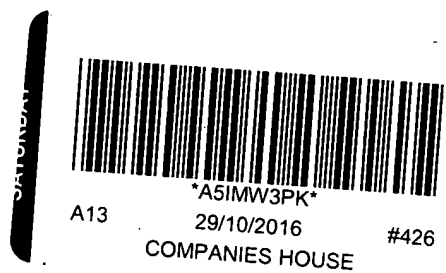


Newgate Leasing Limited
Directors' Report and Financial Statements
For the year ended
31 March 2016

Registered number: 2024575



Directors' report for the year ended 31 March 2016

The directors present their annual report on the affairs of Newgate Leasing Limited (the "Company"), together with the financial statements and auditor's report for the year ended 31 March 2016. 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 principal risks to which BT Group plc (the ultimate controlling entity of the Company) is exposed are also the principal matters which would create risk and uncertainty for the Company. These are managed by the directors of BT Group plc at the group level rather than at an individual business unit level. They are discussed on pages 47-56 of the group's 2016 annual report which does not form part of this report.

Financial risk management

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Directors' report for the year ended 31 March 2016 (continued)**Financial risk management (continued)****Interest rate cash flow risk**

The company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include only government securities and cash balances, all of which earn interest at fixed rate. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

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.

First-time adoption of FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its separate financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The Company's annual financial statements for the year ended 31 March 2016 are the first that the Company has prepared in accordance with FRS 101 "Reduced Disclosure Framework" which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure. The standard is effective for periods beginning on or after 1 January 2015.

The company meets the definition of a qualifying subsidiary under FRS 100. Accordingly, in the year ended 31 March 2016 the company has undergone transition from reporting under previous UK GAAP to FRS 101 'Reduced Disclosure Framework'. As required by FRS 101, these financial statements include comparative FRS101 financial information for the period ended 31 March 2015. FRS 101 incorporates, with limited amendments, International Financial Reporting Standards (IFRS).

Results and dividends

The profit on ordinary activities before taxation was £7,954,574 (2015: £9,015,453). The tax on profit on ordinary activities was £1,590,915 (2015: £1,893,245) which left a profit for the financial year of £6,363,659 (2015: £7,122,208).

An interim dividend of £7,000,000 (2015: £8,000,000) was paid on 4 March 2016 (2015: 31 December 2015). The directors do not propose to pay final dividend (2015: £nil).

Directors' report for the year ended 31 March 2016 (continued)

Directors

The directors who served throughout the year and up to the date of signing, were as follows:

MP Genikis
ADB Machin

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by BT Group plc and applicable to the directors of Newgate Leasing Limited, was in force throughout the last financial year and is currently in force. Neither the insurance nor the indemnity provides cover where the person has acted fraudulently or dishonestly.

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 financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the

Directors' report for the year ended 31 March 2016 (continued)

Statement of Directors' Responsibilities (continued)

financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

As far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each of the directors has taken all reasonable steps that ought to have been taken to make the auditor aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as independent auditors in the absence of an Annual General Meeting.

The directors' report on pages 1 to 4 was approved by the Board of directors on 30 September 2016 and was signed by its order by Alberto Buffa.

Alberto Buffa

Authorised Signatory
for and on behalf of Newgate Street Secretaries Limited
Company Secretary
30 September 2016

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 2016 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, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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 Statement set out on pages 3-4, 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:

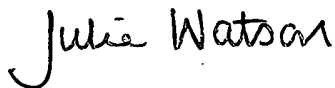
**Independent auditors' report to the members of Newgate Leasing Limited
(continued)**

- 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 Annual Report 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.



Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
18 October 2016

Profit and loss account for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover			
Gross earnings under finance leases	3	-	181,584
Administrative expenses		<u>(12,172)</u>	<u>(7,429)</u>
Operating (loss) / profit	4	(12,172)	174,155
Interest receivable and similar income	5	<u>7,966,746</u>	<u>8,841,298</u>
Profit on ordinary activities before taxation		7,954,574	9,015,453
Tax on profit on ordinary activities	8	<u>(1,590,915)</u>	<u>(1,893,245)</u>
Profit for the financial year		<u><u>6,363,659</u></u>	<u><u>7,122,208</u></u>

All results derive from continuing operations.

