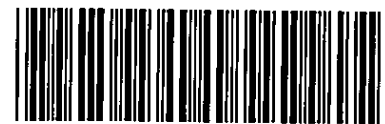


Registered Number 3279013

Plusnet plc

**Annual Report
for the year ended
31 March 2011**

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Plusnet plc
Annual Report and accounts
for the year ended 31 March 2011
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Plusnet plc

Directors and advisors

Directors

Mr J Petter
Mr M Davies
Mr J Ford
Mr A Wilson

Company Secretary

Newgate Street Secretaries Limited
81 Newgate Street
London
EC1A 7AJ

Registered Office

Internet House
2 Tenter Street
Sheffield
S1 4BY

Independent Auditors

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

Bankers

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

Plusnet plc

Directors' report for the year ended 31 March 2011

The directors submit their annual report and the audited financial statements of Plusnet plc (the "Company") for the year ended 31 March 2011. The registered number of the Company is 3279013.

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.

During the year, the agreement with Brightview Group Limited and Brightview Internet Services Limited (100% subsidiaries of British Telecommunications plc) was in force such that Plusnet plc would undertake the operation, management, customer service, order fulfilment, billing, marketing and other activities of Brightview Group Limited and Brightview Internet Services Limited. Hence Plusnet plc has invoiced the respective companies for these services, resulting in the intra-group turnover disclosed in note 1 to the financial statements.

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 2011	Year ended 31 March 2010
Broadband customer numbers as at year end date	414,358	308,368
Home phone customer numbers as at period end date	135,654	59,252
Turnover	£88.6m	£71.8m
Gross profit	£10.6m	£20.7m
(Loss)/ Earnings before, interest, tax, depreciation and amortisation	(£22.6m)	£5.0m
(Loss)/Profit for the financial year	(£20.0m)	£1.0m

No significant events have arisen after the balance sheet date.

Plusnet plc

Directors' report for the year ended 31 March 2011 (continued)

The broadband market continues to be extremely competitive in the UK with the introduction of TV, phone and broadband bundles from competitors in order to gain market share. Plusnet continues to perform well within these conditions by focusing on maintaining excellent customer service levels, investment in marketing and offering competitive products.

The company has invested significantly in marketing during the year to raise awareness of the brand during the period, which has resulted in the large increase in broadband and phone customers. The directors believe an aggressive policy on price and continuing investment in marketing will allow the company to grow its customer base and revenue line.

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 will seek to continue working closely with other areas of BT to increase internal revenues and to work in partnership with BT Retail on product offerings.

Principal risks and uncertainties

Plusnet is still able to compete strongly in the broadband and phone market place since deregulation by OFCOM in 2009-10. By taking advantage of automation opportunities that 'Workplace' gives coupled with attractive customer propositions supported by marketing investment, the Directors feel that although the Broadband market is competitive, Plusnet will continue to grow and provide an excellent service to its customers.

Environment

Plusnet plc recognises the importance of its environmental responsibilities and makes every effort to recycle paper, cardboard, plastics and metals and continues to operate an energy reduction programme.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

Plusnet plc

Directors' report for the year ended 31 March 2011 (continued)

Profits and dividends

The profit and loss account for the year ended 31 March 2011 is set out on page 9. The directors do not recommend payment of a final dividend (2010: £nil).

Payment of creditors

Trade creditors at the 31 March 2011 end represented 40 (2010: 35) days of purchases.

Directors

The directors who held office during the year and up to the date of signing the financial statements (unless otherwise stated) are given below:

Mr J Hurry	(resigned 29/03/2011)
Mrs C Sadler	(resigned 15/04/2010)
Mrs S Booth	(resigned 27/07/2010)
Mr J Petter	
Mr A Vollmer	(resigned 16/09/2010)
Mr S Curry	(appointed 08/04/2010, resigned 16/09/2010)
Mr M Davies	(appointed 15/04/2010)
Mr J Ford	(appointed 16/09/2010)
Mr A Wilson	(appointed 17/01/2011)

Mr J Petter, Mr M Davies, Mr J Ford and Mr A Wilson will retire in accordance with the company's Articles of Association and, being eligible, offer themselves for re-election.

