

Fibernet UK Limited

Directors' report and financial statements
for the year ended 31 August 2003

Registered number: 2940263



Directors' report

For the year ended 31 August 2003

The directors present their report and financial statements for the year ended 31 August 2003.

Principal activity and review of the business

Fibernet is a communications solutions company dedicated to the design, supply, installation, management and support of bespoke high speed digital networks.

Financial results and dividends

The profit and loss account is shown on page 6. The loss for the year has been transferred from reserves. The directors do not recommend the payment of a dividend (2002: £nil).

Directors and their interests

The directors who served during the year were as follows:

C S McGregor

N P S Bray

A P Frewer

J I L'Heureux

resigned 27 April 2004

No directors had any interest in the shares of the company at 31 August 2002 and 2003.

The directors' interests in the 10p ordinary shares of the company's ultimate parent company, Fibernet Group plc, at 31 August 2003 are disclosed in the financial statements of that company, with the exception of the following:

	Number 31 August 2003	Number 31 August 2002
A P Frewer	48,643	21,785
J I L'Heureux	<u>8,426</u>	<u>8,426</u>

Other than the acquisition of 25,000 ordinary shares by Nick Bray on 20th October 2004, between the balance sheet date and the approval of these financial statements, the directors' beneficial interests in shares in Fibernet Group plc have not changed.

Directors' report (continued)

Directors and their interests (continued)

In addition to the above shareholdings, these directors had options to subscribe for shares in Fibernet Group plc as follows:

	Option price (p)	At 01.09.02	Number of Share Options		At 31.08.03	Exercisable between
			Issued	Lapsed		
A P Frewer	396.5	30,000	-	-	30,000	08.06.01 – 07.06.05
A P Frewer	72.5	3,636	-	(3,636)	-	12.12.00 – 12.12.02
A P Frewer	1267.5	10,000	-	-	10,000	19.11.02 – 19.11.06
A P Frewer	1622.5	20,000	-	-	20,000	16.06.03 – 16.06.07
A P Frewer	782	10,000	-	-	10,000	04.01.04 – 04.01.08
A P Frewer	462	1,461	-	(1,461)	-	25.05.06 – 25.11.06
A P Frewer	105	5,000	-	-	5,000	24.04.05 – 23.04.09
A P Frewer	274	1,208	-	(1,208)	-	16.11.06 – 15.05.07
A P Frewer	20	-	60,000	-	60,000	26.11.05 – 25.11.09
A P Frewer	16.6	-	11,873	-	11,873	08.05.08 – 07.11.08
J I L'Heureux	72.5	4,473	-	(4,473)	-	12.12.00 – 12.12.02
J I L'Heureux	396.5	100,000	-	-	100,000	08.06.01 – 07.06.05
J I L'Heureux	1267.5	10,000	-	-	10,000	19.11.02 – 19.11.06
J I L'Heureux	1650	117	-	-	117	30.05.03 – 30.11.03
J I L'Heureux	601	322	-	-	322	22.12.03 – 22.06.04
J I L'Heureux	462	419	-	-	419	25.05.04 – 25.11.04
J I L'Heureux	87	2,183	-	-	2,183	28.05.05 – 27.11.05
J I L'Heureux	16.6	-	1,366	-	1,366	08.05.06 – 07.11.06

The share options of the other directors are disclosed in the Fibernet Group plc financial statements.

Policy in respect of payments to suppliers

The company's policy is to decide upon the terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

Trade creditors of the company at 31 August 2003 were the equivalent of 23 days' purchases (2002: 30 days').

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Directors' report (continued)

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and other forms of communication including email and the company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception in 1996. It is open to all UK employees.