There have been no other comprehensive income during either 2016 or 2015 other than as disclosed in the profit and loss account and therefore no separate statement of total comprehensive income has been presented.

Balance sheet as at 31 March 2016

	Note	2016 £	2015 £
Current assets			
Cash at bank and in hand	10	-	14,262
Debtors	11	538,646,963	539,566,600
		<u>538,646,963</u>	<u>539,580,862</u>
Creditors: amounts falling due within one year	12	<u>(1,603,116)</u>	<u>(1,900,674)</u>
Net assets		<u>537,043,847</u>	<u>537,680,188</u>
Equity			
Called up share capital	13	233,000,000	233,000,000
Share premium account		297,000,000	297,000,000
Retained earnings		<u>7,043,847</u>	<u>7,680,188</u>
Total equity		<u>537,043,847</u>	<u>537,680,188</u>

The financial statements on pages 8 to 18 were approved and authorised for issue by the Board of directors on 30 September 2016 and were signed on its behalf by Mark Genikis.



Mark Genikis
Director

Statement of changes in equity for the year ended 2016

	Called up Share capital	Share premium account	Retained earnings	Total equity
	£	£	£	£
Balance as at 1 April 2014	233,000,000	297,000,000	8,557,980	538,557,980
Profit for the financial period and total comprehensive income	-	-	7,122,208	7,122,208
Dividend paid	-	-	(8,000,000)	(8,000,000)
Balance as at 31 March 2015	233,000,000	297,000,000	7,680,188	537,680,188
Profit for the financial period and total comprehensive income	-	-	6,363,659	6,363,659
Dividend paid	-	-	(7,000,000)	(7,000,000)
Balance as at 31 March 2016	<u>233,000,000</u>	<u>297,000,000</u>	<u>7,043,847</u>	<u>537,043,847</u>

Notes to the financial statements**1. General information**

Newgate Leasing Limited hold assets for leasing to group companies within the BT Group plc group of companies.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 81 Newgate Street, London EC1A 7AJ.

2. Basis of preparation and accounting policies**Preparation of the financial statements**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101), which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure. For all periods up to and including the year ended 31 March 2015, the Company prepared its separate financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of complexity, or areas where assumption and estimates are significant to the financial statements.

The Company meets the definition of a qualifying subsidiary under FRS 100. Accordingly, in the year ended 31 March 2016 the Company has undergone transition from reporting under previous UK GAAP to FRS 101 'Reduced Disclosure Framework'. As required by FRS 101, these financial statements include comparative FRS 101 financial information for the year ended 31 March 2015.

Exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard. The following exemptions have been taken:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments.
- The requirements of IFRS 7 Financial Instruments: Disclosures.
- The requirements of IAS 7 Statement of Cash Flows.
- The requirements of paragraphs 17 of IAS 24 Related Party Disclosures.

Notes to the financial statements (continued)

- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 6 and 21 of IFRS 1 'First-time Adoption of International Financial Reporting Standards' to present an opening statement of financial position at the date of transition.
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements';
 - (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
 - (iii) paragraph 118(e) of IAS 38 'Intangible Assets'.
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - 10(d) (statement of cash flows);
 - 10(f) (third statement of financial position);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (third statement of financial position);
 - 111 (cash flow statement information); and
 - 134 to 136 (capital management disclosures).

The Company intends to continue to take advantage of these exemptions in future years.

Where required, equivalent disclosures have been given in the consolidated financial statements of BT Group plc. Previous UK GAAP differs in certain respects from FRS 101 and comparative information has been re-presented as necessary in accordance with FRS 101. There were no measurement differences on transition from UK GAAP to FRS 101 and therefore no opening reconciliation of Equity is presented.

The accounting policies set out on pages 13 to 15 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information for the year ended 31 March 2015 and the preparation of an opening balance sheet at 1 April 2014, the company's date of transition.

The Company's annual financial statements for the year ended 31 March 2016 are the first that the Company has prepared in accordance with the FRS 101 as issued by the Financial Reporting Council. The transition from UK GAAP to FRS did not have any reconciling items in the financial statements.

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.

Notes to the financial statements (continued)

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 financial statements as the financial statements 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 investment impairment, provisions for liabilities and charges and taxes.

Transition to FRS 101

The accounting policies set out on pages 13 to 15 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information for the year ended 31 March 2015.

