

Company Number: 2883980

ipsaris Limited

(formerly Fibreway Limited)

Report and Financial Statements

31 March 2000



ipsaris Limited
(formerly Fibreway Limited)

Report of the Directors

The Directors present their Report and the audited Financial Statements for the year ended 31 March 2000.

Principal activity

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

Review of developments

Turnover from continuing operations increased by £1,710,000 (71.6%) as a result of further expansion and subsequent completion of the core UK network.

Future prospects

It is anticipated that further investment in and the development of the UK network will continue and the Directors are optimistic about the long term prospects for continued growth.

Results and dividends

Results for the year are shown in the profit and loss account on page 5.

The Directors do not recommend the payment of a dividend.

Change of Name

On 20 November 2000, the Company changed its name to ipsaris Limited.

Share Capital

On 14 July 2000, the authorised share capital of the Company was increased to £10,000,000.

Directors

The Directors holding office during the year are listed below:

Mr S A Berg	(Appointed 12 November 1999)
Mr E Bradley	(Appointed 12 November 1999)
Mr J W H Fawcett	(Appointed 12 November 1999)
Mr P N Glanfield	(Resigned 12 November 1999)
Mr P M Hinchliffe	
Mr R J Smith	(Resigned 12 November 1999)

On 9 May 2000, Mr R E R Evans was appointed a Director of the Company. On 8 September 2000, Mr E Bradley resigned as a Director of the Company. On 16 October 2000, Mr J W H Fawcett resigned as a Director of the Company. On 8 December 2000, Mr J Fryer and Mr N Rafferty were appointed Directors of the Company.

ipsaris Limited
(formerly Fibreway Limited)

Report of the Directors (*continued*)

Directors' interests

As of 28 November 1999 the ultimate parent company became Marconi plc ("Marconi"). Prior to this date the ultimate parent company was The General Electric Company, p.l.c. ("GEC"). According to the Register kept by the Company under section 325 of the Companies Act 1985, none of the Directors held any shares in the Company.

No Director held, on 31 March 2000, any interest in, or was granted or exercised, during the year, any right to subscribe for shares in Marconi, or its subsidiary companies, except as shown below:

Ordinary Shares

	31 March 2000*	1 April 1999+ (or subsequently on appointment)
S A Berg	4,208	3,653
E Bradley	11,642	11,620
P M Hinchliffe	6,457	410

+ Interests in ordinary shares of GEC

* Interests in ordinary shares of Marconi

In accordance with the terms of the reconstruction of GEC, ordinary shares of 5 pence each were issued by Marconi, credited as fully paid, to the holders of GEC ordinary shares of 5 pence each on the register at the close of business on 26 November 1999, on the basis of one ordinary share of 5 pence each in Marconi for one ordinary share of 5 pence each in GEC.

Table A shows the interests of Directors in options over ordinary shares of 5 pence each in GEC under the GEC Manager's 1984 Share Option Scheme, the GEC Employee 1992 Savings-Related Share Option Scheme and the GEC 1997 Executive Share Option Scheme for the period 1 April 1999 to 28 November 1999.

All options granted by GEC became exercisable immediately prior to the listing of Marconi. The Directors were given the opportunity to exchange their GEC options for Marconi options on a value-for-value basis and for those Directors who elected to exchange, details are shown in the opening column of Table B. Table B shows the interests of Directors in options over ordinary shares of 5 pence each in Marconi under the Marconi 1999 Stock Option Plan, the Marconi UK Sharesave Plan, the Marconi Phantom Option Plan and the Marconi Launch Plan for the period 29 November 1999 to 31 March 2000, unless indicated otherwise:

ipsaris Limited
(formerly Fibreway Limited)

Report of the Directors (*continued*)

Directors' interests (*continued*)

Table A	At 1 April 1999*	Granted during the period	Exercised during the period	Lapsed during the period	At 28 November 1999
	Number	Number	Number	Number	Number
S A Berg	82,797	-	-	-	82,797
E Bradley	134,310	-	-	-	134,310
J W H Fawcett	1,093	-	-	-	1,093
P M Hinchliffe	58,430	-	9,728	1,169	47,533

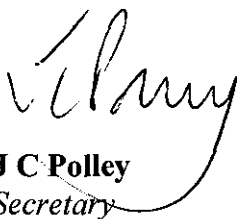
* or subsequently on appointment

Table B	At 29 November 1999	Granted during the period	Exercised during the period	Lapsed during the period	At 31 March 2000
	Number	Number	Number	Number	Number
S A Berg	102,287	95,087	-	-	197,374
E Bradley	165,912	169,310	-	-	335,222
J W H Fawcett	1,351	1,239	-	-	2,590
P M Hinchliffe	58,715	58,492	-	-	117,207

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 Marconi group, represents 50 days' worth (1999: 39 days) as a proportion of the total amount invoiced by suppliers during the year ended on that date.

