

Registered number: 4107872

BT Centre Nominee 1 Limited

**Annual Report and Financial Statements
for the year ended
31 March 2010**

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BT Centre Nominee 1 Limited

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Directors and advisors

Directors

LAC Atherton
JC Challis
CB Ryan

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 2010

The directors submit their annual report and the audited financial statements of BT Centre Nominee 1 Limited (the "Company") for the year ended 31 March 2010. The registered number of the Company is 4107872.

The directors' report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to small companies.

Review of activities and future developments

The Company's principal activity is to act as an investment holding company within the British Telecommunication plc ("BT") group of companies. The directors do not anticipate any change in the foreseeable future.

Principal risks and uncertainties

The directors of BT Group plc (the ultimate controlling entity of the Company) manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of BT Group plc, which include those of the company, are discussed in the group's 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.

Results and dividends

The profit before taxation was £35,984,000 (2009: £7,000 loss). The credit for taxation was £1,000 (2009: £2,000) which left a profit after taxation for the year of £35,985,000 (2009: £5,000 loss).

The directors have declared an interim dividend amounting to £35,886,000 (2009: £nil) which was paid on 29 March 2010. The directors do not propose to pay a final dividend (2009: £nil).

Directors

A list of the current directors is set out on page 1. LAC Atherton, JC Challis and CB Ryan were appointed to the board on 1 July 2010. G Beedham was appointed to the board on 11 February 2010 and served as director until he resigned on 1 July 2010. IC Jones served as director throughout the year until he resigned on 6 January 2010. N Brenchley and J Sasse also served as directors throughout the year until they resigned on 1 July 2010.

Directors' report for the year ended 31st March 2010 (continued)

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 'L Atherton', written in a cursive style.

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

18th October 2010

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 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 those 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, 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 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.

Independent auditors' report to the members of BT Centre Nominee 1 Limited

We have audited the financial statements of BT Centre Nominee 1 Limited for the year ended 31 March 2010, 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 4, 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 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.

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 2010 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 BT Centre Nominee 1 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

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

17 October 2010

Profit and loss account for the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses		<u>(5)</u>	<u>(6)</u>
Operating loss	1	(5)	(6)
Income from fixed asset investments	2	35,986	-
Profit/(loss) on ordinary activities before interest and taxation		<u>35,981</u>	<u>(6)</u>
Net interest receivable / (payable)	3	<u>3</u>	<u>(1)</u>
Profit/(loss) on ordinary activities before taxation		35,984	(7)
Tax on profit / (loss) on ordinary activities	6	<u>1</u>	<u>2</u>
Profit/(loss) for the financial year	12	<u>35,985</u>	<u>(5)</u>

The profit / (loss) on ordinary activities before taxation derives entirely from continuing activities

Other than the profit / (loss) for the financial year, there have been no other recognised gains or losses during either 2010 or 2009

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

Balance sheet as at 31 March 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	8	<u>10,000</u>	<u>10,000</u>
Current assets			
Debtors	9	130,465	128,441
Creditors: amounts falling due within one year	10	<u>(130,389)</u>	<u>(128,464)</u>
Net current assets / (liabilities)		76	(23)
Net assets		<u>10,076</u>	<u>9,977</u>
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account	12	76	(23)
Total shareholders' funds	13	<u>10,076</u>	<u>9,977</u>

These financial statements on pages 7 to 15 were approved by the board of directors on 18th October 2010 and were signed on its behalf by



CB Ryan
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 financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver group accounts.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for investment impairment, provisions for liabilities and charges, and taxes.

Income from fixed assets investment

Income from fixed asset investments represents dividend income from group companies.

Investments

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

Accounting policies (continued)**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

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

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

BT Centre Nominee 1 Limited
Notes to the financial statements

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1 Operating loss

Operating loss is stated after charging:

	2010 £'000	2009 £'000
Auditors' remuneration for audit services	<u>5</u>	<u>5</u>

2 Income from fixed asset investments

	2010 £'000	2009 £'000
Income from shares in group undertakings	<u>35,986</u>	<u>-</u>
	<u>35,986</u>	<u>-</u>

3 Net interest receivable/ (payable)

	2010 £'000	2009 £'000
Interest payable on loans from group undertakings	(1,945)	(6,616)
Interest receivable on loans to group undertakings	<u>1,948</u>	<u>6,615</u>
Net interest receivable /(payable)	<u>3</u>	<u>(1)</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 2010 (2009: £nil).

