

Registered number: 4129665

BT Switzerland Limited

Annual Report for the year ended 31 March 2007

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BT Switzerland Limited

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Directors

Mrs H Ashton
Mrs C Ryan

Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Report of Directors for the year ended on 31 March 2007

The directors submit their annual report and the audited financial statements for the year ended 31 March 2007

Profits and dividends

The loss before taxation was £5,813,000 (2006 loss £1,749,000) The tax credit for the year was £1,573,000 (2006 £506,000) which left loss after taxation for the year of £4,240,000 (2006 loss £1,243,000)

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2007 (2006 £nil)

Review of activities and future developments

The Company's principal activity is the provision of services to British Telecommunications plc and its subsidiary companies ("the BT group") and the sale of the BT group's products and services in overseas markets The Company operates in the United Kingdom and through its branch in Switzerland

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 page 27 of the group's annual report which does not form part of this report

Key performance indicators

The directors of BT Group plc manage the group's operations on a divisional basis For this reason, the Company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company

Directors

A list of the current directors is set out on page 1 Both the directors held office throughout the period under review

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

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, will continue in office, an elective resolution to this effect having been passed by the Company on 24 January 2001

By order of the Board,



Authorised Signatory

For and on behalf of Newgate Street Secretaries Limited
Company Secretary

7th January 2008

Statement of directors' responsibilities for preparing the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The auditors' responsibilities are stated in their report on pages 5 and 6.

Independent auditors' report to the members of BT Switzerland Limited

We have audited the financial statements of BT Switzerland Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements.

In addition we report to you, in our opinion, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London 11 January 2008

Profit and loss account for the year ended 31 March 2007

	Notes	2007 £'000	As restated 2006 £'000
Turnover	1	24 828	25 677
Operating expenses	2	<u>(28,983)</u>	<u>(25,967)</u>
Operating loss	3	(4 155)	(290)
Net finance charge	16	(20)	(25)
Interest payable	4	<u>(1,638)</u>	<u>(1,434)</u>
Loss on ordinary activities before taxation		(5,813)	(1,749)
Tax credit on loss on ordinary activities	7	<u>1,573</u>	<u>506</u>
Retained loss for the year	14	<u><u>(4,240)</u></u>	<u><u>(1,243)</u></u>

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

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

**Statement of Total Recognised Gains and Losses
for the year ended 31 March 2007**

	Notes	2007 £'000	As restated 2006 £'000
Loss for the financial year		(4,240)	(1,243)
Actuarial loss relating to retirement benefit obligations	16	(166)	(66)
Deferred tax relating to actuarial loss	16	50	20
Currency movement on foreign branch activities		847	(49)
Currency translation differences on foreign currency loans hedging foreign branch activities		<u>(847)</u>	<u>49</u>
Total recognised gains and losses relating to the year		(4 356)	(1,289)
Prior period adjustment – FRS 17		-	(497)
Total gains and losses recognised since last annual report		<u><u>(4,356)</u></u>	<u><u>(1 786)</u></u>

Balance sheet as at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	8	<u>7,617</u>	<u>7,793</u>
Current assets			
Debtors	9	<u>11,096</u>	<u>14,637</u>
Cash at bank and in hand	10	<u>18,104</u>	<u>2,368</u>
Total current assets		<u>29,200</u>	<u>17,005</u>
Creditors: amounts falling due within one year	11	<u>(53,714)</u>	<u>(37,276)</u>
Net current liabilities		<u>(24,514)</u>	<u>(20,271)</u>
Total assets less current liabilities		<u>(16,897)</u>	<u>(12,478)</u>
Provision for liabilities and charges			
Deferred taxation	12	<u>(532)</u>	<u>(478)</u>
Total provision for liabilities and charges		<u>(532)</u>	<u>(478)</u>
Net assets excluding pension liability		<u>(17,429)</u>	<u>(12,956)</u>
Pension liability	16	<u>(125)</u>	<u>(233)</u>
Net liabilities including pension liability		<u>(17,554)</u>	<u>(13,189)</u>
Capital and reserves			
Called up share capital	13	<u>25</u>	<u>25</u>
Profit and loss account	14	<u>(17,579)</u>	<u>(13,214)</u>
Total equity shareholders' deficit	15	<u>(17,554)</u>	<u>(13,189)</u>

The financial statements on pages 7 to 21 were approved by the board of directors on 7th January 2008 and were signed on its behalf by Helen Ashton

Director



Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

The financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s228 of the Companies Act 1995 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, employee pension schemes, and taxes.

I Changes in accounting policies

The company has adopted FRS20 'Share based payments' with effect from 1 April 2006. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change on the Company's results is £7,000 (2006: £2,000).