By Order of the Board.


J C Polley
Secretary

29 January 2001

Registered Office:
One Bruton Street
London
W1J 6AQ

Auditors' Report to the Members of ipsaris 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 United Kingdom law and 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 and for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

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 United Kingdom 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors
London

30 January 2001

ipsaris Limited
(formerly Fibreway Limited)

Profit and loss account

For the year ended 31 March 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	<i>1</i>	4,098	2,388
Raw materials and consumables		(2,243)	(1,101)
Staff costs	<i>3</i>	(400)	(286)
Depreciation		(1,768)	(2,840)
(Loss)/profit on sale of tangible fixed assets		(1)	3
Other external and operating charges		(458)	(436)
Operating loss		(772)	(2,272)
Interest payable and similar charges	<i>2</i>	(1,783)	(1,379)
Loss on ordinary activities before taxation		(2,555)	(3,651)
Tax credit on loss on ordinary activities	<i>4</i>	765	1,250
Retained loss for the year		(1,790)	(2,401)

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

	2000 £000	1999 £000
At 1 April 1999	(4,253)	(1,852)
Loss for the year	(1,790)	(2,401)
At 31 March 2000	(6,043)	(4,253)

ipsaris Limited
(formerly Fibreway Limited)

Balance sheet

As at 31 March 2000

	<i>Note</i>	2000 £000	1999 £000
Fixed assets			
Tangible assets	5	<u>45,599</u>	<u>35,742</u>
Current assets			
Debtors	6	15,566	4,593
Creditors: amounts falling due within one year	7	<u>(19,337)</u>	<u>(31,879)</u>
Net current liabilities		<u>(3,771)</u>	<u>(27,286)</u>
Total assets less current liabilities		41,828	8,456
Creditors: amounts falling due after more than one year	7	(42,332)	(9,353)
Provisions for liabilities and charges	8	<u>(5,539)</u>	<u>(3,356)</u>
Net liabilities		<u><u>(6,043)</u></u>	<u><u>(4,253)</u></u>
Capital and reserves			
Called up share capital	9	1,475	1,475
Profit and loss account	10	<u>(7,518)</u>	<u>(5,728)</u>
Equity shareholders' deficit		<u><u>(6,043)</u></u>	<u><u>(4,253)</u></u>

The Financial Statements were approved by the Directors on 29 January 2001 and were signed on their behalf by:


N Rafferty
Director

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:

Network Assets held for use in operating leases	- 20 years
Fixtures, fittings, tools and equipment	- over periods ranging from 3 to 7 years

Network Asset life was reassessed in common with other fibre providers as being 20 years in duration. Depreciation since 1st April 1999 has been provided over the remaining life since original date of acquisition.

(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 Marconi plc'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.

ipsaris Limited
(formerly Fibreway Limited)

Notes to the financial statements

1. Analysis of turnover by main markets	2000	1999
	£000	£000
United Kingdom	<u>4,098</u>	<u>2,388</u>
2. Interest payable and similar charges	2000	1999
	£000	£000
On loans and overdrafts repayable within one year	<u>1,783</u>	<u>1,379</u>
3. Directors and employees	2000	1999
	Number	Number
Employees		
The average weekly number of employees (excluding directors) employed by the Company during the year was:		
In the UK	<u>9</u>	<u>6</u>
Staff costs for the above persons were:	2000	1999
	£000	£000
Wages and salaries	350	251
Social security costs	41	26
Other pension costs	9	9
	<u>400</u>	<u>286</u>
One Director received £32,000 in respect of his emoluments, for his services as a Director of the Company (1999: £nil).		
Retirement benefits are accruing to one Director (1999: none) under the GEC 1972 Plan.		
4. Tax credit on loss on ordinary activities	2000	1999
	£000	£000
United Kingdom taxation:		
Corporation tax at 30% (1999: 31%)	2,948	2,789
Deferred taxation at 30% (1999: 30%)	(2,183)	(1,605)
Over provision of previous years:		
Deferred tax	<u>-</u>	<u>66</u>
	<u>765</u>	<u>1,250</u>

ipsaris Limited
(formerly Fibreway Limited)