Directors' responsibilities

United Kingdom company law requires the directors 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 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 being 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Hampshire
RG22 4BS

By Order of the Board



N P S Bray
Director

4 May 2004

Independent auditors' report

To the members of Fibernet UK Limited

We have audited the financial statements of Fibernet UK Limited for the year ended 31 August 2003 which comprise the profit and loss account, balance sheet and the related notes numbered 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 judgments 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.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte and Touche LLP

Chartered Accountants and Registered Auditors

Reading

4 May 2004

Profit and loss account

For the year ended 31 August 2003

	Note	Continuing operations 2003 £'000	Continuing operations 2002 £'000	Discontinued operations 2002 £'000	Total 2002 £'000
Turnover	2	35,070	36,243	-	36,243
Cost of sales before exceptional items		(26,317)	(26,027)	-	(26,027)
Exceptional cost of sales	3	760	1,126	-	1,126
Cost of sales		<u>(25,557)</u>	<u>(24,901)</u>	-	<u>(24,901)</u>
Gross profit		9,513	11,342	-	11,342
Administrative expenses before exceptional items		(14,625)	(17,539)	-	(17,539)
Exceptional administrative expenses	3	(2,751)	(1,642)	-	(1,642)
Administrative expenses		<u>(17,376)</u>	<u>(19,181)</u>	-	<u>(19,181)</u>
Operating loss	5	(7,863)	(7,839)	-	(7,839)
Exceptional items:					
- adjustment to profit on sale of fixed assets in respect of release from obligations under IRU contracts	3	1,559	-	-	-
- loss on termination of operations	3	-	-	(2,793)	(2,793)
Interest payable and similar charges	4	<u>(4,054)</u>			<u>(4,585)</u>
Loss on ordinary activities before taxation		(10,358)			(15,217)
Tax credit on loss on ordinary activities	7	-			721
Loss on ordinary activities after taxation	16, 17	<u>(10,358)</u>			<u>(14,496)</u>

There are no recognised gains and losses other than the results for the current year and preceding year. Accordingly no statement of total recognised gains and losses has been presented.

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

Balance sheet
As at 31 August 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	8	92	111
Tangible assets	9	87,569	88,225
		<u>87,661</u>	<u>88,336</u>
Current assets			
Stock	10	262	1,701
Debtors	11	11,291	9,409
Cash at bank and in hand		7,589	10,179
		<u>19,142</u>	<u>21,289</u>
Creditors: amounts falling due within one year	12	(93,229)	(84,454)
Net current liabilities		<u>(74,087)</u>	<u>(63,165)</u>
Total assets less current liabilities		13,574	25,171
Creditors: amounts falling due after more than one year	13	(39,243)	(37,839)
Provisions for liabilities and charges	14	(1,224)	(3,867)
Net liabilities		<u>(26,893)</u>	<u>(16,535)</u>
Capital and reserves			
Called-up share capital	15	-	-
Profit and loss account	16	(26,893)	(16,535)
Equity shareholder's deficit	17	<u>(26,893)</u>	<u>(16,535)</u>

Signed on behalf of the Board



N P S Bray

Director

4 May 2004

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

Notes to financial statements

1 Accounting policies

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

a) Basis of accounting

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

b) Turnover

Turnover is stated as the amounts receivable (net of sales taxes) for the sale of networking services and products.

Turnover arising from service contracts is recognised evenly over the life of each contract, regardless of the payment profile. Turnover from long-term leases of telecommunications infrastructure and capacity is recognised evenly over the rental period.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on leasehold improvements, plant and equipment, office furniture and computers to write off their cost, less estimated residual value, on a straight line basis over their estimated useful lives. Depreciation is provided on the company's telecommunications network assets to write off their cost, less estimated residual value, on a straight line basis over the shorter of their estimated useful lives or the minimum period of related customer service contracts. The estimated useful lives are as follows:

Leasehold improvements	-	5 years
Telecommunications network	-	5 to 20 years
Plant and equipment	-	5 years
Computers	-	5 years
Office furniture	-	5 years

d) Intangible fixed assets

License costs are stated at cost, less amortisation and any provision for permanent diminution in value. Licence costs are written off on a straight line basis over their useful economic life, which is 10 years.

e) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is arrived at on a first in, first out basis and includes an appropriate amount of freight and duty for equipment purchased from overseas. Net realisable value is based on estimated selling price less further costs expected to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

f) Pension costs

The company has not contracted out of the State pension arrangements. Additional benefits for employees are provided by individual defined contribution schemes with the costs being met in full by the company and charged to the profit and loss account as incurred.

