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**Registered number: 82559**

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## **Collingwood Limited**

**Annual Report  
for the year ended  
31 March 2009**

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# **Collingwood Limited**

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## **Directors and advisers**

### **Directors**

G Parry  
MP Genikis  
HL Ashton (Appointed 30 March 2009)  
HG Brierley (Resigned 30 March 2009)

### **Company Secretary**

Bedell Secretaries Limited

### **Registered Office**

26 New Street  
St Helier  
Jersey  
JE4 8PP  
Channel Islands

### **Registered Auditors**

PricewaterhouseCoopers CI LLP  
Twenty Two Colomberie  
St Helier  
Jersey JE1 4XA  
Channel Islands

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

The directors submit their annual report and the audited financial statements of Collingwood Limited (the "Company") for the year ended 31 March 2009. The registered number of the Company is 82559.

**Review of activities and future developments**

The Company's principal activity is to act as an investment holding Company within the BT Group plc group of companies either directly or through wholly owned companies. The directors do not anticipate any change in the foreseeable future.

**Results and dividends**

The profit before taxation was £38,512,000 (2008: £45,958,000). The charge for taxation was £10,859,000 (2008: £13,869,000) which left profit after taxation for the year of £27,653,000 (2008: £32,089,000).

The directors do not recommend the payment of an ordinary share dividend in respect of the year ended 31 March 2009 (2008: £nil). Preference dividends are payable as explained in Note 2 to 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.

**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.

**Directors**

A list of the current directors is set out on page 1. HL Ashton was appointed to the board on 30 March 2009. HG Brierley also served as a director until she resigned on 30 March 2009. The remaining directors held office throughout the financial year and up to the date of signing of this report.

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

**Statement of directors' responsibilities**

A statement by the directors of their responsibilities for preparing the financial statements is included on page 4

**Auditors**

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office

**By order of the Board,**



Glyn Parry  
Director  
8 February 2010

## **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 laws and regulations

Companies (Jersey) Law 1991 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 Principle's (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 (Jersey) Law 1991. 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 COLLINGWOOD LIMITED**

**Report on the financial statements**

We have audited the accompanying financial statements of Collingwood Limited which comprise the balance sheet as of 31 March 2009 and the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory notes

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with United Kingdom Accounting Standards and with the requirements of Jersey law. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2009, and of its financial performance for the year then ended in accordance with United Kingdom Accounting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

**Report on other legal and regulatory requirements**

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the director's report.

In our opinion the information given in the directors' report is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLLINGWOOD LIMITED - CONTINUED**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 110 of the Companies (Jersey) Law 1991 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.

*PricewaterhouseCoopers CI LLP*

PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Jersey, Channel Islands  
15 February 2010

## Balance sheet as at 31 March 2009

	Notes	2009 £'000	2008 £'000
<b>Current assets</b>			
Debtors	6	918,555	879,261
<b>Creditors: amounts falling due within one year</b>	7	<u>(42,003)</u>	<u>(25,362)</u>
<b>Net current assets</b>		876,552	853,899
<b>Creditors: amounts falling due after more than one year</b>			
	8	<u>-</u>	<u>(5,000)</u>
<b>Net assets</b>		<u>876,552</u>	<u>848,899</u>
<b>Capital and reserves</b>			
Called up share capital	9	726	726
Share premium account	10	725,276	725,276
Capital redemption reserve	10	318	318
Profit and loss account	10	<u>150,232</u>	<u>122,579</u>
<b>Total equity shareholders' funds</b>	11	<u>876,552</u>	<u>848,899</u>

The financial statements on pages 7 to 15 were approved by the board of directors on 8 February 2010 and were signed on its behalf by

  
Director



**Notes to the financial statements****Basis of accounting**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with 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 liabilities and charges and taxes.

**Financial instruments***Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than

- those that the Company intends to sell immediately or in the short term, which are classified as held for trading,
- those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the profit and loss account in the line which most appropriately reflects the nature of the item or transaction.

The Company does not adopt FRS 26 and therefore does not have to adhere to FRS 29.

**Taxation**

The charge for taxation is based on the profit for the period 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.

**Notes to the financial statements**

**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.

**Cash flow statement**

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 Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

**Interest receivable**

Interest receivable arises on loans to group undertakings and bank deposits and is accounted for on an accruals basis.

## Notes to the financial statements

## 1 Administration expenses

Administrative expenses include

	2009 £'000	2008 £'000
Auditors' remuneration for audit services	7	6
Other operating expenses	2	31
	<u>9</u>	<u>37</u>

## 2 Net interest receivable

	2009 £'000	2008 £'000
Interest receivable from group undertakings	39,441	46,332
Interest payable to group undertakings	(648)	(64)
Preference dividends payable	(272)	(273)
Net interest receivable	<u>38,521</u>	<u>45,995</u>

On 27 May 2005, the 323,000 preference shares (issued at a premium of £999 per share) were transferred from BT Newgate investments Limited to Cegetel Holdings II B V, a fellow group company, via British Telecommunications plc, an intermediate parent company. On 15 December 2005, the Company redeemed 318,000 preference shares at a premium of £999 per share for total consideration of £318 million.

The preference shares are due for redemption, at par, on 30 April 2009. The preference shareholders are entitled to receive notice of Annual General Meetings of the Company and attend and vote thereat. Each preference holder is entitled to one vote.

Under the terms of the Subscription Agreement, the preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 5,500% of the par value (£55 per share) on a quarterly basis. The dividend only accrues from such date that the Directors shall determine and notify to the holders of the Preference Shares. There is no penalty for late payment of the dividend.