Statement of directors' responsibilities

A statement by the directors of their responsibilities for preparing the financial statements is included on page 6.

Plusnet plc

Directors' report for the year ended 31 March 2011 (continued)

Independent 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

By order of the Board,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line and a small flourish.

28 September 2011

Plusnet plc

Statement of directors' responsibilities for preparing the financial statements

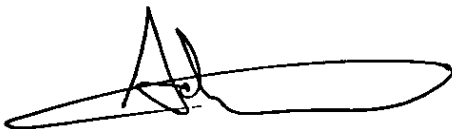
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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,
- 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.

By order of the Board,



18 September 2011

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 2011, 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 of page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Plusnet plc

Independent auditors' report to the members of Plusnet plc (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 Thirkettle (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield

28 September 2011

Plusnet plc

Profit and loss account for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Turnover	1	88,644	71,822
Cost of sales		<u>(78,065)</u>	<u>(51,114)</u>
Gross profit		10,579	20,708
Operating costs/expenses		<u>(37,389)</u>	<u>(19,461)</u>
Operating (loss)/ profit	4	(26,810)	1,247
Interest payable and similar charges	5	(160)	(40)
Interest receivable and similar income	6	<u>13</u>	<u>82</u>
(Loss)/ profit on ordinary activities before taxation		(26,957)	1,289
Tax on profit on ordinary activities	7	<u>7,004</u>	<u>(271)</u>
(Loss)/ profit for the financial year	17	<u>(19,953)</u>	<u>1,018</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 (losses) / profits above and therefore no separate statement of total recognised gains and losses has been presented

Plusnet plc

Balance sheet as at 31 March 2011

	Notes	2011 £'000	2010 £'000 Restated
Fixed assets			
Intangible assets – goodwill	8	-	996
Tangible assets	9	7,152	6,854
Investments	10	-	-
		<u>7,152</u>	<u>7,850</u>
Current assets			
Stocks	11	636	203
Debtors due within one year	12	15,537	17,588
Cash at bank and in hand		3,294	1,970
		<u>19,467</u>	<u>19,761</u>
Creditors: amounts falling due within one year	13	<u>(35,822)</u>	<u>(16,861)</u>
Net current (liabilities) / assets		<u>(16,355)</u>	<u>2,900</u>
Total assets less current liabilities		<u>(9,203)</u>	<u>10,750</u>
Net (liabilities) / assets		<u>(9,203)</u>	<u>10,750</u>
Capital and reserves			
Called up share capital	15	61	61
Share premium account	16	3,339	3,339
Profit and loss account	16	(12,603)	7,350
Total shareholders' (deficit) / funds	17	<u>(9,203)</u>	<u>10,750</u>

The financial statements on pages 9 to 22 were approved by the board of directors on 28 September 2011 and were signed on its behalf by



A Wilson
Director

Registered No. 3279013

Plusnet plc

Notes to the financial statements (continued)

Notes to the financial statements

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 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been consistently applied, are set out below.

At 31 March 2011 the company had net current liabilities of £16,355,000 (2010: assets of £2,900,000) The directors believe that it is appropriate to prepare the financial statements on a going concern basis as the company's ultimate parent undertaking BT Group plc has committed to continue to support Plusnet plc 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.

Tangible fixed assets

Tangible fixed assets are held at historic purchase price less accumulated depreciation. 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.

Plusnet plc

Notes to the financial statements (continued)

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.

Pension schemes

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

Turnover, which excludes value-added tax and other sales taxes, comprises the value of services provided and equipment sales. Service subscription revenue is recognised over the period to which it relates. Call revenue is recognised on the accruals basis.

Intra-group turnover is recognised on provision of the associated services as those services are rendered.

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.

Stocks

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.

Plusnet plc

Notes to the financial statements (continued)

Monetary assets and liabilities

Foreign currency transactions are translated into sterling at the rate ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate ruling at balance sheet date. Any differences are taken to the profit and loss account.

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.

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.

