

Fibernet UK Limited

Registered number 2940263

Financial statements for the year ended 31 December 2010

MONDAY



A6PBQXVY

A24

26/09/2011

112

COMPANIES HOUSE

Fibernet UK Limited

Contents

Directors' Report.....	3
Statement of Directors' Responsibilities.....	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Financial Position.....	8
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10

Fibernet UK Limited

Directors' Report

The directors present their audited financial statements for the year ended 31 December 2010

Principal activities and business review

Fibernet UK Limited ("Fibernet" or the "Company") is a company registered in England and Wales. As of close of business on 31 December 2009, Global Crossing (UK) Telecommunications Limited ("GCUK"), a company registered in England and Wales, became the immediate parent company of Fibernet as described below. Prior to this, its immediate parent company was, Fibernet Group Limited, also registered in England and Wales. GCUK is a leading communications solutions provider in the United Kingdom ("UK"), offering a suite of Internet Protocol ("IP") and managed telecommunications services, to a strong and established customer base including over 100 government departments, information technology system integrators, rail sector customers and major corporate clients, to whom they provide tailored services.

With effect from close of business on 31 December 2009, GCUK agreed to purchase the business, trade, assets and liabilities of Fibernet UK Limited for a purchase price equal to the net asset value at close of business, adjusted for the internally generated intangible assets and transferred as a going concern. The purchase price will remain outstanding as a non-interest bearing loan with no fixed repayment date. This agreement represents an inter group reorganisation and corporate simplification exercise.

During the year to December 2010, the company was dormant and it is expected to remain non-trading for the foreseeable future.

Results and dividends

The Company was dormant throughout the year and no dividend is payable.

Directors

The directors of the Company throughout, and since the end of the period are as follows:

<i>Name</i>	<i>Date appointed</i>	<i>Date resigned</i>
J McShane		
N Anderson		31 March 2010
B Keogh		
E Higase		
M Gutierrez		

No directors exercised share options in GCL during the year (2009: none)

Fibernet UK Limited

Directors' liabilities

During the year, the GC Group had an indemnity provision in force in respect of the directors of the Company against liability in respect of any proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 (section 234). Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

Business Risks

The directors do not consider that there are any significant risks or uncertainties, due to the business being wound up.

By order of the Board,



M Gutierrez
Director

23 September 2010

Registered office
10 Fleet Place
London
EC4M 7RB

Registered number
2940263

Fibernet UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and IFRS as adopted by the European Union

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies in accordance with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the Company has complied with IFRSs, subject to any material departure disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fibernet UK Limited

Statement of Comprehensive Income

	Note	Year ended 31 December 2010 £000	2009 £000
Revenue		-	70,869
Cost of sales		-	(36,965)
Gross profit		-	33,904
Distribution costs		-	(1,653)
Administrative expense		-	(14,878)
Operating profit	2,3	-	17,373
Gain arising on intercompany asset transfer			7,800
Finance revenue		-	37
Finance charges		-	(199)
Profit before tax		-	25,011
Tax		-	-
Profit for the year		-	25,011
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Comprehensive Income for the year		-	25,011

Following the cessation of trading during December 2009, all operations are now considered to be discontinued

The accompanying notes are an integral part of these financial statements

Fibernet UK Limited

Statement of Changes in Equity

	Share capital £000	Capital reserve £000	Accumulated deficit £000	Total equity £000
At 1 January 2009	-	67	10,116	10,183
Profit for the year	-	-	25,011	25,011
Total expense for the year	-	-	25,011	25,011
At 31 December 2009	-	67	35,127	35,194
Profit for the year	-	-	-	-
Total expense for the year	-	-	-	-
At 31 December 2010	-	67	35,127	35,194

The accompanying notes are an integral part of these financial statements

Fibernet UK Limited

Statement of Financial Position

		31 December	
	Note	2010 £000	2009 £000
<i>Current assets</i>			
Trade and other receivables	4	35,194	35,194
Total assets		<u>35,194</u>	<u>35,194</u>
Net assets		<u>35,194</u>	<u>35,194</u>
<i>Capital and reserves</i>			
Equity share capital (2 shares outstanding at £1 each)	6	-	-
Capital reserve		67	67
Accumulated profit		35,127	35,127
Total equity		<u>35,194</u>	<u>35,194</u>

The directors are satisfied that for the year ended 31 December 2010, the company was entitled to an exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies, and that no member or members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the Board of Directors on 23 September 2011 and are signed on its behalf by



