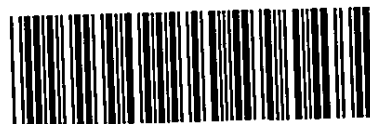


Registered Number 04334320

Brightview Internet Services Limited

**Annual Report
for the year ended
31 March 2010**

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Brightview Internet Services Limited
Annual Report and accounts
for the year ended 31 March 2010
Contents

| | |
|---|---|
| Directors and advisors | 1 |
| Directors' report for the year ended 31 March 2010 | 2 |
| Statement of directors' responsibilities for preparing the financial statements | 4 |
| Independent auditors' report to the members of Brightview Internet Services Limited | 5 |
| Profit and loss account for the year ended 31 March 2010 | 7 |
| Balance sheet as at 31 March 2010 | 8 |
| Notes to the financial statements | 9 |

Brightview Internet Services Limited

Directors and advisors

Directors

MJ Davies
JA Ford

Company Secretary

Newgate Street Secretaries Limited
81 Newgate Street
London
EC1A 7AJ

Registered Office

81 Newgate Street
London
EC1A 7AJ

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 East Parade
Sheffield
S1 2ET

Brightview Internet Services Limited

Directors' report for the year ended 31 March 2010

The directors submit their annual report and the audited financial statements of Brightview Internet Services Limited (the "Company") for the year ended 31 March 2010. The registered number of the Company is 04334320.

Review of activities and future developments

The company's principal activity during the year was the provision of internet access services in the UK.

There have been no significant changes in the company's principal activities in the period under review.

An agreement with Plusnet plc (a 100% subsidiary of British Telecommunications plc) is in force such that Plusnet plc would undertake the operation, management, customer service, order fulfilment, billing, marketing and other activities of Brightview Internet Services Limited. However, Brightview Internet Services Limited remains the contracting party with customers and as a result the revenue earned from contracts is accounted for within Brightview Internet Services Limited.

The directors are not aware, at the date of this report, of any likely major changes in activities in the next year.

Review of business

The company uses the following financial key performance indicators to assess its performance:

| | Year ended 31 March 2010 | Year ended 31 March 2009 |
|---|-------------------------------------|-------------------------------------|
| Broadband customer numbers as at year end date | 28,361 | 31,045 |
| Turnover | £9,389k | £10,153k |
| Gross profit | - | £433k |
| Earnings before, interest, tax, depreciation and amortisation | (£11k) | £208k |
| Profit/(loss) for the financial year | £57k | (£189k) |

No significant events have arisen after the balance sheet date.

Principal risks and uncertainties

As explained above, the net impact of the arrangement with Plusnet plc is such that a charge will be borne by Brightview Internet Services Limited equal to the revenue earned from customer contracts. Therefore, the directors consider that all risks and uncertainties are borne by Plusnet plc.

Brightview Internet Services Limited

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

Results and dividends

The profit and loss account for the year is set out on page 7 The directors do not recommend payment of a dividend (2009 £nil)

Directors

The directors who held office during the year are given below

| | |
|------------|---|
| C Sadler | (resigned 3 June 2010) |
| S Booth | (resigned 9 August 2010) |
| HA Vollmer | (resigned 23 September 2010) |
| SJ Curry | (appointed 14 April 2010, resigned 23 September 2010) |
| MJ Davies | (appointed 3 June 2010) |
| JA Ford | (appointed 23 September 2010) |

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

On behalf of the Board



**For and on behalf of
Newgate Street Secretaries Limited
Company Secretary**

18 November 2010

Brightview Internet Services Limited

Statement of directors' responsibilities for preparing the financial statements

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors 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.

Brightview Internet Services Limited

Independent auditors' report to the members of Brightview Internet Services Limited

We have audited the financial statements of Brightview Internet Services Limited for the year ended 31 March 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of 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 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.

