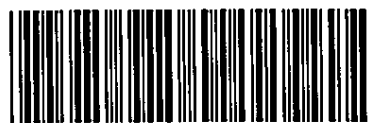


**Registered number: 4682530**

**RBT (Connect) Limited  
Annual Report  
for the year ended  
31 March 2009**

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# **RBT (Connect) Limited**

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## **Directors and advisers**

### **Directors**

Mr C Apsey  
Mr I Wilcox  
Mr D Bell  
Mr A Sangster  
Mrs R McNeely

### **Company Secretary**

Newgate Street Secretaries Limited

### **Registered Office**

81 Newgate Street  
London  
EC1A 7AJ

### **Independent Auditors**

Pricewaterhouse Coopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH

**Directors' report for the year ended 31 March 2009**

The directors submit their annual report and the audited financial statements of RBT (Connect) Limited (the "Company") for the year ended 31 March 2009.

**Review of activities and future developments**

The Company was incorporated on 28 February 2003 as a joint enterprise between British Telecommunications plc and Rotherham Metropolitan Borough Council ('RMBC') for the purpose of providing certain services to RMBC and to third parties.

The Company's principal activity is the provision of information, communications, telecommunications and other services. The directors do not anticipate any change in the foreseeable future.

On 17 April 2003, RBT (Connect) Limited entered into an agreement with RMBC for the provision of services in the following areas:

- information, communications and technology;
- processing of council tax transactions and benefit payments;
- human resources and payroll;
- procurement; and
- the establishment and operation of a customer contact centre known as "Rotherham Connect".

On 23 May 2008, the Company entered into a contract amendment with Rotherham Metropolitan Borough Council to change the terms and conditions of the original service provision agreement (dated 17 April 2003). Under the terms of the contract amendment the Company will continue to provide the above services.

Under the terms of the contract amendments, the impact of the changes has been accounted for in these financial statements.

**Principal risks and uncertainties**

The directors of BT Group plc (the ultimate controlling entity of the Company) manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of BT Group plc, which include those of the Company, are discussed on pages 29 to 31 of the group's annual report which does not form part of this report.

**Directors' report for the year ended 31 March 2009**

**Key performance indicators ("KPIs")**

The directors of BT Group plc manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

**Profits and dividends**

The profit before taxation was £25,000 (2008 £3,000). The charge for taxation was £25,000 (2008 £1,000) which left a profit after taxation for the year of £nil (2008 £2,000).

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2009 (2008 - £nil).

**Directors**

A list of the directors as at 31 March 2009 is set out on page 1. Mr J Akhtar resigned as a director on 3 July 2008 and Mrs R McNeely was appointed as a director with effect from 9 October 2008. The remaining directors held office throughout the year and up to the date of signing this report.

**Statement of directors' responsibilities**

A statement by the directors of their responsibilities for preparing the financial statements is included on page 5.

**Directors' report for the year ended 31 March 2009**

**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,**



Authorised Signatory  
for and on behalf of Newgate Street Secretaries Limited  
Company secretary

26 August 2009

**Statement of directors' responsibilities for preparing the financial statements**

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; and
- 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.

**Independent auditors' report to the members of RBT (Connect) Limited**

We have audited the financial statements of RBT (Connect) Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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.

**Independent auditors' report to the members of RBT (Connect) Limited  
(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 2009 and of its profit and cash flows 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  
London

28 August 2009



**Profit and loss account for the year ended 31 March 2009**

	Notes	2009 £'000	2008 £'000
Turnover	1	30,136	28,639
Operating costs	2	<u>(30,111)</u>	<u>(28,636)</u>
Profit on ordinary activities before taxation		25	3
Tax on profit on ordinary activities	5	<u>(25)</u>	<u>(1)</u>
Retained profit for the financial year	13	<u>-</u>	<u>2</u>

The profit on ordinary activities before taxation derives entirely from continuing activities.

Other than the profit for the financial year, there have been no other recognised gains or losses during either 2009 or 2008, and therefore no separate statement of total recognised gains and losses has been presented.

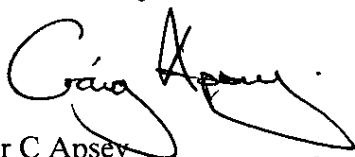
There were no material differences between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.