M Gutierrez
Director

The accompanying notes are an integral part of these financial statements

Registered number
2940263

Fibernet UK Limited

Statement of Cash Flows

	Year ended 31 December	
	2010	2009
	£000	£000
Operating activities		
Profit for the period	-	25,011
<i>Adjustments for</i>		
Finance costs, net	-	162
Depreciation of property, plant and equipment	-	12,709
Amortisation of intangible assets	-	121
Amortisation of prepaid connection costs	-	2,654
Loss on disposal of property, plant and equipment	-	2
Intercompany asset transfer	-	27,394
Gain on disposal of Company's trade, assets and liabilities	-	7,800
Change in provisions	-	1
Change in operating working capital	-	(61,120)
Change in other assets and liabilities	-	(15,945)
	<hr/>	<hr/>
Cash used in operations	-	(1,211)
Interest paid	-	(74)
	<hr/>	<hr/>
<i>Net cash used in operating activities</i>	-	(1,285)
	<hr/>	<hr/>
Investing activities		
Interest received	-	46
Cash transferred on intercompany transfer	-	(10,000)
Purchase of property, plant and equipment and intangible assets	-	(2,189)
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	-	(12,143)
	<hr/>	<hr/>
Financing activities:		
Loans provided by group companies		5,000
Repayment of capital elements under finance leases		(1,370)
	<hr/>	<hr/>
<i>Net cash provided by financing activities</i>	-	3,630
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	-	(9,798)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of year	-	9,798
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	-	-
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

Fibernet UK Limited

Notes to the Financial Statements

1. Description of business and accounting policies

Description of business

Fibernet UK Limited ("Fibernet" or the "Company") is a company registered in England and Wales. As of close of business on 31 December 2009, Global Crossing (UK) Telecommunications Limited ("GCUK"), a company registered in England and Wales, became the immediate parent company of Fibernet as described below. Prior to this, its immediate parent company was, Fibernet Group Limited, also registered in England and Wales. GCUK is a leading communications solutions provider in the United Kingdom ("UK"), offering a suite of Internet Protocol ("IP") and managed telecommunications services, to a strong and established customer base including over 100 government departments, information technology system integrators, rail sector customers and major corporate clients, to whom they provide tailored services.

During the year to December 2010, the company was dormant and it is expected to remain non-trading for the foreseeable future.

Basis of preparation

The financial statements of Fibernet UK Limited for the year ended 31 December 2010 were authorised for issue by the Board of Directors on ____ September 2011 and the statement of financial position were signed on the Board's behalf by M Gutierrez.

The financial statements are prepared in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as adopted by the European Union ("EU"). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the Company's financial statements for the years presented. References to "IFRS" hereafter should be construed as reference to IFRSs as adopted by the EU.

These financial statements are prepared under the historical cost basis, and in accordance with IFRS.

Going concern

With effect from close of business on 31 December 2009, GCUK agreed to purchase the business, trade, assets and liabilities of the company for a purchase price equal to the net asset value at close of business, adjusted for the internally generated intangible assets and transferred as a going concern. The purchase price will remain outstanding as a non-interest bearing loan with no fixed repayment date. This agreement represents an inter group reorganisation and corporate simplification exercise.

As the company remains solvent with a positive current and net asset position, the financial statements have been prepared on a going concern basis.

2. Operating profit

No auditors remuneration was payable during the year, as the company is exempt from the requirement for a statutory audit (2009 £9,000). Amounts payable to Ernst & Young LLP by the Company in respect of non-audit services were £nil (2009 £nil).

Fibernet UK Limited

Notes to Financial Statements (continued)

3. Employee information and remuneration of key management

Employee information

	31 December	
	2010	2009
	£000	£000
Wages and salaries	-	4,113
Social security costs	-	465
Other pension costs	-	205
	<hr/>	<hr/>
	-	4,783
	<hr/>	<hr/>

Prior to their transfer to GCUK, the Company's employees participated in the defined contribution section of the Global Crossing Pension scheme (the "Global Scheme") The assets of this scheme are held separately from the Company in independently administered trusts

Included in wages and salaries is an expense in respect of share-based payments of £nil (2009 £nil), which arises from transactions accounted for as equity-settled share-based payment transactions

The average monthly number of employees during the period was made up as follows

	31 December	
	2010	2009
	number	number
Administration	-	7
Sales and support	-	39
	<hr/>	<hr/>
	-	46
	<hr/>	<hr/>

* Effective 31 December 2009 the remaining Fibernet UK employees transferred over to GCUK and the number of employees' at the year then ended was nil

Remuneration of key management

The remuneration of the directors, who are the key management and personnel of the Company, is £nil (2009 £nil)

For the year ended 31 December 2010 the directors received remuneration, in respect of services to companies in the GC Group, totalling £1 3 million, (2009 £1 5 million) but it is not practicable to allocate this between GC Group companies

Retirement benefits are accruing to one director (31 December 2009 four) under money purchase pension schemes

No directors exercised share options in GCL during the year (2009 none)

Fibernet UK Limited

Notes to Financial Statements (continued)

4. Other financial assets

Trade and other receivables

Trade and other receivables consist of

	31 December	
	2010	2009
	£000	£000
<i>Amounts due within one year</i>		
Amounts owed by GC Group Companies	35,194	35,194

The amounts owed by Group companies are non interest bearing and have no fixed date of repayment

5. Financial instruments

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from amounts owed by Group Companies.

The maximum exposure to credit risk at the reporting date is the carrying value of amounts owed by Group Companies.

Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is conducted primarily by GCL on behalf of the GC Group. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2009 and 2010 is the carrying amounts of such balances as illustrated below.

