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COMPANIES HOUSE

AUCS Communications Services (UK) Limited

Annual report and accounts for the year ended 31 December 2005

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AUCS Communications Services (UK) Limited

Directors and advisers for the year ended 31 December 2005

Directors

A van't Zelfde
T Nieuwenhoven

Secretary and registered office

T Nieuwenhoven
Prospect House
Fishing Line Road
Redditch
B97 6EW

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 2005

The directors submit their report and audited financial statements for AUCS Communications Services (UK) Limited for the year ended 31 December 2005.

Principal activities

The company previously provided 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. However, the company ceasing trading during the year ended 31 December 2003.

Review of business and future developments

The company did not trade during the year and does not expect to trade in the future. The result for the year represents a write-off of a debt only.

Results and dividends

The directors do not recommend the payment of any dividends. The profit/(loss) for the year of £(1,795) (2004: £54,336) will be transferred to 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

Directors' interests

The directors do not hold any direct interests in the shares of the Company neither an interest in any other body corporate in AUCS Communications Services v.o.f. Their interests in the shares of its holding company are disclosed in the group accounts.

AUCS Communications Services (UK) Limited

Directors' report for the year ended 31 December 2005 (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 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

The directors have relied upon the provisions of Sections 249AA and 388A of the Companies Act 1985 and have resolved not to appoint auditors.

By order of the board,



A van't Zelfde
Director

July 27th, 2006

AUCS Communications Services (UK) Limited

Profit and loss account for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	-	-
Operating expenses		(1,795)	(729)
Exceptional operating expenses	4	-	-
Total operating expenses	3	(1,795)	(729)
Other operating income		-	5,023
Operating profit	5	(1,795)	4,294
Exceptional items			
Provision for losses on discontinued operation	4	-	-
Profit/(loss) on ordinary activities before interest and taxation		(1,795)	4,294
Net interest receivable	8	-	46,094
Profit/(loss) on ordinary activities before taxation		(1,795)	50,388
Tax on profit/(loss) on ordinary activities	9	-	3,948
Profit/(loss) for the year	13,14	(1,795)	54,336

The results above relate entirely to discontinued operations.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(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 2005

	Notes	2005 £	2004 £
Current assets			
Debtors	10	1,758,937	1,772,362
Cash at bank and in hand		35,283	38,694
		1,794,220	1,811,056
Creditors: amounts falling due within one year	11	-	(15,041)
Net current assets		1,794,220	1,796,015
Net assets		1,794,220	1,796,015
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account	13	1,694,220	1,696,015
Equity shareholders' funds	14	1,794,220	1,796,015

For the year ended 31 December 2005 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge responsibility for:

1. ensuring the company keeps accounting records which comply with section 221, and
2. 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 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements on pages 5 to 17 were approved by the board of directors on July 27th, 2006 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 2005

	Notes	2005	2004
		£	£
Net cash outflow from operating activities	15	(3,411)	(1,425,245)
Returns on investments and servicing of finance			
Interest received		-	46,094
Interest paid		-	-
		-	46,094
Taxation			
UK Corporation tax received		-	1,390,874
Net cash inflow/(outflow) before management of liquid resources		(3,411)	11,723
Management of liquid resources			
Disposal of current asset investments		-	-
Increase/(decrease) in net cash	16,17	(3,411)	11,723

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. 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.

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 benefit pension scheme. 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 this scheme are held in independently administered fun

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

2 Operating expenses

	2005	2004
	£	£
Cost of sales	-	-
Administrative expenses	1,795	729
(including exceptional costs of £nil (2003: £297,845) (note 4))		
	1,795	729

3 Exceptional items

	2005	2004
	£	£
Exceptional operating expenses		
Surrender of lease	-	-

	2005	2004
	£	£
Exceptional costs arising from discontinued operation		
Pension costs	-	-

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

4 Operating profit

	2005	2004
	£	£
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Operating profit is stated after charging:		
Operating leases – other	-	-
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5 Directors' emoluments

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

There were no directors in 2005 or 2004 with benefits accruing under a money purchase pension scheme or defined benefit scheme.

6 Employee information

There were no employees of the company during 2005 or 2004.

