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Company Number: 2883980

Fibreway Limited

Report and Financial Statements

31 March 1999



# Fibreway Limited

## Report of the Directors

The Directors present their Report and the audited Financial Statements for the year ended 31 March 1999.

### Principal activity

The principal activity of the Company is the leasing and sale of optical fibre cables to telecommunication network operators.

### Results and dividends

The loss for the year on ordinary activities before taxation was £3,651,000. Taxation on loss on ordinary activities amounted to a credit of £1,250,000 and retained loss for the financial year amounted to £2,401,000.

No dividend is proposed.

### Directors

The Directors holding office during the year are listed below:

Mr A R Cobbe	(Resigned 3rd July 1998)
Mr P N Glanfield	
Ms J M Reynolds	(Resigned 21 October 1998)
Mr P M Hinchliffe	(Appointed 3 July 1998)
Mr R J Smith	(Appointed 15 January 1999)

On 12 November 1999, Mr P N Glanfield and Mr R J Smith resigned as Directors of the Company and Mr S A Berg, Mr E Bradley and Mr J W H Fawcett were appointed as Directors.

### Directors' interests

According to the Register kept by the Company under Section 325 of the Companies Act 1985, none of the Directors had any disclosable interests in the shares of the Company as at 31 March 1999.

No Director held, on 31 March 1999, any interest in, or was granted or exercised, during the year, any right to subscribe for shares in The General Electric Company, p.l.c. ("GEC") or its subsidiary companies, except as shown below:

# Fibreway Limited

## Report of the Directors (*continued*)

### Directors' interests (*continued*)

#### (a) The GEC Managers' 1984 Share Option Scheme

Options to subscribe for the following numbers of GEC ordinary shares of 5p each

	<u>31 March 1999</u>	<u>1 April 1998</u> <u>(or subsequently</u> <u>on appointment)</u>
P N Glanfield	48,000	48,000
P M Hinchliffe	1,000	1,000
R J Smith	28,000	28,000

The Options are normally exercisable in the years 1999 to 2004 at subscription prices of 226p and 328p per share.

#### (b) The GEC Employee 1992 Savings - Related Share Option Scheme

Options to subscribe for the following numbers of GEC ordinary shares of 5p each

	<u>31 March 1999</u>	<u>Exercised</u>	<u>1 April 1998</u> <u>(or subsequently</u> <u>on appointment)</u>
P N Glanfield	5,920	1,655	7,575
P M Hinchliffe	5,280	-	5,280

The Options are normally exercisable within six months of 1 April 1999 and 2002 at subscription prices of 222p and 337p per share.

#### (c) The GEC 1997 Executive Share Option Scheme

Options to subscribe for the following numbers of GEC ordinary shares of 5p each

	<u>31 March 1999</u>	<u>Granted</u>	<u>1 April 1998</u> <u>(or subsequently</u> <u>on appointment)</u>
P N Glanfield	61,997	13,157	48,840
P M Hinchliffe	52,153	17,474	34,679
R J Smith	75,871	-	75,871

The Options are normally exercisable in the years 2000 to 2008 at subscription prices between 409.5p and 475p per share subject to the satisfaction of certain performance criteria.

# Fibreway Limited

## Report of the Directors (*continued*)

### Directors' interests (*continued*)

(d) GEC Ordinary Shares of 5p each

	<u>31 March 1999</u>	<u>1 April 1998</u> <u>(or subsequently</u> <u>on appointment)</u>
P N Glanfield	5,155	3,500
P M Hinchliffe	410	410

### Year 2000

The Company is a wholly owned subsidiary of GEC in whose Annual Report and Financial Statements for the year ended 31 March 1999, the policy in respect of the Year 2000 is disclosed.

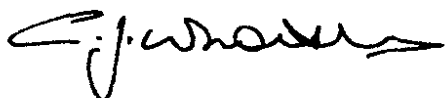
### Payment of creditors

It is the policy of the Company to negotiate with suppliers so as to obtain the best available terms taking account of quality, price and period of settlement and to abide by those terms. The total amount of trade creditors falling due within one year, excluding amounts owed to companies in the GEC group, represents 39 days' worth as a proportion of the total amount invoiced by suppliers during the year ended on that date.

### Auditors

On 7 December 1998, Deloitte & Touche were appointed as auditors. A resolution to re-appoint Deloitte & Touche will be proposed at the forthcoming Annual General Meeting.

By order of the Board.



**C J Whorton**  
Secretary

4 January

2000

Registered Office  
New Century Park  
P O Box 53  
Coventry  
CV3 1HJ

# Fibreway Limited

## Auditors' Report to the Members of Fibreway Limited

We have audited the Financial Statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of Directors and Auditors

The Directors are required by the Companies Act 1985 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 the financial year and to state whether the Financial Statements have been prepared in accordance with applicable accounting standards. They are also responsible for selecting appropriate accounting policies and then applying them consistently and making judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies Act 1985.

The Directors 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.

