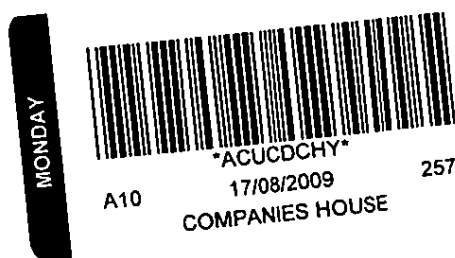


Registered number: 1890998

Broadband Ventures Limited

**Annual Report
for the year ended
31 March 2009**



Broadband Ventures Limited

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Directors and advisers

Directors

Mr M J Cole
Mr J C Challis

Company secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Broadband Ventures Limited

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Directors' report for the year ended 31 March 2009

The directors submit their annual report and the audited financial statements of Broadband Ventures Limited (the "Company") for the year ended 31 March 2009.

Review of activities

During the year the Company's principal activity was the provision of cable television networks to cable television operators in Westminster on a long-term lease lasting until July 2034. Additional leases are also in operation for Coventry until November 2011.

On 31 March 2009 the Company sold its trade and net assets to British Telecommunications plc for a consideration of £29,642,000, realising a profit on disposal of £115,000. From this date, the company's principal activity is that of an investment company within the BT Group plc ("BT") group of companies. The directors do not anticipate any other change in the Company's principal activities in the foreseeable future.

Principal risks and uncertainties

The directors of BT Group plc (the ultimate controlling entity of the Company) manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of BT Group plc, which include those of the company, are discussed on pages 29 to 31 of the group's annual report which does not form part of this report.

Key performance indicators

The directors of BT Group plc manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Results and dividends

The profit before taxation was £1,209,000 (2008: £1,436,000). The taxation charge for the year was £306,000 (2008: £431,000), which left a profit after taxation for the year of £903,000 (2008: £1,005,000).

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2009 (2008 - £nil).

Directors

A list of the current directors is set out on page 1. MJ Cole was appointed to the board on 30 March 2009. HG Brierley served as director until she resigned on 30 March 2009. The remaining director held office throughout the year under review and up to the date of signing of this report.

Broadband Ventures Limited

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Directors' report for the year ended 31 March 2009

Statement of directors' responsibilities

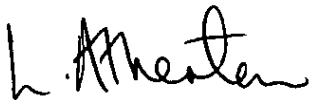
A statement by the directors of their responsibilities for preparing the financial statements is included on page 4.

Auditors and disclosure of information to the auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board,



Authorised Signatory
for and on behalf of Newgate Street Secretaries Limited
Company Secretary

7 August 2009

Statement of directors' responsibilities for preparing the financial statements

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 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 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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 Broadband Ventures Limited

We have audited the financial statements of Broadband Ventures Limited for the year ended 31 March 2009, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

Broadband Ventures Limited

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Independent auditors' report to the members of Broadband Ventures Limited (continued)

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.

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 31 March 2009 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Edinburgh

8 Aug 2009

Broadband Ventures Limited

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Profit and loss account for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Turnover	1	5,286	5,592
Operating costs		<u>(4,480)</u>	<u>(4,871)</u>
Operating profit	2	806	721
Interest receivable	6	<u>403</u>	<u>715</u>
Profit on ordinary activities before taxation		1,209	1,436
Tax on profit on ordinary activities	7	<u>(306)</u>	<u>(431)</u>
Profit for the financial year	12	<u>903</u>	<u>1,005</u>

Interest received is from ongoing activity as an investment company. Turnover and operating profit are derived entirely from discontinuing activities.

Other than the profit for the financial years, there have been no other recognised gains or losses during either 2009 or 2008.

There were no material differences between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.

Broadband Ventures Limited

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Balance sheet as at 31 March 2009

	Notes	2009 £'000	2008 £'000
Current assets			
Debtors	8	29,666	29,199
Creditors: amounts falling due within one year	9	-	(436)
Net assets		<u>29,666</u>	<u>28,763</u>
Capital and reserves			
Called up share capital	11	60,000	60,000
Profit and loss account	12	(30,334)	(31,237)
Total shareholders' funds	13	<u>29,666</u>	<u>28,763</u>

These financial statements on pages 7 to 15 were approved by the board of directors on 7 August 2009 and were signed on its behalf by JOHN CHALLIS



Director

Accounting policies**Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for the provision for doubtful debts, provisions for liabilities and charges, and taxes.

Turnover

Turnover, which excludes value-added tax and other sales taxes, comprises the value of services provided and equipment sales.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred tax.

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.