7 Net interest receivable

	2005	2004
	£	£
<hr/>		
Interest receivable on overpaid corporation tax	-	46,094
Interest payable on taxes	-	-
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	-	46,094
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AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

8 Taxation

	2005	2004
	£	£
Current tax:		
United Kingdom corporation tax on losses for the year at 30% (2004: 30%)	0	11,346
Adjustment in respect of prior years	0	(15,294)
	0	(3,948)
Deferred tax:		
Origination and reversal of timing differences	0	-
Tax charge on profit/(loss) on ordinary activities	0	(3,948)

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (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:

	2005	2004
	£	£
Profit/(loss) on ordinary activities before taxation	(1,795)	50,388
Profit/(loss) on ordinary activities at the UK tax rate 30% (2004: 30%)	(539)	15,116
Effects of:		
Expenses not deductible for tax purposes	522	-
Other timing differences not recognised	17	-
Tax at marginal rates	0	(3,770)
Adjustments to tax charge in respect of prior years	0	(15,294)
Total current tax (credit)/ charge	0	(3,948)

10 Debtors

	2005	2004
	£	£
Trade debtors	-	1,283
Amounts due from parent and fellow subsidiaries	1,743,233	1,763,227
Corporation tax receivable	-	-
Other debtors	-	-
Prepayments and accrued income	15,704	7,582
	1,758,937	1,772,362

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

10 Debtors (continued)

Deferred tax assets

	2005		2004	
	Recognised	Unrecognised	Recognised	Unrecognised
	£	£	£	£
Accelerated capital allowances	-	-	-	-
Other timing differences (pension costs)	-	-	-	-
Losses	-	(17)	-	-
Capital losses	-	621,722	-	621,722
Total deferred tax assets	-	621,705	-	621,722
At 1 January 2006				-
Deferred tax charge in profit and loss account (note 9)				
At 31 December 2005				

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 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	-	3,695
Corporation tax		<u>11,346</u>
		15,041

12 Called up share capital

	2005	2004
	£	£

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

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

13 Profit and loss account

	£
At 1 January 2005	1,696,015
Profit for the year	(1,795)
At 31 December 2005	1,694,220

14 Reconciliation of movements in equity shareholders' funds

	2005	2004
	£	£
Profit/(loss) for the financial year	(1,795)	54,336
Opening equity shareholders' funds	1,796,015	1,741,679
Closing equity shareholders' funds	1,794,220	1,796,015

15 Reconciliation of operating (loss)/profit to net cash outflow from operating activities

	2005	2004
	£	£
Operating profit/(loss)	(1,795)	4,294
Exceptional costs (note 4)	-	-
(Increase)/decrease in debtors	13,425	(1,360,790)
Decrease in creditors and provisions	(15,041)	(68,749)
Net cash outflow from operating activities	(3,411)	(1,425,245)

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Reconciliation of net cash flow to movement in net funds

	2005	2004
	£	£
Increase/(decrease) in cash in the year	(3,411)	11,723
Change in net funds resulting from cash flows	(3,411)	11,723
Other non-cash items	-	-
Movement in net funds in the year	(3,411)	11,723
Net funds at beginning of year	38,694	26,971
Net funds at end of year	35,283	38,694

17 Analysis of net funds

	At 1 January 2005	Cash flows	At 31 December 2005
	£	£	£
Cash in hand and at bank	38,694	(3,411)	35,283

18 Pension commitments

The company previously 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.

SSAP 24 disclosures

The total net pension cost was £nil (2004: nil). 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 (2004: nil) 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. 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%.

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

18 Pension commitments (continued)

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. Furthermore, on 3 August 2004, assets amounting to £11,553,841 were transferred to Legal & General to secure immediate and deferred annuities. There is no further liability to the company in respect of benefits, although it is meeting the administration costs of finalising membership data prior to individual policies being issued to former members by Legal & General.

Accordingly, as the company has no further liability in respect of scheme benefits, FRS17 disclosures are not considered necessary.

19 Related parties

	2005	2004
	£	£
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	-	-
Transactions with Infonet Services Europe Ltd		
Recharge of operating costs to Infonet	-	-
Transactions with Infonet UK		
Recharge of staff costs from Infonet UK	-	-
Balances outstanding at year-end:		
Transactions with Infonet Services Corporation, a company with management control		
Amounts receivable	-	-
Amount payable	-	(3,695)
Transactions with Infonet Services Europe Ltd		
Amounts (payable) / receivable	-	-
Transactions with Infonet UK		
Amounts (payable) / receivable	-	-

AUCS Communications Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Related parties (continued)

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.

20 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.