In the event of winding up, preference shares rank higher than ordinary shares and are entitled to receive the nominal value and premium paid up plus any unpaid dividends prior to the winding up and any surplus assets available following distribution of the nominal value and premium paid up to ordinary shareholders rateably distributed between the preference shareholders and ordinary shareholders on the basis of the aggregate amounts of nominal value and premium paid up by both classes of shareholders prior to the winding up.

## Notes to the financial statements

### 2 Net interest receivable (continued)

Preference share dividends for the financial year were as follow.

	Date of payment	£'000
1 April 2008 to 30 September 2008	Accrued	136
1 October 2008 to 31 December 2008	Paid 09 February 2009	69
1 January 2009 to 31 March 2009	Accrued	67
		<hr/>
		<u>272</u>

### 3 Directors' emoluments

The directors are employed and remunerated as executives of British Telecommunications plc and other group companies in respect of their services to the group as a whole. No emoluments were paid to the directors in respect of their services to the Company for 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).

### 5 Tax on profit on ordinary activities

#### Jersey taxation

With effect from the 2009 year of assessment Jersey abolished the exempt company regime for existing companies. Profits arising in the company for the 2009 year of assessment and future periods will be subject to tax at the rate of 0%. In the prior year the Company was exempt from taxation under the provisions of Article 123A of the Income Tax (Jersey) Law 1961 as amended.

#### UK taxation

The Company is centrally and effectively managed and controlled within the UK and is therefore UK tax resident.

## Notes to the financial statements

## Tax on profit on ordinary activities (continued)

The Company is liable to UK corporation tax at 28% (2008 30%) on its taxable profits. The tax charge for the current year is £10,859,000 (2008 £13,869,000) which reconciles to the theoretical tax charges as follows

	2009 £'000	2008 £'000
Profit on ordinary activities multiplied by standard rate of corporation tax at 28% (2008 30%)	10,859	13,787
Effects of Preference share dividends	-	82
	<u>10,859</u>	<u>13,869</u>
Tax on profit on ordinary activities	<u>10,859</u>	<u>13,869</u>

## 6 Debtors

	2009 £'000	2008 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	<u>918,555</u>	<u>879,261</u>
	<u>918,555</u>	<u>879,261</u>

The amounts owed by group undertakings include a loan of £331,911,000 (2008 £225,652,000) plus accrued interest due from BT Holdings Limited, the immediate parent company and a loan of £nil (2008 £554,153,220) plus accrued interest due from Tudor Minstrel, and another loan of £584,238,000 (2008 £nil) plus accrued interest due from British Telecommunications plc, the fellow group undertakings

The interest charged on the BT Holdings Limited loan is based on the 3 month sterling LIBOR rate on the applicable rate setting dates (being 15 February, 15 May, 15 August and 15 November) plus 50 basis points

The interest charged on the British Telecommunications plc loan is based on the 3 month sterling LIBOR rate on the applicable rate setting dates (being 15 February, 15 May, 15 August and 15 November) less 10 basis points

## Notes to the financial statements

## 7 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
<b>Amounts falling due within one year:</b>		
Corporation tax	10,859	13,869
Preference share dividends	272	136
5,000 (2008 nil) redeemable preference shares of £1 each	5	-
Preference share premium	4,995	-
Amounts owed to group undertakings	25,865	11,351
Accruals	<u>7</u>	<u>6</u>
	<u>42,003</u>	<u>25,362</u>

The amounts owed to group undertakings include a loan of £25,799,000 (2008 £11,287,000) plus accrued interest due to BT Group investments, a fellow group undertaking.

The interest payable on the BT Group investments loan is based on the 3 month sterling LIBOR rate on the applicable rate setting dates (being 15 February, 15 May, 15 August and 15 November) plus 50 basis points

## 8 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Nil (2008 5,000) redeemable preference shares of £1 each	-	5
Preference share premium	<u>-</u>	<u>4,995</u>
	<u>-</u>	<u>5,000</u>

## 9 Called up share capital

	2009 £'000	2008 £'000
<b>Authorised:</b>		
775,000 (2008 775,000) ordinary shares of £1 each	<u>775</u>	<u>775</u>
	<u>775</u>	<u>775</u>
<b>Issued, called up and fully paid:</b>		
726,004 (2008 726,004) ordinary shares of £1 each	<u>726</u>	<u>726</u>
	<u>726</u>	<u>726</u>

The preference shares are disclosed within creditors due after more than one year (see note 8)

## Notes to the financial statements

**10 Reserves**

	<b>Capital Redemption Reserve £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
Balance at 1 April 2008	318	725,276	122,579	848,173
Retained profit for the financial year	-	-	27,653	27,653
Balance at 31 March 2009	<u>318</u>	<u>725,276</u>	<u>150,232</u>	<u>875,826</u>

**11 Reconciliation of movements in shareholders' funds**

	<b>2009 £'000</b>	<b>2008 £'000</b>
Retained Profit for the financial year	27,653	32,089
Net addition to shareholders' funds	<u>27,653</u>	<u>32,089</u>
Opening shareholders' funds	848,899	816,810
Closing shareholders' funds	<u>876,552</u>	<u>848,899</u>

**12 Contingent liabilities**

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

**13 Controlling entities**

The Company is a subsidiary of BT Holdings Limited, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2009 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 Financial Reporting Standard Number 8 from disclosing details of transactions and balances with BT Group plc, fellow group subsidiaries and associated undertakings and those deemed under control during the year ended 31 March 2009. Copies of the financial statements of BT Group plc may be obtained from The Assistant 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.