BT Finance plc

Annual report and financial statements
For the period ended 31 March 2026 (from 11 April 2025 to 31 March 2026)
Registered number 16382727

Contents

Corporate Information

Directors
Marc Bergen
Neil Harris
Edward Heaton
Mitesh Kholia

Secretary
Newgate Street Secretaries Limited

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Registered office

1 Braham Street
London
E1 8EE

Strategic report

The directors present their first strategic report for BT Finance plc (the "Company"), for the period ended 31 March 2026 (from 11 April 2025 to 31 March 2026). The Company was incorporated on 11 April 2025 in the UK and is a public limited debt listed company. The registered number is 16382727 and registered address is 1 Braham Street, London, United Kingdom, E1 8EE.

Review of business

The purpose of the Company is to raise external funds for the BT Group plc group of companies by raising listed debt and in turn on-lending it to its immediate parent through back-to-back financing agreements on identical terms. During the period, the Company issued an €850m senior bond due on 17 November 2032, with a coupon of 3.375% and lent it to immediate parent on identical terms.

The Company reported £nil operating profit for the period. It received finance income of £9,573,000 on loans receivable from group undertakings and paid finance expense of £9,572,000 on its listed bonds, resulting in a profit for the period of £1,000.

The net asset position of the Company was £51,000 as at 31 March 2026.

Principal risks and uncertainties

The principal risks are managed by the directors of BT Group plc ('BT Group') at the group level rather than at an individual business unit level. The Company's principal activity is to raise external funds for the BT Group plc group of companies by raising listed debt and in turn on-lending it to its immediate parent through back-to-back financing agreements on identical terms, and the risks to which BT Group is exposed are also the principal matters which would create risk and uncertainty for the Company. Details of BT Group's risks, the potential impact and how they are being mitigated are discussed on page 56-62 of the group's financial statements which does not form part of this report.

Key performance indicators

Due to the simple nature of the Company's activities as treasury vehicle, the Company's directors believe that analysis using key performance indicators for the Company is not necessary for the understanding of the development, performance or position of the business of the Company.

Strategic report (continued)

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters. In discharging our section 172 duties we do this.
As the principal activity of the Company is to raise external funds for the BT Group plc group of companies by raising listed debt and in turn on-lending it to its immediate parent through back-to-back financing agreements on identical terms, the Company has had no commercial business, employees, customers or suppliers other than other BT Group companies and bondholders during the period. As such, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies generally, have not been applied to the decisions made by the directors.

As is normal for large companies, we delegate authority for day-to-day management of the Company to executives within the BT Group, and then engage management in setting, approving and overseeing execution of the business strategy and related policies as is appropriate. Board meetings are held periodically where the directors consider the Company’s principal activities and make decisions. As a part of those meetings the directors receive information in a range of different formats on section 172 matters when making relevant decisions.

The strategic report on pages 4 to 5 was approved by the Board of directors on 22 June 2026 and was signed by order of the Board by

Neil Harris
Director
22 June 2026

Registered Office Address:
1 Braham Street, London, United Kingdom, E1 8EE

Directors' report

The directors present their first annual report and audited financial statements on the affairs of BT Finance plc (the "Company"), for the period ended 31 March 2026 (from 11 April 2025 to 31 March 2026). The registered number is 16382727.

The audited financial statements are presented on pages 17 to 27. A statement by the directors of their responsibilities for preparing the financial statements is included in the Statement of directors' responsibilities on page 9.

Principal activities and future developments

The Company's principal activity is to raise external funds for the BT Group plc group of companies by raising listed debt and in turn on-lending it to its immediate parent through back-to-back financing agreements on identical terms. The directors do not anticipate any change in the Company's principal activity in the foreseeable future.

Going concern

The Company is in a net assets position as at 31 March 2026 and the directors believe the Company will have sufficient funds to meet its liabilities as they fall due.
The Company's ability to continue as a going concern, given its principal activity, is dependent on the liquidity, financial position and performance of BT Group. Company's immediate parent undertaking, BT plc and ultimate parent undertaking, BT Group plc act as guarantor in relation to the Company's listed debts, which are long-term in nature. The directors of the Company are also senior leaders within BT Group, therefore in a position to form a reasonable expectation that the guarantors have adequate resources to guarantee Company's bonds for a period of at least 12 months from the date of approval of these financial statements. This expectation is consistent with the conclusion of the going concern assessment of BT Group as set out on page 139 of the group's financial statements. Accordingly, the directors believe that preparing the financial statements on the going concern basis is appropriate.