It is our responsibility as auditors to form an independent opinion, based on our audit, on the Financial 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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*M. H. Lane*

**Deloitte & Touche**

Chartered Accountants and Registered Auditors  
Birmingham

# Fibreway Limited

## Profit and loss account

For the year ended 31 March 1999

	Note	1999 £000	1998 £000
<b>Turnover</b>	1	<b>2,388</b>	3,656
Raw materials and consumables		(1,101)	(2,785)
Staff costs	3	(286)	(131)
Depreciation		(2,840)	(662)
Profit on sale of tangible fixed assets		3	4
Other external and operating charges		(436)	(327)
<b>Operating loss</b>		<b>(2,272)</b>	(245)
Interest payable and similar charges	2	(1,379)	(600)
<b>Loss on ordinary activities before taxation</b>		<b>(3,651)</b>	(845)
Tax credit/(charge) on loss on ordinary activities	4	1,250	(1,676)
<b>Retained loss for the year</b>		<b>(2,401)</b>	(2,521)

Movements in reserves are shown in note 10.

All operations are continuing.

The Company had no recognised gains and losses apart from the loss for the year.

## Reconciliation of movements in equity shareholders' funds

	1999 £000	1998 £000
At 1 April	(1,852)	669
Loss for the year	(2,401)	(2,521)
<b>At 31 March</b>	<b>(4,253)</b>	(1,852)

# Fibreway Limited

## Balance sheet

As at 31 March 1999

	Note	1999 £000	1998 £000
<b>Fixed assets</b>			
Tangible assets	5	<u>35,742</u>	<u>24,123</u>
<b>Current assets</b>			
Debtors	6	4,593	853
<b>Creditors: amounts falling due within one year</b>	7	<u>(31,879)</u>	<u>(14,877)</u>
<b>Net current liabilities</b>		<u>(27,286)</u>	<u>(14,024)</u>
<b>Total assets less current liabilities</b>		8,456	10,099
<b>Creditors: amounts falling due after more than one year</b>	7	(9,353)	(10,134)
<b>Provisions for liabilities and charges</b>	8	<u>(3,356)</u>	<u>(1,817)</u>
<b>Net liabilities</b>		<u><u>(4,253)</u></u>	<u><u>(1,852)</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	1,475	1,475
Profit and loss account	10	<u>(5,728)</u>	<u>(3,327)</u>
<b>Equity shareholders' deficit</b>		<u><u>(4,253)</u></u>	<u><u>(1,852)</u></u>

The Financial Statements were approved by the Directors on  
and were signed on their behalf by:

4 January 2000

  
P M Hinchliffe

Director

# Fibreway Limited

## 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.

(a) Basis of accounting

The Financial Statements have been prepared under the historical cost convention.

(b) Turnover

Turnover comprises the sales value, excluding value added tax, of goods and services supplied to outside customers.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on a straight line basis over the estimated useful lives as follows:

Plant and machinery held for use in operating leases - 8 years

Fixtures, fittings, tools and equipment - over periods ranging from 3 to 7 years

(d) Deferred taxation

Deferred taxation is provided on the liability method for all timing differences which are expected to reverse in the foreseeable future.

(e) Pension schemes

Eligible employees are members of one of GEC's pension schemes. Based on recommendations by independent actuaries, the rates of employee and company contributions are intended, in respect of each year, to provide sufficient funds to meet future benefits relating to that year's service. Contributions, the Company's share of which is charged against profits for the year, are held in trustee-administered funds independent of the Company's finances.



# Fibreway Limited

## Notes to the financial statements

1.	<b>Analysis of turnover by main markets</b>	<b>1999</b>	<b>1998</b>
		<b>£000</b>	<b>£000</b>
	United Kingdom	<u>2,388</u>	<u>3,656</u>
2.	<b>Interest payable and similar charges</b>	<b>1999</b>	<b>1998</b>
		<b>£000</b>	<b>£000</b>
	On overdrafts repayable within 5 years	<u>1,379</u>	<u>600</u>
3.	<b>Directors and employees</b>	<b>1999</b>	<b>1998</b>
		<b>Number</b>	<b>Number</b>
	<b>Employees</b>		
	The average weekly number of employees (excluding directors) employed by the Company during the year was:		
	In the UK	<u>6</u>	<u>6</u>
	Staff costs for the above persons were:	<b>1999</b>	<b>1998</b>
		<b>£000</b>	<b>£000</b>
	Wages and salaries	251	115
	Social security costs	26	13
	Other pension costs	9	3
		<u>286</u>	<u>131</u>
	No Director received any emoluments for their services to the Company (1998: £nil).		
4.	<b>Tax on loss on ordinary activities</b>	<b>1999</b>	<b>1998</b>
		<b>£000</b>	<b>£000</b>
	United Kingdom taxation:		
	Corporation tax at 31% (1998 31%)	(2,789)	-
	Deferred taxation at 30% (1998 31%)	1,605	1,684
	Over provision of previous years:		
	Deferred tax	(66)	(8)
		<u>(1,250)</u>	<u>1,676</u>

