

Registered number: 3801456

New Cellular Holdings plc

**Annual Report
for the year ended
31 March 2007**



New Cellular Holdings plc

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Directors

Mr M P Genikis

Ms H G Brierley

Secretary

Newgate Street Secretaries Limited

Registered Office

81 Newgate Street

London

EC1A 7AJ

Registered Auditors

PricewaterhouseCoopers LLP

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

Report of the directors for the year ended 31 March 2007

The directors submit their annual report and the audited financial statements for the year ended 31 March 2007

Profits and dividends

The profit before taxation was £159,584,000 (2006 - £145,534,000) The charge for taxation was £47,875,000 (2006 - £43,660,000) which left a profit after taxation for the year of £111,709,000 (2006 - £101,874,000)

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2007 (2006 - £nil)

Review of activities and future developments

The Company's principal activity is to act as an investments holding company within the BT Group plc ("BT") group of companies The directors do not anticipate any change in the Company's principal activity as a holding company 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 page 27 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 Both directors held office throughout the financial year and up to the date of this report

Report of the directors for the year ended 31 March 2007

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, and a resolution concerning their reappointment was passed at the Annual General Meeting held on 29 August 2006

By order of the Board,



for and on behalf of Newgate Street Secretaries Limited

31 August 2007

Statement of directors' responsibilities for preparing the financial statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss and total recognised gains or losses of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 8 under "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2007 and that applicable accounting standards have been followed.

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.

The auditors' responsibilities are stated in their report on pages 5 and 6.

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 2007 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.

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 2007 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

7 September 2007

Profit and loss account for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Administrative expenses	1	(3)	(3)
Operating loss		(3)	(3)
Interest receivable	2	159,587	145,537
Profit on ordinary activities before taxation		159,584	145,534
Tax on profit on ordinary activities	5	(47,875)	(43,660)
Retained profit for the financial year	9	111,709	101,874

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

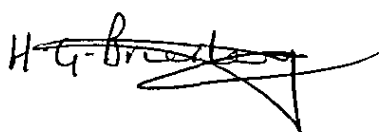
Other than the profit for the financial year, there have been no other recognised gains or losses during either 2007 or 2006

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 2007

	Notes	2007 £'000	2006 £'000
Current assets			
Debtors	6	3,383,081	3,267,157
Creditors: amounts falling due within one year	7	(47,879)	(43,664)
Net current assets		<u>3,335,202</u>	<u>3,335,202</u>
Net assets		<u>3,335,202</u>	<u>3,223,493</u>
Capital and reserves			
Called up share capital	8	30,691	30,691
Capital redemption reserve	9	50	50
Other reserves	9	2,989,309	2,989,309
Profit and loss account	9	315,152	203,443
Total equity shareholders' funds	10	<u>3,335,202</u>	<u>3,223,493</u>

These financial statements on pages 7 to 12 were approved by the board of directors on
 31 AUGUST 2007 and were signed on its behalf by



Director

Accounting policies

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. The principal accounting policies 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 doubtful debts and taxes.

I Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Full provision is made for deferred taxation in respect of all timing differences that have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The Company has not pursued the policy of discounting deferred tax balances.

II 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. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

Notes to the financial statements

1 Administrative expenses

Administrative expenses include

	2007 £'000	2006 £'000
Auditors' remuneration for audit services	<u>3</u>	<u>3</u>

2 Interest receivable

Interest receivable includes £159,587,000 (2006 £145,537,000) 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 2007 (2006 £nil)

4 Employee information

The average monthly number of persons employed by the Company during the year was nil (2006 nil)

5 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Current Tax		
UK corporation tax at 30% (2006 30%)	<u>47,875</u>	<u>43,660</u>

Factors affecting the current tax charge for the year

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>159,584</u>	<u>145,534</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	<u>47,875</u>	<u>43,660</u>
Current year tax charge for the financial year	<u>47,875</u>	<u>43,660</u>

Notes to the financial statements

6 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>3,383,081</u>	<u>3,267,157</u>

Amounts owed by group undertakings included an interest bearing (3 month GBP LIBOR less 10 basis points) loan of £3,223,093,000 (2006 £3,266,757,000) from British Telecommunications plc. The loan is repayable within one year.

7 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Accruals	4	4
Corporation taxes	47,875	43,660
Total creditors	<u>47,879</u>	<u>43,664</u>

8 Called up share capital

	2007 £'000	2006 £'000
Authorised:		
800,000,000 (2006 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 (2006 613,826,365) "B"		
ordinary shares of 5p each	<u>30,691</u>	<u>30,691</u>

9 Reserves

	Capital redemption reserve	Other reserves (a)	Profit and loss account	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2006	50	2,989,309	203,443	3,192,802
Retained profit for the financial year	-	-	111,709	111,709
Balance at 31 March 2007	<u>50</u>	<u>2,989,309</u>	<u>315,152</u>	<u>3,304,511</u>

(a) Other reserves are regarded as un-distributable

Notes to the financial statements

10 Reconciliation of movements in equity shareholders' funds

	2007 £'000	2006 £'000
Profit for the financial year	111,709	101,874
Net increase in equity shareholders' funds	<u>111,709</u>	<u>101,874</u>
Opening equity shareholders' funds	3,223,493	3,121,619
Closing equity shareholders' funds	<u>3,335,202</u>	<u>3,223,493</u>

11 Contingent liabilities

At 31 March 2007, 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 British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2007 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 2007. 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.