Restatement of comparative numbers

Included within cash and bank in the prior year balance was £9,299k relating to an Intercompany loan to the parent company. In the current year this item is a loan from the parent company and has been classified as an Intercompany balance which reflects its nature more accurately. The comparative amounts have been restated accordingly. There is no impact on either current or prior year profit or loss arising from restatement.

Plusnet plc

Notes to the financial statements (continued)

1 Segmental reporting

The company's turnover and operating profit relate entirely to its principal activity and arise in the United Kingdom. An analysis of turnover is as follows

	2011 £'000	2010 £'000
External	75,453	56,849
Intra group	13,191	14,973
	<u>88,644</u>	<u>71,822</u>

The net (liabilities) / 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 Employee information

	2011 £'000	2010 £'000
Wages and salaries	10,637	6,837
Social security costs	962	547
Other pensions costs	93	92
	<u>11,692</u>	<u>7,476</u>

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

	2011 Number	2010 Number
Senior executives	3	3
Professional roles	105	95
Administration	333	111
	<u>441</u>	<u>209</u>

Plusnet plc

Notes to the financial statements (continued)

3 Directors' emoluments

	2011 £'000	2010 £'000
Emoluments	122	177
Company contributions in respect of money purchase pension schemes	4	6
	<u>126</u>	<u>183</u>

Included above are the following amounts paid to the highest paid director

	2011 £'000	2010 £'000
Total emoluments and amounts (excluding shares) receivable under long-term incentive schemes	<u>126</u>	<u>183</u>

J Petter, M Davies, J Ford and A Wilson are employed and remunerated by British Telecommunications plc or other group companies in respect of their 'services' to the BT group as a whole. No emoluments were paid to those directors in respect of their services to the Company in the year ended 31 March 2011 (2010 £nil)

4 Operating (loss) / profit

Operating (loss) / profit is stated after charging

	2011 £'000	2010 £'000
Depreciation of tangible fixed assets		
• owned assets	3,182	3,545
• under finance leases	-	307
Amortisation of		
- goodwill	177	177
- goodwill impairment	819	-
Operating leases – land and buildings	803	803
Operating leases – e-mail storage	262	-
Audit fees payable to the auditor for the statutory audit of the company's financial statements	<u>56</u>	<u>26</u>

Fees paid to PricewaterhouseCoopers LLP for non-audit services in the UK were £nil (2010 £nil)

Plusnet plc

Notes to the financial statements (continued)

5 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable to group companies	<u>160</u>	<u>40</u>

6 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from group companies	<u>13</u>	<u>82</u>

7 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax at 28% (2010 28%)	(7,149)	544
Adjustment in respect of previous years	<u>18</u>	<u>(166)</u>
Total current tax	(7,131)	378
Deferred tax:		
Origination and reversal of timing differences	(111)	(111)
Adjustment in respect of previous years	<u>163</u>	<u>4</u>
Effect of reduction in statutory tax rate on opening asset	<u>75</u>	<u>-</u>
Total deferred tax (note 14)	<u>127</u>	<u>(107)</u>
Tax on profit on ordinary activities	<u>(7,004)</u>	<u>271</u>

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	<u>(26,957)</u>	<u>1,289</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 28% (2010 28%)	(7,548)	361
Effects of		
Accelerated capital allowances and other timing differences	112	176
Other non deductible expenses	279	71
Movement in other timing differences	8	(64)
Adjustments in respect of prior years	<u>18</u>	<u>(166)</u>
Current tax charge	<u>(7,131)</u>	<u>378</u>

Plusnet plc

Notes to the financial statements (continued)

7 Tax on profit on ordinary activities (Continued)

Factors affecting current and future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantially enacted on 20 July 2010 and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured

Further reductions in the UK corporation tax rate were announced in the June 2010 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The change has not been substantially enacted at the balance sheet date, and therefore, are not recognised in these financial statements

8 Intangible assets

	Goodwill £'000
Cost	
At 1 April 2010 and at 31 March 2011	<u>1,773</u>
Amortisation	
At 1 April 2010	777
Charge for the year	177
Impairment	819
At 31 March 2011	<u>1,773</u>
Net book value	
At 31 March 2011	<u>-</u>
At 31 March 2010	<u>996</u>