FRS 20

Under FRS 20, equity settled share based payments are measured at fair value at the date of grant. The fair value is recognised as a charge in the profit and loss account and spread over the vesting period of the award, with the credit recognised in equity. The adoption of FRS 20 has resulted in a decrease of £2,000 in the company's previously reported net assets at 31 March 2006. It has also resulted in a reduction of £2,000 to the company's previously reported profit after tax for the year ended 31 March 2006. Had the company not adopted FRS 20, the profit after tax for the year ended 31 March 2007 would have been approximately £7,000 higher.

II Turnover

Turnover, which excludes value-added tax and other sales taxes, comprises the value of services provided and equipment sales.

III Foreign currencies

On consolidation of overseas branches, assets and liabilities of foreign undertakings are translated into sterling at year end exchange rates. The results of foreign undertakings are translated into sterling at average rates of exchange for the year.

Accounting policies

Exchange differences arising from the re-translation at year end exchange rates of the net investment in foreign branches, less exchange differences on borrowings which finance or provide a hedge those undertakings, are taken to reserves and are reported in the statement of total recognised gains and losses. All other exchange gains or losses are dealt with through the profit and loss account.

IV Share based payments

The ultimate parent undertaking, BT group plc, has a number of employee share schemes and share option plans, as detailed in note 31 in the BT plc consolidated financial statements, under which it makes equity settled share based payments to certain employees of the company. The employees of the company participate in BT International Sharesave plan. Equity settled share based payments are measured at fair value at the date of grant after taking into account the company's best estimate of the number of awards expected to vest. For share based payments to employees of the company, the fair value determined at the date of grant is expensed on a straight line basis together with a corresponding increase in equity over the vesting period. Fair value is measured using either the Binomial or Monte Carlo model, whichever is the most appropriate.

The company has taken advantage of the transitional provisions of FRS 20 'Share based payment' in respect of equity settled awards and has applied FRS 20 only to those awards granted after 7 November 2002 that were unvested at 1 April 2006.

V Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation.

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. No depreciation is provided on freehold land.

The lives assigned to significant tangible assets are

	Years
Fittings and equipment	3

VI Pension schemes

The Company operates a pension scheme for its employees which, whilst providing for defined levels of employee and employer contributions also includes a guarantee of a minimum return on investments. From 1 April 2005 the scheme is being accounted for as a defined benefit scheme under FRS17.

Accounting policies

The Company's net obligation in respect of the scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services to date. That benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount rate used is equivalent to the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected credit method. The net obligation recognised in the balance sheet is the present value of the defined benefit obligation less the fair value of the scheme assets.

The profit and loss account charge is split between an operating charge and a net finance charge. The operating charge reflects the service costs which are spread systematically over the working lives of the employees. The net finance charge relates to the unwinding of the discount applied to the liabilities of the scheme offset by the expected return on the assets of the scheme, based on conditions prevailing at the start of the year.

Actuarial gains and losses are recognised in full in the period in which they occur and are presented in the statement of total recognised gains and losses. The actuarial valuations are undertaken at intervals of not more than three years.

VII Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Full provision is made for deferred taxation in respect of all timing differences that have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The Company has not pursued the policy of discounting deferred tax balances.

VIII 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.

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 Turnover

Turnover relates to trading activities in Europe

2 Operating expenses

	2007	As restated
	£'000	2006
		£'000
Staff costs (see note 6)	8,562	6,437
Depreciation of tangible fixed assets	2,035	1,944
Other operating charges	18,386	17,586
	<u>28,983</u>	<u>25,967</u>

3 Operating Loss

Operating loss is stated after charging

	2007	2006
	£'000	£'000
Depreciation of tangible fixed assets	2,035	1,944
Auditor's remuneration for audit services	13	11
Foreign exchange loss	<u>701</u>	<u>207</u>

4 Interest payable

	2007	2006
	£'000	£'000
Interest payable on loans from group undertakings	1,638	1,434

5 Directors**Directors' emoluments and pensions**

The directors are employed and remunerated as executives of British Telecommunications plc and other group companies in respect of their services to the 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 2007 (2006: £nil).

Notes to the financial statements

6 Employee information

The average monthly number of persons employed by the Company, including executive directors, during the year was as follows

	2007 Number	2006 Number
Operations	32	26
Selling, marketing and administration	58	48
	<u>90</u>	<u>74</u>

Employment costs of all employees included above

	2007 £'000	As restated 2006 £'000
Wages and salaries	7,365	5,497
Share based payment	7	2
Social security costs	655	489
Pension costs (Note 16)	535	449
	<u>8,562</u>	<u>6,437</u>

