

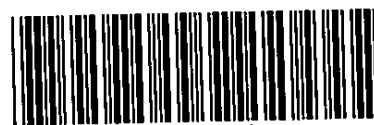
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Registered number: 82559
UK branch registered number: FC 025679

Collingwood Limited

**Annual Report and Financial Statements
for the year ended
31 March 2010**

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COMPANIES HOUSE

Collingwood Limited

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Directors and advisers

Directors

G Parry
MP Genkis
HL Ashton (Resigned on 3rd March 2010)

Company Secretary

Bedell Secretaries Limited

Registered Office

26 New Street
St Helier
Jersey
JE4 8PP
Channel Islands

Registered Auditors

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

Directors' report for the year ended 31 March 2010

The directors submit their annual report and the audited financial statements of Collingwood Limited (the "Company") for the year ended 31 March 2010. 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.

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 in the group's annual report which does not form part of this report.

Key performance indicators

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.

Results and dividend

The profit before taxation was £9,887,000 (2009: £38,512,000). The charge for taxation was £2,774,000 (2009: £10,859,000) which left profit after taxation for the year of £7,113,000 (2009: £27,653,000).

The directors do not recommend the payment of an ordinary share dividend in respect of the year ended 31 March 2010 (2009: £nil). Preference dividends are payable as explained in Note 2 to these Financial Statements.

Directors

A list of the current directors is set out on page 1. HL Ashton also served as a director until she resigned on 3 March 2010. 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 2010

Statement of directors' responsibilities

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

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 CI LLP, have indicated their willingness to continue in office

By order of the Board,



Glyn Parry
Director
2 December 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 Principles (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. 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 accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 2010 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 2010, 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 directors' 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 113A 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



Karl Harker
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
6 December 2010

Profit and loss account for the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Operating costs	1	(7)	(9)
Net interest receivable	2	9,894	38,521
		<hr/>	<hr/>
Profit on ordinary activities before taxation		9,887	38,512
Tax on profit on ordinary activities	5	<u>(2,774)</u>	<u>(10,859)</u>
Profit on ordinary activities after taxation		<u>7,113</u>	<u>27,653</u>
Retained profit for the year	10	<u><u>7,113</u></u>	<u><u>27,653</u></u>

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

Other than the profit for the period, there have been no other recognised gains or losses during either 2010 or 2009, 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 2010

	Notes	2010 £'000	2009 £'000
Current assets			
Debtors	6	913,014	918,555
Creditors: amounts falling due within one year	7	<u>(29,349)</u>	<u>(41,998)</u>
Net current assets		883,665	876,557
Creditors: amounts falling due after more than one year			
	7	<u>-</u>	<u>(5)</u>
Net assets		<u>883,665</u>	<u>876,552</u>
Capital and reserves			
Called up share capital	8	726	726
Share premium account	9	725,276	725,276
Capital redemption reserve	9	318	318
Profit and loss account	9	<u>157,345</u>	<u>150,232</u>
Total equity shareholders' funds	10	<u>883,665</u>	<u>876,552</u>

The financial statements on pages 7 to 15 were approved by the board of directors on 30 November 2010 and were signed on its behalf by



Glyn Parry
Director

Notes to the financial statements

Accounting policies

These 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 investment impairment, 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.

Notes to the financial statements

Taxation (continued)

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.

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

	2010 £'000	2009 £'000
Auditors' remuneration for audit services	6	7
Other operating expenses	<u>1</u>	<u>2</u>
	<u>7</u>	<u>9</u>

2 Net interest receivable

	2010 £'000	2009 £'000
Interest receivable from group undertakings	10,408	39,441
Interest payable to group undertakings	(492)	(648)
Preference dividends payable	<u>(22)</u>	<u>(272)</u>
Net interest receivable	<u>9,894</u>	<u>38,521</u>

On 11 November 2009, the Company redeemed 5,000 preference shares at a premium of £999 per share for total consideration of £ 4,954,000 after taking into consideration overpaid dividends for £46,000

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

Notes to the financial statements

2 Net interest receivable (continued)

Preference share dividends for the financial year were as follow

	Date of payment	£'000
Quarter ended 30 June 2009	Accrued	68
Quarter ended 30 June 2009	Over paid	(46)
		<u>22</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 2010 (2009: £nil).

4 Employee information

The average monthly number of persons employed by the Company during the year was nil (2009 nil)

5 Tax on profit on ordinary activities

Jersey taxation

With effect from 1st January 2009, Jersey abolished the exempt company regime for existing companies. At the same time, the standard rate of income tax for Companies moved from 20% to 0%. Therefore some entities previously exempt from tax under the provision are now taxed at 0%.

UK taxation

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

The Company is liable to UK corporation tax at 28% (2009: 28%) on its taxable profits. The tax charge for the current year is £ 2,774,000 (2009: £10,859,000) which reconciles to the theoretical tax charges as follows

	2010 £'000	2009 £'000
Profit on ordinary activities multiplied by standard rate of corporation tax at 28% (2009: 28%)	2,768	10,859
Effects of Preference share dividends	<u>6</u>	<u>-</u>
Tax on profit on ordinary activities	<u>2,774</u>	<u>10,859</u>

Notes to the financial statements

6 Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>913,014</u>	<u>918,555</u>
	<u>913,014</u>	<u>918,555</u>

The amounts owed by group undertakings include a loan of £331,911,298 (2009 £331,911,000) plus accrued interest due from BT Holdings Limited, the immediate parent company and a loan of £ nil (2009 £nil) plus accrued interest due from Tudor Minstrel, and another loan of £572,942,000 (2009: £584,238,000) 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

7 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts falling due within one year:		
Corporation tax	2,774	10,859
Preference share dividends	205	272
Preference share premium	-	4,995
Amounts owed to group undertakings	26,357	25,865
Accruals	<u>13</u>	<u>7</u>
	<u>29,349</u>	<u>41,998</u>

The amounts owed to group undertakings include a loan of £26,068,000 (2009: £25,799,000) plus accrued interest due to BT Group Investments Limited, a fellow group undertaking

The interest payable on the BT Group Investments 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

Notes to the financial statements

7 Creditors: amounts falling due after more than one year (Continued)

	2010 £'000	2009 £'000
Nil (2009 5,000) redeemable preference shares of £1 each	-	5
Preference share premium	-	-
	<u>-</u>	<u>5</u>

8 Called up share capital

	2010 £'000	2009 £'000
Authorised:		
775,000 (2009 775,000) ordinary shares of £1 each	<u>775</u>	<u>775</u>
	<u>775</u>	<u>775</u>
Issued, called up and fully paid:		
726,004 (2009 726,004) ordinary shares of £1 each	<u>726</u>	<u>726</u>
	<u>726</u>	<u>726</u>

9 Reserves

	Capital Redemption Reserve £'000	Share premium account (Ordinary shares) £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2009	318	725,276	150,232	875,826
Retained profit for the financial year			7,113	7,113
Balance at 31 March 2010	<u>318</u>	<u>725,276</u>	<u>157,345</u>	<u>882,939</u>

10 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Retained profit for the financial year	7,113	27,653
Net addition to shareholders' funds	<u>7,113</u>	<u>27,653</u>
Opening shareholders' funds	876,552	848,899
Closing shareholders' funds	<u>883,665</u>	<u>876,552</u>

Notes to the financial statements

11 Contingent liabilities

At 31 March 2010 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

12 Controlling entities

The Company is a wholly owned subsidiary of BT Holdings Limited, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2010 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 2010. 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.