BT Business Direct Limited

Annual Report and Financial Statements for the year ended 31 March 2017

Registered number: 4405796

Strategic report for the year ended 31 March 2017

The directors present their strategic report for BT Business Direct Limited for the year ended 31 March 2017.

Review of business

The profit before taxation was £3,181,000 (2016: £2,927,000). The charge for taxation was £636,000 (2016: tax charge of £585,000) which left a profit for the financial year of £2,545,000 (2016: £2,342,000). Total shareholders' funds increased by 35% during the year from £7,280,000 to £9,825,000.

The Company has experienced a year of increased turnover following continued sales activity to existing BT Group plc customers with a lower cost of acquisition. The Company has a strong balance sheet and continues to invest in growth in profitable and sustainable sales to business customers, offering the latest technologies and solutions.

Financial risk management

Economic environment
The information technology products and service industry is intensely competitive and actions of competitors, including manufacturers of products we sell, can negatively affect our business. We mitigate this by leveraging BT Group plc supplier relationships.

Price risk
Changes in the Information Technology industry and/or economic environment can adversely affect the demand for the products we sell. Net sales can be dependent on demand for specific product categories, and any change in demand for or supply of such products could have a material effect on net sales. Competition has been primarily on price, product availability, speed of delivery and credit availability. Generally, pricing is aggressive in the industry, and we expect pricing pressures to continue. We manage this by competitive cost pricing and low overhead costs.

Credit risk
The Company's exposure to credit risk is managed by dealing with other companies with strong credit ratings. The Company uses credit reference agencies to verify and mitigate the credit risk of each company on a case by case basis.

Strategic report for the year ended 31 March 2017 (continued)

Financial risk management (continued)

Liquidity
The Company had cash and cash equivalents balances of £202,000 (2016: £2,936,000) and net current assets of £9,825,000 (2016: £7,280,000). We manage this risk via appropriate credit control policies.

Future developments

The Company's principal activity is the sale of technology equipment to business customers. The accounts are prepared on a basis other than the going concern basis as the trade and assets are being transferred to BT plc at book value.

The sale and transfer to BT plc reflects the ongoing importance of the IT product portfolio offered to business customers. Further leveraging of relationships with BT plc, the ultimate parent undertaking, remains a key strategy in growth plans for the business, along with investment in existing systems and websites.

Growth of gross margin is the key strategy to mitigate any turnover growth risk. The business will work with vendors and distributors to grow the margin in our main product categories.

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	2017	*2016*	*% change*
Turnover (£'000)	156,528	120,936	29%
Gross profit (£'000)	14,736	13,034	13%
Gross profit margin	9%	11%	-2%
Operating profit (£'000)	4,055	3,524	15%
Return on capital employed	41%	48%	-7%
Total shareholders' funds (£'000)	9,825	7,280	35%

The Company made an operating profit of £4,055,000 during the year (2016:£3,524,000).

On behalf of the Board,

HASlinger

Authorised Signatory
Helen Slinger
Director
14th September 2017

Directors' report for the year ended 31 March 2017

The directors present their annual report on the affairs of BT Business Direct Limited (the "Company"), together with the audited financial statements and independent auditors' report, for the year ended 31 March 2017. The registered number of the Company is 4405796.

Future developments

An indication of the likely future developments of the business is included in the Strategic Report on page 2.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2017 (2016: £nil).

Financial risk management

Financial risk management is described in the Strategic Report on page 1 and 2.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Helen Slinger
Daniel Kirk
Daniel Morris
Andrew Summerfield (appointed 8 December 2016)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by BT Group plc and applicable to the directors of BT Business Direct Limited, was in force throughout the last financial year and is currently in force. Neither the insurance nor the indemnity provides cover where the person has acted fraudulently or dishonestly.

Statement of 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.