7 Tax credit on loss on ordinary activities

	2007 £'000	As restated 2006 £'000
Current tax:		
United Kingdom		
Corporation tax at 30%	-	-
Payment receivable for surrendered losses	(1,723)	(713)
Total current tax credit	<u>(1,723)</u>	<u>(713)</u>
Deferred tax		
Origination and reversal of timing differences	66	136
Adjustments in respect of prior periods	84	71
Total deferred tax	<u>150</u>	<u>207</u>
Total tax credit on loss on ordinary activities	<u>(1,573)</u>	<u>(506)</u>

Notes to the financial statements

7 Tax credit on loss on ordinary activities (continued)

Factors affecting the current tax for the year

		As restated
	2007 £'000	2006 £'000
Loss on ordinary activities before taxation	(5 813)	(1,749)
Tax credit at 30% thereon	(1 744)	(525)
Accelerated capital allowances	31	(22)
Pension provisions and prepayments	(96)	(141)
Other timing differences	-	(37)
Non-deductible expenses	79	10
Permanent differences due to share based payment	7	2
Current tax credit for the year	(1 723)	(713)

A number of changes to the UK corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted in the Finance Act 2007 would be to reduce the value of the deferred tax liability or asset recognised at 31 March 2007 to the extent that it is not expected to crystallise until after 31 March 2008. This decrease in deferred tax is due to the reduction in the corporation tax rate from 30 per cent to 28 per cent with effect from 1 April 2008. The company does not expect this change to have a material impact on the financial statements for the next period of account.

The other changes to be enacted have no impact on the deferred tax provided at 31 March 2007.

Notes to the financial statements

8 Tangible fixed assets

	Fixtures and equipment
	£'000
Cost	
At 1 April 2006	13,894
Additions	2,226
Disposals	(1,547)
Exchange rate movements	(741)
At 31 March 2007	<u>13,832</u>
Accumulated depreciation	
At 1 April 2006	(6,101)
Charge for financial year	(2,035)
Disposals / Write offs	1,547
Exchange rate movements	374
At 31 March 2007	<u>(6,215)</u>
Net book value at 31 March 2007	<u>7,617</u>
Net book value at 31 March 2006	<u>7,793</u>

9 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Trade debtors	2,895	1,278
Amounts owed by group undertakings	5,994	11,503
Other debtors	-	527
Accrued income	-	394
Prepayments	484	222
Corporation tax recoverable	1,723	713
Total debtors falling due within one year:	<u>11,096</u>	<u>14,637</u>

10 Cash at bank and in hand

The Company, certain fellow subsidiaries and parent companies participate in a cash pooling arrangement and have jointly and severally guaranteed amounts owing to the Company's bankers by any participating company. The liability of the Company is limited to the amounts standing to the credit of the Company's accounts with the bank.

Notes to the financial statements

11 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Trade creditors	20,772	4,657
Amounts owed to group undertakings	32,624	31 165
Accrued revenue	78	-
Other taxation and social security	208	78
Other creditors	32	1,376
Total creditors falling due within one year	<u>53,714</u>	<u>37,276</u>

12 Deferred taxation

	As restated
	£'000
Balance at 1 April 2006	(478)
Current year charge to the profit and loss account	(150)
Movement in pension related deferred tax asset taken to pension liability (note 16)	96
Balance at 31 March 2007	<u>(532)</u>
Tax effect of timing differences due to:	
Accelerated capital allowances	(546)
Other timing differences	14
	<u>(532)</u>

Deferred tax on the movement on the pension scheme of £96,000 asset (2006 £78,000 asset) will be offset directly against the pension deficit and so will not be recognised against the balance sheet deferred tax asset. The remaining deferred tax liability of £532,000 (2006 £478,000) is shown separately on the balance sheet.

13 Called up share capital

	2007	2006
	£'000	£'000
Authorised:		
100 000 000 (2006 100 000 000) ordinary shares of £1 each	<u>100 000</u>	<u>100 000</u>
Allotted, called up and fully paid:		
25 001 (2006 25 001) ordinary shares of £1 each	<u>25</u>	<u>25</u>

Notes to the financial statements

14 Reserves

	Profit and loss account £'000
Balance at 1 April 2006	(13,214)
Prior period adjustment – FRS 20 charge to P&L	<u>(2)</u>
Restated balance at 1 April 2006	(13,216)
Retained loss for the financial year	(4,240)
Share based payments	(7)
Actuarial gain / loss on pension scheme	<u>(116)</u>
Balance at 31 March 2007	<u><u>(17,579)</u></u>

15 Reconciliation of movement in shareholders' deficit

	2007 £'000	2006 £'000
Loss for the year	(4,240)	(1,243)
Share based payment*	(7)	(2)
Actuarial loss net of deferred tax	<u>(116)</u>	<u>(46)</u>
Net reduction to shareholders' deficit	<u>(4,363)</u>	<u>(1,291)</u>
Opening shareholders' deficit	<u>(13,191)</u>	<u>(11,900)</u>
Closing shareholders' deficit	<u><u>(17,554)</u></u>	<u><u>(13,191)</u></u>

* Changes due to FRS 20 adoption see page 9

Notes to the financial statements

16 Retirement benefit obligations

Background

Upon the adoption of FRS 17 management has reviewed the nature of the pension scheme and as there is a guarantee of a minimum return on investment concluded that the scheme has some characteristics of a defined benefit scheme. Therefore, from 1 April 2006 the scheme is reported as a defined benefit scheme under FRS 17. The Company has applied the accounting requirements of FRS 17 as follows.

