

**BT Facilities Services Limited**

**Annual Report and Financial Statements  
for the year ended  
31 March 2019**

Registered number: 4054291

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# **BT Facilities Services Limited**

## **Strategic report for the year ended 31 March 2019**

The directors present their strategic report for BT Facilities Services Limited for the year ended 31 March 2019.

### **Review of business**

On 31 August 2012 Monteray Limited was purchased by British Telecommunications plc from the former shareholders Carillion Services Limited, Balfour Beatty Workplace Limited and Reliance Facilities Management Limited. Following the acquisition the registered name of the Company was changed to BT Facilities Services Limited.

The Company operates under the same contract that was in place prior to the acquisition and continues to remain in place between the Company and British Telecommunications plc.

### **Future Developments**

On 1 April 2019 all of the Company's employees and certain assets were transferred to a CBRE. On this date the company ceased to trade and as such the financial statements are prepared on a basis other than going concern. The adoption of a non going concern basis has not affected the value or presentation of the assets and liabilities recorded in the financial statements as assets will either be paid for by the CBRE or transferred to another group entity for at least at book value. The transfer of the services to CBRE has led to a cost of £1.8m shown in the year end accounts. Following cessation of trade the company expects to settle all existing payables and collect any existing receivables as normal.

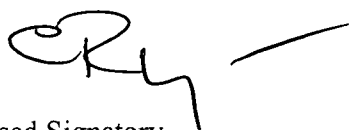
### **Principal risks and uncertainties**

The principal risks to which BT Group plc (the ultimate controlling entity of the Company) is exposed are also the principal matters which would create risk and uncertainty for the Company. These are managed by the directors of BT Group plc at the group level rather than at an individual business unit level. They are discussed on page 46-54 of the group's 2019 annual report which does not form part of this report.

### **Key Performance indicators**

Key performance indicator are discussed in the Directors' Report.

**By order of the Board,**



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

20 December 2019

# **BT Facilities Services Limited**

## **Directors report for the year ended 31 March 2019**

The directors present their annual report on the affairs of BT Facilities Services Limited (the “Company”), together with the audited financial statements and independent Auditor's report for the year ended 31 March 2019. The registered number of the Company is 4054291.

### **Principal activities and future developments**

The Company's principal activity of the provision of facilities management services to the UK estate for BT Plc has been outsourced on 1st April 2019. BT Plc has retained a small contract management team who are accountable for the contract.

### **Key performance indicators (“KPIs”)**

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.

### **Employees**

At the year end, the company employed 1,954 employees across the UK.

On 1 April 2019, all of the Company's employees have transferred to the CBRE.

### **Results**

The profit before taxation was £7,187,000 (2018: £8,089,000). The tax on profit was £1,424,000 (2018: £1,605,000) which left a profit for the financial year of £5,762,000 (2018: £6,484,000).

# **BT Facilities Services Limited**

## **Directors report for the year ended 31 March 2019 (continued)**

### **Dividends**

The directors have not declared an interim or final dividend for 2019. 2018: (£4,000,000)

### **Post balance sheet events.**

Details of the post balance sheet events are contained in note 22 of the notes to the Financial Statements.

### **Payment of creditors**

The Company's standard policy for payment of creditors is 60 days after the date on invoice unless otherwise negotiated. At the year end the creditor days ratio was 75 days (2018: 66 days).

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

S Hall (resigned on 31/07/2019)

PN Edmond

GA Paton

MR Oulton (appointed on 23 July 2019)

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by BT Group plc and applicable to the directors of BT Facilities Services Limited was in force throughout the last financial year and is currently in force. Neither the insurance nor the indemnity provides cover where the person has acted fraudulently or dishonestly.

# **BT Facilities Services Limited**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 3, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **BT Facilities Services Limited**

## **Directors report for the year ended 31 March 2019 (continued)**

### **Independent auditors**

KPMG LLP have been appointed as auditors of the Company with immediate effect.

