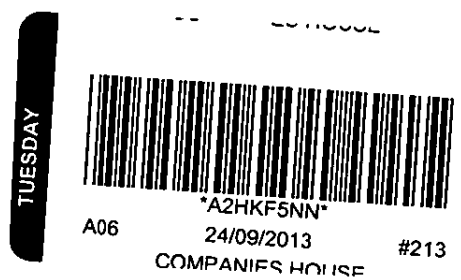


Registered number: 4129665

BT Switzerland Limited

**Directors Report and Financial Statements
for the year ended
31 March 2013**



Directors and advisers

Directors

Philip Allenby
Christina Ryan

Company Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Directors' report for the year ended 31 March 2013

The directors submit their report and the audited financial statements of BT Switzerland Limited (the "Company") for the year ended 31 March 2013. The registered number of the Company is 4129665.

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

Principal activities and future developments

The Company's principal activity is to act as a holding company within the British Telecommunications plc group of companies. The directors do not anticipate any change in the foreseeable future.

Review of business

The company has not carried on a substantial trade since 2010 when the company disposed of its trade and assets. During the year, the company purchased the entire share capital of BT Radianz Switzerland SA from a fellow group company. Losses incurred relate mainly to interest expense arising on intercompany loans, partially offset by a tax credit.

The balance sheet of the company has not changed substantially in composition when compared with the year ended 31 March 2012. The net asset deficiency has worsened in the current year as a result of the losses incurred.

Other than intragroup receivables and payables, the company does not hold any financial instruments. The company has not entered into any hedging arrangements or derivative financial instruments.

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 23-27 of 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

Directors' report for the year ended 31 March 2013

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 loss on ordinary activities before taxation was £1,379,000 (2012 £1,546,000). The tax on loss on ordinary activities was £331,000 (2012 £1,059,000) which left a loss after taxation for the year of £1,048,000 (2012 £487,000)

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2013 (2012 £nil)

Going concern

The directors have satisfied themselves that the Company will continue to have financial support provided by British Telecommunications plc in order to meet its funding requirements for at least the next year, and therefore believe that preparing the accounts on the going concern basis is appropriate

Directors

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

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and 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 these financial statements, the directors are required to

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

Directors' report for the year ended 31 March 2013

Statement of Directors' Responsibilities (continued)

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.

Disclosure of information to auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

By order of the Board,



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

10 September 2013

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 2013, which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss 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 Companies Act 2006

Independent auditors' report to the members of BT Switzerland Limited

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Paul Barkus (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 September 2013

Profit and loss account for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Administrative expenses		<u>(5)</u>	<u>(4)</u>
Operating loss	1	<u>(5)</u>	<u>(4)</u>
Interest payable and similar charges	2	(1,384)	(1,553)
Interest receivable and similar income	2	<u>10</u>	<u>11</u>
Net interest payable		<u>(1,374)</u>	<u>(1,542)</u>
Loss on ordinary activities before taxation		(1,379)	(1,546)
Tax on loss on ordinary activities	5	<u>331</u>	<u>1,059</u>
Loss for the financial year	10	<u>(1,048)</u>	<u>(487)</u>

All results derive from continuing operations

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

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

Balance sheet as at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	6	<u>28,070</u>	<u>25,378</u>
Current assets			
Debtors	7	1,683	686
Creditors: amounts falling due within one year	8	<u>(51,476)</u>	<u>(46,739)</u>
Net current liabilities		<u>(49,793)</u>	<u>(46,053)</u>
Total assets less current liabilities		<u>(21,723)</u>	<u>(20,675)</u>
Net liabilities		<u>(21,723)</u>	<u>(20,675)</u>
Capital and reserves			
Called up share capital	9	25	25
Revaluation reserve	10	5,545	5,545
Profit and loss account	10	<u>(27,293)</u>	<u>(26,245)</u>
Total shareholders' deficit	11	<u>(21,723)</u>	<u>(20,675)</u>

The financial statements on pages 7 to 15 were approved by the Board of directors on 10 September 2013 and were signed on its behalf by



Christina 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 as the financial statements of BT Switzerland Limited are consolidated in the financial statements of BT Group plc, the ultimate parent entity.

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 year. Actual results could differ from those estimates. Estimates are used principally when accounting for investment impairment and taxes.

Going concern

The directors have satisfied themselves that the Company will continue to have financial support provided by British Telecommunications plc in order to meet its funding requirements for at least the next year, and therefore believe that preparing the accounts on the going concern basis is appropriate.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are dealt with through the profit and loss account.

Exchange gains and losses on foreign currency borrowings used to finance or provide a hedge against investments in foreign undertakings are taken to reserves and reported in the statement of total recognised gains and losses (where applicable).

Accounting policies (continued)**Investments**

Investments are carried at cost less provision for impairment. Investments are tested for impairment 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.

Taxation

The charge for taxation is based on the loss 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 FRS 1 "Cash Flow Statements" from publishing a cash flow statement.

