

Registered number: 3801456

New Cellular Holdings plc

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

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New Cellular Holdings plc

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Directors and advisers

Directors

MP Genikis

MJ Cole

J Sasse

Company Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street

London

EC1A 7AJ

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

Directors' report for the year ended 31 March 2009

The directors submit their annual report and the audited financial statements of New Cellular Holdings plc (the "Company") for the year ended 31 March 2009.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

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. 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 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.

Results and dividends

The profit before taxation was £169,899,000 (2008 - £202,120,000). The charge for taxation was £47,572,000 (2008 - £60,636,000) which left a profit after taxation for the year of £122,327,000 (2008- £141,484,000).

The directors have declared an interim dividend amounting to £256,636,000 (2008 -£nil), which was paid on 25 March 2009. The directors do not propose to pay a final dividend (2008: £nil).

Directors

A list of the current directors is set out on page 1. MJ Cole and J Sasse were appointed to the board on 30 March 2009. HG Brierley also served as a director until she resigned on 30 March 2009. The remaining director held office throughout the 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 and disclosure of information to the auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

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

By order of the Board,

A handwritten signature in black ink, appearing to read 'L. Atherton', followed by a small horizontal dash.

for and on behalf of
Newgate Street Secretaries Limited

9 July 2009

Statement of directors' responsibilities for preparing the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of New Cellular Holdings plc

We have audited the financial statements of New Cellular Holdings plc for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

New Cellular Holdings plc

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Independent auditors' report to the members of New Cellular Holdings plc (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Edinburgh

9 July 2009

Profit and loss account for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Administrative expenses	1	<u>(3)</u>	<u>(3)</u>
Operating loss		(3)	(3)
Interest receivable	2	169,902	202,123
Profit on ordinary activities before taxation		<u>169,899</u>	<u>202,120</u>
Tax on profit on ordinary activities	5	<u>(47,572)</u>	<u>(60,636)</u>
Profit for the financial year		122,327	141,484
Dividends	6	<u>(256,636)</u>	<u>(-)</u>
Retained (loss)/profit for the financial year	10	<u>(134,309)</u>	<u>141,484</u>

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

Other than the profit for the financial year, there have been no other recognised gains or losses during either 2009 or 2008.

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

Balance sheet as at 31 March 2009

	Notes	2009 £'000	2008 £'000
Current assets			
Debtors	7	3,389,952	3,537,325
Creditors: amounts falling due within one year	8	(47,575)	(60,639)
Net assets		<u>3,342,377</u>	<u>3,476,686</u>
Capital and reserves			
Called up share capital	9	30,691	30,691
Capital redemption reserve	10	50	50
Other reserves	10	2,989,309	2,989,309
Profit and loss account	10	322,327	456,636
Total shareholders' funds	11	<u>3,342,377</u>	<u>3,476,686</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 30 June 2009 and were signed on its behalf by



Director

Accounting policies**Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

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

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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.

Dividend distribution

Final dividends are recognised as a liability in the period in which the dividends are declared. Interim dividends are recognised when they are paid.

Notes to the financial statements

1 Administrative expenses

Administrative expenses include:

	2009 £'000	2008 £'000
Auditors' remuneration for audit services	<u>3</u>	<u>3</u>

2 Interest receivable

Interest receivable includes £169,902,000 (2008: £202,123,000) from group undertakings.

3 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 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

	2009 £'000	2008 £'000
Current Tax:		
UK corporation tax at 28% (2008: 30%)	<u>47,572</u>	<u>60,636</u>

The tax assessed for both years is equal to the standard rate of corporation tax in the UK 28% (2008: 30%). The details are explained below:

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	<u>169,899</u>	<u>202,120</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008-30%)	<u>47,572</u>	<u>60,636</u>
Current tax charge	<u>47,572</u>	<u>60,636</u>

6 Dividends

	2009 £'000	2008 £'000
Equity –Ordinary		
Interim dividend of 42 pence per share (2008-£nil) paid on 25 March 2009.	256,636	-
	<u>256,636</u>	<u>-</u>

Notes to the financial statements

7 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>3,389,952</u>	<u>3,537,325</u>

Included in amounts owed by group undertakings is an interest bearing (3 month GBP LIBOR less 10 basis points) loan of £3,367,967,000 (2008: £3,507,223,000) to British Telecommunications plc. The loan is repayable within 12 months.

8 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Corporation taxes	47,572	60,636
Accruals	3	3
	<u>47,575</u>	<u>60,639</u>

9 Called up share capital

	2009 £'000	2008 £'000
Authorised:		
800,000,000 (2008: 800,000,000)		
"B"ordinary shares of 5p each	<u>40,000</u>	<u>40,000</u>
Allotted, called up and fully paid:		
613,826,365 (2008: 613,826,365) "B"		
ordinary shares of 5p each	<u>30,691</u>	<u>30,691</u>

10 Reserves

	Capital redemption reserve	Other reserves (a)	Profit and loss account
	£'000	£'000	£'000
Balance at 1 April 2008	50	2,989,309	456,636
Retained loss for the financial year	-	-	(134,309)
Balance at 31 March 2009	<u>50</u>	<u>2,989,309</u>	<u>322,327</u>

(a) Note : Other reserves are regarded as un-distributable.

Notes to the financial statements

11 Reconciliation of movements in shareholder' funds

	2009 £'000	2008 £'000
Profit for the financial year	122,327	141,484
Dividends	(256,636)	-
Net (reduction)/addition to shareholders' funds	(134,309)	141,484
Opening shareholders' funds	3,476,686	3,335,202
Closing shareholders' funds	3,342,377	3,476,686

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 wholly owned subsidiary of British Telecommunications plc, which is its 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 and 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 and Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.