Directors' report for the year ended 31 March 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors' report on pages 3 to 4 was approved by the Board of directors on September 2017 and was signed on its behalf by

On behalf of the Board,

H R Slinger

Helen Slinger
Director
14th September 2017

Independent auditors' report to the members of BT Business Direct Limited

Report on the financial statements

Our opinion

In our opinion, BT Business Direct Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. Following the year end the directors have decided that the entity will cease trading and the entity will be liquidated in the near future. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report") comprise:

- the Balance sheet as at 31 March 2017;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

Independent auditors' report to the members of BT Business Direct Limited (continued)

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

PricewaterhouseCoopers LLP

Philip Storer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
15 September 2017

Profit and loss account for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover	3	**156,528**	120,936
Cost of sales		**(141,792)**	(107,902)
Gross profit		**14,736**	13,034
Administrative expenses		**(10,681)**	(9,510)
Operating profit	4	**4,055**	3,524
Interest payable and similar expenses	7	**(874)**	(597)
Profit before taxation		**3,181**	2,927
Tax on profit	8	**(636)**	(585)
Profit for the financial year		**2,545**	2,342

There has been no other comprehensive income during either 2017 or 2016 other than as disclosed in the profit and loss account and therefore no separate statement of total comprehensive income has been presented.

Balance sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Current assets			
Debtors	9	**65,363**	75,761
Cash and cash equivalents		**202**	2,936
		65,565	78,697
Creditors: ***amounts falling due within one year***	10	**(55,740)**	(71,417)
Net current assets		**9,825**	7,280
Total assets less current liabilities		**9,825**	7,280
Net assets		**9,825**	7,280
Capital and reserves			
Called up share capital	11	**-**	-
Profit and loss account		**9,825**	7,280
Total shareholders' funds		**9,825**	7,280

The notes on pages 10-19 form an integral part of these financial statements.

The financial statements on pages 7 to 19 were approved by the board of directors on 14th September 2017 and were signed on its behalf by:

Helen Slinger
Director
14th September 2017

Statement of changes in equity for the year ended 31 March 2017

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds
At 1 April 2015	-	4,938	4,938
Profit for the financial year	-	2,342	2,342
At 31 March 2016	-	7,280	7,280
Profit for the financial year	-	2,545	2,545
At 31 March 2017	**-**	**9,825**	**9,825**

Notes to the financial statements for the year ended 31 March 2017

1. General information

BT Business Direct Limited sells technology equipment to business customers.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is:

Alpha & Beta House, Enterprise Park, Horwich, Bolton, Lancs, BL6 6PE

2. Basis of preparation and accounting policies

Preparation of the financial statements
The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101), which involves the application of International Financial Reporting Standards (IFRS) and the Companies Act 2006 as applicable to companies using FRS 101 with a reduced level of disclosure. For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act, 2006. It requires management to exercise judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of complexity, or areas where assumption and estimates are significant to the financial statements.

Exemptions
As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available. The following exemptions have been taken:

- The requirements of IAS 7 Statement of Cash Flows.
- Part 17 of IAS 24, 'Related party disclosures' (key management compensation)
- IFRS 7, 'financial instruments: disclosure'
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirement of paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.

Notes to the financial statements for the year ended 31 March 2017 (continued)

2. Basis of preparation and accounting policies (continued)

Exemptions (continued)

- The requirements of paragraphs 6 and 21 of IFRS 1 'First-time Adoption of International Financial Reporting Standards' to present an opening statement of financial position at the date of transition.
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements';
  (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
  (iii) paragraph 118(e) of IAS 38 'Intangible Assets'.
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
  – 10(d) (statement of cash flows);
  – 10(f) (third statement of financial position);
  – 16 (statement of compliance with all IFRS);
  – 38A (requirement for minimum of two primary statements including cash flow statements);
  – 38B-D (additional comparative information);
  – 40A-D (third statement of financial position);
  – 111 (cash flow statement information); and
  – 134 to 136 (capital management disclosures).

Where required, equivalent disclosures have been given in the consolidated financial statements of BT Group plc.

