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IPC Network Services UK Holdings Limited

Report and Financial Statements

30 September 2008

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COMPANIES HOUSE

IPC Network Services UK Holdings Limited

Registered No. 05887379

Directors

D Hart

K Acott

Secretary

C Spitzer

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

Tower House

67-73 Worship Street

London EC2A 2DZ

Directors' report

The directors present their report and financial statements for the year ended 30 September 2008.

Results and dividends

The profit for the year after taxation amounted to £2,592,174 (2007 – £2,654,486). A dividend of £2,591,000 was paid during the year (2007 – £2,597,000). The directors do not propose a final dividend.

Principal activity and review of business

The company did not trade during the year and continues to act as a holding company for investments in fellow group undertakings. The investments held by the company in the year are listed in note 6 to the financial statements. Thus the principal risks are not operational or competitive in nature.

Financial risk management and liquidity risk

The directors confirm that, in accordance with the Companies Act 1985 (Operating and Financial Review and Directors Report) Regulations 2005, they have considered and reviewed the provision included within Schedule 7(5A), relating to the financial risk management and policies of the company. As a result of the review, the directors have concluded that no further disclosures are necessary.

Future developments

The company will continue to act as a holding company for investments in fellow group undertakings.

Events since the balance sheet date

There are no material post balance sheet events that require disclosure in the financial statements.

Directors and their indemnity arrangements

The directors listed below held office during the year and subsequently.

D Hart

C Knight (resigned 1 July 2008)

K Acott (appointed 1 July 2008)

The company has granted an indemnity to all directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remains in force as at the date of approving the directors' report.

Auditors

In accordance with section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006, the company has elected to dispense with the annual appointment of auditors. Ernst & Young LLP are therefore deemed to remain in office until further notice.

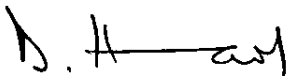
Directors' report

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



D Hart
Director

Date : 9th February 2009

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK 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 that 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.

Independent auditors' report

to the members of IPC Network Services UK Holdings Limited

We have audited the company's financial statements for the year ended 30 September 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. 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

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report

to the members of IPC Network Services UK Holdings Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

12 February 2009

Profit and loss account

for the year ended 30 September 2008

		<i>Year to</i> <i>30 September</i> <i>2008</i>	<i>From 26 July</i> <i>2006 to</i> <i>30 September</i> <i>2007</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Administrative income/(expenses)		2,151	(15,762)
Operating profit/(loss)	2	2,151	(15,762)
Income from investments		—	88,742
Interest receivable and similar income	4	2,591,654	2,598,684
Profit on ordinary activities before taxation		2,593,805	2,671,664
Tax on profit on ordinary activities	5	(1,631)	(17,178)
Profit for the financial year	11	2,592,174	2,654,486

All operations of the company were continuing.

Statement of total recognised gains and losses

for the year ended 30 September 2008

There were no recognised gains or losses other than the profit for the year of £2,592,174 (2007 – profit £2,654,486)

Balance sheet

at 30 September 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	6	18,235,168	18,235,168
Current assets			
Debtors	7	32,321,672	32,376,332
Cash at bank and in hand		26,209	1,262
		32,347,881	32,377,594
Creditors: amounts falling due within one year	8	(1,631)	(32,518)
Net current assets		32,346,250	32,345,076
Net assets		50,581,418	50,580,244
Capital and reserves			
Called up share capital	9	50,522,758	50,522,758
Profit and loss account	11	58,660	57,486
Shareholders' funds	11	50,581,418	50,580,244

These financial statements were approved by the Board of Directors on ^{9th} February 2009 and were signed on its behalf by:



D Hart
Director

Notes to the financial statements

at 30 September 2008

1. Accounting policies

Basis of preparation

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

The following are principal policies adopted in preparing the financial statements. These policies have been applied consistently throughout the current period.

Consolidation

The company is exempt from the requirements to prepare consolidated financial statements by virtue of section 228A of the Companies Act 1985. The results of the company are consolidated into IPC Systems Holdings Corp., whose consolidated financial statements are available from the Dutch Chamber of Commerce. These financial statements therefore present information about the company as an individual undertaking and not its group.

Statement of cash flows

In accordance with FRS 1 "Cash flow statements" the company has taken advantage of the exemption available to companies that are at least 90% owned and whose parent prepares consolidated financial statements which include the company and are publicly available. Accordingly, no cash flow statement has been included with the financial statements.

Fixed asset investments

Fixed asset investments are initially recorded at cost.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the last day of the previous month. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes to the financial statements

at 30 September 2008

2. Operating profit/(loss)

This is stated after charging:

	<i>Year to 30 September 2008</i>	<i>From 26 July 2006 to 30 September 2007</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration – audit services	–	8,385
Auditors' remuneration – non audit services relating to taxation	–	6,955

Auditors' remuneration in 2008 has been borne by the company's subsidiary undertaking, IPC Network Services Limited.

