

Global Crossing (Bidco) Limited
(formerly Trushelfco (No. 2541) Limited)

Financial statements for the period from 8 October 1999 (date of
incorporation) to 31 December 2000
together with directors' and auditors' reports

Registered number: 3855219



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Directors' report

For the period from 8 October 1999 to 31 December 2000

The Directors present their first annual report on the affairs of the Company, together with the financial statements and auditors' report for the period from 8 October 1999 (date of incorporation) to 31 December 2000.

Principal activities and business review

The Company was incorporated on 8 October 1999.

The principal activity of the Company during the year was to act as a holding company for certain United Kingdom subsidiaries of Global Crossing Limited.

On 24 November 1999 the entire share capital of the Company was acquired by Global Crossing (Holdco) Limited. On the same day the Company acquired the entire share capital of the Racal Telecomms Group comprising:

- Global Crossing (UK) Telecommunications Limited (formerly Racal Telecommunications Limited)
- Global Crossing (UK) Telecommunications Networks Limited (formerly Racal Telecommunications Networks Limited)
- Global Crossing (UK) Internet Services Limited (formerly Racal Internet Services Limited); and
- Racal Telecommunications, Inc.

Results and dividends

The Company's result for the period is shown on page 6. The Directors do not recommend the payment of a dividend.

Change of name

The Company was incorporated on 8 October 1999 as Trushelfco (No. 2541) Limited. The name of the Company was changed to Global Crossing (Bidco) Limited on 26 November 1999.

Directors' report (continued)

Directors and their interests

The Directors who served during the period and subsequently are shown below:

<i>Name</i>	<i>Date appointed</i>	<i>Date resigned</i>
K J Brown	15 October 1999	5 November 1999
S M Campbell	4 November 1999	31 July 2000
T L Dugan	28 June 2001	
H K Griffiths	15 October 1999	5 November 1999
C J Nash	4 November 1999	
R A Matthews	31 July 2000	16 August 2000
D W Muir	4 November 1999	6 July 2001
D C J Rowe	8 October 1999	15 October 1999
E J Zuercher	8 October 1999	15 October 1999
D J Wagner	1 October 2001	26 April 2001
P C Metcalf	19 April 2002	
C G Moir	28 January 2002	
J A Rios	19 April 2002	

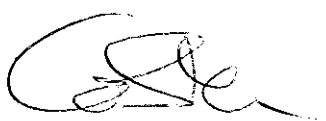
None of the directors has any interests in shares requiring disclosure by Schedule VII of the Companies Act 1985.

Auditors

Arthur Andersen were appointed as the Company's first auditors.

Centennium House
100 Lower Thames Street
London
EC2R 6DL

By order of the Board,



C G Moir
Director

30 May 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

To the Shareholders of Global Crossing (Bidco) Limited

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Going concern, carrying value of investments and recoverability of intercompany debt

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning:

- a) the uncertainty over the ability of Global Crossing Limited, the Company's ultimate parent company, to continue to provide sufficient funding to enable the Company to meet its debts as they fall due. Details of the circumstances relating to this fundamental uncertainty are described in note 1 b);
- b) the effect of the outcome of negotiations to sell either the Company's trading subsidiary Global Crossing (UK) Telecommunications Limited or the Global Crossing Limited group on the net realisable value, and hence the impaired carrying value, of the Company's investments and the recoverability of its intercompany debt. Details of the circumstances relating to this fundamental uncertainty are described in note 2.

In view of the significance of these uncertainties, we consider that they should be drawn to your attention, but our opinion is not qualified in these respects.

Qualified audit opinion arising from disagreement about accounting treatment

As explained in note 1c), the group financial statements required by section 227 of the Companies Act 1985 and FRS 2 "Accounting for subsidiary undertakings" have not been prepared.

Except for the failure to prepare group financial statements, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2000 and its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

30 May 2002

Profit and loss account

For the period from 8 October 1999 to 31 December 2000

		Period from 8 October 1999 to 31 December 2000 £'000
	Note	
Administrative costs (including exceptional costs of £1,040,016,000)	2	(1,040,085)
Operating loss		(1,040,085)
Finance charges (net)	4	(75,008)
Loss on ordinary activities before and after taxation being retained loss for the period	2	<u>(1,115,093)</u>

The Company has no recognised gains or losses other than the result for the period as shown above.

The accompanying notes are an integral part of this profit and loss account.

All activities are from continuing operations.