Notes to the financial statements (*continued*)

5. Tangible fixed assets

	Network Assets £000	Fixtures, fittings, tools & equipment £000	Capital work in progress £000	Total £000
<i>Cost</i>				
At 1 April 1999	27,018	66	12,790	39,874
Additions at cost	4,669	60	6,909	11,638
Transfers	18,900	19	(18,900)	19
Disposals	-	(49)	-	(49)
At 31 March 2000	50,587	96	799	51,482
<i>Depreciation</i>				
At 1 April 1999	4,099	33	-	4,132
Charge for the year	1,750	18	-	1,768
Transfers	-	10	-	10
Disposals	-	(27)	-	(27)
At 31 March 2000	5,849	34	-	5,883
<i>Net book values</i>				
At 31 March 2000	44,738	62	799	45,599
At 31 March 1999	22,919	33	12,790	35,742

6. Debtors	2000	1999
	£000	£000
<i>Amounts falling due within one year</i>		
Trade debtors	9,554	1,804
Prepayments and accrued income	172	-
Corporation tax	5,737	2,789
	15,463	4,593
<i>Amounts falling due after more than one year</i>		
Prepayments and accrued income	103	-
	15,566	4,593

ipsaris Limited
(formerly Fibreway Limited)

Notes to the financial statements (*continued*)

7. Creditors	2000 £000	1999 £000
<i>Amounts falling due within one year</i>		
Bank overdraft	190	22,943
Advance payments from customers	2,933	1,581
Trade creditors	309	341
Amounts owed to other group undertakings	11,612	879
Other taxation and social security payable	1,207	1
Other creditors	284	6,134
Accruals and deferred income	2,802	-
	<u>19,337</u>	<u>31,879</u>
<i>Amounts falling due after more than one year</i>		
Advance payments from customers	<u>42,332</u>	<u>9,353</u>

8. Provisions for liabilities and charges

Deferred taxation recorded in the Financial Statements, which is the total potential liability, is as follows:

	Liability provided	
	2000 £000	1999 £000
Tax effect of timing differences due to:		
Excess of depreciation over accelerated capital allowances	<u>5,539</u>	<u>3,356</u>

The movement on the deferred tax accounts is as follows:

	£000
At 1 April 1999	3,356
Charge to the profit and loss account	2,183
At 31 March 2000	<u>5,539</u>

9. Share capital	2000 £000	1999 £000
<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>

Notes to the financial statements (*continued*)

10. Profit and loss account

	£000
1 April 1999	(5,728)
Loss for the financial year	(1,790)
At 31 March 2000	<u>(7,518)</u>

11. Capital commitments

There were outstanding capital commitments in respect of orders and contracts placed at 31 March 2000 of £9,745,000 (1999: £nil).

12. Pensions

The Company is a subsidiary of Marconi plc ("Marconi") and all of its employees are eligible to become members of The GEC 1972 Plan ("the Plan"), the principal UK pension plan of the Marconi 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 Marconi for the year ended 31 March 2000.

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 Marconi 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 (1999: £9,000) calculated at 6.6 per cent of members' pensionable salaries.

13. Cash flow statement

The Company is a wholly owned subsidiary of Marconi Corporation plc, which is a subsidiary of Marconi plc, 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).

Notes to the financial statements (*continued*)

14. Related Party disclosures

The Company is a wholly owned subsidiary of Marconi Corporation plc, which is a subsidiary of Marconi plc. Advantage has been taken of the exemption permitted by FRS 8 not to disclose transactions with entities that are part of the Marconi plc 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 and controlling company is Marconi plc. The immediate parent company is Marconi Corporation plc.

The Marconi group is the only group of which the Company is a member for which group accounts are prepared.

Copies of the financial statements of Marconi plc are available from the Secretary at One Bruton Street, London W1J 6AQ.