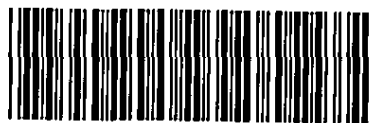


Registered number: 4414969

Argensys Limited

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

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Argensys Limited

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Directors and advisers

Directors

J Sasse
L Atherton

Company Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Directors' report for the year ended 31 March 2009

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

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Review of activities

The Company's principal activity is Receipting Services. The directors do not anticipate any change in the foreseeable future.

Receipting services are the provision of bulk handling for payments and other mail, including banking services and document scanning, together with Call Centre enquiry services relating to these services.

The Company planned to move all its contracts to British Telecommunication plc by the end of 31 March 2010.

Results and dividends

The profit before taxation was £1,590,000 (2008: £2,598,000). The charge for taxation was £445,000 (2008: £781,000) which left a profit after taxation for the year of £1,145,000 (2008: £1,817,000).

The directors have declared an interim dividend amounting to £6,320,000 (2008: £nil), which was paid on 25 March 2009.

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.

Directors' report for the year ended 31 March 2009

Directors

A list of the current directors is set out on page 1. J Sasse and L Atherton were appointed to the board on 30 March 2009 and held office up to the date of signing of this report. IR Duerden also served as a director until he resigned on 30 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,

A handwritten signature in black ink, appearing to read 'J Sasse', is written over the printed name 'J Sasse'.

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

We have audited the financial statements of Argensys Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Directors and Advisors page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

**Independent auditors' report to the members of Argensys 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

London

15 DECEMBER 2009

Argensys Limited

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Profit and loss account for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Turnover	1	1,178	2,349
Operating costs	2	<u>(40)</u>	<u>(282)</u>
Operating profit	3	1,138	2,067
Interest receivable	4	<u>452</u>	<u>531</u>
Profit on ordinary activities before taxation		1,590	2,598
Tax on profit on ordinary activities	7	<u>(445)</u>	<u>(781)</u>
Profit for the financial year	15	1,145	1,817
Dividends	8	<u>(6,320)</u>	<u>-</u>
Retained (loss) / profit for the financial year	15	<u>(5,175)</u>	<u>1,817</u>

The profit on ordinary activities before taxation derives entirely from continuing activities.

Other than the profit for the financial year, there have been no other recognised gains or losses during either 2009 or 2008, and therefore no separate statement of total recognised gains or losses has been presented.

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.

Argensys Limited

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Balance sheet as at 31 March 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	9	-	-
Current assets			
Debtors	10	1,454	8,267
Cash at bank and in hand	11	<u>2,734</u>	<u>1,494</u>
		4,188	9,761
Creditors: amounts falling due within one year	12	<u>(543)</u>	<u>(941)</u>
Net current assets		<u>3,645</u>	<u>8,820</u>
Total assets less current liabilities		<u>3,645</u>	<u>8,820</u>
Net assets		<u>3,645</u>	<u>8,820</u>
Capital and reserves			
Called up share capital	14	2,000	2,000
Profit and loss account	15	<u>1,645</u>	<u>6,820</u>
Total shareholders' funds	16	<u>3,645</u>	<u>8,820</u>

The financial statements on pages 7 to 16 were approved by the board of directors on 11 December 2009 and were signed on its behalf by



L Atherton
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. The principal accounting policies 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 provisions for bad and 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.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less 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

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.

Accounting policies (continued)**Taxation (continued)**

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

Trade debtors

Trade debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provision for doubtful receivables.

Provisions are made specifically where there is objective evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age, previous losses experienced and general economic conditions.

Provisions are made specifically where there is objective evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age, previous losses experienced and general economic conditions.

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.

Dividend distribution

Final dividends are recognised as a liability in the period in which the dividends are declared and approved by the Company's shareholders. Interim dividends are recognised when they are approved and paid.

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.

Notes to the financial statements

1 Operating income

All turnover derives from services provided within the United Kingdom.