The directors' report on pages 2 to 5 was approved by the Board of directors on and were signed on its behalf by



Authorised Signatory  
for and on behalf of Newgate Street Secretaries Limited

**81 Newgate Street**  
**London**  
**EC1A 7AJ**

for and on behalf of Newgate Street Secretaries Limited  
**Company Secretary**

20 December 2019

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BT FACILITIES SERVICES LIMITED**

## **Opinion**

We have audited the financial statements of BT Facilities Services Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Natalia Bottomley (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

20 December 2019



# BT Facilities Services Limited

## Profit and loss account for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	4.	133,087	130,718
Cost of sales		<u>(122,834)</u>	<u>(119,859)</u>
<b>Gross Profit</b>		10,253	10,859
Administrative expenses		<u>(3,579)</u>	<u>(3,012)</u>
<b>Operating profit</b>		6,674	7,847
Interest receivable and similar income	7.	<u>512</u>	<u>242</u>
<b>Profit before taxation</b>		7,187	8,089
<b>Tax on profit</b>	10.	<u>(1,424)</u>	<u>(1,605)</u>
<b>Profit for the financial year</b>		5,763	6,484
The accompanying notes form part of these financial statements		<u><u>          </u></u>	<u><u>          </u></u>

All results derive from continuing operations to 31 March 2019. Operations ceased on 1 April 2019.

There has been no other comprehensive income or expense during either 2019 or 2018 other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

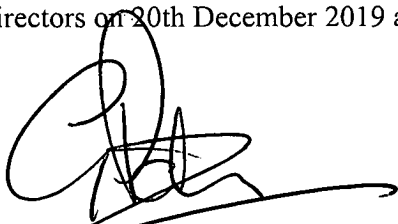
The balance sheet as at 31 March 2019 has been prepared in accordance with IFRS 15. Comparative years are presented as reported under IAS 18. There is no impact on comparative balance sheet as a result of the adoption of IFRS 15.

# BT Facilities Services Limited

## Balance sheet as at 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	12.	476	1,059
Tangible assets	13.	<u>150</u>	<u>21</u>
		<u>626</u>	<u>1,080</u>
<b>Current assets</b>			
Stocks	14.	254	530
Debtors	15.	53,259	54,192
Deferred tax assets	16.	<u>213</u>	<u>227</u>
		<u>53,726</u>	<u>54,949</u>
<b>Creditors: amounts falling due within one year</b>	18.	<u>(30,849)</u>	<u>(38,891)</u>
<b>Net current assets</b>		<u>22,876</u>	<u>16,058</u>
<b>Total assets less current liabilities</b>		23,503	17,138
<b>Net assets</b>		<u>23,503</u>	<u>17,138</u>
<b>Equity</b>			
Retained earnings		<u>23,503</u>	<u>17,138</u>
<b>Total equity</b>		<u>23,503</u>	<u>17,138</u>

The financial statements on pages 8 to 24 were approved and authorised for issue by the Board of directors on 20th December 2019 and were signed on its behalf by



Director: Graeme Paton

# BT Facilities Services Limited

## Statement of changes in equity for the year ended 31 March 2019

	£'000	£'000	£'000	£'000
	Called up share capital	Share premium	Retained earnings	Total Equity
<b>Balance at 1 April 2018</b>	-	-	14,164	14,164
Profit for the financial year	-	-	6,484	6,484
<b>Total comprehensive income for the year</b>	-	-	6,484	6,484
Dividends	-	-	(4,000)	(4,000)
Capital contribution for equity-settled share based payments	-	-	490	490
<b>Balance at 31 March 2018</b>	-	-	17,138	17,138
Profit for the financial year	-	-	5,763	5,763
Other comprehensive expense for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	5,763	5,763
Capital contribution for equity-settled share based payments	-	-	602	602
<b>Balance at 31 March 2019</b>	-	-	23,503	23,503

The accompanying notes form part of these financial statements.

# **BT Facilities Services Limited**

## **Notes to the financial statements**

### **1. General information**

BT Facilities Services Limited provides facilities management services to the UK estate of BT Group plc.

The company is a private company, limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is 81 Newgate Street, London, EC1A 7AJ.

### **2. Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101), which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure.

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

### ***Going Concern***

On 1 April 2019 all of the Company's employees and certain assets were transferred to a CBRE. On this date the company ceased to trade and as such the financial statements are prepared on a break up basis. The adoption of a non going concern basis has not affected the value or presentation of the assets and liabilities recorded in the financial statements as assets will either be paid for by the CBRE or transferred to another group entity for at least at book value. The transfer of the services to CBRE has led to a cost to the company of circa £1.8m shown in the year end accounts. Following cessation of trade the company expects to settle all existing payables and collect any existing receivables as normal.

