

Registered Number 3279013

**PlusNet plc**  
**Annual Report and accounts**  
**for the year ended 31 March 2008**

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**PlusNet plc**  
**Annual Report and accounts**  
**for the year ended 31 March 2008**  
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# **PlusNet plc**

## **Directors and advisers for the year ended 31 March 2008**

### **Directors**

J Hurry  
C Saddler  
N Laycock  
S Booth

### **Secretary**

Newgate Street Secretaries Limited  
81 Newgate Street  
London  
EC1A 7AJ

### **Registered Office**

Internet House  
2 Tenter Street  
Sheffield  
S1 4BY

### **Auditors**

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

### **Bankers**

Barclays Bank plc  
Level 28  
1 Churchill Place  
London  
E14 5HP

## PlusNet plc

### Directors' report for the 12 months ended 31 March 2008

The directors present their report and the audited financial statements of the company for the twelve months ended 31 March 2008

#### Principal activities

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

During the year the company entered into an agreement with Brightview Group Limited (a 100% subsidiary of BT Telecommunications plc) and its subsidiaries including Brightview Internet Services Limited to undertake the operation, management, customer service, order fulfilment, billing, marketing and other activities of the Brightview Group Limited. Brightview Group Limited and its subsidiaries will remain the contracting party for the purpose of contracts with customers. As a result the revenue earned from the customer contracts will be accounted for within Brightview Group Limited and its subsidiaries. In consideration of Plusnet plc undertaking the provision of the service and incurring all the associated costs, Brightview Group Limited and its subsidiaries shall pay to PlusNet plc a sum equal to the revenues collected from the customer contracts. The net impact of this arrangement is therefore that all revenue and costs are effectively accounted for within PlusNet plc.

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

#### Review of business and future developments

The company is pleased to report growth in customer numbers, sales and gross profit in the year to 31 March 2008.

	12 months ended 31 March 2008	15 months ended 31 March 2007
Broadband customer numbers as at period end date	219,550	195,151
Turnover	£45.8m	£56.3m
Gross profit	£13.8m	£16.5m
Earnings before exceptional items, interest, tax, depreciation, amortisation and FRS 20 share option costs	£2.9m	£10.9m
(Loss)/profit for the financial period	(£0.6m)	£1.9m

The balance sheet on page 9 of the financial statements shows that the company's financial position at the period end is strong in both net asset and cash terms.

## PlusNet plc

### Directors' report (continued)

No significant events have arisen after the balance sheet date

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

	12 months ended 31 March 2008	15 months ended 31 March 2007
Turnover	£45.8m	£56.3m
Gross profit	£13.8m	£16.5m
EBITDA	£2.9m	£7.1m
Cash at bank and in hand	£10.7m	£6.6m

The company continues to invest significantly in the development of its 'Workplace' operating system. The directors believe that the development of 'Workplace' is key to the success of the business in the medium and long term future.

#### Principal risks and uncertainties

The broadband market is fast reaching maturity in the UK. Competitive pressures in the UK represent a continuing risk for the company as competitors launch low price point offers in order to gain market share.

However, the company believes that its operating model provides a sound basis for good value, high quality products with excellent customer support. By maintaining strong relationships with customers, the company believes that it can face the challenges ahead.

The company will continue to utilise its self developed operating system 'Workplace' to provide automation, allowing products to be delivered at competitive prices whilst ensuring a high quality of service and maintaining low operating costs.

The company envisages further progress towards convergence in the industry with some competitors continuing to bundle attractive product offerings.

However, the directors believe that as the internet matures, the demand for a stable high quality internet connection will increase. PlusNet plc is well placed to meet this demand by exploiting industry leading network management techniques to control and optimise data traffic over the internet.

PlusNet plc will continue to focus on discerning internet users, which provides access to a growing sub-set of the overall broadband market.

# PlusNet plc

## Directors' report (continued)

### Environment

PlusNet plc recognises the importance of its environmental responsibilities and makes every effort to recycle paper, cardboard, plastics and metals and has embarked on an energy reduction programme

### Results and dividends

The profit and loss account for the year is set out on page 8. The directors do not recommend payment of a final dividend (2007: £nil)

### Directors

The directors who held office during the year are given below

J Hurry (appointed 18 September 2007)

C Saddler (appointed 7 May 2008)

N Laycock

S Booth (appointed 7 May 2008)

G Patterson (resigned 25 January 2008)

R Cameron (resigned 9 April 2008)

C Hall (resigned 7 May 2008)

