

Openreach Limited
Annual report and financial statements
Registered number 10690039
31 March 2025

Contents

	Page
Corporate information	2
Strategic report	3
Directors' report	7
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	13
Income statement	14
Balance sheet	15
Statement of changes in equity	16
Notes to the financial statements	17

Openreach Limited

Corporate information

Directors

E Astle
A Barron
N Ceeney
M Davies
M Jary (appointed 26 August 2025)
S Lowth
R McTighe
C Selley

Secretary

J Furmston

Registered Office

6 Gracechurch Street
London
EC3V 0AT

Strategic report

The directors present their strategic report for Openreach Limited (“the Company”) for the year ended 31 March 2025.

Business Review

Openreach Limited was set up as part of the regulatory agreement reached between British Telecommunications plc and Ofcom under the Digital Communications Review (“DCR”). During the year the Company has continued to carry out its principal activities which are to set the Openreach strategy (within British Telecommunications plc’s overall strategic framework), employ Openreach employees and to oversee and manage the performance of the Openreach Customer Facing Unit (“CFU”), a division of British Telecommunications plc on behalf of British Telecommunications plc within a framework agreed between the Company and British Telecommunications plc.

British Telecommunications plc has committed to fund the costs of the services provided by the Company, in accordance with the Agency & Services Agreement which came into effect on 1 October 2018. The Agency & Services Agreement was amended and restated on 28 May 2021.

The Company does not own any assets or conduct trading, benefit from the rewards nor bear the risks of those assets and trading. Ownership of assets and trading and such risks and rewards has been retained by British Telecommunications plc.

The Company has managed and operated the Openreach CFU on behalf of British Telecommunications plc, including acting as agent for the account of British Telecommunications plc to manage all trading of the Openreach CFU. On 1 October 2018 in accordance with the Agency and Services Agreement and the requirements of the DCR all 31,841 Openreach CFU employees were transferred via a transfer of undertakings (TUPE arrangement) into Openreach Limited.

In accordance with the Agency and Services Agreement, the Company has recharged all costs to British Telecommunications plc and as such has no profit or loss in the year and no net assets.

Principal risks and uncertainties

The principal risks to which BT Group plc (the ultimate controlling entity of the Company) is exposed are also the principal matters which would create risk and uncertainty for the Company. These are managed by the directors of BT Group plc at the group level rather than at an individual business unit level. They are discussed in the Strategic report of the BT Group plc’s 2025 Annual Report which does not form part of this report.

In Openreach Limited’s role as an employer, we have continued to closely monitor risks relating to employee safety, in particular strong progress on our asset safety programme; the identification, management and remediation of hazards in the building estate, such as asbestos; and an ongoing focus on our safety culture.

Strategic report (continued)

Principal risks and uncertainties (continued)

The Openreach CFU has continued to assess the risks and impact of international developments on our supply chain and operations, including the changing landscape on US tariffs. UK-specific developments have also remained under review, in particular the intensely competitive UK broadband market and current regulatory review of this market by Ofcom, due to conclude in 2026. As we reported last year, the challenging economic climate, combined with a robust, competitive broadband market, have resulted in losses to our overall broadband numbers. We know the more full fibre we build, the more customers choose to connect. So we have decided to accelerate our build plans for 2025-26, while still intending to pass 25 million premises by the end of 2026 and (subject to affordability and regulatory developments) to reach 30 million premises beyond that.

We also pay close attention to the security of our network and operations, recognising the impact of disruption, whether physical or cyber, on consumers and businesses. We continue to work towards transition of our products to more robust, modern networks, while taking care to support vulnerable customers as we make this change.

Key Performance Indicators

The Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the business of the Company, due to its simple operating nature. However, in performing its role as agent of the Openreach CFU (as noted on page 3), the business is required to report to British Telecommunications plc on a range of Key Performance Indicators (KPIs) that enable the business to measure and monitor the performance of the CFU and thereby the position of the Company. In addition, the CFU completes monthly internal reporting on safety, financial, operational, environmental and HR KPIs. This enables Openreach Limited to manage and monitor the CFU's performance.