# Fibreway Limited

## Notes to the financial statements (*continued*)

### 5. Tangible fixed assets

	Plant & machinery £000	Fixtures, fittings, tools & equipment £000	Capital work in progress £000	Total £000
<i>Cost</i>				
At 1 April 1998	25,233	58	128	25,419
Additions at cost	1,785	-	12,662	14,447
Transfers	-	18	-	18
Disposals	-	(10)	-	(10)
<b>At 31 March 1999</b>	<b>27,018</b>	<b>66</b>	<b>12,790</b>	<b>39,874</b>
<i>Depreciation</i>				
At 1 April 1998	1,272	24	-	1,296
Charge for the year	2,827	13	-	2,840
Transfers	-	5	-	5
Disposals	-	(9)	-	(9)
<b>At 31 March 1999</b>	<b>4,099</b>	<b>33</b>	<b>-</b>	<b>4,132</b>
<i>Net book values</i>				
<b>At 31 March 1999</b>	<b>22,919</b>	<b>33</b>	<b>12,790</b>	<b>35,742</b>
At 31 March 1998	23,961	34	128	24,123

6. Debtors	1999 £000	1998 £000
<i>Amounts falling due within one year</i>		
Trade debtors	1,804	334
Amounts owed by other group undertakings	-	15
Other debtors	-	504
Corporation tax	2,789	-
	<b>4,593</b>	<b>853</b>

# Fibreway Limited

## Notes to the financial statements (*continued*)

<b>7. Creditors</b>	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
<i>Amounts falling due within one year</i>		
Bank overdraft	22,943	12,969
Advance payments from customers	1,581	532
Trade creditors	341	361
Amounts owed to other group undertakings	879	289
Other taxation and social security payable	1	1
Other creditors	6,134	725
	<u>31,879</u>	<u>14,877</u>
<i>Amounts falling due after more than one year</i>		
Advance payments from customers	<u>9,353</u>	<u>10,134</u>
<b>8. Provisions for liabilities and charges</b>		
Deferred taxation recorded in the Financial Statements, which is the total potential liability, is as follows:		
	Liability provided	
	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Tax effect of timing differences due to:		
Excess of depreciation over tax allowances	<u>3,356</u>	<u>1,817</u>
The movement on the deferred tax accounts is as follows:		
	<b>£000</b>	
At 1 April 1998	1,817	
Charge to the profit and loss account	1,539	
<b>At 31 March 1999</b>	<u><b>3,356</b></u>	
<b>9. Share capital</b>	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
<i>Authorised, allotted, called-up and fully paid</i>		
1,475,002 ordinary shares of £1 each	<u>1,475</u>	<u>1,475</u>

# Fibreway Limited

## Notes to the financial statements *(continued)*

### 10. Profit and loss account

	£000
1 April 1998	(3,327)
Loss for the financial year	(2,401)
<b>At 31 March 1999</b>	<b><u>(5,728)</u></b>

### 11. Capital commitments

There were no capital commitments at 31 March 1999 (1998 £nil).

### 12. Pensions

The Company is a wholly owned subsidiary of Marconi Communications Limited, which is a subsidiary of GEC, and all of its employees who are members of a pension plan are members of The GEC 1972 Plan ("the Plan"), the principal pension plan of the GEC group. The Plan is funded and is of the "defined benefit" type. Particulars of the most recent actuarial valuation are disclosed in the Report and Financial Statements of GEC for the year ended 31 March 1999.

The pensions cost charge of the Company in respect of employees who are members of the Plan consists of employers' contributions payable which are similar across the GEC Group as a whole as a percentage of pensionable earnings. Based on the advice of the Scheme Actuary, the Company contribution to the Plan in the year under review amounted to £9,000 (1998: £3,000) calculated at 6.6 per cent of members' pensionable pay.

### 13. Cash flow statement

The Company is a wholly owned subsidiary of Marconi Communications Limited, which is a subsidiary of GEC, in whose consolidated Financial Statements, which are publicly available, the Company is included. The Company is therefore exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised).

# Fibreway Limited

## Notes to the financial statements (*continued*)

### 14. **Related Party disclosures**

The Company is a wholly owned subsidiary of Marconi Communications Limited, which is a subsidiary of GEC. Advantage has been taken of the exemption permitted by FRS 8 not to disclose transactions with entities that are part of the Marconi Communications Holdings Limited group or investees of the group qualifying as related parties. Balances with these entities are disclosed in notes 6 and 7 of these Financial Statements.

### 15. **Parent undertaking**

The Company's ultimate parent undertaking was GEC, which was the only parent undertaking to consolidate the Financial Statements of the Company.

Following a reconstruction of The General Electric Company p.l.c. ("GEC") group in November 1999, Marconi plc ("Marconi") emerged as the new holding company of GEC. The Marconi group is now the only group of which the Company is a member for which group accounts will be prepared.

Copies of the financial statements for the year ended 31 March 1999 are available from the Secretary at One Bruton Street, London W1X 8AQ. Copies of the Marconi accounts for the year ending 31 March 2000 will be available from the Secretary at the same address from June/July 2000.