Results and dividends

The profit before taxation was £877. The tax expense on profit was £219 which resulted in a profit for the financial period of £658.

The directors do not recommend the payment of a dividend in respect of the period ended 31 March 2026.

Directors' report (continued)

Directors

The directors who held office during the period were as follows:

Appointed 11 April 2025:
Marc Bergen
Neil Harris
Edward Heaton
Mitesh Kholia

Directors' indemnities

As permitted by the Company's Articles of Association and to the extent permitted by law, 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 the Company, was in force throughout the last financial period and is currently in force. Neither the insurance nor the indemnity provides cover where the individual is proven to have acted fraudulently or dishonestly.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Governance Statement

The Board aspires to have and maintain good standards of corporate governance and BT has adopted a corporate governance code at group level. The principles which underpin the corporate governance code and how these principles have been applied during the financial period ended 31 March 2026 are shown on page 25 of the BT plc's financial statements.

Directors' report (continued)

Independent auditor

KPMG LLP was appointed on 14th May 2025. In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming General Meeting.

The directors' report on pages 6 to 8 was approved by the Board of directors on 22 June 2026 and was signed by order of the Board by

Neil Harris
Director
22 June 2026

Registered Office Address:
1 Braham Street, London, United Kingdom, E1 8EE

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BT FINANCE PLC

1. Our opinion is unmodified

We have audited the financial statements of BT Finance plc ("the Company") for the period ended 31 March 2026 which comprise the income statement, statement of financial position, statement of changes in equity, and the related notes 1 to 14, including the accounting policies in note 3.

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board.

We were first appointed as auditor by the directors on 14 May 2025. The period of total uninterrupted engagement is for one financial period ended 31 March 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

We summarise below the key audit matter identified in arriving at our audit opinion, together with our key audit procedures to address this matter and, as required for public interest entities, our results of those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon; and consequently, are incidental to that opinion, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BT FINANCE PLC (continued)

2.1 Carrying value of borrowings

	The risk	**Our response**
Current loans and borrowings: £9,271k **Non-current loans and borrowings: £737,252k** *Refer to page 23 for accounting policy and page 26 for financial disclosures.*	**Low risk, high value** The Company's primary activity is to source investor financing by issuing bonds and onward lending this funding to its immediate parent entity. The Company, therefore, has material external financial liabilities held at amortised cost. Due to the materiality of these balances, there is a risk that these financial liabilities could be misstated and inappropriately classified. The carrying value is not at a high risk of material misstatement or subject to significant judgement. However, due to the materiality in the context of the financial statements, this is considered to be the area that had the greatest effect on our overall audit.	Our procedures to address the risk included: **Test of detail:** Agreeing 100% population of borrowings to source documentation. **Recalculation:** Recalculation of carrying value and comparing to management's results. **Assessing transparency:** Considering the adequacy of the company's disclosure. We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** We found the carrying value of borrowings to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement ('RMM'). We have determined overall materiality for the standalone financial statements as a whole at £18,700k. Total Assets has been selected as the materiality benchmark, as it is the most relevant metric given the nature of the entity's activities, which are predominantly treasury related. Materiality has been determined at 2.5% of Total Assets of £748,000k.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £12,100k for the company. We applied this percentage in our determination of performance materiality considering it is first year of audit.

We agreed to report to the Board any corrected or uncorrected identified misstatements exceeding 5% of our materiality, which equates to £935k for the Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations over the going concern period. There were no risks that we considered most likely to adversely affect the Company’s available financial resources over this period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BT FINANCE PLC (continued)

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risk"), we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

– enquiring of directors, and inspection of policy documentation relating to the ultimate parent, ("BT Group Plc") as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
– reading Board minutes;
– using analytical procedures to identify any unusual or unexpected relationships;
We communicated identified fraud risk throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to raise external funds and overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular, the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We also performed procedures including:

– Identifying journal entries to test at the company level based on risk criteria and comparing the identified entries to supporting documentation. These included those unusual pairings to cash and bonds account and those posted to seldom used accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Ultimate parent company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.
As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the Company's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BT FINANCE PLC (continued)

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal

correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.
In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BT FINANCE PLC (continued)

Strategic report and directors' report

Based solely on our work on the other information:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the Company, 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF BT FINANCE PLC (continued)

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Mills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 June 2026

Income statement for the period ended 31 March 2026

	Note	2026 £'000
Operating costs	4	-
Operating profit		**-**
Finance income	5	9,573
Finance expense	6	(9,572)
Net finance income		**1**
Profit before taxation		1
Taxation	9	-
Profit for the financial period		**1**

All results are derived from continuing operations.

There were no items of other comprehensive income/expense in the period and therefore no separate statement of comprehensive income is required.

The accompanying notes form an integral part of these financial statements.

Statement of financial position as at 31 March 2026

	Note	2026 £'000
Non-current assets		
Investments	10	737,252
		737,252
Current assets		
Investments	10	9,271
Debtors		51
		9,322
Current liabilities		
Loans and other borrowings	11	(9,271)
		(9,271)
Net current assets		**51**
Non-current liabilities		
Loans and other borrowings	11	(737,252)
		(737,252)
Net assets		**51**
Equity		
Share capital	12	50
Retained earnings		1
Total equity		**51**

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 17 to 27 were approved and authorised for issue by the Board of directors on 22 June 2026 and were signed on its behalf by Neil Harris.

Neil Harris
Director
22 June 2026

Company registered number: 16382727

Statement of changes in equity for the period ended 31 March 2026

	Share capital £000	Retained earnings £000	Total equity £000
Shares issued	50	-	50
Profit for the financial period	-	1	1
Balance as at 31 March 2026	**50**	**1**	**51**

Notes to the financial statements

1. General information

BT Finance plc was incorporated on 11 April 2025 and its principal activity is to raise external funds for the BT Group plc group of companies by raising listed debt and in turn on-lending it to its immediate parent through back-to-back financing agreements on identical terms.

The Company is a public limited company and is incorporated and domiciled in the UK. The registered number is 16382727 and registered address is 1 Braham Street, London, United Kingdom, E1 8EE. The Company is a wholly-owned subsidiary of British Telecommunications plc, its immediate parent. BT Group plc is the ultimate holding company and controlling entity.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, “Reduced Disclosure Framework” (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

Going concern

The Company is in a net assets position as at 31 March 2026 and the directors believe the Company will have sufficient funds to meet its liabilities as they fall due.
The Company’s ability to continue as a going concern, given its principal activity, is dependent on the liquidity, financial position and performance of BT Group. Company’s immediate parent undertaking, BT plc and ultimate parent undertaking, BT Group plc act as guarantor in relation to the Company’s listed debts, which are long-term in nature. The directors of the Company are also senior leaders within BT Group, therefore in a position to form a reasonable expectation that the guarantors have adequate resources to guarantee Company’s bonds for a period of at least 12 months from the date of approval of these financial statements. This expectation is consistent with the conclusion of the going concern assessment of BT Group as set out on page 139 of the group’s financial statements. Accordingly, the directors believe that preparing the financial statements on the going concern basis is appropriate.

Notes to the financial statements (continued)

2. Basis of preparation (continued)

Exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The requirements of IAS 7 Statement of Cash Flows and related notes;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 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;
- Paragraphs 30 and 31 of IAS 8 accounting policies, changes in accounting estimates and errors;
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements';
- 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 apply the disclosure exemptions allowable by FRS 101 for the foreseeable future. Where required, equivalent disclosures have been given in the consolidated financial statements of BT Group plc.

As the consolidated financial statements of BT Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 91 to 99 of IFRS 13, and the disclosures required by IFRS 7 Financial Instrument: Disclosures.

Notes to the financial statements (continued)

2. Basis of preparation (continued)

Exemptions (continued)

The Company's ultimate parent undertaking BT Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of BT Group plc are prepared in accordance with International Financial Reporting Standards and are available on the group website www.bt.com/about or from the Company Secretary at the registered office, 1 Braham Street, London, E1 8EE.

New and amended accounting standards effective during the period

The following amended standards and interpretations were effective during the period, none of which had a material impact on the Company's financial statements.

