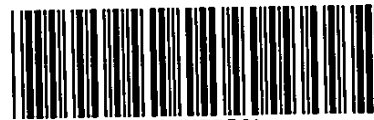


Registered number: 2024575

**Newgate Leasing Limited
Directors Report and Financial Statements
For the year ended
31 March 2013**

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COMPANIES HOUSE

Newgate Leasing Limited

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Directors and advisers

Directors

MP Genikis
ADB Machin

Company Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Independent Auditors

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

Directors' report for the year ended 31 March 2013

The directors submit their report and the audited financial statements of Newgate Leasing Limited (the "Company") for the year ended 31 March 2013. The registered number of the Company is 2024575

Principal activities and future developments

The Company's principal activity is to hold assets for leasing to group companies, however, the directors agreed to cease additions to leasing with effect from 1 December 2010.

Going forward, it is anticipated that the principal risk to which the Company is exposed is the recoverability of its debtors. This will be monitored by the Directors at monthly board meetings and it is anticipated that there is low probability that the Company will suffer material losses as a result of the risk of any default.

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 23 to 27 of the 2013 annual report of BT Group plc, which does not form part of this report.

Key performance indicators ("KPIs")

The key performance indicators against which the directors manage the Company are the value of leases outstanding for the activities conducted and the associated levels of bad debt. Performance against these KPIs is assessed at monthly board meetings.

Results and dividends

The profit on ordinary activities before taxation was £12,385,429 (2012: £16,532,035). The tax on profit on ordinary activities was £2,972,503 (2012: £4,298,329) which left a profit after taxation for the year of £9,412,926 (2012: £12,233,706).

The directors have declared an interim dividend amounting to £12,000,000 (2012: £13,000,000), which was paid on 5 March 2013. The directors do not propose to pay a final dividend (2012: £nil).

Directors' report for the year ended 31 March 2013 (continued)

Directors

A list of the current directors is set out on page 1. The directors held office throughout the year and up to the date of signing of this report

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business,

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 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.

Newgate Leasing Limited

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Directors' report for the year ended 31 March 2013 (continued)

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.

By order of the Board,



Michael Cole
Authorised Signatory
for and on behalf of Newgate Street Secretaries Limited
Company Secretary
10 December 2013

Independent auditors' report to the members of Newgate Leasing Limited

We have audited the financial statements of Newgate Leasing Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Independent auditors' report to the members of Newgate Leasing Limited
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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



Martin Cowie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
10 December 2013

Profit and loss account for the year ended 31 March 2013

	Notes	2013 £	2012 £
Turnover			
Gross earnings under finance leases	1	2,980,021	7,964,500
Administrative expenses		<u>(7,100)</u>	<u>(6,715)</u>
Operating profit	2	2,972,921	7,957,785
Interest receivable and similar income	3	<u>9,412,508</u>	<u>8,574,250</u>
Profit on ordinary activities before taxation		12,385,429	16,532,035
Tax on profit on ordinary activities	6	<u>(2,972,503)</u>	<u>(4,298,329)</u>
Profit for the financial year	11	<u><u>9,412,926</u></u>	<u><u>12,233,706</u></u>

All results derive from continuing operations.

There have been no recognised gains or losses during either 2012 or 2013 other than as disclosed in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

There were no material differences between the results as disclosed above and the results on an unmodified historical cost basis

Balance sheet as at 31 March 2013

	Notes	2013 £	2012 £
Current assets			
Debtors (including £27,733,179 (2012 - £78,078,351) due after one year)	8	542,801,630	546,714,330
		<u>542,801,630</u>	<u>546,714,330</u>
Creditors: amounts falling due within one year	9	<u>(2,979,403)</u>	<u>(4,305,029)</u>
Net assets		<u>539,822,227</u>	<u>542,409,301</u>
Capital and reserves			
Called up share capital	10	233,000,000	233,000,000
Share premium account	11	297,000,000	297,000,000
Profit and loss account	11	<u>9,822,227</u>	<u>12,409,301</u>
Total shareholders' funds	12	<u>539,822,227</u>	<u>542,409,301</u>

The financial statements on pages 7 to 14 were approved by the Board of directors on 10 December 2013 and were signed on its behalf by



Mark Genikis
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 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for 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. Income from finance leases is credited to the profit and loss account to give a constant periodic rate of return over the period of the contract.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

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

The Company is a wholly-owned subsidiary of BT Group plc. The cash flows of the Company are included in the consolidated cash flow statement of BT Group plc, whose annual report is publicly available. Consequently, the Company is exempt under the terms of FRS 1 “Cash Flow Statements” from publishing a cash flow statement.