5 Employee information

The average monthly number of persons employed by the Company during the year was nil (2009: nil).

6 Tax on profit / (loss) on ordinary activities

	2010 £'000	2009 £'000
Current tax:		
UK corporation tax at 28% (2009 – 28%)	<u>1</u>	<u>2</u>
Tax on profit / (loss) on ordinary activities	<u>1</u>	<u>2</u>

BT Centre Nominee 1 Limited
Notes to the financial statements (continued)

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6 Tax on profit / (loss) on ordinary activities (continued)

The tax assessed for the year is lower than (2009 equal to) the standard rate of corporation tax in the UK. The details are explained below

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	35,984	(7)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax at 28% (2009 28%)	10,075	2
Non – taxable dividends	(10,076)	-
Current tax charge	1	2

7 Dividends

	2010 £'000	2009 £'000
Equity – ordinary		
Interim dividend of £3 5886 per share (2009 £nil per share)	35,886	-
Total dividends	35,886	-

8 Fixed asset investments

	Subsidiary Undertakings Shares £'000
Cost and net book value	
At 1 April 2009 and 31 March 2010	10 000

Brief details of principal operating subsidiary is as follows

Name	Activity	Percentage of allotted capital owned	Country of incorporati on (and operations) England and Wales
BT Centre Nominee 2 Limited	Investment Holding Company	100%	

In the opinion of the directors, the carrying value of the investment is supported by its underlying net assets

BT Centre Nominee 1 Limited
Notes to the financial statements (continued)

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9 Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year.		
Amounts owed by group undertakings	130,464	128,439
Corporation tax receivable	<u>1</u>	<u>2</u>
Total debtors falling due within one year	<u>130,465</u>	<u>128,441</u>

Amounts owed by group undertakings includes an interest-bearing loan facility of £128,044,000 (2009 £128,044,000) to BT Centre Nominee 2 Limited. The loan is repayable within 12 months. The loan attracted interest of 3 month GBP LIBOR plus 50 basis points up to 15 August 2009. From 16 August 2009 the interest rate became 12 month GBP LIBOR plus 50 basis points.

Amounts owed by group undertakings includes an interest bearing loan facility of £75,000 (2009 £ nil) to British Telecommunications plc. The loan is repayable within 12 months and attracts interest at 6 month GBP LIBOR plus 50 basis points.

10 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	130,384	128,459
Accruals	<u>5</u>	<u>5</u>
Total creditors falling due within one year	<u>130,389</u>	<u>128,464</u>

Amount owed to group undertakings includes an interest-bearing loan facility of £128,044,000 (2009 £128,044,000) from BT Eighty-Six Limited. The loan is repayable within 12 months. The loan attracted interest of 3 month GBP LIBOR plus 50 basis points up to 15 August 2009. From 16 August 2009 the interest rate became 12 month GBP LIBOR plus 50 basis points.

Amounts owed to group undertakings includes an interest bearing loan facility of £nil (2009 £21,000) from British Telecommunications plc. The loan is repayable within 12 months and attracts interest at 12 month GBP LIBOR plus 50 basis points.

11 Called up share capital

	2010 £'000	2009 £'000
Authorised:		
10,001,000 (2009 – 10,001,000) ordinary shares of £1 each	<u>10,001</u>	<u>10,001</u>
Allotted, called up and fully paid:		
10,000,001 (2009 – 10,000,001) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Notes to the financial statements (continued)

12 Reserves

	Profit and Loss account £'000
Balance at 1 April 2009	(23)
Profit for the financial year	35,985
Dividends	<u>(35,886)</u>
Balance at 31 March 2010	<u>76</u>

13 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Retained profit for the financial year	35,985	(5)
Dividends	<u>(35,886)</u>	<u>-</u>
Net addition /(reduction) in shareholders' funds	99	(5)
Opening shareholders' funds	<u>9,977</u>	<u>9,982</u>
Closing shareholders' funds	<u>10,076</u>	<u>9,977</u>

14 Contingent liabilities

As at 31 March 2010 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)**15 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 2010 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 2010. Copies of the financial statements of BT Group plc may be obtained from The Assistant Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is British Telecommunications plc, a company incorporated in England & Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.