- scheme assets are valued at market value at the balance sheet date
- scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on high quality corporate bonds of equivalent term to the liability
- movement in the scheme deficit is split between operating costs and finance costs in the profit and loss account and, in the statement of total recognised gains and losses, actuarial gains and losses

The Company participates in a defined benefit pension scheme operated by BT Switzerland Limited for its employees

Composition of the plan

The Company operates a defined benefit plan in Switzerland. A full actuarial valuation was carried out at 30 December 2007 by a qualified independent actuary. The service cost has been calculated using the projected unit method. The major assumptions used by the actuary were (in nominal terms)

	At year-end 31/03/07	At year-end 31/03/06	At year-end 31/03/05
Rate of increase in salaries	1.5%	1.5%	1.5%
Rate of increase of pensions in payment	0.0%	0.0%	0.0%
Discount rate	3.25%	3.25%	3.25%
Inflation assumption	1.0%	1.0%	1.0%

Notes to the financial statements

16 Retirement benefit obligations (continued)

The assets in the scheme and the expected rate of return (*) were 2.5%

	At year-end 31/03/07 £'000	At year-end 31/03/06 £'000	At year-end 31/03/05 £'000
Other	5,562	4,081	3,070
Total market value of assets	5,562	4,081	3,070
Present value of scheme liabilities	(5,740)	(4,414)	(3,595)
Deficit in scheme	(178)	(333)	(525)
Related deferred tax asset ^b	53	100	157
Net pension (liability)	(125)	(233)	(368)

* The rates quoted above are the expected net rates of return after allowance for expenses

^b As per FRS 17 (72) the current tax should follow the relevant item. Therefore tax relating to the service costs, interest cost and expected returns on pension scheme has been recognised in the P&L. The tax relating to the actuarial loss should therefore be recognised in the STRGL.

Analysis of the amount charged to operating profit

	Year to 31/03/07 £'000	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Service cost (excl. employee's contribution)	535	449	366
Total operating charge	535	449	366

Analysis of the amount credited to net finance income

	Year to 31/03/07 £'000	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Expected return on pension scheme assets	123	90	63
Interest on pension liabilities	(143)	(115)	(88)
Net return	(20)	(25)	(25)

Notes to the financial statements

16 Retirement benefit obligations (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	Year to 31/03/07 £'000	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Actual return less expected return on assets	(144)	6	(113)
Experience gains and losses on liabilities	(22)	(72)	7
Actuarial loss recognised in STRGL	<u>(166)</u>	<u>(66)</u>	<u>(106)</u>

	Year to 31/03/07 £'000	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Deficit in scheme at beginning of year	(333)	(525)	(520)
Movement in year			
(Current service cost)	(535)	(449)	(366)
Contributions	876	732	492
Net interest cost	(20)	(25)	(25)
Actuarial loss	<u>(166)</u>	<u>(66)</u>	<u>(106)</u>
Deficit in scheme at end of year	<u>(178)</u>	<u>(333)</u>	<u>(525)</u>

History of experience gains and losses

	2007	2006	2005
Difference between expected and actual return on scheme assets:			
amount £ 000	(144)	6	(113)
percentage of scheme assets	-2.5%	0.0%	-3.7%

Experience gains and losses on scheme liabilities

amount £ 000	(22)	(72)	7
percentage of scheme liabilities	-0.4%	1.6%	0.0%

Total amount recognised in statement of total recognised gains and losses

Amount £ 000	(166)	(66)	(106)
percentage of scheme liabilities	<u>-5.8%</u>	<u>-3.2%</u>	<u>2.1%</u>

17 Post balance sheet events

On 8 November 2007 the company entered into an agreement to acquire the majority of the business and assets of Infonet Switzerland Limited, a company owned 90% by Swisscom AG and 10% Infonet Services Corporation (a fellow subsidiary of BT Group plc) for consideration of CHF 6.6million

Notes to the financial statements**18 Contingent liabilities**

Other than as disclosed in note 10, at 31 March 2007, 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

19 Controlling entities

The Company is a wholly owned subsidiary of BT Holdings Limited, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2007 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 Great Britain. 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 2007. 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 Great Britain. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.