributions of £5,075,000 (2002: £885,000) were paid during 2003. No improvements in benefits were made and accrual of benefit in the plan ceased with effect from 30 September 2002. As no future contributions are due to the Plan, the surplus of £1,399,000 has not been recognised in the company's balance sheet.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Pension commitments (continued)

History of experience gains and losses

	Year ended 31 December 2003	Year ended 31 December 2002
Difference between expected and actual return on plan assets:		
Amount (£000's)	(119)	(617)
Percentage of plan assets	-1%	-9%
Experience gains and losses on plan liabilities:		
Amount (£000's)	-	(176)
Percentage of plan assets	-	-2%
Total amount recognised in statement of total recognised gains and losses:		
Amount (£000's)	(2,237)	(1,678)
Percentage of plan liabilities	-21%	-18%

21 Operating lease commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003	2002
	£	£
Land and buildings		
Expiring within one year	-	161,744
Expiring between two and five years	-	78,400
Expiring after five years	-	405,000
	-	645,144

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

22 Related parties

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
Transactions in the year with related parties:		
Transactions with Infonet Services Corporation, a company with management control until 30 September 2002		
Recharge of operating costs to Infonet	6,128	228,430
Transactions with Infonet Services Europe Ltd		
Recharge of operating costs to Infonet	25,926	387,230
Transactions with Infonet UK		
Recharge of staff costs from Infonet UK	40,792	184,783
Recharge of operating costs to Infonet UK	-	203,230
Balances outstanding at year-end:		
Transactions with Infonet Services Corporation, a company with management control		
Amounts receivable	89,839	228,430
Amount payable	(3,694)	-
Transactions with Infonet Services Europe Ltd		
Amounts (payable) / receivable	(31,714)	455,151
Transactions with Infonet UK		
Amounts (payable) / receivable	(29,945)	238,795

The company is a wholly owned subsidiary of AUCS Communication Services N.V. As such, the company has taken advantage of the exemption in FRS8 not to disclose transactions in the year with AUCS Communication Services v.o.f.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

23 Parent company and ultimate controlling party

The immediate parent company is AUCS Communications Services NV, a company incorporated and registered in the Netherlands. AUCS Communications Services NV is owned equally by KPN Telecom, Swisscom AG and TeliaSonera AB, which by virtue of a partnership in the name of AUCS Communications Services v.o.f, exercise control over the company.

The controlling parties are the shareholders of AUCS Communication Services NV, KPN Telecom, Swisscom AG and TeliaSonera AB.