Notes to financial statements (continued)

g) Deferred income

Amounts receivable under maintenance and service contracts are credited to deferred income and released to the profit and loss account on a straight line basis over the duration of the contracts.

h) Leases and hire purchase contracts

Assets obtained under hire purchase contracts and leases which result in the transfer of substantially all the risk and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated over the shorter of the lease term and their useful lives.

Obligations under such agreements are included in creditors, net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of each hire purchase contract or lease so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight-line basis over each lease term.

i) Foreign currency

Transactions during the year have been converted at the rate ruling when each transaction occurred. Any exchange gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included within the profit and loss account. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date or, if matched by forward exchange contracts, the contracted rates.

j) Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Notes to financial statements (continued)

j) Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Segmental information

All of the company's turnover and loss on ordinary activities before taxation arose in the United Kingdom from its sole principal activity.

During the year ended 31 August 2002 the Fibernet group commenced and discontinued its national network operations in France. Accordingly, costs related to the connection of the company's UK network to the group's national network in France are disclosed as discontinued operations in that year.

All net operating assets are held in the UK for continuing operations.

3 Exceptional items

	2003 £'000	2002 £'000
Cost of sales:		
Network rates rebate	(760)	(1,126)
Administrative expenses:		
Impairment of tangible fixed assets – DSL	1,329	-
Impairment of tangible fixed assets – other	903	1,642
Onerous leases – DSL	519	-
	<u>2,751</u>	<u>1,642</u>
Adjustment to profit on sale of fixed assets in respect of release from obligations under IRU contracts	<u>(1,559)</u>	<u>-</u>
Loss on termination of operations:		
Termination costs	<u>-</u>	<u>2,793</u>
Total exceptional charge	<u>432</u>	<u>3,309</u>

There is no related tax charge arising from the exceptional charge in either year.

Notes to financial statements (continued)

3 Exceptional items (continued)

Network rates rebate

During each of the current and prior years the company successfully appealed the business rates assessment on its national fibre optic network. The exceptional gains represent the rebates obtained in respect of prior years. The reduction in respect of the year ended 31 August 2003 was an additional £1,500,000 and is included in cost of sales in that year.

DSL operations

During the year the company launched a new UK national Partial Private Circuit (PPC) product. For many applications this product effectively replaces the company's Digital Subscriber Line (DSL) product, resulting in a significant reduction in the expected demand for DSL services. Accordingly the company has reviewed its DSL operations and identified a number of onerous commitments in respect of circuit rentals and other supplier commitments, relating to unprofitable DSL points of presence (POPs). Provision has been made for the anticipated closure costs for those POPs. Fixed assets relating to these POPs have also been impaired in full.

Impairment of tangible fixed assets – other

In accordance with accounting standards the company regularly monitors the carrying value of its fixed assets. During the year a small element of the network was identified for which no future use is anticipated. Accordingly this asset has been impaired in full resulting in an exceptional cost of £903,000. The prior year charge relates to the impairment of the assets held by the company in order to connect with the Fibernet group's continuing Frankfurt Carrier Ring operation.

Adjustment to profit on sale in respect of release from obligations under IRU contracts

During the year two IRU contracts have been terminated, one due to the customer going into liquidation, the other due to the customer no longer requiring the service. As a result the company has been eliminated from future obligations in respect of these contracts and has released the associated provisions. The gain represents the result of writing off all assets and liabilities held in respect of these contracts that are no longer required.

Loss on termination of operations

The prior year charge relates to the impairment of the assets held by the company in order to connect with the Fibernet group's discontinued operations in France.