The accounting policies set out on pages 10 to 15 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information for the year ended 31 March 2016.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Notes to the financial statements for the year ended 31 March 2017 (continued)

2. Basis of preparation and accounting policies (continued)

Consolidation
Under the Companies Act 2006 s400 2, the Company is a wholly-owned subsidiary of dabs.com plc and of its ultimate parent, BT Group plc. It is included in the consolidated financial statements of BT Group plc which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

Going Concern
The accounts are prepared on a basis other than the going concern basis as all trade and assets are being transferred to BT Group plc at book value.

Turnover
Turnover represents the value of goods received by customers (including carriage charges, stock holding fees and re-stocking fees) and services provided during the year, less all credit notes issued and allowances and trading discounts given and is stated net of value added tax. Turnover is recognised once the goods have been dispatched or transfer of title and risk has been established.

Foreign currencies
The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the profit and loss account in the line that most appropriately reflects the nature of the item or transaction.

Trade debtors
Trade debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provision for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age, previous losses experienced and general economic conditions.

Notes to the financial statements for the year ended 31 March 2017 (continued)

2. Basis of preparation and accounting policies (continued)

IFRS 15 'Revenue from Contracts with Customers'

In May 2014, IFRS 15 'Revenue from Contracts with Customers' was issued. It will be effective for periods beginning on or after 1 January 2018. Transition to IFRS 15 for the Company will take place on 1 April 2018. Results in the 2018/19 financial year will comply with IFRS 15.

IFRS 15 sets out the requirements for recognising revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative standalone selling price basis, based on a five-step model.

The Company is planning to adopt IFRS 15 retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application in accordance with paragraphs C7–C8 of IFRS 15. All customer contracts in progress but not completed at 31 March 2018 will need to be restated.

The financial impact is not yet reasonably estimable and the Company is still in the process of quantifying the implications of the standard.

The Company will record a new material category of assets, namely contract assets. These primarily relate to rights to consideration for products delivered at contract inception and for which consideration remains outstanding at the reporting date. These contract assets become trade receivables when the rights to consideration become unconditional.

The Company has determined that contracts for sale of mobile handsets do not contain significant financing components, therefore the associated contract assets will not be impacted by the time value of money. In addition, contract assets will arise from the deferral of contract acquisition and fulfilment costs as described above. Contract assets will be periodically assessed for impairment, as under existing IFRS.

The Company will also record contract liabilities. These primarily relate to the consideration received from customers before satisfying performance obligations, for example those for non-distinct connection activity paid for by the customer up front.

An important change under IFRS15 is that contract assets and contract liabilities are to be presented net at the customer level. Currently it is not permissible to net assets and liabilities on customer contracts.

Notes to the financial statements for the year ended 31 March 2017 (continued)

2. Basis of preparation and accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Providing for doubtful debts
The Company provides services to business customers on credit terms. We know that certain debts due to us will not be paid through the default of a small number of our customers. Judgements are required in assessing the recoverability of overdue trade receivables and whether a provision for doubtful debts may be required. Estimates, based on our historical experience, are used in determining the level of debts that we believe will not be collected.

These estimates include such factors as the current state of the economy and particular industry issues.

Notes to the financial statements for the year ended 31 March 2017 (continued)

2. Basis of preparation and accounting policies (continued)

Current and deferred income tax
Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised using the liability method, in respect of temporary differences between the carrying amount of the company's assets and liabilities and their tax base. A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

3. Turnover

	2017 **£'000**	2016 £'000
UK	151,497	116,543
Europe excluding UK	4,917	4,391
Other	114	2
	156,528	120,936

Turnover is derived from only one class of business, that being the retailing of technology equipment and IT solutions.

4. Operating profit

Operating profit is stated after charging:

	2017 **£'000**	2016 £'000
Auditors' remuneration in respect of Audit Services	80	78
Impairment of debtors	199	350

Notes to the financial statements for the year ended 31 March 2017 (continued)

5. 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 plc as a whole. No emoluments were paid to the directors in respect of their services to the Company in the year ended 31 March 2017 (2016: £nil).