Brightview Internet Services Limited

Independent auditors' report to the members of Brightview Internet Services 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



David Thurkettle (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield

23 November 2010

Brightview Internet Services Limited

Profit and loss account for the year ended 31 March 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|-------|------------------|---------------------|
| Turnover | 1 | 9,389 | 10,153 |
| Cost of sales | | <u>(9,389)</u> | <u>(9,720)</u> |
| Gross profit | | - | 433 |
| Administrative expenses – before exceptional items | | (11) | (225) |
| Exceptional administrative expenses | 2 | - | (60) |
| Administrative expenses | | <u>(11)</u> | <u>(285)</u> |
| Operating (loss)/profit | 5 | (11) | 148 |
| Interest payable and similar charges | | (35) | (93) |
| Interest receivable and similar income | | <u>-</u> | <u>46</u> |
| (Loss)/profit on ordinary activities before taxation | | (46) | 101 |
| Tax on (loss)/profit on ordinary activities | 6 | <u>103</u> | <u>(290)</u> |
| Profit/(loss) for the financial year | 11 | <u>57</u> | <u>(189)</u> |

All items dealt with in arriving at operating (loss)/profit above relate to continuing operations

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents

The company has no recognised gains and losses other than the profits/(losses) above and therefore no separate statement of total recognised gains and losses has been presented

Brightview Internet Services Limited

Balance sheet as at 31 March 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|-------|----------------|----------------|
| Current assets | | | |
| Debtors due within one year | 7 | 6,409 | 6,313 |
| Cash at bank and in hand | | - | - |
| | | <u>6,409</u> | <u>6,313</u> |
| Creditors, amounts falling due within one year | 8 | <u>(6,907)</u> | <u>(6,868)</u> |
| Net current liabilities | | <u>(498)</u> | <u>(555)</u> |
| Total assets less current liabilities | | <u>(498)</u> | <u>(555)</u> |
| Net liabilities | | <u>(498)</u> | <u>(555)</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | - | - |
| Profit and loss account | 11 | <u>(498)</u> | <u>(555)</u> |
| Total shareholders' funds | 12 | <u>(498)</u> | <u>(555)</u> |

The financial statements on pages 7 to 14 were approved by the board of directors on 23 November 2010 and were signed on its behalf by



JA Ford
Director

Registered No. 04334320

Brightview Internet Services Limited

Notes to the financial statements

Statement of Accounting policies

Basis of preparation - going concern

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

At 31 March 2010 the company had net current liabilities of £498,000 (2009 £555,000) The directors believe that it is appropriate to prepare the financial statements on a going concern basis as the company's intermediate parent undertaking British Telecommunications plc has committed to continue to support Brightview Internet Services Limited and provide adequate funding to enable the company to meet its obligations as they fall due for at least twelve months from the date the financial statements are signed

The principal accounting policies, which have been applied consistently throughout the year, are set out below

Pensions

The company contributes to a defined contribution group personal pension scheme on behalf of employees The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Turnover

Service subscription income is recognised over the period to which it relates Call revenue is recognised upon usage by customers Turnover excludes value added tax All turnover has arisen from activities within the UK

Deferred income

Deferred income represents that portion of subscription fees paid by customers but relating to a future period

Deferred taxation

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

Brightview Internet Services Limited

Notes to the financial statements (continued)

Accounting policies (continued)

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 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 periods in which the timing difference 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

Related Party Transactions

In accordance with the exemption allowed by FRS 8 "Related Party Transactions", transactions with entities that are part of British Telecommunications plc are not disclosed

Exemption from the obligation to prepare group accounts and a cash flow statement

The company is a wholly-owned subsidiary of BT Group plc and the results and cash flows of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption from preparing group accounts and a cash flow statement

Brightview Internet Services Limited

Notes to the financial statements (continued)

1 Segmental reporting

The company's turnover and operating (loss)/profit relate entirely to its principal activity and arise in the United Kingdom

The company had a single class of business during all periods reported on, and consequently does not present a segmental analysis

The net assets of the company at the end of each period were all held in the United Kingdom

The (loss)/profit before tax of the company during each period was attributable to activities wholly carried out in the United Kingdom

2 Operating exceptional items

| | 2010 £'000 | 2009 £'000 |
|------------------|---------------|---------------|
| Redundancy costs | - | 60 |
| | <u>-</u> | <u>60</u> |

3 Employee information

| | 2010 £'000 | 2009 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | - | 115 |
| Redundancy costs | - | 60 |
| Social security costs | - | 26 |
| Other pensions costs | - | 4 |
| | <u>-</u> | <u>205</u> |

The average monthly number of persons (including executive directors) employed by the company during the year was

| 2010 Number | 2009 Number |
|----------------|----------------|
| <u>-</u> | <u>3</u> |

As explained in the Directors Report all services (including employee costs) are provided by Plusnet plc, a related party.