Notes to financial statements (continued)

4 Interest payable and similar charges

	2003 £'000	2002 £'000
Interest on finance leases	3,819	3,863
Bank interest and similar charges	235	722
	<u>4,054</u>	<u>4,585</u>

5 Operating loss

Operating loss is stated after charging:

		2003 £'000	2002 £'000
Operating lease payments	- plant and machinery	6,097	5,952
	- other	1,169	1,586
Depreciation	- owned assets	11,464	12,061
	- leased assets	2,522	2,522
Amortisation of licenses		<u>19</u>	<u>5</u>

The auditors' remuneration in 2003 and 2002 was borne by the company's parent company, Fibernet Group plc.

Notes to financial statements (continued)

6 Employees

During the year the company employed staff on behalf of other companies in the Fibernet group. A total of £230,000 (2002 - £779,000) of the following costs have been recharged to other group companies.

a) Number of employees

The average number of persons (including directors) employed by the company during the year was:

	2003 Number	2002 Number
Administration	26	35
Sales and support	201	223
	<u>227</u>	<u>258</u>

b) Employment costs (including directors' remuneration) during the year were as follows:

	2003 £'000	2002 £'000
Wages and salaries	10,763	12,404
Social security costs	1,347	1,252
Pension costs (Note 19)	380	490
	<u>12,490</u>	<u>14,146</u>

Notes to financial statements (continued)

6 Employees (continued)

c) Remuneration of directors

Remuneration was paid in respect of directors of the company as follows:

	2003 £'000	2002 £'000
Emoluments	243	210
Company contributions to money purchase pension schemes	8	8
	<u>251</u>	<u>218</u>

The number of directors who were members of pension schemes was as follows:

	2003 Number	2002 Number
Money purchase schemes	<u>2</u>	<u>2</u>

d) Highest paid director

	2003 £'000	2002 £'000
Emoluments	148	123
Company contributions to money purchase pension scheme	5	5
	<u>153</u>	<u>128</u>

Notes to financial statements (continued)

7 Tax credit on loss on ordinary activities

	2003 £'000	2002 £'000
Deferred tax credit	-	(721)

There is no current corporation tax charge due to the availability of tax losses. The difference between the total current tax charge and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(10,358)	(15,217)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax – 30%	(3,107)	(4,565)
Effects of:		
Losses not recognised	3,890	3,697
Expenses not deductible for tax purposes	754	1,326
Capital allowances in excess of depreciation	(1,563)	(458)
Movement in short term timing differences	(21)	-
Group relief not paid for	47	-
Current tax charge	-	-

8 Intangible fixed assets

	Licences £'000
Cost	
1 September 2002	184
Additions	-
31 August 2003	184
Amortisation	
1 September 2002	73
Charge for the year	19
31 August 2003	92
Net book value	
31 August 2003	92
31 August 2002	111

Notes to financial statements (continued)

9 Tangible fixed assets

	Leasehold improvements £'000	Telecomm- unications network £'000	Plant and equipment £'000	Office furniture £'000	Computers £'000	Total £'000
Cost						
1 September 2002	333	126,363	1,685	272	1,447	130,100
Transfers from other group companies	-	-	-	-	2,279	2,279
Additions	31	13,585	95	-	213	13,924
31 August 2003	364	139,948	1,780	272	3,939	146,303
Depreciation						
1 September 2002	266	39,838	1,081	218	472	41,875
Transfers from other group companies	-	-	-	-	641	641
Charge for the year	67	12,970	343	54	552	13,986
Impairment	-	2,028	66	-	138	2,232
31 August 2003	333	54,836	1,490	272	1,803	58,734
Net book value						
31 August 2003	31	85,112	290	-	2,136	87,569
31 August 2002	67	86,525	604	54	975	88,225

Included in tangible fixed assets are hire purchase and leased assets with a net book value of £31,256,000 (2002: £33,778,000).