**Balance sheet as at 31 March 2009**

	Notes	2009 £'000	2008 £'000
<b>Current assets</b>			
Debtors	9	4,761	6,182
Cash at bank and in hand	10	17,900	8,046
		<u>22,661</u>	<u>14,228</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(22,617)</u>	<u>(14,184)</u>
<b>Net current assets</b>		<u>44</u>	<u>44</u>
Total assets less current liabilities		<u>44</u>	<u>44</u>
<b>Net assets</b>		<u>44</u>	<u>44</u>
<b>Capital and reserves</b>			
Called up share capital	12	10	10
Profit and loss account	13	<u>34</u>	<u>34</u>
<b>Total shareholders' funds</b>	14	<u>44</u>	<u>44</u>

The financial statements on pages 8 to 18 were approved by the board of directors on

26 August 2009 and were signed on its behalf by



Mr C Apsey  
Director

**Cash flow statement for the year ended 31 March 2009**

		2009	2008
	Notes	£'000	£'000
Net cash inflow from operating activities	6	9,854	2,516
Increase in cash	8	<u>9,854</u>	<u>2,516</u>

## **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 consistently applied, are set out below.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for provisions for doubtful debts and taxes.

### **Turnover**

Turnover, which excludes value-added tax and other sales taxes, comprises the value of services provided and equipment sales. Turnover relates to one activity being the provision of information, communications and technology services. Turnover from long-term contracts is recognised as the services are performed in accordance with the contract.

### **Operating Costs**

Operating costs represent expenses incurred in the normal course of business and management fees paid to fellow subsidiary undertakings. All operating costs are recognised when incurred.

### **Taxation**

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

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 which the future reversal of underlying timing differences can be deducted.

**Accounting policies (continued)****Taxation (continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences 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.

**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.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Notes to the financial statements****1 Turnover**

Turnover is derived from services provided within the United Kingdom.

**2 Operating profit**

Operating profit is stated after charging:

	2009 £'000	2008 £'000
Auditors' remuneration	<u>8</u>	<u>8</u>

**3 Directors' emoluments**

The directors, apart from Mr A Sangster and Mrs R McNeely, are employed and remunerated by British Telecommunications plc or other group companies in respect of their services to the BT group as a whole. Mr W Sangster and Mrs R McNeely are representatives of Rotherham MBC and are remunerated by Rotherham MBC.

No emoluments were paid to the directors in respect of their services to the Company in the year ended 31 March 2009 (2008: £nil).

**4 Employee information**

The average monthly number of persons employed by the Company during the year was nil (2008: nil). Services are performed by employees seconded from Rotherham MBC and BT Group companies.

## Notes to the financial statements

## 5 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
<b>Current tax:</b>		
UK Corporation tax at 28% (2008 - 30%)	25	1
Total current tax	<u>25</u>	<u>1</u>
Tax on profit on ordinary activities	<u>25</u>	<u>1</u>

The tax assessed for the year differs from the standard rate of UK corporation tax (28%). The differences are explained below:

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	<u>25</u>	<u>3</u>
Tax on profit on ordinary activities at the standard UK corporation tax rate of 28% (2008: 30%)	7	1
<b>Effect of :</b>		
Expenses not deductible for tax	84	-
Group relief received for no charge	<u>(66)</u>	<u>-</u>
<b>Current tax charge for the year</b>	<u>25</u>	<u>1</u>

The Company will receive tax losses from another group company for no consideration.

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from the 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28% and will be taxed at 28% in future.