J Hurry, C Saddler, N Laycock and S Booth will retire in accordance with the company's Articles of Association and, being eligible, offer themselves for re-election

### Policy and practice on payment of creditors

Trade creditors at the year end represented 48 (2007: 7) days of purchases

### Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting

### On behalf of the Board



**N Laycock**  
Director

27 October 2008

## PlusNet plc

### Statement of directors' responsibilities

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

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

In preparing those financial statements, the directors are required to

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

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

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



S Booth

Director

27 October 2008

# PlusNet plc

## Independent auditors' report to the members of PlusNet plc

We have audited the financial statements of PlusNet plc for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

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

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

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

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

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

### **Basis of audit opinion**

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

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



# PlusNet plc

## Independent auditors' report (continued)

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Leeds

27 October 2008

## PlusNet plc

### Profit and loss account for the year ended 31 March 2008

	Note	12 months ended 31 March 2008 £'000	15 months ended 31 March 2007 £'000
Turnover	1	45,799	56,283
Cost of sales		(31,988)	(39,765)
<b>Gross profit</b>		<b>13,811</b>	<b>16,518</b>
Administrative expenses – before exceptional items and FRS 20 Share Based Payments		(15,564)	(10,971)
Operating exceptional items	2	-	(3,176)
FRS 20 Share Based Payments costs		-	(669)
Administrative expenses		(15,564)	(14,816)
<b>Operating (loss)/profit</b>	5	<b>(1,753)</b>	<b>1,702</b>
Interest payable and similar charges		(82)	(43)
Interest receivable and similar income		472	311
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,363)</b>	<b>1,970</b>
Tax on (loss)/profit on ordinary activities	6	813	(68)
<b>(Loss)/profit for the financial year</b>	15	<b>(550)</b>	<b>1,902</b>

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 losses above and therefore no separate statement of total recognised gains and losses has been presented

## PlusNet plc

### Balance sheet as at 31 March 2008

	Note	31 March 2008 £'000	31 March 2007 £'000
<b>Fixed assets</b>			
Intangible assets – goodwill	7	1,350	1,528
Tangible assets	8	9,080	9,916
Investments	9	-	-
		<b>10,430</b>	<b>11,444</b>
<b>Current assets</b>			
Stock		84	-
Debtors due within one year	10	3,331	3,211
Cash at bank and in hand		10,663	6,572
		<b>14,078</b>	<b>9,783</b>
<b>Creditors amounts falling due within one year</b>	11	<b>(13,761)</b>	<b>(9,256)</b>
<b>Net current assets</b>		<b>317</b>	<b>527</b>
<b>Total assets less current liabilities</b>		<b>10,747</b>	<b>11,971</b>
<b>Creditors amounts falling due after more than one year</b>	12	<b>(363)</b>	<b>(1,037)</b>
<b>Net assets</b>		<b>10,384</b>	<b>10,934</b>
<b>Capital and reserves</b>			
Called up share capital	14	61	61
Share premium account	15	3,339	3,339
Profit and loss account	15	6,984	7,534
<b>Total shareholders' funds</b>	16	<b>10,384</b>	<b>10,934</b>

The financial statements on pages 8 to 23 were approved by the board of directors on 27 October 2008 and were signed on its behalf by



**S Booth**  
Director

# PlusNet plc

## Statement of 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 1985 and applicable Accounting Standards in the United Kingdom

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

### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are

Computer equipment	5 to 10 years
Internal software development costs	3 years
Network development costs	3 years
Fixtures and fittings	5 to 16 years

Internal software development costs and network development costs include capitalised employee costs directly attributable to either bringing computer equipment into working condition for its intended use within the business or developing and enhancing business operating systems

### Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at cost less provision for any impairment in value

### Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term

### 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

## **PlusNet plc**

### **Statement of accounting policies (continued)**

#### **Turnover**

Service subscription income is recognised over the period to which it relates. Call revenue is recognised on the accruals basis. Turnover excludes value added tax. All turnover has arisen from activities within the UK.

#### **Goodwill**

Goodwill arising on the acquisition of subsidiaries and businesses is capitalised as an asset and amortised over its useful economic life. The useful economic life of goodwill is assessed separately for each acquisition and is currently estimated to be ten years.

#### **Stock**

Stock is valued at the lower of cost and net realisable value.

#### **Deferred income**

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

#### **FRS 20 share based payments**

Following the acquisition of PlusNet plc by British Telecommunications plc on 24 January 2007 all share options were either exercised or cancelled. Those options that were cancelled and replaced by a cash bonus represent a modification from an equity settled transaction to a cash settled transaction under FRS 20. A charge was made to the profit and loss account in the 15 month period ending 31 March 2007 in accordance with FRS 20 amounting to £669,000.