10 Stock

	2003 £'000	2002 £'000
Finished goods and goods for resale	262	1,701

Notes to financial statements (continued)

11 Debtors

	2003 £'000	2002 £'000
Trade debtors	5,227	4,993
VAT recoverable	-	227
Prepayments and accrued income	6,064	4,189
	<u>11,291</u>	<u>9,409</u>

12 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Obligations under finance lease and hire purchase contracts	2,485	1,716
Trade creditors	2,196	3,317
Amounts owed to group undertakings	71,307	62,089
Other taxes and social security costs	1,714	354
Accruals and deferred income	15,527	16,978
	<u>93,229</u>	<u>84,454</u>

13 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Obligations under finance lease and hire purchase contracts		
- repayable between two and five years	9,493	9,807
- repayable in more than five years	23,074	25,010
Accruals and deferred income	6,676	3,022
	<u>39,243</u>	<u>37,839</u>

Finance leases are secured on the assets to which they relate.

Notes to financial statements (continued)

14 Provisions for liabilities and charges

	2003 £'000	2003 £'000	2003 £'000	2003 £'000
	Future WAN product sales costs	Onerous lease provision	Onerous commitments provision	Total
Beginning of year	3,247	620	-	3,867
(Credit)/charge to profit and loss account	(2,479)	130	239	(2,110)
Adjustment arising from discounting	168	-	-	168
Utilised in year	(410)	(291)	-	(701)
End of year	<u>526</u>	<u>459</u>	<u>239</u>	<u>1,224</u>

The provision for future WAN product sales costs represents the present value of future costs relating to WAN product sales. This provision will be settled over the next 22 years.

The onerous lease provision relates to surplus office space. The provision will be utilised over 3 years.

The onerous commitments provision relates to anticipated closure costs in respect of unprofitable DSL POPs (note 3).

Deferred tax:

	Provided		Unprovided	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Liability arising from accelerated capital allowances	(2,348)	(1,878)	-	-
Other timing differences	86	-	-	127
Tax losses available	<u>2,262</u>	<u>1,878</u>	<u>2,036</u>	<u>2,227</u>
	<u>-</u>	<u>-</u>	<u>2,036</u>	<u>2,354</u>

No deferred tax asset has been recognised due to the uncertainty of the company generating sufficient taxable profits in future. The asset will be recoverable should sufficient profits be generated.

15 Called up share capital

	Authorised 2003 Number	Called up, allotted and fully paid 2003	Authorised 2002 Number	Called up, allotted and fully paid 2002
£1 Ordinary shares	<u>1,000,000</u>	<u>2</u>	<u>1,000,000</u>	<u>2</u>

Notes to financial statements (continued)

16 Reserves

	Profit and loss account £'000
Deficit at 1 September 2002	(16,535)
Loss for the year	(10,358)
Deficit at 31 August 2003	<u>(26,893)</u>

17 Reconciliation of movements in shareholder's deficit

	2003 £'000	2002 £'000
Beginning of year	(16,535)	(2,039)
Loss for the year	(10,358)	(14,496)
End of year	<u>(26,893)</u>	<u>(16,535)</u>

18 Financial commitments

a) Operating leases

The minimum lease payments under non-cancellable operating leases, due in the next financial year, are as follows:

	2003		2002	
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring:				
Within one year	42	1,592	11	2,570
Between two and five years	245	1,625	157	1,080
In more than five years	522	1,641	586	1,600
	<u>809</u>	<u>4,858</u>	<u>754</u>	<u>5,250</u>

b) Capital commitments

The company had contracted capital commitments at 31 August 2003 of £6,255,000 (2002: £1,819,000). These capital commitments have not been provided for in the accounts.

19 Pension commitments

The company operates individual defined contribution personal pension schemes administered through insurance companies for employees. Contributions for the year amounted to £380,000 (2002: £490,000).

Notes to financial statements (continued)

20 Ultimate parent company

The company's ultimate parent company is Fibernet Group plc, a company incorporated in Great Britain and registered in England and Wales. Fibernet Group plc is the parent undertaking of the only group of which Fibernet UK Limited is a member and for which group financial statements are drawn up. Copies of the group financial statements are available from the company secretary, Fibernet Group PLC, Rosalind House, Jays Close, Viables, Basingstoke, RG22 4BS.

The company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by Fibernet Group plc.