

Registered number: 2024575

Newgate Leasing Limited
Directors' Report and Financial Statements
For the year ended
31 March 2015

TUESDAY



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COMPANIES HOUSE

Newgate Leasing Limited

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Directors and advisers

Directors

MP Genikis
ADB Machin

Company Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street
London
EC1A 7AJ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

Directors' report for the year ended 31 March 2015

The directors submit their report and the audited financial statements of Newgate Leasing Limited for the year ended 31 March 2015. The registered number of the Company is 2024575.

The directors' report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Principal activities and future developments

The Company's principal activity is to hold assets for leasing to group companies, however, the directors agreed to cease additions to leasing with effect from 1 December 2010. Currently, the Company does not have any plans to renew the internal leasing arrangements or enter into new arrangements.

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 41 to 52 of the 2015 annual report of BT Group Plc, of which does not form part of this report.

Key performance indicators ("KPIs")

The key performance indicator against which the directors manage the Company is the value of leases outstanding for the activities conducted. Performance against these KPIs is assessed at board meetings.

Results and dividends

The profit on ordinary activities before taxation was £9,015,453 (2014: £10,046,433). The tax on profit on ordinary activities was £1,893,245 (2014: £2,310,680) which left a profit for the financial year of £7,122,208 (2014: £7,735,753).

An interim dividend of £8,000,000 (2014: £9,000,000) was paid on 16 December 2014 (2014: 28 February 2014). The directors do not propose to pay final dividend (2014: £nil).

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

Directors

A list of the current directors is set out on page 1. The directors held office throughout the year and up to the date of signing of this report.

Statement of Directors' Responsibilities

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 the 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.

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

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 directors' report on pages 2 to 4 was approved by the Board of directors on 4 November 2015 and was signed on its behalf by Alberto Buffa.

Alberto Buffa

Authorised Signatory
for and on behalf of Newgate Street Secretaries Limited
Company Secretary
4 November 2015

Independent auditors' report to the members of Newgate Leasing Limited

Report on the financial statements

Our opinion

In our opinion, Newgate Leasing 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.

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.

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

**Independent auditors' report to the members of Newgate Leasing Limited
(continued)**

- 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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:

**Independent auditors' report to the members of Newgate Leasing Limited
(continued)**

- 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 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.



Sharron Moran (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
5 November 2015

Profit and loss account for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover			
Gross earnings under finance leases	1	181,584	1,090,921
Administrative expenses		<u>(7,429)</u>	<u>(7,448)</u>
Operating profit	2	174,155	1,083,473
Interest receivable and similar income	3	<u>8,841,298</u>	<u>8,962,960</u>
Profit on ordinary activities before taxation		9,015,453	10,046,433
Tax on profit on ordinary activities	6	<u>(1,893,245)</u>	<u>(2,310,680)</u>
Profit for the financial year	12	<u><u>7,122,208</u></u>	<u><u>7,735,753</u></u>

All results derive from continuing operations.

There have been no recognised gains or losses during either 2015 or 2014 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

	Note	2015 £	2014 £
Current assets			
Cash at bank and in hand	8	14,262	20,000
Debtors	9	539,566,600	540,855,908
		<u>539,580,862</u>	<u>540,875,908</u>
Creditors: amounts falling due within one year	10	<u>(1,900,674)</u>	<u>(2,317,928)</u>
Net assets		<u>537,680,188</u>	<u>538,557,980</u>
Capital and reserves			
Called up share capital	11	233,000,000	233,000,000
Share premium account	12	297,000,000	297,000,000
Profit and loss account	12	<u>7,680,188</u>	<u>8,557,980</u>
Total shareholders' funds	13	<u>537,680,188</u>	<u>538,557,980</u>

The financial statements on pages 8 to 15 were approved and authorised for issue by the Board of directors on 4 November 2015 and were signed on its behalf by Mark Genikis.



Mark Genikis
Director

Accounting policies**Basis of accounting**

The 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 financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver group accounts as the accounts of Newgate Leasing Limited are consolidated in the financial statements of BT Group plc, the ultimate parent entity.

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 taxes.

Turnover

Turnover represents gross earning allocated in respect of finance leases in accordance with the accounting policy adopted for finance leases and fee income.

Finance leases

Investments in finance leases are stated at the gross amount of minimum future rental payments less gross earnings allocated to future periods. The leases do not expose the Company to residual value risk on the assets being leased.

Gross income under finance leases

Turnover, which excludes value-added tax and other sales taxes, comprises the value of services provided. Income from finance leases is credited to the profit and loss account to give a constant periodic rate of return over the period of the contract

Taxation

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

Accounting policies(continued)**Cash flow statement and related party disclosures**

The Company is a wholly-owned subsidiary of BT Group plc. The cash flows of the Company are included in the consolidated cash flow statement of BT Group plc, whose annual report is publicly available. Consequently, the Company is exempt under the terms of FRS 1 “Cash Flow Statements” from publishing a cash flow statement.