	2009 £'000	2008 £'000
Messaging	-	628
Receiving and Scanning Services	1,178	1,721
	<u>1,178</u>	<u>2,349</u>

2 Operating costs

	2009 £'000	2008 £'000
Depreciation of tangible fixed assets	-	37
Other operating costs	40	245
Total operating costs	<u>40</u>	<u>282</u>

3 Operating profit

Operating profit is stated after charging:

	2009 £'000	2008 £'000
Auditors' remuneration for audit services	<u>14</u>	<u>12</u>

4 Interest receivable

	2009 £'000	2008 £'000
Interest receivable from group undertakings	388	459
Other interest receivable	64	72
Total interest receivable	<u>452</u>	<u>531</u>

5 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 the year ended 31 March 2009 (2008: £nil).

Notes to the financial statements

6 Employee information

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

7 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax:		
UK Corporation tax at 28% (2008: 30%)	441	784
Total current tax	<u>441</u>	<u>784</u>
Deferred tax:		
Origination and reversal of timing differences	4	(4)
Effect of reduction in statutory tax rate on opening asset	-	1
Total deferred taxation (note 13)	<u>-</u>	<u>(3)</u>
Tax on profit on ordinary activities	<u>445</u>	<u>781</u>

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

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	1,590	2,598
Tax charge at 28% (2008: 30%) thereon	445	780
Effects of:		
Excess depreciation over capital allowances	(4)	4
Current tax charge	<u>441</u>	<u>784</u>

8 Dividends

	2009 £'000	2008 £'000
Equity – ordinary		
Interim dividend of £3.16 per share (2008: £nil per share), was paid on 25 March 2009	6,320	-
Total dividends	<u>6,320</u>	<u>-</u>

Notes to the financial statements

9 Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 April 2008	<u>206</u>
At 31 March 2009	<u><u>206</u></u>
Accumulated depreciation	
At 1 April 2008	<u>(206)</u>
At 31 March 2009	<u><u>(206)</u></u>
Net book amount at 31 March 2009	<u><u>-</u></u>
Net book amount at 31 March 2008	<u><u>-</u></u>

10 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Trade debtors	405	308
Amounts owed by group undertakings	986	7,717
Deferred taxation asset	15	19
Accrued income	48	107
Other debtors	-	116
Total debtors	<u><u>1,454</u></u>	<u><u>8,267</u></u>

Included within amounts owed by group undertakings is an unsecured (2008: unsecured) interest bearing loan at 3 months GBP LIBOR less 10 basis points (2008: 3 months GBP LIBOR less 10 basis points) to British Telecommunications plc of £969,000 (2008: £7,717,000).

11 Cash at bank and in hand

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.

Notes to the financial statements

12 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Corporation taxes	441	784
Other taxation and social security	52	42
Other creditors	50	115
Total creditors falling due within one year	543	941

13 Deferred taxation

	2009 £'000	2008 £'000
Balance at 1 April 2008	19	16
(Debited) / credited against profit for the year	(4)	3
Balance at 31 March 2009	15	19

(a) Included in other debtors as a deferred taxation asset

(b) Under Financial Reporting Standard Number 19, deferred taxation is provided for in full on certain timing differences. The Company does not discount the provision. The deferred taxation asset was mainly the result of the tax effect of timing differences as follows:

	2009 Movement £'000	2009 Total £'000
Excess capital allowances	(15)	(15)
Effect of reduction in statutory tax rate on opening asset	-	-
Other timing differences	-	-
Total asset	(15)	(15)

Notes to the financial statements

14 Called up share capital

	2009 £'000	2008 £'000
Authorised: 2,000,100 (2008: 2,000,100) ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid: 2,000,001 (2008: 2,000,001) ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

15 Reserves

	Profit And loss Account £'000
Balance at 1 April 2008	6,820
Profit for the financial year	1,145
Dividends	<u>(6,320)</u>
Balance at 31 March 2009	<u>1,645</u>

16 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	1,145	1,817
Dividends	<u>(6,320)</u>	<u>-</u>
	(5,175)	1,817
Net (deduction) / addition to the shareholders' funds	(5,175)	1,817
Opening shareholders' funds	<u>8,820</u>	<u>7,003</u>
Closing shareholders' funds	<u>3,645</u>	<u>8,820</u>

17 Contingent liabilities

Other than as disclosed in note 11, 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.

Notes to the financial statements**18 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.

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.