Plusnet plc

Notes to the financial statements (continued)

9 Tangible assets

	Computer equipment £'000	Internal Software Development costs £'000	Network development costs £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation					
At 1 April 2010	16,368	11,616	4,000	1,714	33,698
Additions	2,044	665	330	594	3,633
Disposal	(241)	-	-	-	(241)
At 31 March 2011	18,171	12,281	4,330	2,308	37,090
Accumulated depreciation					
At 1 April 2010	12,153	10,442	3,538	711	26,844
Charged in the year	1,834	810	350	188	3,182
Disposal	(88)	-	-	-	(88)
At 31 March 2011	13,899	11,252	3,888	899	29,938
Net book value					
At 31 March 2011	4,272	1,029	442	1,409	7,152
At 31 March 2010	4,215	1,174	462	1,003	6,854

The net book value of tangible fixed assets includes an amount of £nil (2010 £871,997) in respect of assets held under finance leases. Assets held under finance lease transferred to full Plusnet plc ownership in the period.

10 Investments

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

Parbin Limited, Plusnet EBT Limited and Plusnet ASP Limited were liquidated during the period after being dormant for an extended period.

Plusnet plc

Notes to the financial statements (continued)

11 Stocks

	2011 £'000	2010 £'000
Finished goods and goods for resale	<u>636</u>	<u>203</u>

12 Debtors

	2011 £'000	2010 £'000 Restated
Trade debtors	1,913	2,013
Amounts owed by group undertakings	3,999	13,216
Prepayments and accrued income	1,375	1,131
Corporation tax debtor	7,149	-
Deferred tax (note 14)	<u>1,101</u>	<u>1,228</u>
	<u>15,537</u>	<u>17,588</u>

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

13 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	22,694	8,239
Trade creditors	1,695	1,725
Other taxation and social security	4,178	2,398
Other creditors	525	253
Accruals	4,007	1,792
Corporation taxes	-	360
Deferred income	<u>2,723</u>	<u>2,094</u>
	<u>35,822</u>	<u>16,861</u>

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)

14 Deferred taxation

	2011 £'000	2010 £'000
Deferred taxation asset in the accounts comprises:		
Difference between accumulated depreciation and capital allowances	1,087	1,221
Other timing differences	14	7
Deferred tax asset (note 12)	<u>1,101</u>	<u>1,228</u>

	2011 £'000	2010 £'000
Opening deferred tax asset capital allowances	1,228	1,121
Deferred tax (charge)/credit in the profit and loss account (note 7)	(127)	107
Closing deferred tax asset	<u>1,101</u>	<u>1,228</u>

15 Called up share capital

	Number of Shares	£'000
Allotted, called up and fully paid ordinary shares of 0 2p each		
As at 1 April 2010 and at 31 March 2011	<u>30,343,438</u>	<u>61</u>

16 Reserves

	Share premium account £'000	Profit and loss account £'000
Balance at 1 April 2010	3,339	7,350
(Loss) for the financial year	-	(19,953)
Balance at 31 March 2011	<u>3,339</u>	<u>12,603</u>

Plusnet plc

Notes to the financial statements (continued)

17 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss) / profit attributed to shareholders	(19,953)	1,018
Net change in shareholders' (deficit) / funds	(19,953)	1,018
Opening shareholders' funds	10,750	9,732
Closing shareholders' (deficit) / funds	(9,203)	10,750

18 Financial commitments

At 31 March 2011, the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings	
	2011 £'000	2010 £'000
Within two to five years	803	803

	E-mail storage	
	2011 £'000	2010 £'000
Within two to five years	262	-

19 Capital Commitments

At 31 March 2011, the company had capital commitments relating to fixed asset purchases

	Fixed Assets	
	2011 £'000	2010 £'000
Contracts placed for future capital expenditure not provided in the financial year	1,035	442

Plusnet plc

Notes to the financial statements (continued)

20 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 £93,404 (2010 £92,466). The amount of outstanding contributions at the year end amounted to £7,842 (2010 £8,253).

21 Controlling entities

The immediate parent undertaking is British Telecommunications plc.

The ultimate parent undertaking and controlling party is BT Group 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.