

**Registered number: 4405796**

**BT Business Direct Limited**

**Annual Report and Financial Statements  
for the year ended 31 March 2015**

TUESDAY



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COMPANIES HOUSE

**Directors and advisors**

**Directors**

Helen Slinger  
Daniel Kirk  
Daniel Morris

**Company Secretary**

Newgate Street Secretaries Limited

**Registered Office**

Alpha & Beta House  
Enterprise Park  
Horwich  
Bolton  
Lancashire  
BL6 6PE

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

**Bankers**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

**Strategic report for the year ended 31 March 2015**

The directors present their strategic report for BT Business Direct Limited for the year ended 31 March 2015.

**Review of business**

The profit before taxation was £3,549,000 (2014: £1,862,000). The charge for taxation was £745,000 (2014: tax charge of £428,000) which left a profit after taxation for the year of £2,804,000 (2014: £1,434,000). Total shareholders' funds increased by 131% during the year from £2,136,000 to £4,940,000

The Company has experienced a year of increased revenues due to a strategic decision to focus on core markets and customers going forward, and to invest resources in those revenue streams which resulted in profitable trading growth in the second half of the year. The business has continued to transform its cost base to better fit the strategy of continued profitable revenue growth.

The directors anticipate that the return to profitable trading growth, in the second half of the year, will continue in future years.

**Principle risks and uncertainties**

The major risk to our strategy is the wider economic environment and availability of business customers funds to continue to invest in purchasing our products.

**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 seek to mitigate this risk by securing competitive cost prices, selling new products and services as well as cost transformation activities.

*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 regularly review slow moving stock items, provide for them where necessary and adjust pricing where price protection is not available.

*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 2015 (continued)***Liquidity*

The Company had cash at bank and in hand balances of £3,096,000 (2014: £2,731,000) and net current assets of £4,940,000 (2014: £2,136,000). The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements. In addition, the directors have received a written confirmation that BT Telecommunications Plc, the Groups' intermediary parent, intends to support the group for at least one year after these financial statements are signed.

**Future developments**

The Company's principal activity is the sale of technology equipment to corporate customers. The directors do not anticipate any change in the foreseeable future.

Further leveraging of relationships with BT, the ultimate parent undertaking, is 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 revenue growth risk, and 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:

	2015	2014	% change
Turnover (£'000)	100,023	87,956	13.7%
Gross profit (£'000)	13,016	10,773	20.8%
Gross profit margin	13.0%	12.2%	6.6%
Operating profit (£'000)	4,298	3,212	33.8%
Return on capital employed	72%	150%	-78%
Total shareholders' funds (£'000)	4,940	2,136	131.3%

The Company's balance sheet and cash position put it in a good position to make the most of further opportunities in the market.

The Company made an operating profit of £4,298,000 during the year (2014: £3,212,000).

**By order of the Board,**

  
**Helen Slinger**

Director

29 September 2015

**Directors' report for the year ended 31 March 2015**

The directors submit their annual report and the audited financial statements of BT Business Direct Limited for the year ended 31 March 2015.

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 3.

**Contributions**

The company made no charitable donations in the year (2014: £nil). No donations were made for political purposes (2014: £nil).

**Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2015 (2014: £nil).

**Financial risk management**

Financial risk management is described in the Strategic Report on page 2 and 3.

**Directors**

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

Helen Slinger	(appointed 18 November 2014)
Daniel Kirk	(appointed 18 November 2014)
Daniel Morris	(appointed 18 November 2014)
Richard Lowe	(resigned 19 November 2014)
Adam Baird	(resigned 4 September 2014)
James Ford	(resigned 19 November 2014)
Graham Sutherland	(resigned 21 July 2014)
Mark Hendricks	(resigned 21 July 2014)

**Directors' report for the year ended 31 March 2015 (continued)****Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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.

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.

**Directors' report for the year ended 31 March 2015 (continued)**

**Statement of disclosure of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

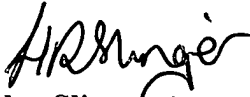
(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

**On behalf of the Board,**

A handwritten signature in black ink, appearing to read 'H Slinger', written over the printed name.

**Helen Slinger**

Director

29 September 2015

## ***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 2015 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.

#### **What we have audited**

The financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (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.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, 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.

#### **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.

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.



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

### **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**

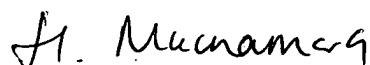
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 Strategic Report, Directors Report and Financial Statements 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.



Hazel Macnamara (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
29 September 2015

**Profit and loss account for the year ended 31 March 2015**

	Notes	2015 £'000	2014 £'000
<b>Turnover</b>	1	<b>100,023</b>	87,956
Cost of sales		<u>(87,007)</u>	<u>(77,183)</u>
<b>Gross profit</b>		<b>13,016</b>	10,773
Administrative expenses		<u>(8,718)</u>	<u>(7,561)</u>
<b>Operating profit</b>	2	<b>4,298</b>	3,212
Interest payable and similar charges	4	<u>(749)</u>	<u>(1,350)</u>
<b>Profit on ordinary activities before taxation</b>		<b>3,549</b>	1,862
Tax on profit on ordinary activities	5	<u>(745)</u>	<u>(428)</u>
<b>Profit for the financial year</b>	9	<u><b>2,804</b></u>	<u>1,434</u>

All results derive from continuing operations.