Brightview Internet Services Limited

Notes to the financial statements (continued)

4 Directors' emoluments

The directors received no emoluments for their services to the company in the year ended 31 March 2010 (2009: £nil)

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Operating leases – land and buildings | - | 24 |
| Audit fees payable to the auditor for the statutory audit of the company's financial statements | <u>11</u> | <u>11</u> |

Fees paid to PricewaterhouseCoopers LLP for non-audit services in the UK were £nil (2009: £nil).

6 Tax on profit on ordinary activities

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Current tax: | | |
| UK corporation tax at 28% (2009 28%) | (71) | (45) |
| Adjustment in respect of previous years | <u>(90)</u> | <u>262</u> |
| Total current tax | <u>(161)</u> | <u>217</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | <u>58</u> | <u>73</u> |
| Total deferred tax (note 9) | <u>58</u> | <u>73</u> |
| Tax on (loss)/profit on ordinary activities | <u>(103)</u> | <u>290</u> |
| | | |
| | 2010 £'000 | 2009 £'000 |
| (Loss)/profit on ordinary activities before taxation | <u>(46)</u> | <u>101</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax at 28% (2009 28%) | (13) | 28 |
| Accelerated capital allowances and other timing differences | (58) | (73) |
| Adjustments in respect of prior years | <u>(90)</u> | <u>262</u> |
| Current tax (credit)/charge | <u>(161)</u> | <u>217</u> |

Brightview Internet Services Limited

Notes to the financial statements (continued)

7 Debtors

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Amounts due from group undertakings | 6,066 | 6,021 |
| Corporation tax debtor | 109 | - |
| Deferred tax (note 9) | 234 | 292 |
| | <u>6,409</u> | <u>6,313</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

8 Creditors: amounts falling due within one year

| | 2010 £'000 | 2009 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 4,953 | 4,942 |
| Corporation tax | - | 7 |
| Deferred income | 376 | 363 |
| Bank overdraft | 1,578 | 1,556 |
| | <u>6,907</u> | <u>6,868</u> |

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

The bank overdraft is unsecured and is repayable on demand. Interest is payable on the bank overdraft at LIBOR plus 0.50%.

9 Deferred taxation

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Deferred taxation asset in the accounts comprises: | | |
| Difference between accumulated depreciation and capital allowances | 234 | 292 |
| Deferred tax asset (note 7) | <u>234</u> | <u>292</u> |
| | | |
| | 2010 £'000 | 2009 £'000 |
| Opening deferred tax asset capital allowances | 292 | 365 |
| Deferred tax credit in profit and loss account (note 6) | 58 | 73 |
| Closing deferred tax asset | <u>234</u> | <u>292</u> |

Brightview Internet Services Limited

Notes to the financial statements (continued)

10 Called up share capital

| | 2010 £'000 | 2009 £'000 |
|--|-------------------------|---------------|
| Authorised 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| | | |
| | Number of shares | £ |
| Allotted, called up and fully paid Ordinary shares of £1 each As at 1 April 2009 and at 31 March 2010 | <u>1</u> | <u>1</u> |

11 Reserves

| | Profit and loss account £'000 |
|---------------------------------|--|
| Balance at 1 April 2009 | (555) |
| Profit for the financial year | <u>57</u> |
| Balance at 31 March 2010 | <u>(498)</u> |

12 Reconciliation of movements in shareholders' funds

| | 2010 £'000 | 2009 £'000 |
|--|---------------------|---------------------|
| Profit/(loss) attributed to shareholders | <u>57</u> | <u>(189)</u> |
| Net change in shareholders' funds | <u>57</u> | <u>(189)</u> |
| Opening shareholders' funds | <u>(555)</u> | <u>(366)</u> |
| Closing shareholders' funds | <u>(498)</u> | <u>(555)</u> |

13 Pension obligations

The company operates a defined contribution group personal pension scheme. The pension cost charge for the period represents contributions payable by the company to fund the scheme and amounted to £nil (2009 £4,145). The amount of outstanding contributions at the year end amounted to £nil (2009 £nil).

14 Ultimate parent undertaking and ultimate party

The immediate parent undertaking is Brightview Group Limited.

The ultimate parent undertaking and controlling party is BT Group plc, a UK listed company. Copies of BT Group plc consolidated financial statements can be obtained from the Company Secretary at 81 Newgate Street, London, EC1A 7AJ.