3. Directors' emoluments and staff costs

The directors received no remuneration for services in respect of the company in the current and preceding year. There were no share options granted or exercised during the current and preceding year. The company had no employees other than the directors in either year.

4. Interest receivable and similar income

	<i>Year to 30 September 2008</i>	<i>From 26 July 2006 to 30 September 2007</i>
	<i>£</i>	<i>£</i>
Interest receivable on loans to fellow group undertakings	2,591,654	2,598,684

5. Tax

(a) Tax on profit on ordinary activities

	<i>Year to 30 September 2008</i>	<i>From 26 July 2006 to 30 September 2007</i>
	<i>£</i>	<i>£</i>
<i>Current tax:</i>		
Total current tax charge for year (note 5 (b))	1,631	17,178

Notes to the financial statements

at 30 September 2008

5. Tax (continued)

(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2007 – 30%). The differences are reconciled below:

	Year to 30 September 2008 £	From 26 July 2006 to 30 September 2007 £
Profit on ordinary activities before tax	2,593,805	2,671,664
Profit on ordinary activities multiplied by average rate of corporation tax of 29% (2007 – 30%)	752,204	801,500
Group relief claimed - nil paid	(750,573)	(784,322)
Total current tax for the year (note 5(a))	1,631	17,178

(c) Deferred tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The company has no unrecognised deferred tax assets.

6. Investments

	£
At 1 October 2007 and 30 September 2008	18,235,168

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion held	Nature of business
IPC NS UK SPC Limited (incorporated in Great Britain)	Ordinary	99.6%	Holding company

At 30 September 2008 IPC NS UK SPC Limited had total shareholders' funds of £18,290,769 and a profit for the financial year then ended of £8.

Notes to the financial statements

at 30 September 2008

6. Investments (continued)

<i>Name of company</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
IPC Network Services Limited (incorporated in Great Britain)	Ordinary	100%*	Voice and communication Services
IPC Network Services EMEA Limited (incorporated in Great Britain)	Ordinary	100%*	Voice and communication services
Westcom Europe Limited (incorporated in Great Britain)	Ordinary	100%*	Non-trading
Westcom Dedicated Private Lines Limited (incorporated in Great Britain)	Ordinary	100%*	Dormant
Lexar UK Limited (incorporated in Great Britain)	Ordinary	100%*	Non-trading

*Held by subsidiary undertaking

7. Debtors

	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Amounts owed by fellow group undertakings	32,321,672	32,376,332

The amount owed by fellow group undertaking, includes a loan note of £32,306,332 bearing interest of 8% and repayable on demand.

8. Creditors: amounts falling due within one year

	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Amounts owed to fellow group undertakings	1,631	—
Accruals	—	15,340
Corporation tax	—	17,178
	1,631	32,518

Notes to the financial statements

at 30 September 2008

9. Authorised and issued share capital

			2008 £	2007 £
<i>Authorised</i>				
50,522,758 ordinary voting shares of £1 each			50,522,758	50,522,758
	2008 No.	2007 No.	2008 £	2007 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	50,522,758	50,522,758	50,522,758	50,522,758

10. Dividends and other appropriations

	2008 £
Details of dividends paid to IPC Information Systems UK Holdings Limited during the year are as follows:	
December 2007	651,000
March 2008	644,000
June 2008	644,000
September 2008	652,000
	2,591,000

11. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 26 July 2006	2	–	2
Issue of additional share capital	50,522,756	–	50,522,756
Profit for the period	–	2,654,486	2,654,486
Dividends paid during the period	–	(2,597,000)	(2,597,000)
At 1 October 2007	50,522,758	57,486	50,580,244
Profit for the year	–	2,592,174	2,592,174
Dividends paid during the year	–	(2,591,000)	(2,591,000)
At 30 September 2008	50,522,758	58,660	50,581,418

12. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the IPC Systems Holding Corp. group in these financial statements as the company is a wholly owned subsidiary of a parent which prepares consolidated financial statements available to the public.

Notes to the financial statements

at 30 September 2008

13. Immediate and ultimate parent undertaking and controlling party

The company's immediate parent undertaking as at 30 September 2008 is IPC Information Systems UK Holdings Limited.

The company's ultimate parent undertaking as at 30 September 2008 was IPC Systems Holdings Corp., a company incorporated in the United States of America.

IPC Systems Holdings Corp. is the parent undertaking of the only group for which consolidated financial statements are prepared, and of which the company is a member as at 30 September 2008. Its consolidated financial statements are publicly available from the Dutch Chamber of Commerce, De Ruyterkade 5, 1013 AA Amsterdam, The Netherlands.

The directors consider the company's controlling party to be Silver Lake Partners II, L.P. as at 30 September 2008.