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. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

Strategic report (continued)

Section 172(1) Statement (continued)

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decisions being made. Those factors, for example, include the interests of consumers of our network and our relationship with Ofcom. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for large companies, we delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing the execution of the business strategy and related policies. We review safety, financial and operational performance at every Board meeting and receive monthly updates on safety and financial performance, with a dedicated Board committee reviewing safety, risk, legal and regulatory compliance and audit matters. We also review other areas over the course of the financial year including the Company's strategy; commercial performance; stakeholder-related matters; diversity and inclusivity; progress on environmental and sustainability measures, public affairs; and governance. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The views and the impact of the Company's activities on the Company's stakeholders (including its workforce, customers and suppliers) are an important consideration for us when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both the stakeholders and the BT Group means that in some cases stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on some of the engagement that has taken place with the Company's stakeholders to help the directors to understand the issues to which they must have regard, and the impact of that feedback on decisions, see pages 34-41 of BT Group plc's 2025 Annual Report.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, environmental, social and governance matters and the outcomes of specific pieces of engagement. As a result of this we have had an overview of engagement with stakeholders and other relevant factors that allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the company.

One example of how we have had regard to the matters set out in section 172(1)(a) – (f) when discharging our section 172 duties and the effect of that on decisions taken by us is:

- In March 2025, in response to market conditions, we decided to accelerate our nationwide roll-out of full fibre technology targeting up to 5 million homes passed during 2025-26 as part of our wider build programme to reach 25 million homes passed by end of 2026.

Strategic report (continued)

Section 172(1) Statement (continued)

- Throughout the year, the Board has assessed the strength of the Company and its future prospects, relative to uncertainties in the external environment. In accelerating its large-scale investment in full fibre, it has considered a range of factors, including the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and workforce; and the expectations of customers, suppliers and wider stakeholders, as well as the expectations of our members.

The strategic report on pages 3 to 6 was approved by the Board of directors on 12 November 2025 and was signed by order of the Board by Matthew Davies, Director.

A handwritten signature in black ink, appearing to read 'M Davies', with a long horizontal stroke extending to the right.

Matthew Davies
Director
6 Gracechurch Street, London, United Kingdom EC3V 0AT

01 December 2025

Openreach Limited

Directors' report

The directors present their annual report on the affairs of “Openreach Limited” (the “Company”), together with the financial statements for the year ended 31 March 2025. The registered number of the Company is 10690039.

Principal activities and future developments

The Company's principal activities are to set the Openreach strategy (within British Telecommunications plc's overall strategic framework), employ Openreach employees and to oversee and manage the performance of the Openreach Customer Facing Unit (“CFU”). The directors do not anticipate any change in the Company's principal activities in the foreseeable future.

Results

The result before and after taxation for the year was £nil (2024: £nil).

Directors

The directors of the Company who were in office during the year to 31 March 2025 and up to the date of signing the financial statements were as follows:

- E Astle
- A Barron
- N Ceeney
- M Davies
- M Jary (appointed 26 August 2025)
- S Lowth
- R McTighe
- C Selley

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support provided by British Telecommunications plc. British Telecommunications plc has committed to fund the future costs of the services provided by the Company in accordance with the Agency and Services Agreement executed on 1 October 2018 between the Company and British Telecommunications plc and amended and restated on 28 May 2021. Please refer to the accounting policies (pages 19-22) for further details.

Directors' report (continued)

Political and charitable expenditure

The Company made no political or charitable contributions in the year (2024: £nil). As part of our commitment to support charities and communities, Openreach employees may spend up to three working days a year volunteering. Volunteering means they can use their skills, energy and enthusiasm to tackle an issue or make a practical difference in their communities.

Employees with disabilities

The Company follows the employment policies of its ultimate parent company. Page 128 of BT Group plc's 2025 Annual Report sets out its position on employees with disabilities, which is to aim actively to encourage the recruitment, development, promotion and retention of disabled people.

Engagement with suppliers, customers and others in a business relationship with the Company

As noted in our strategic report, the size and spread of our stakeholders and the BT Group means that in some cases stakeholder engagement best takes place at an operational or group level. Pages 34-41 of BT Group plc's 2025 Annual Report describes the Group's stakeholder relations. Openreach has specific regulatory responsibilities to consult with its Communications Provider customers and treat them equally, and these obligations are monitored at Board level. The Board has also been closely engaged with Openreach's responses to Ofcom's ongoing Telecommunications Access Review, which are separate from BT Group's responses. Openreach has also chosen to increase its use of contractor resource in both building its fibre network and providing service to customers, and has prioritised multi-year contracts with a smaller set of contractors to provide more certainty to both parties. The Board takes a particular interest in Openreach's work to share safety practice with its contractors, monitoring contractor performance alongside Openreach's internal safety performance.

