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UK REGISTERED NUMBER : FC023049

Registered number: 78620

## **British Telecommunications Finance Limited**

**Annual Report  
for the year ended  
31 March 2012**

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**British Telecommunications Finance Limited**

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**Director**

CB Ryan

**Secretary**

Newgate Street Secretaries Limited

**Registered Office**

26 New Street  
St Helier  
Jersey  
JE4 8PP

## **Report of the directors for the year ended 31 March 2012**

The director submits the annual report and the unaudited financial statements of British Telecommunications Finance Limited for the year ended 31 March 2012

### **Review of activities and future developments**

The Company's principal activity is to act as an investment holding company within the BT Group plc ("BT") group of companies either directly or through wholly owned companies

The directors are currently considering the future of the company. The financial statements have been prepared on a going concern basis. In the opinion of the Directors, there would be no material differences between the balance sheet as presented, and the balance sheet if the accounts were prepared on a break-up basis.

### **Results and dividends**

The profit before taxation was £nil (2011 - loss £1,000). The charge for taxation was £nil (2011 - £nil) which left a profit after taxation for the year of £nil (2011 - loss £1,000).

The directors do not recommend any dividend in respect of the year ended 31 March 2012 (2011 nil).

### **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 32-37 of BT Group plc's 2012 annual report which does not form part of this report.

### **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.

**Report of the directors for the year ended 31 March 2012**

**Director**

The sole director named on page 1 held office throughout the financial year and up to the date of signing this report

**Statement of directors' responsibilities**

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

**By order of the Board,**

CB Ryan  
11 February 2013

A handwritten signature in black ink, appearing to be 'CB Ryan', with a long horizontal line extending to the right.

**Report of the directors for the year ended 31 March 2012**

**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 laws and regulations

Companies (Jersey) Law 1991 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 Principle's (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 (Jersey) Law 1991. 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.

**Profit and loss account for the year ended 31 March 2012**

	Notes	2012 £'000	2011 £'000
Administrative expenses		-	(1)
<b>Profit (loss) on ordinary activities before taxation</b>		-	\(1)
Tax on profit on ordinary activities	3	-	(-)
<b>Profit (loss) on ordinary activities after taxation</b>		-	(1)
<b>Profit/(loss) for the financial year</b>	9	-	(1)

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

Other than the result for the financial year, there have been no other recognised gains or losses

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

**Balance sheet as at 31 March 2012**

	Notes	2012 £'000	2011 £'000
<b>Current assets</b>			
Debtors	4	1,496,707	1,496,707
<b>Total current assets</b>		<u>1,496,707</u>	<u>1,496,707</u>
<b>Creditors: amounts falling due within one year</b>	5	<u>(332,111)</u>	<u>(332,111)</u>
<b>Current assets less current liabilities</b>		<u>1,164,596</u>	<u>1,164,596</u>
<b>Creditors: amounts falling due after more than one year</b>	6	<u>(750,750)</u>	<u>(750,750)</u>
<b>Net assets</b>		<u>413,846</u>	<u>413,846</u>
<b>Capital and reserves</b>			
Called up share capital	7	6,750	6,750
Share premium account	7	292,500	292,500
Profit and loss account	8	<u>114,596</u>	<u>114,596</u>
<b>Total shareholders' funds</b>	9	<u>413,846</u>	<u>413,846</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 11<sup>th</sup> February 2013 and were signed on its behalf by Christina Ryan

Director



## **Notes to the financial statements**

### **Accounting Policies**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with 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 provisions for liabilities and charges and taxes.

### **Financial instruments**

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- those that the Company intends to sell immediately or in the short term, which are classified as held for trading,
- those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the profit and loss account in the line which most appropriately reflects the nature of the item or transaction.

The Company has not adopted FRS 26 and therefore the disclosure requirements of FRS 29 are not applicable.

### **Taxation**

The charge for taxation is based on the profit for the period 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.



**Notes to the financial statements****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

**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 Directors' emoluments**

The director is 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 director in respect of her services to the Company in the year ended 31 March 2012 (2011: £nil).

**2 Employee information**

The average monthly number of persons employed by the Company during the year was nil (2011: nil).

**3 Tax on profit on ordinary activities****Jersey taxation**

With effect from 1 January 2009, Jersey abolished the exempt company regime for existing companies. At the same time, the standard rate of income tax for companies moves from 20% to 0%. Therefore, some entities previously exempt from tax under the provision will now be taxed at 0%.

**UK taxation**

The company is centrally and effectively managed and controlled within the UK and is therefore UK tax resident.

The Company is liable to UK corporation tax at 26% (2011: 28%) on its taxable profits. The tax charge for the current year is £nil (2011: £nil).

**4 Debtors**

	2012 £'000	2011 £'000
Amounts owed by group undertakings	<u>1,496,707</u>	<u>1,496,707</u>

Amounts owed by group undertakings comprise an interest free loan to Tudor Minstrel. The loan, which is unsecured and payable on demand, was issued as part of a borrowing programme with the overall facility being £1,500 million.

**5 Creditors: amounts falling due within one year**

## Notes to the financial statements

	2012 £'000	2011 £'000
Preference dividend payable	14,724	14,724
Amounts owed to group undertakings	317,387	314,978
Corporation taxes	-	2,409
	<u>          </u>	<u>          </u>
<b>Total creditors falling due within one year</b>	<b><u>332,111</u></b>	<b><u>332,111</u></b>

Amounts owed to group undertakings comprise an unsecured interest free balance due to British Telecommunications plc

## 6 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Preference share capital	750	750
Preference share premium	<u>750,000</u>	<u>750,000</u>
<b>Total creditors falling due after more than one year</b>	<b><u>750,750</u></b>	<b><u>750,750</u></b>

### Preference share capital

	2012 £'000	2011 £'000
<b>Allotted, called up and fully paid:</b>		
750,000 preference shares of £1 each	750	750
	<u>750</u>	<u>750</u>

The preference shares are redeemable at par at the option of the issuer. Every preference share carries one voting right provided always that on a poll of votes the aggregate votes of the holders of preference shares present in person shall equal 10% of the total votes of holders of all the shares in issue in the share capital of the Company.

In the event of winding up, preference shares rank higher than ordinary shares and are entitled to receive the nominal value and premium paid up plus any unpaid dividends prior to the winding up and any surplus assets available following distribution of the nominal value and premium paid up to ordinary shareholders rateably distributed between the preference shareholders and ordinary shareholders on the basis of the aggregate amounts of nominal value and premium paid up by both classes of shareholders prior to the winding up.

## Notes to the financial statements

## 7 Called up share capital

	2012 £'000	2011 £'000
Issued, called up and fully paid: 6,750,000 ordinary shares of £1 each	<u>6,750</u>	<u>7,500</u>

## 8 Reserves

	Share premium account £'000	Profit and loss account £'000
Balance at 1 April 2011	292,500	114,596
Retained profit/(loss) for the financial year	-	-
Balance at 31 March 2012	<u>292,500</u>	<u>114,596</u>

## 9 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit / (loss) for the financial year	-	(1)
Net increase (reduction) in shareholders funds	<u>-</u>	<u>(1)</u>
Opening equity shareholders' funds	413,846	413,847
Closing equity shareholders' funds	<u>413,846</u>	<u>413,846</u>

## 10 Contingent liabilities

As at 31 March 2012 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****11 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 2012 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 2012. 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.