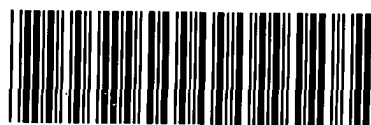


BT Facilities Services Limited

**Annual Report and Financial Statements
for the year ended
31 March 2018**

Registered number: 4054291

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BT Facilities Services Limited

Strategic report for the year ended 31 March 2018

The directors present their strategic report for BT Facilities Services Limited for the year ended 31 March 2018.

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 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 new provider. 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 new provider or transferred to another group entity for 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.

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 56-70 of the group's 2018 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

14th December 2018

BT Facilities Services Limited

Directors report for the year ended 31 March 2018

The directors present their annual report on the affairs of BT Facilities Services Limited (the “Company”), together with the audited financial statements for the year ended 31 March 2018. The registered number of the Company is 4054291.

Principal activities and future developments

The Company's principal activity is the provision of facilities management services to the UK estate of BT Group plc. Future developments are dealt with in the strategic 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.

Employees

At the year end, the company employed 2,024 employees across the UK.

On 19 November 2018 BT group announced that it would be outsourcing its facilities services function to CBRE. As a result, on 1 April 2019, all of the Company's employees will transfer to the new provider. The Company is committed to involving employees in the business through a policy of communication and consultation. Arrangements have been established for the regular provision of information to all employees through briefings, staff conferences and well- established formal consultation procedures.

The Company is committed to its equal opportunities policies, which includes promoting training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age, religion or sexual orientation. If members of staff become disabled the Company continues employment wherever possible and arranges retraining. The policy is supported by a Code of Practice on harassment which recognises that all employees have the right to be treated with dignity and respect.

Results

The profit before taxation was £8,089,000 (2017: £4,419,000). The tax on profit was £1,605,000 (2017: £964,000) which left a profit for the financial year of £6,484,000 (2017: £3,455,000).

BT Facilities Services Limited

Directors report for the year ended 31 March 2018 (continued)

Dividends

The directors have not declared an interim dividend (2017:£ nil). The directors have declared a final dividend amounting to £4,000,000 (2017: £ nil). This equates to £20,000 per share.

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 66 days (2017: 72 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

PN Edmond (Appointed 7th July 2017)

GA Paton (Appointed 3 May 2017)

C Pate (Resigned 23 November 2017)

M L Steele (Resigned 1 May 2017)

PR Turland (Resigned 16 May 2017)

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

Directors report for the year ended 31 March 2018 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

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.

BT Facilities Services Limited

Directors report for the year ended 31 March 2018 (continued)

Independent auditors

PricewaterhouseCoopers LLP will stand down as the companies auditors and on the recommendation of the Audit and Risk Committee the Board proposes that KPMG LLP be appointed as the companies new auditors in the absence of an Annual General Meeting.

The directors' report on pages 2 to 5 was approved by the Board of directors on December 2018 and were signed on its behalf by



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

14th December 2018

BT Facilities Services Limited

Independent auditors' report to the members of BT Facilities Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, BT Facilities Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2018; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

BT Facilities Services Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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. In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

BT Facilities Services Limited

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

14 December 2018

BT Facilities Services Limited

Profit and loss account for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	4.	130,718	119,835
Cost of sales		<u>(119,859)</u>	<u>(112,072)</u>
Gross Profit		10,859	7,763
Administrative expenses		<u>(3,012)</u>	<u>(3,539)</u>
Operating profit		7,847	4,224
Interest receivable and similar income	7.	<u>242</u>	<u>195</u>
Profit before taxation		8,089	4,419
Tax on profit	10.	<u>(1,605)</u>	<u>(964)</u>
Profit for the financial year		<u>6,484</u>	<u>3,455</u>

All results derive from continuing operations.