A net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

Accounting policies (continued)**Cash flow statement**

The Company is a wholly-owned subsidiary of BT Group plc. The cash flows of the Company are included in the consolidated cash flow statement of BT Group plc, whose annual report is publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

Notes to the financial statements

1 Turnover

Turnover derives from the provision of cable television networks to cable television operators within the United Kingdom.

2 Operating profit

Operating profit is stated after charging:

	2009 £'000	2008 £'000
Auditors' remuneration	6	6
Insurance premiums	3	3
Rental costs relating to operating leases, including rentals for plant and equipment	4,586	4,862
Profit on disposal of business	<u>(115)</u>	<u>-</u>

3 Profit on disposal of business

On 31 March 2009 the Company sold its trade and net assets to British Telecommunications plc for a consideration of £29,642,000 realising a profit on disposal of £115,000.

4 Directors

The directors are employed and remunerated by British Telecommunications plc or other group companies in respect of their services to the BT group as a whole. No emoluments were paid to the directors in respect of their services to the Company in the year ended 31 March 2009 (2008: £nil).

5 Employee information

The average monthly number of persons employed by the Company during the year was nil (2008 - nil).

6 Interest receivable

	2009 £'000	2008 £'000
Interest receivable from group undertaking	<u>403</u>	<u>715</u>
Net interest receivable	<u><u>403</u></u>	<u><u>715</u></u>

Notes to the financial statements

7 Tax on profit on ordinary activities

	2009	2008
	£'000	£'000
Current tax:		
UK Corporation tax at 28% (2008: 30%)	305	429
Total Current tax	<u>305</u>	<u>429</u>
Deferred tax		
Origination and reversal of timing differences	1	2
Total deferred tax	<u>1</u>	<u>2</u>
Total tax on profit on ordinary activities	<u>306</u>	<u>431</u>

The tax assessed for the year is higher (2008: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before tax	<u>1,209</u>	<u>1,436</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 28% (2008 – 30%)	338	431
Effects of:		
Excess depreciation over capital allowances	(1)	(2)
Profit on disposal of business	(32)	-
Current tax charge	<u>305</u>	<u>429</u>

8 Debtors

	2009	2008
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	-	15
Amounts owed by group undertakings	29,644	29,179
Other debtors	22	-
Deferred tax (see note 10)	-	5
Total debtors	<u>29,666</u>	<u>29,199</u>

Included within amounts owed by group undertakings is an interest-bearing loan to British Telecommunications plc amounting to £29,642,000 (2008: £9,534,000). Interest is charged at 3 month sterling LIBOR less 10 basis points and the loan is repayable within 12 months.

Notes to the financial statements

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Accruals	-	7
Corporation tax payable	-	429
Total creditors	-	436

10 Deferred taxation asset

	Deferred taxation £'000
At 1 April 2008	(5)
Charged to profit and loss for the financial year	1
Arising from disposal of business	4
At 31 March 2009	-

	2009 £'000 Provision made	2009 £'000 Total	2008 £'000 Provision made	2008 £'000 Total
Tax effect of timing differences due to:				
Excess capital allowances	-	-	(5)	(5)
	-	-	(5)	(5)

11 Called up share capital

	2009 £'000	2008 £'000
Authorised:		
60,000 (2008: 60,000) ordinary shares of £1 each	60,000	60,000
Allotted, called up and fully paid:		
60,000 (2008: 60,000) ordinary shares of £1 each	60,000	60,000

Notes to the financial statements

12 Reserves

	Profit and loss account £'000
Balance at 1 April 2008	(31,237)
Profit for the financial year	903
Balance at 31 March 2009	<u>(30,334)</u>

13 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	<u>903</u>	<u>1,005</u>
Net addition to shareholders' funds	903	1,005
Opening shareholders' funds	<u>28,763</u>	<u>27,758</u>
Closing shareholders' funds	<u>29,666</u>	<u>28,763</u>

14 Contingent liabilities

At 31 March 2009 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and on these no material losses are anticipated.

15 Controlling entities

The Company is a wholly owned subsidiary of British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2009 was BT Group plc.

The parent undertaking of the largest group of companies into which the results of the Company are consolidated is BT Group plc, a company incorporated in England & Wales. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 8 from disclosing details of transactions and balances with BT Group plc, fellow group subsidiaries and associated undertakings, and those deemed under control during the year ended 31 March 2009. Copies of the financial statements of BT Group plc may be obtained from The Assistant Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

Notes to the financial statements**15 Controlling entities (continued)**

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is British Telecommunications plc, a company incorporated in England and Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.