There have been no recognised gains or losses other than as disclosed in 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 2015**

	Notes	2015 £'000	2014 £'000
<b>Current assets</b>			
Debtors	6	69,603	42,559
Cash at bank and in hand		3,096	2,731
		<u>72,699</u>	<u>45,290</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(67,759)</u>	<u>(43,154)</u>
<b>Net current assets</b>		<u>4,940</u>	<u>2,136</u>
<b>Total assets less current liabilities</b>		<u>4,940</u>	<u>2,136</u>
<b>Net assets</b>		<u>4,940</u>	<u>2,136</u>
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account	9	4,940	2,136
<b>Total shareholders' funds</b>	10	<u>4,940</u>	<u>2,136</u>

The financial statements on pages 9 to 16 were approved by the board of directors on 29 September 2015 and were signed on its behalf by:



**Helen Slinger**  
Director

Company registration number 4405796

**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 directors have satisfied themselves that the Company will continue to have access to financing to meet its requirements for at least the next year, and therefore believe that preparing the financial statements on the going concern basis is appropriate. The directors have formed this view based on the confirmed, continued financial support provided by British Telecommunications plc. British Telecommunications plc is an intermediary parent of BT Business Direct Limited and part of the BT Group plc group of companies.

**Turnover**

Turnover represents the value of goods received by customers (including carriage charges) 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 received by the customer.

**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.

**Taxation**

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax.

**Financial instruments***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 the remaining balances by age, previous losses experienced and general economic conditions.

**Accounting policies (continued)****Cash flow statement**

The company is a wholly owned subsidiary company of a group headed by BT Group plc, and included in the consolidated financial statements of that company, which are publicly available. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

**Related Parties**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by BT Group plc, whose financial statements are publicly available.

## Notes to the financial statements

**1 Turnover**

	2015 £'000	2014 £'000
UK	96,312	84,426
Europe excluding UK	3,705	3,512
Other	<u>6</u>	<u>18</u>
	<u>100,023</u>	<u>87,956</u>

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

**2 Operating profit/loss**

Operating profit is stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration		
Audit Services	<u>6</u>	<u>6</u>

**3 Information regarding directors and employees****a) 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 2015 (2014: £nil). No recharge is made to the group in respect of the services provided and it is not possible to make an accurate apportionment of their emoluments in respect of each of these subsidiaries.

**b) Employee information**

Employee costs were £nil (2014: £nil). There are no direct employees (2014: 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 revenue.

## Notes to the financial statements (continued)

**4 Interest payable and similar charges**

	2015 £'000	2014 £'000
Interest payable to group undertakings	<u>749</u>	<u>1,350</u>

**5 Tax on profit on ordinary activities**

	2015 £'000	2014 £'000
<b>Current tax:</b>		
UK corporation tax at 21% (2014 – 23%)	<u>745</u>	<u>428</u>
Tax on profit on ordinary activities	<u>745</u>	<u>428</u>

The tax assessed for the year is equal (2014: equal) to that computed by applying the standard rate of corporate tax in the UK of 21% (2014: 23%).

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	<u>3,549</u>	<u>1,862</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 21% (2014 – 23%)	745	428
Current tax charge	<u>745</u>	<u>428</u>

Changes to the UK corporation tax rates were announced in the Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. When the changes are substantively enacted the impact is not expected to be material.

## Notes to the financial statements (continued)

## 6 Debtors

	2015 £'000	2014 £'000
Trade debtors	11,776	11,032
Amounts owed by group undertakings	<u>57,827</u>	<u>31,527</u>
	<u>69,603</u>	<u>42,559</u>

Non trading amounts due from group undertakings amount to £nil (2014: £nil).

Group balances relate to trading between BT Business Direct Limited, dabs.com plc its immediate parent company and BT Telecommunications plc. These balances are settled in the months following exchange of goods which are charged on an arm's length basis.

## 7 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	62,561	38,639
Corporation taxes (payable to Group undertakings)	745	428
Other creditors including taxation and social security	<u>4,453</u>	<u>4,087</u>
	<u>67,759</u>	<u>43,154</u>

Non trading amounts due to group undertakings amount to £nil (2014: £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 on an arm's length basis.

## 8 Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid: 100 (2014 - 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>



**Notes to the financial statements (continued)****9 Profit and loss account**

	<b>£'000</b>
Balance at 1 April 2014	2,136
Profit for the financial year	<u>2,804</u>
Balance at 31 March 2015	<u><u>4,940</u></u>

**10 Reconciliation of movements in shareholders' funds**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Profit for the financial year	<u>2,804</u>	<u>1,434</u>
Net addition to shareholders' funds	2,804	1,434
Opening shareholders' funds	<u>2,136</u>	<u>702</u>
Closing shareholders' funds	<u><u>4,940</u></u>	<u><u>2,136</u></u>

**11 Ultimate parent undertaking and controlling party**

The Company is a wholly-owned subsidiary of dabs.com plc, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2015 was BT Group plc.

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is dabs.com plc, a company incorporated in England & Wales. Copies of the financial statements of dabs.com plc are available from dabs.com plc, Alpha and Beta House, Enterprise Park, Horwich, Bolton, BL6 6PE

The parent undertaking of the smallest and largest group of companies into which the results of the Company are consolidated is BT Group plc, a company incorporated in England & Wales. Copies of the financial statements of BT Group plc may be obtained from The Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.