Balance sheet
31 December 2000

	Note	31 December 2000 £'000
Fixed assets		
Investments	6	-
Current assets		
Debtors	7	89,193
Cash		207
		<u>89,400</u>
Creditors: Amounts falling due within one year	8	<u>(886,693)</u>
Net liabilities		<u>(797,293)</u>
Capital and reserves		
Called-up share capital	9	300,000
Share premium	10	17,800
Profit and loss account	10	<u>(1,115,093)</u>
Equity shareholders' funds	10	<u>(797,293)</u>

The financial statements on pages 6 to 14 were approved by the Board of Directors and signed on its behalf by:



C G Moir
Director

30 May 2002

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

31 December 2000

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Going concern basis

At 31 December the Company has net liabilities of £797,293,000. It requires and will continue to require support from its ultimate parent company, Global Crossing Limited, to enable it to continue trading for the foreseeable future.

On 28 January 2002, Global Crossing Limited and certain of its affiliates commenced Chapter 11 proceedings in the United States Bankruptcy Court and co-ordinated proceedings in the Supreme Court of Bermuda. Since that date, certain parties have indicated an interest in the business and the bankruptcy court has approved an auction process, which the directors of Global Crossing Limited expect will result in the ultimate sale of that company. Additionally, Global Crossing Limited has announced that it is exploring a possible sale of one of the Company's subsidiaries, Global Crossing (UK) Telecommunications Limited, and has commenced the process of soliciting offers. This process has been undertaken in tandem with the auction process for the sale of Global Crossing Limited.

Since 28 January 2002 the Company and its subsidiary undertakings have continued to receive financial support from their ultimate parent. The Directors have conducted discussions with the management of Global Crossing Limited regarding its intentions with regard to continued funding, the projected cash requirements of the Company and its subsidiaries and the ability of Global Crossing Limited to fund these cash requirements. In addition, the Directors either directly or through the management of Global Crossing Limited and its legal advisors, have had discussions with the Joint Provisional Liquidators of Global Crossing Limited and with representatives of the unsecured creditors' committee for Global Crossing Limited as to their respective positions regarding the continued funding of the Company and its subsidiaries.

The Directors have sought legal advice regarding the status of the Chapter 11 case and the Bermuda provisional liquidation. Based on these discussions and advice, the Directors have concluded that the likely outcome of the situation is that the Chapter 11 reorganisation will be successful and as a result Global Crossing Limited will have the ability to continue to fund the Company and its subsidiaries, whether or not Global Crossing (UK) Telecommunications Limited is sold independently.

The Directors believe that based upon the above analysis, the Company will be able to obtain the necessary funding to enable it to continue operating, and to meet its liabilities as they fall due.

Accordingly, the Directors believe it is appropriate, in the circumstances, to prepare the financial statements on a going concern basis. However, there remain significant uncertainties and the financial statements do not include any asset write downs, provisions, reclassifications or other adjustments that would be required if this basis were no longer valid.

Notes to the financial statements (continued)

1 Accounting policies (continued)

c) *Group financial statements*

The Company is required to prepare group financial statements by section 227 of the Companies Act 1985 and by FRS 2 "Accounting for subsidiary undertakings" as, although it is a 100% subsidiary of a UK parent company, that parent company did not meet the deadline for filing its consolidated financial statements with Companies House and, accordingly, the Company is required to file group financial statements of its own.

The Directors believe that as consolidated financial statements that include the state of affairs and results of the Company and its subsidiaries will be available to the public, the preparation of group financial statements for the Company would involve disproportionate time and expense and, accordingly, group financial statements have not been prepared.

d) *Investments*

Investments are recorded at cost, less provision for impairment in value.

e) *Cash flow statement*

The Company is exempt from the requirements of FRS 1 (Revised) "Cash flow statements" to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Global Crossing Limited, whose consolidated financial statements are publicly available and include the Company's financial statements.

e) *Taxation*

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

f) *Finance costs*

Finance costs of debt are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Notes to the financial statements (continued)

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Period from 8 October 1999 to 31 December 2000 £'000
Auditors' remuneration for audit services	3
Provision for impairment of investments	810,507
Provision against intercompany receivable	<u>229,509</u>

As required by FRS 11 "Impairment of fixed assets and goodwill", the Directors have considered whether the value of the Company's investment in its subsidiary undertakings has become impaired. They have considered the future forecast outflows from these investments, possible group reorganisations and indicative offers received for the share capital of one subsidiary. On this basis, they have concluded that the carrying value of the investments should be reduced to £nil.

In addition, the Directors have reviewed the recoverability of the intercompany receivables and have made a provision to reduce them to the net recoverable amount.

No binding offers for the Company's subsidiary undertaking(s) have yet been received. In addition, it is by no means certain whether the subsidiary(ies) will be sold as a stand alone entity or as part of Global Crossing Limited group (see note 1b). As a result, the final outcome of any sales negotiations (and as a consequence the net realisable value of the investments and the recoverability of the intercompany receivable) remains uncertain and it is possible that the provisions against the intercompany receivables and investments will need to be revised.