Dividend distribution

Interim and final dividends are recognised when they are paid.

Notes to the financial statements**1 Turnover**

Gross earnings under finance leases were £2,980,021 (2012 £7,964,500).

2 Operating profit

Operating profit is stated after charging

	2013 £	2012 £
Auditors' remuneration for statutory audit of the company's financial statement	<u>6,900</u>	<u>6,700</u>

3 Interest receivable and similar income

	2013 £	2012 £
Interest receivable from group undertakings	<u>9,412,508</u>	<u>8,574,250</u>

4 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 2013 (2012: £nil)

5 Employee information

The average monthly number of persons employed by the Company during the year was nil (2012 nil)

6 Tax on profit on ordinary activities

	2013 £	2012 £
Current tax:		
UK Corporation tax at 24% (2012 26%)	<u>2,972,503</u>	<u>4,298,329</u>

The tax assessed for the year is equal (2012 equal) to the standard rate of corporation tax in the UK as shown below:

Profit on ordinary activities before taxation	<u>12,385,429</u>	<u>16,532,035</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 24% (2012 26%)	<u>2,972,503</u>	<u>4,298,329</u>
Current tax charge	<u>2,972,503</u>	<u>4,298,329</u>

Notes to the financial statements (continued)

7 Dividends

	2013 £'000	2012 £'000
Equity – ordinary		
Interim dividend of £0.0515021 per share (2012: £0.055794 per share)	12,000,000	13,000,000

8 Debtors

	2013 £	2012 £
Amount falling due within one year	515,068,451	468,635,979
Amount falling due after one year	27,733,179	78,078,351
Total Debtors	542,801,630	546,714,330
Amounts falling due within one year:		
Amounts owed by group undertakings	463,677,592	379,895,865
Net investment in finance leases	51,390,859	88,740,114
Total debtors falling due within one year	515,068,451	468,635,979
Net investment in finance leases comprises :-		
Total amounts receivable	53,153,451	93,755,778
Less - interest allocated to future periods	(1,762,592)	(5,015,664)
	51,390,859	88,740,114
Amounts falling due after more than one year:		
Net investment in finance leases	27,733,179	78,078,351
Net investment in finance leases comprises :-		
Total amounts receivable	28,295,034	80,402,799
Less - interest allocated to future periods	(561,855)	(2,324,448)
	27,733,179	78,078,351

The cost of assets acquired during the year for onward finance leasing was £nil (2012: £nil).

Included in amounts owed by group undertakings is an interest-bearing (GBP LIBOR plus 85 basis points) loan of £458,164,408 (2012: £374,724,789) to British Telecommunications plc which is repayable within 12 months.

9 Creditors: amounts falling due within one year

	2013 £	2012 £
Accruals	6,900	6,700
Corporation taxes	2,972,503	4,298,329
	2,979,403	4,305,029

Notes to the financial statements (continued)**10 Called up share capital**

	2013 £	2012 £
Allotted, called up and fully paid 233,000,000 (2012 233,000,000) ordinary shares of £1 each	<u>233,000,000</u>	<u>233,000,000</u>

11 Reserves

	Share premium Account £	Profit and loss account £
Balance at 1 April 2012	297,000,000	12,409,301
Profit for the financial year	-	9,412,926
Dividends paid	<u>-</u>	<u>(12,000,000)</u>
Balance at 31 March 2013	<u>297,000,000</u>	<u>9,822,227</u>

12 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	9,412,926	12,233,706
Dividends paid	<u>(12,000,000)</u>	<u>(13,000,000)</u>
Net (reduction) / addition to shareholders' funds	(2,587,074)	(766,294)
Opening shareholders' funds	<u>542,409,301</u>	<u>543,175,595</u>
Closing shareholders' funds	<u>539,822,227</u>	<u>542,409,301</u>

13 Contingent liabilities

At 31 March 2013 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 (continued)**14 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 2013 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 FRS 8 "Related Party Disclosures" 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 2013. 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.