Treasury policy and risk management

The Company's treasury management is conducted primarily by GCL on behalf of GC Group Companies. GCL is responsible for raising finance for operations, together with associated liquidity management, and the management of foreign exchange and interest rate risk. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the GCL Audit Committee, which receives regular updates of treasury activity. Financial instruments are entered into for risk management purposes only. It is the GC Group's policy that all hedging is to cover known risks and that no trading in financial instruments is undertaken.

The Company is party to an Indenture governing the Senior Secured Notes issued by Global Crossing (UK) Finance plc ("GC Finance"), an affiliated company and fellow subsidiary of GCUK. The Indenture under which the Senior Secured Notes were issued includes covenants and events of default that are customary for high-yield senior note issues. The Senior Secured Notes are also guaranteed by GCUK, Fibernet Group Limited and Fibernet UK Limited on a senior basis ranking equal in right of payment with all of their existing and future senior debt. See note 10 for more information.

The primary objective of the Company's capital management was to ensure that it was able to continue as a going concern, as noted in note 1, it is the intention of the directors to resolve in the near future to seek voluntary strike off of the Company. In addition the Indenture governing the Senior Secured Notes contains restrictions which, among other things, limit our ability to incur additional indebtedness and pay dividends.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments, that are carried in the financial statements.

Fibernet UK Limited

Notes to Financial Statements (continued)

5. Financial instruments (continued)

	Carrying amount		Fair value	
	2010	2009	2010	2009
	£000	£000	£000	£000
<i>Financial assets</i>				
Amounts owed by GC Group Companies ⁽¹⁾	35,194	35,194	35,194	35,194

⁽¹⁾ Classified as loan and receivables

The fair value of trade receivables, amounts owed by Group Companies and other receivables approximates to their carrying value due to their short term nature

6. Equity share capital

	31 December	
	2010	2009
	£000	£000
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<i>Called up, allotted and fully paid</i>		
2 ordinary shares of £1 each	-	-

The Company has one class of ordinary shares which carry no right to fixed income

7. Ultimate parent and controlling party

The smallest group in which the results of the Company are consolidated is that headed by GCUK. The consolidated financial statements of GCUK are available to the public and may be obtained from Companies House.

At 31 December 2010, the Company's directors regarded Temasek Holdings (Private) Limited ("Temasek"), a company incorporated in the Republic of Singapore, as the ultimate parent company and ultimate controlling party. The largest group, which includes the Company and for which financial results are prepared is that headed by Temasek, whose registered office is 60B Orchard Road, #06-18, Tower 2, Singapore 238891.

8. Related party transactions

The debtor and creditor balances as a result of the transactions with related parties are as follows:

	31 December	
	2010	2009
	£000	£000
<i>Debtor balance due in less than one year from</i>		
Global Crossing (UK) Telecommunications Limited	35,194	35,194
	35,194	35,194

Fibernet UK Limited

Notes to Financial Statements (continued)

8. Financial instruments (continued)

Tax sharing

The Company and the UK GC Group Companies share tax losses as allowed by UK tax law. Under the tax sharing, losses can be utilised by any entity within the UK GC Group in the period in which they are generated.

The Company is party to a formal tax agreement with GCL that establishes the basis of conduct for certain tax matters in the UK, including the surrender of tax losses and the reallocation of income or gains where permitted by UK tax law, between the Company and other Group Companies subject to tax in the UK. The claimant company will pay the surrendering company an amount equal to the amount surrendered multiplied by the average corporate tax rate for the period in which relief is deemed. There was no payment made in respect of tax sharing during the year ended 31 December 2009 and 2010 in accordance with the agreement.

Loans to GC Group Companies

The balances described above are unsecured and non-interest bearing.

The balance above represents a non-interest bearing loan of £35.2 million owed by GCUK to the Company, due to the asset transfer agreement, with no fixed repayment date (see note 1).

9. Contingent liabilities

Litigation

From time to time, the Company has been a party to various legal proceedings arising in the ordinary course of business. In the opinion of the Company's directors there are currently no proceedings in respect of which there exists a reasonable possibility of an adverse outcome that would have a material effect on the Company's statement of financial position, statement of comprehensive income or statement of cash flows.

10. Financial guarantee contracts

Fibernet UK Limited is a guarantor to GC Finance Senior Secured Notes (the "Notes"). These are guaranteed as a senior obligation ranking in equal right of payment with all of its existing and future debt.

The Notes were issued under an Indenture, which includes covenants and events of default that are customary for high-yield senior note issuances. The Indenture limits GCUK and its restricted subsidiaries' ability to, among other things: (i) incur or guarantee additional indebtedness, (ii) pay dividends or make other distributions to repurchase or redeem its stock, (iii) make investments or other restricted payments, (iv) create liens, (v) enter into certain transactions with affiliates, (vi) enter into agreements that restrict the ability of its material subsidiaries to pay dividends, and (vii) consolidate, merge or sell all or substantially all of its assets.

The principal amount of Notes outstanding in 31 December 2010 per the financial statements of GC Finance for the year then ended was £278.0 million.