Greenhouse gas emissions and energy consumption

The Company takes very seriously the risks presented by climate change and works within the framework set by its parent company, which is described in detail in BT Group plc's 2025 Annual Report on pages 62-71: Taskforce on Climate Related Financial Disclosures. Openreach's move to full fibre networks, which consume less energy than legacy networks, is an important aspect of the BT Group's ambition to be net zero in its operations by the end of 2031 as is the move to convert the majority of Openreach's fleet to electric or zero-emission vehicles in that timeframe.

Directors' report (continued)

Statement of corporate governance arrangements

The Board of Directors (the 'Board') aspires to have and maintain good standards of corporate governance and has adopted a corporate governance code appropriate for the Company.

The Board has chosen not to adopt and report against the 2018 UK Corporate Governance Code (updated January 2024), which in its view is designed, and is therefore more appropriate, for premium listed companies. We have instead decided to continue to apply the Wates Corporate Governance Principles for Large Private Companies, believing this to be most appropriate. We note that the Principles recognise that, for companies such as ours which are wholly-owned subsidiaries of a premium listed company, some practices and policies may be set by the Board of the ultimate parent company.

We set out below how we have applied these principles during the 2025 financial year.

Principle One: **Purpose and leadership**

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

- The strategy and culture of the Company is underpinned by a clear vision of the Company's purpose and overall values which are articulated through the leadership of the Board. Given the importance of this, the Board seeks to promote the values, strategy and culture at different levels within the business. Culture remains an area of focus with the Board supporting a strong safety message and championing ethical leadership and accountability. The Board continues to encourage further development of robust processes and metrics for ethical and compliance matters to facilitate the early identification of any issues.

Principle Two: **Board composition**

Effective board composition requires an effective chair and a balance of skills, background, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of the board should be guided by the scale and complexity of the company.

- The size and composition of the Board is appropriate and proportionate for the business of the Company. The directors have an appropriate combination of technical, financial and commercial skills collectively demonstrating a high-level understanding of the Company's business model and its impact on key stakeholders.
- All appointments to the Board are based on merit and objective criteria. Diversity remains an important consideration as we work to build a workforce that reflects the diversity of our customers and the communities we serve.

Directors' report (continued)

Statement of corporate governance arrangements (continued)

- The Board was established in 2017 as one of a number of governance changes made at Openreach to bolster its transparency and autonomy. The Board conducts an annual review of its operations and effectiveness, and monitors the resulting actions. Changes were made in 2024 to the Governance Protocol (which mandates the Board's membership) to allow for additional non-executive directors to be appointed to the Board to facilitate handover during periods of transition.

Principle Three: **Director Responsibilities**

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

- On joining the Board, new directors receive all information they need, are offered advice from the Company Secretary, and can request training tailored to their specific experience and knowledge, covering both their legal duties and the business of the Company.
- On an ongoing basis, directors update their skills, knowledge and familiarity with the Company in a range of different ways by meeting with senior management, visiting operations and by attending appropriate briefing sessions. This helps by continuing to contribute to their informed and sound decision-making. One example of this is the annual deep dives individual non-executive directors conduct into risk areas in addition to risk discussions at board and committee meetings.
- Directors have a responsibility to declare any conflict of interest at the beginning of each Board meeting. Should a conflict arise, it would be the responsibility of the chair in conjunction with the non-conflicted directors to agree whether the director may participate and/or vote on the specific item.
- The directors have equal voting rights for making decisions, and aim to reach decisions on a unanimous basis. Where unable to do so, decisions will be made on a majority basis. All directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.
- Comprehensive governance policies, with guidance notes on their practical application, are in place to ensure the appropriate level of decision-making in the Company and involvement of the Board. Formal internal processes ensure systems and controls are operating effectively, and that the quality and integrity of information provided to the Board is reliable, enabling informed decisions to be made.