There has been no other comprehensive income or expense during either 2018 or 2017 other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

BT Facilities Services Limited

Balance sheet as at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	12.	1,059	2,867
Tangible assets	13.	<u>21</u>	<u>45</u>
		1,080	2,912
Current assets			
Stocks	14.	530	641
Debtors	15.	54,192	45,134
Cash and cash equivalents	17.	-	-
Deferred tax assets	16.	<u>227</u>	<u>195</u>
		54,949	45,970
Creditors: amounts falling due within one year	18.	<u>(38,891)</u>	<u>(34,718)</u>
Net current assets		<u>16,058</u>	<u>11,252</u>
Total assets less current liabilities		17,138	14,164
Net assets		<u>17,138</u>	<u>14,164</u>
Equity			
Called up share capital	19.	-	-
Share premium account		-	-
Other reserves		-	-
Retained earnings		<u>17,138</u>	<u>14,164</u>
Total equity		<u>17,138</u>	<u>14,164</u>

The financial statements on pages 9 to 25 were approved and authorised for issue by the Board of directors on 13 December 2018 and were signed on its behalf by **SIMON HALL**

 14/12/18
 Director **SIMON HALL**

BT Facilities Services Limited

Statement of changes in equity for the year ended 31 March 2018

	£'000 Called up share capital	£'000 Share premium	£'000 Other reserves	£'000 Retained earnings	£'000 Total Equity
Balance at 1 April 2017	-	-	-	10,354	10,354
Profit for the financial year	-	-	-	3,455	3,455
Total comprehensive income for the year	-	-	-	3,455	3,455
Capital contribution for equity-settled share based payments	-	-	-	355	355
Balance at 31 March 2017	-	-	-	14,164	14,164
Profit for the financial year	-	-	-	6,484	6,484
Total comprehensive income for the year	-	-	-	6,484	6,484
Dividends	-	-	-	(4,000)	(4,000)
Capital contribution for equity-settled share based payments	-	-	-	490	490
Balance at 31 March 2018	-	-	-	17,138	17,138

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 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 new provider. 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 new provider or transferred to another group entity for 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.

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 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 requirements of paragraphs 6 and 21 of IFRS 1 'First-time Adoption of International Financial Reporting Standards' to present an opening statement of financial position at the date of transition.
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - 10(d) (statement of cash flows);
 - 10(f) (third statement of financial position);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (third statement of financial position); and
 - 111 (cash flow statement information); and
 - 134 to 136 (capital management disclosures).
- The requirements of IAS 8 in respect of new standards and interpretations that have been issued but which are not yet effective.

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

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.

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 2018 were £ nil (2017:£ nil).

BT Facilities Services Limited

Notes to the financial statements (continued)

3. Accounting policies (continued)

Creditors

Creditors are obligations to pay for good and services that have been acquired in the ordinary course of business from suppliers.

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

	2018 £'000	2017 £'000
Inventory recognised as an expense	111	5
Staff costs	57,049	55,824
Depreciation of tangible assets	97	77
Amortisation of intangible assets	<u>2,171</u>	<u>375</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 £35,000 (2017: £24,000).

7. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from group undertakings	<u>242</u>	<u>195</u>
	<u>242</u>	<u>195</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 2018 or the year ended 31 March 2017.

9. Employee information

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

	2018 Number	2017 Number
Administrative FTE	93	93
Operational FTE	<u>1,931</u>	<u>1,942</u>
	<u>2,024</u>	<u>2,035</u>

BT Facilities Services Limited

Notes to the financial statements (continued)

9. Employee information (continued)

Employment costs of all employees included above amounted to:

	2018 £'000	2017 £'000
Wages and salaries	50,063	49,237
Social security costs	4,697	4,590
Other pension costs	1,799	1,642
Share based payments	490	355
	<u>57,049</u>	<u>55,824</u>

Included in the above were redundancy costs of £1,542,300 (2017: £1,307,580). £1,402,821 (2017: £335,803) of the current year costs were subsequently reimbursed to the Company by British Telecommunications plc.

10. Taxation

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax on profits for the year.	1,677	975
Adjustments in respect of previous years	(40)	0
Total current tax	<u>1,637</u>	<u>975</u>
Deferred tax:		
Accelerated capital allowances	(32)	(11)
Total deferred tax	<u>(32)</u>	<u>(11)</u>
Total tax	<u>1,605</u>	<u>964</u>

Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are reconciled below.

