

Company No: 710790

**NORTEL NETWORKS PROPERTIES LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**



**NORTEL NETWORKS PROPERTIES LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors submit their annual report and accounts for the year ended 31 December, 2002.

**PRINCIPAL ACTIVITY AND RESULTS**

The Company has not traded during the year ended 31 December 2002. There has been no income or expenditure and therefore no change in the Company's position has arisen. Any expenses have been met by the Company's parent company, Nortel Networks UK Limited.

Subsequent to the year end the Company declared a dividend to its parent, Nortel Networks UK Limited, in the amount of £30,898,000. This was executed on 14 May 2003.

**DIRECTORS**

The following served as directors of the Company during the year:-

I J Morgan  
M Gollogly (resigned 26 March 2002)  
Gareth Pugh  
Gordon Davies (resigned 17 January 2003)

Subsequent to the year-end DS Gill was appointed to the Board, on 17 January 2003

**DIRECTORS' INTERESTS**

The directors held no declarable interests in any Group company at 31 December 2002.

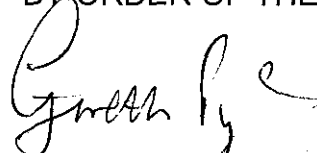
**AUDITORS**

For the year ended 31 December 2002 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

Registered Office:

Maidenhead Office Park  
Westacott Way  
Maidenhead  
Berkshire  
SL6 3QH

BY ORDER OF THE BOARD

  
G.A. D. Pugh  
Director

**NORTEL NETWORKS PROPERTIES LIMITED****BALANCE SHEET at 31 December 2002**

	Note	2002 £'000	2001 £'000
<b>CURRENT ASSETS</b>			
Debtors - Amounts owed by fellow subsidiary undertakings		30,898	30,898
		<hr/>	<hr/>
<b>NET ASSETS</b>		30,898	30,898
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	2	-	-
Profit and loss account		30,898	30,898
		<hr/>	<hr/>
<b>TOTAL CAPITAL EMPLOYED</b>		30,898	30,898
		<hr/>	<hr/>

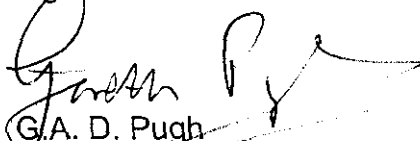
For the year ended 31 December 2002 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249b(2).

The director's acknowledge their responsibility for: (i) ensuring the company keeps accounting records which comply with section 221: and (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 24<sup>th</sup> October 2003.

Signed on behalf of the Board of Directors

  
G.A. D. Pugh  
Director

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

**NORTEL NETWORKS PROPERTIES LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2002**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policy, which has been applied consistently, is set out below.

**Basis of Accounting:**

The financial statements have been prepared in accordance with the historical cost basis of accounting.

2. CALLED UP SHARE CAPITAL

The authorised share capital consists of 100 Ordinary shares of £1 each, which are allotted and fully paid.

3. ULTIMATE HOLDING COMPANY

The Company's ultimate parent company and the parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Nortel Networks Corporation, a company registered in Canada. The parent undertaking of the smallest such group is Nortel Networks UK Limited, a company registered in England. Copies of the group financial statements of Nortel Networks Corporation are available from Nortel Networks, One Brunswick Square, Atrium Suite 100, Saint John, New Brunswick, E2L 4VL, Canada. Copies of the group financial statements of Nortel Networks UK Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.