During the year ending 31 March 2008 no FRS 20 charge was required.

The fair value of the liability is being accrued over the period until the vesting dates, trued up at the end of each reporting 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.

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.

## **PlusNet plc**

### **Statement of accounting policies (continued)**

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

The company is a wholly-owned subsidiary of British Telecommunications 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.

# PlusNet plc

## Notes to the financial statements for the year ended 31 March 2008

### 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 attributable to 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

	12 months ended 31 March 2008	15 months ended 31 March 2007
	£'000	£'000
Accelerated depreciation of capitalised salary costs	-	1,513
Professional fees relating to the acquisition of the company	-	1,168
Redundancy costs	-	495
	-	3,176

## PlusNet plc

### Notes to the financial statements (continued)

#### 3 Employee costs

	12 months ended 31 March 2008	15 months ended 31 March 2007
	£'000	£'000
Wages and salaries	7,047	7,624
Social security costs	678	825
Other pensions costs	90	102
	7,815	8,551

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

By activity	12 months ended 31 March 2008	15 months ended 31 March 2007
Customer support	113	82
Marketing	36	18
Network services	38	24
Application development	40	49
Administration	20	22
	247	195



# PlusNet plc

## Notes to the financial statements (continued)

### 4 Directors' emoluments

	12 months ended 31 March 2008 £'000	15 months ended 31 March 2007 £'000
Aggregate emoluments	208	549
Company pension contributions to group personal pension scheme	9	11

Highest paid director	12 months ended 31 March 2008 £'000	15 months ended 31 March 2007 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	208	197

### 5 Operating (loss)/profit

	12 months ended 31 March 2008 £'000	15 months ended 31 March 2007 £'000
Operating (loss)/profit is stated after charging		
Depreciation of tangible fixed assets		
- owned assets	4,173	4,956
- under finance leases	310	213
Amortisation of		
- goodwill	178	230
Operating leases – land and buildings	789	517
Audit fees payable to the auditor for the statutory audit of the company's financial statements	25	25

Fees paid to PricewaterhouseCoopers LLP for non-audit services in the UK were £nil (2007 £3,500)

# PlusNet plc

## Notes to the financial statements (continued)

### 6 Tax on (loss)/profit on ordinary activities

	12 months ended 31 March 2008 £'000	15 months ended 31 March 2007 £'000
<b>Current Tax</b>		
UK corporation tax at 30% (2007 30%)	(222)	142
Prior year adjustment for over provision	(143)	(110)
Total current tax	(365)	32
<b>Deferred tax</b>		
Origination and reversal of timing differences	(448)	36
Total deferred tax	(448)	36
Tax on (loss)/profit on ordinary activities	(813)	68

	12 months ended 31 March 2008 £'000	15 months ended 31 March 2007 £'000
(Loss)/profit on ordinary activities before taxation	(1,363)	1,970
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(409)	591
Expenses not deductible for tax purposes	66	361
Tax relief on share options exercised	-	(231)
Accelerated capital allowances and other timing differences	121	473
Prior period adjustments allowable for tax in the current year	-	(1,051)
Adjustments to tax charge in respect of previous periods	(143)	(111)
<b>Current tax (credit)/charge for year</b>	<b>(365)</b>	<b>32</b>

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008. This is not considered to have a material impact on future tax charges.

## PlusNet plc

### Notes to the financial statements (continued)

#### 7 Intangible assets

	Goodwill £'000
<b>Cost</b>	
At 1 April 2007	1,773
Additions	-
<b>At 31 March 2008</b>	<b>1,773</b>
<b>Amortisation</b>	
At 1 April 2007	245
Charge for the year	178
<b>At 31 March 2008</b>	<b>423</b>
<b>Net book amount</b>	
<b>At 31 March 2008</b>	<b>1,350</b>
At 31 March 2007	1,528

# PlusNet plc

## Notes to the financial statements (continued)

### 8 Tangible assets

	Computer equipment	Internal software development costs	Network development costs	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2007	11,697	8,456	2,855	1,292	24,300
Additions	1,346	1,621	447	233	3,647
<b>At 31 March 2008</b>	<b>13,043</b>	<b>10,077</b>	<b>3,302</b>	<b>1,525</b>	<b>27,947</b>
<b>Accumulated depreciation</b>					
At 1 April 2007	7,371	4,916	1,726	371	14,384
Charge for the year	1,564	2,151	665	103	4,483
<b>At 31 March 2008</b>	<b>8,935</b>	<b>7,067</b>	<b>2,391</b>	<b>474</b>	<b>18,867</b>
<b>Net book amount</b>					
<b>At 31 March 2008</b>	<b>4,108</b>	<b>3,010</b>	<b>911</b>	<b>1,051</b>	<b>9,080</b>
At 31 March 2007	4,326	3,540	1,129	921	9,916