# **BT Facilities Services Limited**

## **Notes to the financial statements (continued)**

### ***Entitlement to Exemptions***

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard. The following exemptions have been taken:

The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments.

The requirements of IFRS 7 Financial Instruments: Disclosures.

The requirements of IAS 7 Statement of Cash Flows.

The requirements of paragraphs 17 of IAS 24 Related Party Disclosures.

The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The requirement of paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.

The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

### **3. Accounting policies**

#### **Turnover**

Turnover, which excludes value-added tax and other sales taxes, comprises the value of services provided. Turnover is recognised over the period the service is provided.

Where income has been earned, but not invoiced, an estimate of the earned value is recorded in the profit and loss account, and included in the balance sheet as amounts owed by group undertakings (as all services are provided to the BT group).

#### **Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

# **BT Facilities Services Limited**

## **Notes to the financial statements (continued)**

### **3. Accounting policies (continued)**

#### **Dividend distribution**

Interim and final dividends are recognised when they are approved.

#### **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 the proceeds.

#### **Share based payments**

The ultimate parent, BT Group plc, operates a number of equity settled share-based arrangements, as detailed in note 22 to the BT Group plc consolidated financial statements, under which the company receives services from employees as consideration for equity instruments (share options and shares) of BT Group plc.

Equity settled share-based payments are measured at fair value at the date of grant excluding the effect of non market-based vesting conditions but including any market-based performance criteria and the impact of non-vesting conditions (for example the requirement for employees to save). The fair value determined at the grant date is recognised as an expense on a straight line basis over the vesting period, based on the company's estimate of the options or shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using either the Binomial options pricing model or Monte Carlo simulations, whichever is most appropriate to the share-based payment arrangement.

Service and performance conditions are vesting conditions. Any other conditions are non-vesting conditions which have to be taken into account to determine the fair value of equity instruments granted. In the case that an award or option does not vest as a result of a failure to meet a non-vesting condition that is within the control of either counterparty, this is accounted for as a cancellation. Cancellations are treated as accelerated vesting and all remaining future charges immediately recognised in the profit and loss account. As the requirement to save under an employee share save arrangement is a non-vesting condition, employee cancellations are treated as an accelerated vesting.

Awards that lapse or are forfeited result in a credit to the profit and loss account (reversing the previously recognised charges) in the year in which they lapse or are forfeited.

# **BT Facilities Services Limited**

## **Notes to the financial statements (continued)**

### **3. Accounting policies (continued)**

#### **Intangible fixed assets**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits, adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
- the expenditure attributable to the software product during its development can be reliably measured.
- Directly attributable costs that are capitalised as part of the software product include the software development employees costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

# **BT Facilities Services Limited**

## **Notes to the financial statements (continued)**

### **3. Accounting policies (continued)**

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historical costs less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on tangible fixed assets on a straight line basis from the time they are available for use, so as to write off their costs over their estimated useful lives taking into account any expected residual values.

The lives assigned to significant tangible assets are:

	Years
Plant and machinery	3 - 10

#### **Leased assets**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

#### **Stocks**

Stocks mainly comprise of consumable items. They are stated at the lower of costs, including appropriate overheads, and estimated net realisable value, after provisions for obsolescence.

#### **Trade debtors**

We initially recognise trade and other receivables at fair value, which is usually the original invoiced amount. They are subsequently classified as at amortised cost using the effective interest method. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable.

We recognise an allowance for doubtful debts on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance we consider historical experience and informed credit assessment alongside other factors such as the current state of the economy and particular industry issues. We consider reasonable and supportable information that is relevant and available without undue cost or effort.

Once recognised, trade receivables are continuously monitored and updated. Allowances applied consist of both specific impairments and collective impairments, based on our historical loss experiences for the relevant aged category as well as forward-looking information and general economic conditions.



# **BT Facilities Services Limited**

## **3. Accounting policies (continued)**

### **Defined contribution scheme**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contribution payable by the Company to the fund. Defined contribution payments not made and included within accruals at 31 March 2019 were £nil (2018: £nil).