BT Facilities Services Limited

Notes to the financial statements (continued)

10. Taxation (continued)

	2018 £'000	2017 £'000
Profit before taxation	8,089	4,419
Tax calculated at UK standard rate of corporation tax of 19% (2017: 20%)	1,539	884
Effects of:		
Share based payment	93	71
Re-measurement of deferred tax balances	13	9
Adjustments in respect of previous years	(40)	0
	<u>1,605</u>	<u>964</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 2018 have been calculated at the rate at which they are expected to be recovered or settled.

11. Dividends

	2018 £'000	2017 £'000
Equity – ordinary		
Current year interim dividend of Nil per share (2017: Nil per share)	-	-
Current year final dividend of £20,000 per share (2017: £Nil per share)	4,000	-
	<u>4,000</u>	<u>-</u>

The directors have proposed a final dividend for the year ended 31 March 2018 of £20,000 per share (2017: Nil) that is a total of £4,000,000 (2017: £Nil). This dividend has been accounted for within the current year financial statements as it was approved at a board meeting on 22nd Feb 2018.

BT Facilities Services Limited

Notes to the financial statements (continued)

12. Intangible assets

	Software £'000	Total £'000
Cost		
As at 1 April 2017	3,335	3,335
Additions	363	363
As at 31 March 2018	<u>3,698</u>	<u>3,698</u>
Accumulated amortisation		
As at 1 April 2017	(468)	(468)
Charged in the year	(2,171)	(2,171)
As at 31 March 2018	<u>(2,639)</u>	<u>(2,639)</u>
Net book value as at 31 March 2018	<u>1,059</u>	<u>1,059</u>
Net book value as at 31 March 2017	<u>2,867</u>	<u>2,867</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

	Plant and Machinery £'000	Total £'000
Cost		
As at 1 April 2017	3,815	3,815
Additions	73	73
As at 31 March 2018	<u>3,888</u>	<u>3,888</u>
Accumulated depreciation		
As at 1 April 2017	(3,770)	(3,770)
Charged in the year	(97)	(97)
As at 31 March 2018	<u>(3,867)</u>	<u>(3,867)</u>
Net book value as at 31 March 2018	<u>21</u>	<u>21</u>
Net book value as at 31 March 2017	<u>45</u>	<u>45</u>

14. Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	<u>530</u>	<u>641</u>
	<u>530</u>	<u>641</u>

15. Debtors

	2018 £'000	2017 £'000
Debtors due within one year		
Trade debtors	519	73
Amounts owed by group undertakings	49,471	41,305
Other debtors	<u>4,202</u>	<u>3,756</u>
	<u>54,192</u>	<u>45,134</u>

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 £21,866,965 (2017: £17,867,565) which is repayable within 12 months, the loan attracts interest at LIBOR plus 30 (2017: 30) basis points.

16. Deferred taxation

	2018 £'000	2017 £'000
Other timing differences	227	195
	<u>227</u>	<u>195</u>
	2018 £'000	2017 £'000
Opening deferred tax asset	195	195
Deferred tax credited in the profit and loss account	32	-
Closing deferred tax asset	<u>227</u>	<u>195</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.'

18. Creditors - amounts falling due within one year

	2018 £'000	2017 £'000
Trade and other payables	16,041	14,167
Corporation taxes	4,076	2,457
Other taxation and social security	1,257	1,183
Other creditors	1,096	135
Accruals	16,421	16,776
	<u>38,891</u>	<u>34,718</u>

BT Facilities Services Limited

Notes to the financial statements (continued)

19. Share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid: 200 (2017: 200) ordinary shares of £1 each	-	-

20. Capital and financial commitments

At 31 March 2018, contracts placed for capital expenditure not provided for in the financial statements amounted to £2,112,000 (2017: £960,000).

	2018	2017
	IT Software and Hardware £'000	Vehicles and IT Software and Hardware £'000
No later than one year	1,460	640
Later than 1 year and no later than 5 years	652	320
	<u>2,112</u>	<u>960</u>

21. Contingent liabilities

As at 31 March 2018 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.

BT Facilities Services Limited

Notes to the financial statements (continued)

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 new provider. 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 new provider 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 2018 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 2018. 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.