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the BT plc group.

Dividend distribution

Interim and final dividends are recognised when they are paid.

Accounting standards, interpretations and amendments not yet effective

Following the publication of FRS 100 ‘Application of Financial Reporting Requirements’ by the Financial Reporting Council, Newgate Leasing Limited is required to change its accounting framework for its entity financial statements, which is currently UK GAAP, for its financial year commencing 1 April 2015. The purpose of FRS 100 is to align reporting in the UK with IFRS. As a qualifying subsidiary, the company will adopt FRS 101 ‘Reduced Disclosure Framework’.

As required by FRS 101, the company notified its shareholders of the proposed change.

Notes to the financial statements for the year ended 31 March 2015**1 Turnover**

Gross earnings under finance leases were £181,584 (2014: £1,090,921).

2 Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Auditors' remuneration for statutory audit	<u>7,429</u>	<u>7,248</u>

3 Interest receivable and similar income

	2015 £	2014 £
Interest receivable from group undertakings	<u>8,841,298</u>	<u>8,962,960</u>

4 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 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).

5 Employee information

The average monthly number of persons employed by the Company during the year was nil (2014: nil).

6 Tax on profit on ordinary activities

	2015 £	2014 £
Current tax:		
UK Corporation tax at 21% (2014: 23%)	<u>1,893,245</u>	<u>2,310,680</u>

The tax assessed for the year is equal to (2014: equal to) the standard rate of corporation tax in the UK of 21% (2014: 23%). as explained below:

Profit on ordinary activities before taxation	<u>9,015,453</u>	<u>10,046,433</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 21% (2014: 23%)		
	<u>1,893,245</u>	<u>2,310,680</u>
Current tax charge	<u>1,893,245</u>	<u>2,310,680</u>

Notes to the financial statements for the year ended 31 March 2015 (continued)

7 Dividends

	2015 £	2014 £
Equity – ordinary		
Interim dividend of £0.0343 per share (2014: £0.0386266 per share)	<u>8,000,000</u>	<u>9,000,000</u>

8 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.

9 Debtors

	2015 £	2014 £
Amount falling due within one year	<u>539,566,600</u>	<u>540,855,908</u>
Total Debtors	<u>539,566,600</u>	<u>540,855,908</u>
Amounts falling due within one year:		
Amounts owed by group undertakings	539,566,600	512,748,715
Net investment in finance leases	-	28,107,193
Total debtors falling due within one year	<u>539,566,600</u>	<u>540,855,908</u>
Net investment in finance leases comprises :-		
Total amounts receivable	-	28,295,034
Less :- interest allocated to future periods	-	(187,841)
	<u>-</u>	<u>28,107,193</u>
Amounts falling due after more than one year:		
Net investment in finance leases	<u>-</u>	<u>-</u>
Net investment in finance leases comprises :-		
Total amounts receivable	-	-
Less :- interest allocated to future periods	-	-
	<u>-</u>	<u>-</u>

The cost of assets acquired during the year for onward finance leasing was £nil (2014: £nil).

Included in amounts owed by group undertakings is an interest-bearing (GBP LIBOR plus 42.5 basis points) loan of £534,480,074 (2014: £508,136,254) to British Telecommunications plc which is repayable within 12 months.

Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Creditors: amounts falling due within one year

	2015 £	2014 £
Accruals	7,429	7,248
Corporation tax payable	1,893,245	2,310,680
	<u>1,900,674</u>	<u>2,317,928</u>

11 Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid: 233,000,000 (2014: 233,000,000) ordinary shares of £1 each	<u>233,000,000</u>	<u>233,000,000</u>

12 Reserves

	Share premium Account £	Profit and loss account £
Balance at 1 April 2014	297,000,000	8,557,980
Profit for the financial year	-	7,122,208
Dividends paid	-	(8,000,000)
Balance at 31 March 2015	<u>297,000,000</u>	<u>7,680,188</u>

13 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the financial year	7,122,208	7,735,753
Dividends paid	<u>(8,000,000)</u>	<u>(9,000,000)</u>
Net reduction to shareholders' funds	(877,792)	(1,264,247)
Opening shareholders' funds	<u>538,557,980</u>	<u>539,822,227</u>
Closing shareholders' funds	<u>537,680,188</u>	<u>538,557,980</u>

14 Contingent liabilities

At 31 March 2015, 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.

**Notes to the financial statements for the year ended 31 March 2015
(continued)**

15 Controlling entities

The Company is a wholly-owned subsidiary of British Telecommunications 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 largest group of companies into which the results of the Company are consolidated is BT Group plc, a company incorporated in England & Wales. Consequently the Company is exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing details of transactions and balances with BT Group plc, fellow group subsidiaries and associated undertakings, and those deemed under BT Group control during the year ended 31 March 2015. Copies of the financial statements of BT Group plc may be obtained from The Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is British Telecommunications plc, a company incorporated in England & Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.