6. Employee information

Employee costs were £nil (2016: £nil). There are no direct employees (2016: nil), all employees are employed directly by the Company's parent dabs.com plc. A recharge is processed to charge BT Business Direct Limited a proportion of dabs.com plc salary costs on the basis of time spent on activities and operating costs on basis of turnover.

7. Interest payable and similar expenses

	2017	2016
	£'000	£'000
Interest payable to group undertakings	874	597

Notes to the financial statements for the year ended 31 March 2017 (continued)

8. Tax on profit

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax at 20% (2016: 20%)	636	585
Tax on profit	636	585

Reconciliation of the total tax charge
The tax assessed for the year is equal (2016: equal) to that computed by applying the standard rate of corporate tax in the UK of 20% (2016: 20%).

	2017 £'000	2016 £'000
Profit before taxation	3,181	2,927
Profit on ordinary activities multiplied by standard rate of corporation tax at 20% (2016: 20%)	636	585
Total tax charge	636	585

Factors affecting current and future tax charges
The rate of UK corporation tax will change from 20% to 19% on 1 April 2017 and to 18% on 1 April 2020. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at 31 March 2017 have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

The UK Finance Bill 2016 includes a reduction of the UK corporation tax rate to 17% on 1 April 2020. This will replace the 18% UK corporation tax rate that is currently legislated to take effect. This will have an effect on future tax charges of the company. Relevant deferred tax balances will be re-measured to 17% once the UK Finance Bill 2016 is substantively enacted.

9. Debtors

	2017 £'000	2016 £'000
Trade debtors	13,983	12,740
Amounts owed by group undertakings	51,380	63,021
	65,363	75,761

Trade debtors are stated after provisions for impairment of £199,058 (2016: £349,854).

Notes to the financial statements for the year ended 31 March 2017 (continued)

9. Debtors (continued)

Non trading amounts due from group undertakings amount to £nil (2016: £nil).

Group balances relate to trading between BT Business Direct Limited and dabs.com plc its immediate parent company. These balances are settled the month following exchange of goods which are charged.

10. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	50,469	65,117
Corporation taxes (payable to Group undertakings)	636	585
Other creditors including taxation and social security	4,635	5,715
	55,740	71,417

Non trading amounts due to group undertakings amount to £nil (2016: £nil).

Group balances relate to trading between BT Business Direct Limited and dabs.com plc its immediate parent company. These balances are settled the month following exchange of goods which are charged.

Included in amounts owed to group undertakings is an interest-bearing (12 month GBP LIBOR plus 42.5 basis points) loan of £34,725,000 (2016: £34,725,000) to British Telecommunications plc which is repayable within 12 months.

11. Called up share capital

	2017	2016
	£	£
Allotted, called up and fully paid:		
100 (2016: 100) ordinary shares of £1 each	100	100

Notes to the financial statements for the year ended 31 March 2017 (continued)

12. Controlled entities

The Company is a wholly-owned subsidiary of dabs.com plc, which is the immediate controlling entity. The ultimate controlling entity is 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. As permitted by the exemptions taken, the company is exempt from the requirements of IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such member. 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.

13. Post-balance sheet events

Following the balance sheet date of 31st March 2017, it was announced that all trade and assets were being transferred to BT Group plc.

This is a common control transaction outside of the scope of IFRS 3. In such situations, BT Group plc uses predecessor accounting with the businesses being transferred to BT at predecessor carrying values. As the consideration received for the business disposals will be at net book value, the business will neither record a gain nor loss on disposal. There are no incremental costs arising from the disposal for either entity.

The disposals will comprise all trade, assets and operations of the business. The decision to dispose of the business post the balance sheet date of 31st March 2017, however the recoverability of the non-current assets will be principally through sale rather than through continued use. As such these assets should be classified as held for sale. There are no issues in respect of the recoverability of such assets.