Notes to the financial statements

1 Operating loss

Operating loss is stated after charging

	2013 £'000	2012 £'000
Auditors' remuneration - statutory audit of the Company's annual financial statements	<u>5</u>	<u>4</u>

2 Net interest payable

	2013 £'000	2012 £'000
Interest payable on loans from group undertakings	<u>(1,384)</u>	<u>(1,553)</u>
Interest receivable on loans from group undertakings	<u>10</u>	<u>11</u>

3 Directors' emoluments

The directors are employed and remunerated by British Telecommunications plc or other group companies in respect of their services to the BT group as a whole. No emoluments were paid to the directors in respect of their services to the Company in the year ended 31 March 2013 (2012: £nil).

4 Employee information

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

5 Tax on loss on ordinary activities

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax at 24% (2012: 26%)	-	-
Amounts payable by British Telecommunications plc for losses surrendered	(331)	(402)
Adjustments in respect of previous years	<u>-</u>	<u>(657)</u>
Total current tax	(331)	(1,059)
Tax on loss on ordinary activities	<u>(331)</u>	<u>(1,059)</u>

Notes to the financial statements

5 Tax on loss on ordinary activities (continued)

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

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	<u>(1 379)</u>	<u>(1,546)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax at 24% (2012 26%)	(331)	(402)
Adjustments in respect of prior years	-	(657)
	<u> </u>	<u> </u>
Current tax credit	<u>(331)</u>	<u>(1 059)</u>

Factors that may affect future tax charges:

The Company surrendered all corporation tax losses to its intermediate holding company British Telecommunications plc

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012. Further reductions to this rate are proposed to reduce it to 23% by 1 April 2014.

6 Fixed asset investments

	Subsidiary undertakings Shares £'000
Cost	
At 1 April 2012	25,378
Additions	2,692
	<u>28,070</u>
31 March 2013	
Net book value	
31 March 2013	<u>28,070</u>
At 1 April 2012	<u>25,378</u>

Notes to the financial statements

6 Fixed asset investments (continued)

Details of principal operating subsidiaries were as follows

Name	Activity	Percentage of allotted capital owned	Country of incorporation
BT Switzerland AG	Trading Company	100%	Switzerland
Radianz Switzerland SA	Trading Company	100%	Switzerland

The company sold the trade and assets of its Swiss branch to BT Switzerland AG with effect from 1 April 2009 in return for consideration in the form of shares in the acquiring company. This transaction resulted in BT Switzerland AG becoming a wholly owned subsidiary of BT Switzerland Limited.

The difference between the cost of the investment and its fair value at the date of acquisition of BT Switzerland AG has been taken to the revaluation reserve.

On 20 February 2013 the company acquired the entire share capital of Radianz Switzerland SA from Radianz Ltd (a fellow group company) for cash consideration of £2,692,000.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

7 Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,352	284
Amounts owed by BT plc re group tax relief	<u>331</u>	<u>402</u>
Total debtors falling due within one year	<u>1,683</u>	<u>686</u>

Included in amounts owed by group undertakings is a loan to British Telecommunications plc which is repayable within 12 months. The loan is interest bearing (Closing Three Month Sterling LIBOR rate plus a borrowing margin of 260 basis points), unsecured and receivable within 12 months.

8 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	51,472	46,735
Accruals	<u>4</u>	<u>4</u>
	<u>51,476</u>	<u>46,739</u>

Notes to the financial statements

8 Creditors: amounts falling due within one year (continued)

Included in amounts owed to group undertakings is a loan from British Telecommunications plc which is repayable within 12 months. The loan is interest bearing (Closing Three Month Sterling LIBOR rate plus a borrowing margin of 260 basis points), unsecured and repayable within 12 months.

9 Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid 25,001 (2012: 25,001) ordinary shares of £1 each	<u>25</u>	<u>25</u>

10 Reserves

	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2012	5,545	(26,245)	(20,700)
Loss for the financial year	<u>-</u>	<u>(1,048)</u>	<u>(1,048)</u>
Balance at 31 March 2013	<u>5,545</u>	<u>(27,293)</u>	<u>(21,748)</u>

The revaluation reserve arose in the year ended 31 March 2010, when the investment in BT Switzerland AG was revalued to its fair value. The difference between this and the cost of the investment was taken to revaluation reserve.

11 Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Loss for the financial year	<u>(1,048)</u>	<u>(487)</u>
Net addition to shareholders' deficit	(1,048)	(487)
Opening shareholders' deficit	<u>(20,675)</u>	<u>(20,188)</u>
Closing shareholders' deficit	<u>(21,723)</u>	<u>(20,675)</u>

Notes to the financial statements**12 Contingent liabilities**

At 31 March 2013 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and on these no material losses are anticipated

13 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 2013 was BT Group plc.

The parent undertaking of the largest group of companies into which the results of the Company are consolidated is BT Group plc, a company incorporated in England & Wales. Consequently the Company is exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing details of transactions and balances with BT Group plc, fellow group subsidiaries and associated undertakings, and those deemed under control during the year ended 31 March 2013. Copies of the financial statements of BT Group plc may be obtained from The Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

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