## 6 Net cash inflow from operating activities

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	25	3
Decrease in debtors	1,421	369
Increase in creditors	8,408	2,152
Tax paid	-	(8)
<b>Net cash inflow from operating activities</b>	<u>9,854</u>	<u>2,516</u>

## Notes to the financial statements

## 7 Analysis of net funds

Cash	At 1 April 2008 £'000	Cash flows £'000	At 31 March 2009 £'000
Cash at bank and in hand	8,046	9,854	17,900

## 8 Reconciliation of net cash flow to movement on net funds

	2009 £'000	2008 £'000
Increase in cash in the year	9,854	2,516
Movement in net funds in the year	9,854	2,516
Net funds at 1 April	8,046	5,530
Net funds at 31 March	17,900	8,046

## 9 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Trade debtors	1,646	5,414
Accrued income	3,115	768
Total debtors	4,761	6,182



## Notes to the financial statements

## 10 Cash at bank and in hand

The Company, certain fellow subsidiaries and parent companies participate in a cash pooling arrangement and have jointly and severally guaranteed amounts owing to the Company's bankers by any participating company. The liability of the Company is limited to the amounts standing to the credit of the Company's accounts with the bank.

At 31 March 2009, cash balances with banks included £nil (2008: £1,118,000) cash deposits that was subject to the contractual restrictions regarding the distribution in favour of the Company's shareholders. The balance comprised of amounts due to Rotherham Metropolitan Borough Council and British Telecommunications plc in the following proportions:

	2009 £'000	2008 £'000
British Telecommunications plc	-	-
Rotherham Metropolitan Borough Council	-	1,118
	<u>-</u>	<u>1,118</u>

## 11 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	1,830	3,546
Amounts owed to group undertakings	18,388	7,673
Corporation taxes	26	1
Other taxation	349	534
Other creditors	7	7
Accruals	1,278	1,335
Deferred income	739	1,088
	<u>22,617</u>	<u>14,184</u>

Included in amounts owed to group undertakings in the previous period, is a balance related to the Company's restricted cash balances (see Note 10). The final amounts owing at the end of the previous period have been settled in line with the cessation of the Company's role as agent in managing the distribution of any profits earned by its shareholders in respect of the contract for supply of services to RMBC.

Amounts due to group undertakings are unsecured (2008: unsecured), interest free (2008: interest free) and have no fixed date of repayment (2008: no fixed date).

## Notes to the financial statements

## 12 Called up share capital

	2009 £'000	2008 £'000
Authorised:		
199,000 (2008: 199,000) "A" ordinary shares of £1 each	199	199
801,000 (2008: 801,000) "B" ordinary shares of £1 each	801	801
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
1,990 (2008: 1,990) "A" ordinary shares of £1 each	2	2
8,010 (2008: 8,010) "B" ordinary shares of £1 each	8	8
	<u>10</u>	<u>10</u>

In the event of a winding up, the assets of the Company available for distribution to shareholders after payment of all other debts and liabilities, will be distributed between the "A" and "B" ordinary shareholders in accordance with a formula given in the Company's articles of association.

## 13 Reserves

	Profit and loss account £'000
Balance at 1 April 2008	44
Retained profit for the financial year	-
Balance at 31 March 2009	<u>44</u>

## 14 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Retained profit for the financial year	<u>-</u>	<u>2</u>
Net addition to shareholders' funds	-	2
Opening shareholders' funds	<u>44</u>	<u>42</u>
Closing shareholders' funds	<u>44</u>	<u>44</u>

**Notes to the financial statements****15 Contingent liabilities**

Other than as disclosed in Note 10, at 31 March 2009 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and on these no material losses are anticipated.

**16 Controlling entities**

The Company is an 80.1% (2008: 80.1%) owned subsidiary of British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2009 was BT Group plc. The remaining 19.9% (2008: 19.9%) of the subsidiary is owned by Rotherham Metropolitan Borough Council.

**17 Related party transactions**

The Company incurred management fees of £8,801,000 (2008: £9,096,000) to British Telecommunications plc during the year ended 31 March 2009. At 31 March 2009, creditors include balances of £18,388,000 (2008: £6,555,000 ) payable to British Telecommunications plc for management fees.

The Company recognised revenue of £30,018,000 (2008: £28,407,000 ) from RMBC, holder of 1,990 "A" ordinary shares. The Company also incurred expenses of £21,309,000 (2008: £19,540,000 ) to RMBC. The expenditure related to the reimbursement of staff and other costs incurred by RMBC on behalf of the Company.

As at 31 March 2009, debtors include balances of £1,636,000 (2008: £5,319,000) and creditors include balances of £3,674,000 (2008: £4,671,000 ) owing from/to RMBC.