### **Creditors**

We initially recognise financial liabilities within trade and other payables at fair value, which is usually the original invoiced amount. We subsequently carry them at amortised cost using the effective interest method.

### **Operating profit**

Operating profit is stated after charging administration costs but before investment income and finance costs.

### **Taxation**

The tax expense represents the current tax payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the profit and loss account because it excludes items of income or expense are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## **4. Turnover**

Turnover represents the net amount receivable, excluding value added tax, for services provided to all customers and is recognised on completion of the services delivered or part thereof relating to the financial year covered. Turnover solely relates to the provision of support services in the UK.

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 5. Operating profit

Operating profit is stated after charging

	2019 £'000	2018 £'000
Subcontractor Costs	55,585	-
Inventory recognised as an expense	276	111
Staff costs	59,565	57,049
Depreciation of tangible assets	50	97
Amortisation of intangible assets	664	2,171
	<u>664</u>	<u>2,171</u>

### 6. Auditor's Remuneration

Fees payable to the company's auditor and their associates for the audit of the company's annual accounts were £18,000 (2018: £35,000).

### 7. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from group undertakings	<u>512</u>	<u>242</u>
	<u>512</u>	<u>242</u>

### 8. Directors' emoluments

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 either the year ended 31 March 2019 or the year ended 31 March 2018.

### 9. Employee information

The average monthly number of persons employed by the Company during the year was as follows:

	2019 Number	2018 Number
Administrative FTE	88	93
Operational FTE	<u>1,866</u>	<u>1,931</u>
	<u>1,954</u>	<u>2,024</u>

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 9. Employee information (continued)

Employment costs of all employees included above amounted to:

	2019 £'000	2018 £'000
Wages and salaries	52,596	50,063
Social security costs	4,804	4,697
Other pension costs	1,563	1,799
Share based payments	602	490
	<u>59,565</u>	<u>57,049</u>

Included in the above were redundancy costs of £986,300 (2018: £1,542,300). £713,367 (2018: £1,402,821) of the current year costs were subsequently reimbursed to the Company by British Telecommunications plc.

### 10. Taxation

	2019 £'000	2018 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the year.	1,436	1,677
Adjustments in respect of previous years	(26)	(40)
Total current tax	<u>1,410</u>	<u>1,637</u>
<b>Deferred tax:</b>		
Accelerated capital allowances	14	(32)
Total deferred tax	<u>14</u>	<u>(32)</u>
Total tax	<u>1,424</u>	<u>1,605</u>

#### Reconciliation of the total tax charge

The tax expense in the Profit and Loss Account for the year is the standard rate of corporation tax in the UK of 19% (2018: 19%).

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 10. Taxation (continued)

	2019 £'000	2018 £'000
Profit before taxation	7,187	8,089
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	1,365	1,539
Effects of:		
Share based payment	114	93
Re-measurement of deferred tax balances	(30)	13
Adjustments in respect of previous years	(25)	(40)
	<u>1,424</u>	<u>1,605</u>

### Factors affecting current and future tax charges

The rate of UK corporation tax will change from the prevailing 19% rate to 17% with effect from 1 April 2020. As deferred assets and liabilities are measured at the rates that are expected to apply in the periods of reversal, deferred tax balances at 31 March 2019 have been calculated at the rate at which they are expected to be recovered or settled.

### 11. Dividends

	2019 £'000	2018 £'000
Equity – ordinary		
Current year final dividend of £nil per share (2018: £20,000 per share)	-	4,000
	<u>-</u>	<u>4,000</u>

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 12. Intangible assets

	Software £'000	Total £'000
<b>Cost</b>		
As at 1 April 2018	3,698	3,698
Adjustment	(26)	(26)
Additions	108	108
<b>As at 31 March 2019</b>	<u>3,780</u>	<u>3,780</u>
<b>Accumulated amortisation</b>		
As at 1 April 2018	(2,639)	(2,639)
Charged in the year	(665)	(665)
<b>As at 31 March 2019</b>	<u>(3,304)</u>	<u>(3,304)</u>
<b>Net book value as at 31 March 2019</b>	<u>476</u>	<u>476</u>
<b>Net book value as at 31 March 2018</b>	<u>1,059</u>	<u>1,059</u>

Intangible assets amortisation is recorded in administrative expenses in the profit and loss account.