The net book value of tangible fixed assets includes an amount of £1,663,106 (2007 £1,798,804) in respect of assets held under finance leases

### 9 Investments

The company's principal subsidiary undertakings included the following

Name	Proportion of ordinary share capital held	Country of registration	Nature of business
Parbin Limited	100%	England and Wales	Dormant
PlusNet EBT Limited	100%	England and Wales	Dormant
PlusNet ASP Limited	100%	England and Wales	Dormant

## PlusNet plc

### Notes to the financial statements (continued)

#### 10 Debtors

	31 March 2008	31 March 2007
	£'000	£'000
Trade debtors	419	704
Amounts owed by group undertakings	146	510
Prepayments and accrued income	1,393	531
Deferred tax (note 13)	941	493
Corporation tax	432	973
	<b>3,331</b>	<b>3,211</b>

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

#### 11 Creditors – amounts falling due within one year

	31 March 2008	31 March 2007
	£'000	£'000
Finance leases (note 12)	683	698
Amounts due to group undertakings	4,385	2,724
Trade creditors	1,043	605
Other taxation & social security	1,844	869
Other creditors	21	39
Accruals	3,917	2,423
Deferred income	1,868	1,898
	<b>13,761</b>	<b>9,256</b>

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

## PlusNet plc

### Notes to the financial statements (continued)

#### 12 Creditors – amounts falling due after more than one year

	31 March 2008	31 March 2007
	£'000	£'000
Finance leases	363	1,037

##### Finance leases

Future minimum payments under finance leases are as follows

	31 March 2008	31 March 2007
	£'000	£'000
Within one year	763	771
In more than one year, but not more than five years	403	1,167
Total gross payments	1,166	1,938
Less finance charges included above	(120)	(203)
	1,046	1,735

# PlusNet plc

## Notes to the financial statements (continued)

### 13 Deferred taxation

	31 March 2008 £'000	31 March 2007 £'000
<b>Deferred taxation asset in the accounts comprises</b>		
Difference between accumulated depreciation and capital allowances	814	486
Other timing differences	127	7
<b>Deferred tax asset (note 10)</b>	<b>941</b>	<b>493</b>

	31 March 2008 £'000	31 March 2007 £'000
Opening deferred tax asset as previously stated	493	279
Prior year adjustment	-	250
Opening deferred tax asset as restated	493	529
Deferred tax credit/(charge) in profit and loss account	448	(36)
<b>Closing deferred tax asset</b>	<b>941</b>	<b>493</b>

### 14 Called up share capital

	31 March 2008 £'000	31 March 2007 £'000
<b>Authorised</b>		
50,000,000 ordinary shares of £0.002 each	100	100

	Number of shares	£'000
<b>Allotted, called up and fully paid Ordinary shares of 0.2p each</b>		
As at 1 April 2007 and at 31 March 2008	30,343,438	61

## PlusNet plc

### Notes to the financial statements (continued)

#### 15 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 April 2007	3,339	7,534
Loss for the financial year	-	(550)
<b>At 31 March 2008</b>	<b>3,339</b>	<b>6,984</b>

#### 16 Reconciliation of movements in shareholders' funds

	12 months ended 31 March 2008	15 months ended 31 March 2007
	£'000	£'000
(Loss)/profit attributable to shareholders	(550)	1,902
Proceeds of ordinary shares issued for cash	-	683
FRS 20 Share Based Payments	-	21
<b>Net change in shareholders' funds</b>	<b>(550)</b>	<b>2,606</b>
Opening shareholders' funds	<b>10,934</b>	<b>8,328</b>
<b>Closing shareholders' funds</b>	<b>10,384</b>	<b>10,934</b>

#### 17 Financial commitments

At 31 March 2008 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings	
	31 March 2008	31 March 2007
	£'000	£'000
Within two to five years	799	553
After five years	-	82
	<b>799</b>	<b>635</b>



## **PlusNet plc**

### **Notes to the financial statements (continued)**

#### **18 Pension commitments**

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 £90,184 (2007 £102,438). The amount of outstanding contributions at the year end amounted to £8,756 (2007 £6,078).

#### **19 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is BT Telecommunications plc.

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