3 Directors' remuneration

None of the Directors received any remuneration in respect of services provided to the Company.

4 Finance charges (net)

	Period from 8 October 1999 to 31 December 2000 £'000
<i>Investment income</i>	
Interest receivable and similar income	<u>227</u>

Notes to the financial statements (continued)

4 Finance charges (net) (continued)

Interest payable and similar charges

	Period from 8 October 1999 to 31 December £'000
Bank loans and overdrafts	38,562
Interest payable to fellow group companies	7,144
Loan finance costs	29,529
	<hr/>
	75,235
	<hr/>
Interest payable and similar charges	75,235
Less: Investment income	(227)
	<hr/>
<i>Finance charges (net)</i>	75,008
	<hr/>

5 Taxation

There is no charge to corporation tax in the year due to losses made in the year.

6 Investments

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Country of incorporation or principal business address	Holding	%
Global Crossing (UK) Telecommunications Limited	England and Wales	100,000 ordinary shares of £1 each	100
Global Crossing (UK) Telecommunications Networks Limited	England and Wales	49,250,000 ordinary shares of £1 each	100
Global Crossing (UK) Internet Services Limited	England and Wales	8,500,000 ordinary shares of £1 each	100
Global Crossing Communications International Limited	England and Wales	47,000,000 ordinary shares of £1 each	100
Racal Telecommunications, Inc	USA	1,000 common shares of US\$1 each	100

The Company owns all of the above subsidiary undertakings directly.

Notes to the financial statements (continued)

Investments (continued)

Subsidiary undertakings

	£'000
Cost	
Additions	810,507
At end of period	<u>810,507</u>
Amounts written off	
Written off during period	810,507
At end of period	<u>810,507</u>
Net book value	
At end of period	<u>-</u>

On 24 November 1999, the Company acquired the whole of the share capitals of Global Crossing (UK) Telecommunications Limited, Global Crossing (UK) Telecommunications Networks Limited, Global Crossing (UK) Internet Services Limited and Racal Telecommunications, Inc for £792,707,000. The consideration comprised entirely cash.

On 1 June 2000, the Company acquired the whole of the share capital of Global Crossing Communications International Limited (formerly Frontel Communications Limited) from Global Crossing (Holdco) Limited for £17,800,000 by issuing one Ordinary £1 share.

As described in note 2, the Directors have performed an impairment test in line with FRS 11 "Impairment of fixed assets and goodwill" and have accordingly written down the value of the Company's investments to £nil.

6 Debtors

	2000 £'000
Amounts owed by group companies	85,308
Other debtors	3,885
	<u>89,193</u>

As described in note 2 above, the recoverability of the amounts owed by group undertakings is uncertain. A provision of £229,509,000 has been made against these receivables.

Notes to the financial statements (continued)

7 Creditors: Amounts falling due within one year

	2000 £'000
Amounts owed to group undertakings	886,189
Accruals	504
	<u>886,693</u>

Of the above amount owed to group undertakings, £555,000,000 bears interest at 6.95%. The remainder is non-interest bearing.

8 Called-up share capital

	2000 £'000
<i>Authorised:</i>	
350,000,000 ordinary shares of £1 each	<u>350,000</u>
<i>Allotted, called-up and fully-paid:</i>	
300,000,003 ordinary shares of £1 each	<u>300,000</u>

The Company issued 2 Ordinary shares of £1 each upon incorporation at par for cash consideration.

On 24 November 1999, the Company issued 300,000,000 shares of £1 each at par for cash consideration.

On 1 June 2000, the Company issued 1 ordinary share for £17,800,000 to acquire the whole of the share capital of Global Crossing Communications International Limited.

9 Reconciliation of movement in equity shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity shareholders' funds £'000
New shares issued	300,000	17,800	-	317,800
Loss for the period	-	-	(1,115,093)	(1,115,093)
At 31 December 2000	<u>300,000</u>	<u>17,800</u>	<u>(1,115,093)</u>	<u>(797,293)</u>

Notes to the financial statements (continued)

10 Ultimate controlling party

The Company's ultimate parent company is Global Crossing Limited, a company incorporated in Bermuda. This is the largest group which includes the Company and for which consolidated financial statements are prepared. Copies of the group financial statements of Global Crossing Limited are available to the public from Wessex House, 45 Reid Street, Hamilton, Bermuda.

The smallest group for which consolidated financial statements are prepared is Global Crossing Intermediate UK Holdings Limited, a company incorporated in England and Wales.

11 Related party transactions

The Company has taken advantage of the exemptions of FRS 8 "Related party transactions" from disclosing transactions with members of the Global Crossing group.