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 13. Tangible assets

	<b>Plant and Machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
As at 1 April 2018	3,888	3,888
Adjustment	27	27
Additions	153	153
<b>As at 31 March 2019</b>	<b>4,068</b>	<b>4,068</b>
<b>Accumulated depreciation</b>		
As at 1 April 2018	(3,868)	(3,868)
Charged in the year	(50)	(50)
<b>As at 31 March 2019</b>	<b>(3,918)</b>	<b>(3,918)</b>
<b>Net book value as at 31 March 2019</b>	<b>150</b>	<b>150</b>
Net book value as at 31 March 2018	20	20

### 14. Stocks

	<b>2019 £'000</b>	<b>2018 £'000</b>
Raw materials and consumables	254	530
	<b>254</b>	<b>530</b>

### 15. Debtors

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Debtors due within one year</b>		
Trade debtors	108	519
Amounts owed by group undertakings	47,916	49,471
Accrued Income	30	(16)
Input Vat	5,205	4,218
	<b>53,259</b>	<b>54,192</b>

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 15. Debtors (continued)

Included in amounts owed by group undertakings is a loan to British Telecommunications plc of £28,226,201 (2018: £21,866,965) which is repayable within 12 months, the loan attracts interest at LIBOR plus 42.5 (2018: 30) basis points.

### 16. Deferred taxation

	2019 £'000	2018 £'000
Other timing differences	213	227
	<u>213</u>	<u>227</u>
Opening deferred tax asset	227	195
Deferred tax credited in the profit and loss account	(14)	32
Closing deferred tax asset	<u>213</u>	<u>227</u>

### 17. Cash and cash equivalents

The Company, certain fellow subsidiaries and parent companies participate in a cash pooling arrangement and have jointly and severally guaranteed amounts owing to the Company's bankers by any participating company. The liability of the Company is limited to the amounts standing to the credit of the Company's accounts with the bank.' Note 18 displays the cash position as an overdraft at the year end.

### 18. Creditors - amounts falling due within one year

	2019 £'000	2018 £'000
Trade and other payables	16,594	16,041
Corporation taxes	1,493	4,076
Other taxation and social security	1,355	1,257
Other creditors	791	1,096
Accruals	10,603	16,421
Overdraft	13	-
	<u>30,849</u>	<u>38,891</u>

# BT Facilities Services Limited

## Notes to the financial statements (continued)

### 19. Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid: 200 (2018: 200) ordinary shares of £1 each	-	-

### 20. Capital and financial commitments

At 31 March 2019, contracts placed for capital expenditure not provided for in the financial statements amounted to £440,000 (2018: £2,112,000).

	2019 IT Software and Hardware £'000	2018 IT Software and Hardware £'000
No later than one year	440	1,460
Later than 1 year and no later than 5 years	-	652
	<u>440</u>	<u>2112</u>



# **BT Facilities Services Limited**

## **Notes to the financial statements (continued)**

### **21. Contingent liabilities**

As at 31 March 2019 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and disclosed within note 17 and on these no material losses are anticipated.

### **22. Events after the reporting period**

On 19 November 2018 BT group announced that it would be outsourcing its facilities services function to CBRE. On 1 April 2019 all of the Company's employees and certain assets will transfer to the CBRE. On this date the company will cease to trade and as such the financial statements are prepared on a basis other than going concern. The adoption of a non going concern basis has not affected the value or presentation of the assets and liabilities recorded in the financial statements as assets will either be paid for by the CBRE or transferred to another group entity at least at book value. The transfer of the services to CBRE will lead to lease termination charges for certain vehicles used by the company of circa £1.8m however as no lease obligation existed at the balance sheet date these charges will be recorded in the financial statements for the year ending 31 March 2019. Following cessation of trade the company expects to settle all existing payables and collect any existing receivables as normal.

### **23. Controlling entity**

The Company is a 100% owned subsidiary of British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2019 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 IAS 24 "Related Party Disclosures" from disclosing details of transactions and balances with BT Group plc and fellow group subsidiaries provided such subsidiaries are wholly owned members of the group during the year ended 31 March 2019. Copies of the financial statements of BT Group plc may be obtained from The Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

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 & Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.