- Amendments to IAS 21 (Lack of Exchangeability) disclosure

Critical accounting estimates and key judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The directors did not make any critical accounting estimates or key judgments when preparing these financial statements.

3. 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 periods presented, unless otherwise stated.

Foreign currency

The Company's financial statements are presented in pounds sterling which is also the functional currency of the Company. The Company is part of a UK-headquartered group whose treasury oversight and capital management are conducted in GBP, reflecting the broader economic environment in which it operates.

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to

Notes to the financial statements (continued)

3. Accounting policies (continued)

Foreign currency (continued)

the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Finance income and finance expenses

Interest receivable and interest payable is recognised in income statement as it accrues, 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.

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.

Financial assets and liabilities

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method, in accordance with the IFRS 9 category they belong to.

The effective interest rate is the rate that discounts estimated future cash payments through the expected contractual term, or the most probable expected term of the financial instrument, to the net carrying amount of the financial liability. This calculation includes all fees and points paid or received between parties to the contract.

Investments
This category mainly includes amounts owed by group undertakings and other receivables. These instruments are recognised at fair value upon origination and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at original invoice amount unless there is any significant impact resulting from the application of an implicit interest rate.

The IFRS 9 methodologies is used to impair financial assets to reflect the forward-looking 'expected credit loss' model. As a result, we now recognise a loss allowance for all expected credit losses on initial recognition of financial assets, including trade receivable and the contract assets recognised. Providing for loss allowances on our existing financial assets has not had a material impact on the financial statements.

Notes to the financial statements (continued)

3. Accounting policies (continued)

Financial assets and liabilities (continued)

Financial liabilities at amortised cost
The Company initially recognises financial liabilities at the fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and does not give rise to equal taxable and deductible temporary differences, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

Notes to the financial statements (continued)

4. Operating costs

	2026 £'000
Foreign currency (gains)/losses	-

Auditors' remuneration for the audit of these financial statements of £35,000 was borne by British Telecommunications plc, the immediate parent and not recharged. The Company has taken exemption from disclosing non-audit fees, as the consolidated financial statements of the Company's ultimate parent undertaking include the required disclosures, including those relating to the Company.

5. Finance income

	2026 £'000
Interest receivable from parent undertaking	9,573

Refer to note 09 for more information.

6. Finance expense

	2026 £'000
Interest payable on listed bonds	9,572

Refer to note 10 for more information.

7. 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.
Qualifying services performed by the directors in respect of the Company are incidental to their services to the Group as a whole and any allocation to the Company would be de minimis.

8. Employee information

The average monthly number of persons employed by the Company during the period was nil.

Notes to the financial statements (continued)

9. Taxation

	2026 £'000
Current Tax:	
Current tax credit on profit for the period	-

Reconciliation of the total tax charge

The tax credit in the income statement for the period is £219 which is the standard rate of corporation tax in the UK of 25%.

10. Investments

	2026 £000
Investments: amounts falling due within one year	
Amounts owed by parent undertaking	9,271
Investments: amounts falling due after one year	
Amounts owed by parent undertaking	737,252
	746,523

The amounts owed by parent undertaking are classified as investments and are on identical terms to the listed bonds raised by the Company (refer to note 11 for more information).

The expected credit loss calculated is considered immaterial, therefore no expense has been recognised in the financial statements.

11. Loans and other borrowings

	2026 £'000
3.375% €850m bond due November 2032	746,523

Within this amount is accrued interest on listed bonds of £9,271,000, classified as a current liability. Interest is payable annually in arrears on 17 November each year. Amounts raised have been loaned to parent undertaking on identical terms to the bond details in the table above.

12. Share capital

	2026 £'000
Allotted and called up and fully paid:	
ordinary shares of £1 each	50

Notes to the financial statements (continued)

13. Contingent liabilities

As of 31 March 2026, the Company had no contingent liabilities. Also, there were no guarantees, except for those that arise in the ordinary course of business. Consequently, no material losses are anticipated.

14. Subsequent events

On 2 June 2026, the Company issued a €850m senior bond due on 2 June 2034 under its European Medium Term Note programme, with a coupon of 3.875%, and the proceeds were on-lent to its immediate parent on identical terms.