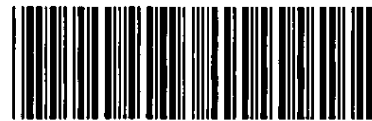


Registered number: 4109640

BT (RRS LP) Limited

**Annual Report
for the year ended
31 March 2007**

FRIDAY



A6IMQVV0

A27

28/12/2007

516

COMPANIES HOUSE

BT (RRS LP) Limited

1

Directors

E R Hewitt
H G Brierley
L C Winnister

Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Registered Auditors

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Report of the directors for the year ended 31 March 2007

The directors submit their annual report and the audited financial statements for the year ended 31 March 2007

Profits and dividends

The loss before taxation was £866,000 (2006 - £813,000) The credit for taxation was £260,000 (2006 - £244,000) which left a loss after taxation for the year of £606,000 (2006 - £569,000)

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2007 (2006 - £nil)

Review of activities and future developments

The Company's principal activity is to hold investments on behalf of other companies in the BT Group plc group of companies The directors do not anticipate any change 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 page 27 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

Directors

A list of the current directors is set out on page 1 E R Hewitt was appointed to the board on 15 September 2006 LM Shillaw also served as a director until she resigned on 7 June 2006 HG Brierley and LC Winnister held office throughout the financial year under review and up to the date of this report

Report of the directors for the year ended 31 March 2007

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, an elective resolution to this effect having been passed by the Company on 4 January 2001

By order of the Board,



Authorised Signatory
for and on behalf of Newgate Street Secretaries Limited
Company Secretary
26 November 2007

Statement of directors' responsibilities for preparing the financial statements

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2007 and that applicable accounting standards have been followed.

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.

The auditors' responsibilities are stated in their report on pages 5 and 6.

Independent auditors' report to the members of BT (RRS LP) Limited

We have audited the financial statements of BT (RRS LP) Limited for the year ended 31 March 2007 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.

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 2007 and of its loss 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

6 December 2007

Profit and loss account for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Administrative expenses	1	(2)	(5)
Loss on ordinary activities before interest and taxation		(2)	(5)
Interest payable	2	(864)	(808)
Loss on ordinary activities before taxation		(866)	(813)
Tax on loss on ordinary activities	5	260	244
Retained loss for the year	10	(606)	(569)

The loss on ordinary activities before taxation derives entirely from continuing activities

Other than the loss for the financial year, there have been no other recognised gains or losses during either 2007 or 2006

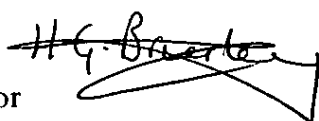
There were no material differences between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis

Balance sheet as at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Investments	6	<u>15,001</u>	<u>15,001</u>
		15,001	15,001
Debtors	7	260	246
Creditors: amounts falling due within one year	8	<u>(16,911)</u>	<u>(16,291)</u>
Net current liabilities		<u>(16,651)</u>	<u>(16,045)</u>
Net liabilities		<u>(1,650)</u>	<u>(1,044)</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account - deficit	10	<u>(1,650)</u>	<u>(1,044)</u>
Total equity shareholders' deficit	11	<u>(1,650)</u>	<u>(1,044)</u>

These financial statements on pages 7 to 13 were approved by the board of directors on 26 November 2007 and were signed on its behalf by

Director



Accounting policies

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. The principal accounting policies are set out below.

The financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s228 of the Companies Act 1995 from the requirement to prepare and deliver group accounts.

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 impairment of investments, provisions for doubtful debts, provisions for liabilities and charges and taxes.

I Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Full provision is made for deferred taxation in respect of all timing differences that have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more than likely that they will be recovered. The Company has not pursued the policy of discounting deferred tax balances.

II 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. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

III Investments

Investments are carried at cost less provision for impairment. Investments are tested for impairment when an event that might affect asset values has occurred. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future cash flows from the investment.

IV Going concern

As at 31 March 2007, the Company has net liabilities. The Company has received assurances from its intermediate parent company, British Telecommunications plc that it will continue to support the Company for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Notes to the financial statements

1 Administrative Expenses

Administrative expenses include

	2007 £'000	2006 £'000
Auditors' remuneration for audit services	2	5

2 Interest payable

	2007 £'000	2006 £'000
Interest payable on loans from group undertakings	<u>864</u>	<u>808</u>

3 Directors' emoluments

The directors are employed and remunerated as executives of 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 2007 (2006: £nil).

4 Employee information

The Company had no employees during the year ended 31 March 2007 (2006: nil).

5 Tax on loss on ordinary activities

	2007 £'000	2006 £'000
United Kingdom		
UK Corporation tax at 30% (2006: 30%)	<u>(260)</u>	<u>(244)</u>
Total current taxation	<u>(260)</u>	<u>(244)</u>
Tax on loss on ordinary activities	<u><u>(260)</u></u>	<u><u>(244)</u></u>

Factors affecting the current tax charge for the year

Loss on ordinary activities before tax	<u>(866)</u>	<u>(813)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(260)	(244)
Current tax credit for the year	<u><u>(260)</u></u>	<u><u>(244)</u></u>

Notes to the financial statements

5 Tax on loss on ordinary activities (continued)

The Company surrendered all corporation tax losses to its intermediate holding company British Telecommunications plc. British Telecommunications plc pays for the surrender of losses in the year the losses are incurred by the Company.

The Company has not accrued for corporation tax arising in respect of its 50% stake in Rugby Radio Station Limited Partnership as any tax liability will be borne out of the earnings of the company prior to the distribution to its partners.

6 Fixed asset investments

	Shares in Subsidiary undertakings £'000
Cost	
At 1 April 2006 and 31 March 2007	<u>15,001</u>
Net book value	
At 1 April 2006 and 31 March 2007	<u>15,001</u>

The Company's investment is a 50% stake in Rugby Radio Station Limited Partnership, a Joint Venture between British Telecommunications plc, CGNU Life Assurance Limited and Commercial Union Life Assurance Company Limited.

In the opinion of the directors, the aggregate value of the assets consisting of shares in, and amounts owing from, its subsidiaries was not less than the amount at which these assets were included in the balance sheet.

7 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Corporation tax receivable	260	244
Other Debtors	<u>-</u>	<u>2</u>
	<u>260</u>	<u>246</u>

8 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	16,908	16,286
Other creditors	<u>3</u>	<u>5</u>
	<u>16,911</u>	<u>16,291</u>

Notes to the financial statements**8 Creditors: amounts falling due within one year (continued)**

The amount owed to group undertakings includes a loan from BT plc amounting to £16,669,068 (2006 £16,286,349) which is repayable within 12 months. The loan bears interest at 50 basis points above LIBOR.

9 Called up share capital

	2007 £'000	2006 £'000
Authorised:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and unpaid:		
1 ordinary share of £1	<u>-</u>	<u>-</u>

10 Profit and loss account

	Profit and loss account £'000
Balance at 1 April 2006	(1,044)
Retained loss for the financial year	<u>(606)</u>
Balance at 31 March 2007	<u><u>(1,650)</u></u>

11 Reconciliation of movements in equity shareholders' funds

	2007 £'000	2006 £'000
Loss for the financial year	(606)	(569)
Net reduction in equity shareholders' funds	<u>(606)</u>	<u>(569)</u>
Opening equity shareholders' funds	<u>(1,044)</u>	<u>(475)</u>
Closing equity shareholders' funds	<u><u>(1,650)</u></u>	<u><u>(1,044)</u></u>

12 Contingent liabilities

At 31 March 2007, 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.

Notes to the financial statements**13 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 2007 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 2007. 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.

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.