The transition from UK GAAP to FRS 101 required no adjustments to amounts previously reported in the financial statements and no reconciliation of Equity has been presented.

New and amended accounting standards that have been issued but are not yet effective

The following standards have been issued but are not yet effective. The impact of these on the financial statements are being considered by the Company.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 9 'Financial instruments'

IFRS 16 'Leases'

Presentation of specific items

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Notes to the financial statements (continued)**Accounting policies (continued)****Going concern**

The directors have satisfied themselves that the Company will continue to have financial support provided by British Telecommunications plc in order to meet its requirements for at least the next year, and therefore believe that preparing the financial statements on the going concern basis is appropriate

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.

Dividend distribution

Dividend distributions are recognised as a liability in the year in which the dividends are approved by the company's shareholders. Interim dividends are recognised when they are paid; final dividends when authorised in general meetings by shareholders.

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

Current and deferred income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised using the liability method, in respect of temporary differences between the carrying amount of the company's assets and liabilities and their tax base. A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

Notes to the financial statements (continued)**Accounting policies (continued)****Trade Debtors**

Total debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provision for doubtful debts.

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.

Trade Creditors

Financial liabilities within creditors are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method.

3 Turnover

Gross earnings under finance leases were £nil (2015: £181,584).

4 Operating profit/ (loss)

Operating profit/ (loss) is stated after charging:

	2016 £	2015 £
Auditors' remuneration for statutory audit	<u>12,202</u>	<u>7,429</u>

5 Interest receivable and similar income

	2016 £	2015 £
Interest receivable from group undertakings	<u>7,966,746</u>	<u>8,841,298</u>

6 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 2016 (2015: £nil).

7 Employee information

The average monthly number of persons employed by the Company during the year was nil (2015: nil).

Notes to the financial statements (continued)**8 Tax on profit on ordinary activities**

	2016 £	2015 £
Current tax:		
UK Corporation tax at 20% (2015: 21%)	<u>1,590,915</u>	<u>1,893,245</u>

The tax assessed for the year is equal to (2015: equal to) the standard rate of corporation tax in the UK of 20% (2015: 21%), as explained below:

Profit on ordinary activities before taxation	<u>7,954,574</u>	<u>9,015,453</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 20% (2015: 21%)		
	<u>1,590,915</u>	<u>1,893,245</u>
Total tax charge	<u>1,590,915</u>	<u>1,893,245</u>

Factors affecting current and future tax charges

The rate of UK corporation tax will change from 20% to 19% on 1 April 2017 and to 18% on 1 April 2020. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at 31 March 2016 have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

The UK Finance Bill 2016 includes a reduction of the UK corporation tax rate to 17% on 1 April 2020. This will replace the 18% UK corporation tax rate that is currently legislated to take effect. This will have an effect on future tax charges of the company. Relevant deferred tax balances will be re-measured to 17% once the UK Finance Bill 2016 is substantively enacted.

9 Dividends

	2016 £	2015 £
Equity – ordinary		
Interim dividend of £0.030042918 per share (2015: £0.034334764 per share)	<u>7,000,000</u>	<u>8,000,000</u>

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.

Notes to the financial statements (continued)

11 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Amounts owed by group undertakings	538,646,963	539,566,600
Total debtors falling due within one year	<u>538,646,963</u>	<u>539,566,600</u>

The cost of assets acquired during the year for onward finance leasing was £nil (2015: £nil).

Included in amounts owed by group undertakings is an interest-bearing (GBP LIBOR plus 42.5 basis points) loan of £534,094,733 (2015: £534,480,074) to British Telecommunications plc which is repayable on demand.

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Accruals	12,201	7,429
Corporation tax payable	1,590,915	1,893,245
	<u>1,603,116</u>	<u>1,900,674</u>

13 Called up share capital

	2016 £	2015 £
Allotted, called up and fully paid: 233,000,000 (2015: 233,000,000) ordinary shares of £1 each	<u>233,000,000</u>	<u>233,000,000</u>

14 Contingent liabilities

At 31 March 2016, 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 (2015: nil).

15 Controlling entity

The Company is a wholly owned subsidiary of British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity is 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 IAS 24 "Related Party Disclosure" 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 2016. Copies of the financial statements of BT Group plc may be obtained from The Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

Notes to the financial statements (continued)

15 Controlling entity (continued)

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.