Directors' report (continued)

Statement of corporate governance arrangements (continued)

Principle Four: Opportunity and risk

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

- The Board conducts regular strategic reviews and engages widely with both internal and external stakeholders to inform its strategic decision-making.
- There is a quarterly Board-level review of the Company's risks, plus an annual Board discussion of risk and oversight of the Company's risk management policies and structure, with deep dives into specific risks as required. The Company's risk management follows the structure set by its parent company and Board members and executives provide regular formal presentations on risks to the parent company.

Principle Five: Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

- The Company follows the pay and remuneration policy of its ultimate parent company, with Board-level review and input into the application of the policy for the Company.

Principle Six: Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

- The Board seeks to understand the views of its key stakeholders, and the impact of its behaviour and business on employees, customers, suppliers and society more broadly. The Board engages directly with stakeholders through regular meetings and roundtables, and through the Company's participation in industry-wide consultations as well as industry, sector and topic discussions.
- When appropriate, some stakeholder engagement takes place at a BT Group level and the Board monitors the outcome of such engagement. For more information on the group level engagement, see page 34 of BT Group plc's Annual Report and the Company's section 172(1) statement.

Directors' report (continued)

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company has been continued through the weekly newsletter "The Loop", and all-employee calls hosted by the CEO. In addition, employees are surveyed quarterly on their views about the Company and the results of these surveys are followed up with employees, providing an opportunity for employees to share their views on how to improve the local and corporate working environment. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The Board was kept updated on employee engagement, culture and talent management throughout the organisation and how this shapes the Company's initiatives and programmes.

As part of BT Group, much of our employee engagement is aligned with activities and policies across the Group. Openreach has, for example, its own version of the Workplace social platform and collaboration tool, which was launched across BT in July 2019, and colleagues are also able to access the BT-wide My Campus learning resource. Natalie Ceeney is Openreach's designated non-executive director for workforce engagement to ensure the perspective of colleagues continues to be raised in Board discussions.

BT Group's colleague engagement is set out in pages 82-83 of BT Group plc's 2025 Annual Report.

Directors' indemnities

As permitted by the Articles of Association, 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 British Telecommunications plc and applicable to the directors of the Company was in force throughout the last financial year and is currently in force. Neither the insurance nor the indemnity provides cover where the person has acted fraudulently or dishonestly.

The directors' report on pages 7 to 12 was approved by the Board of directors on 12 November 2025 and was signed by order of the Board by Matthew Davies.



Matthew Davies
Director

6 Gracechurch Street, London, United Kingdom EC3V 0AT

01 December 2025

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 UK accounting standards 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, and 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.

Income statement for the year ended 31 March 2025

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Turnover	5	1,869,508	1,953,236
Administrative expenses	6	(1,869,508)	(1,953,236)
Result before taxation		-	-
Taxation	9	-	-
Result for the financial year		-	-

All results derive 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.

Balance sheet as at 31 March 2025

	Note	31 March 2025 £000	31 March 2024 £000
Current assets			
Amounts owed by group undertakings	10	448,131	310,858
Total assets		448,131	310,858
Current liabilities			
Creditors: amounts due within one year	11	(437,713)	(310,858)
Total assets less current liabilities		10,418	-
Non-current liabilities			
Creditors: amounts due after one year	11	(10,418)	-
Net assets		-	-
Equity			
Share capital	12	-	-
Retained earnings		-	-
Total equity		-	-

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

For the financial year ended 31 March 2025 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved and authorised for issue by the Board of Directors on 12 November 2025 and were signed on its behalf by Matthew Davies.



Matthew Davies
Director
6 Gracechurch Street, London, United Kingdom EC3V 0AT
01 December 2025

Statement of changes in equity for the year ended 31 March 2025

	Share capital	Retained Earnings	Total Equity
	£000	£000	£000
Balance at 31 March 2023	-	-	-
Result for the year	-	-	-
Balance at 31 March 2024	-	-	-
Result for the year	-	-	-
Balance at 31 March 2025	-	-	-

Notes to the financial statements

1. General information

Openreach Limited ('the Company') is a private company, limited by shares. The company is incorporated and domiciled in the UK. The address of its registered office is 6 Gracechurch Street, London EC3V 0AT.

The principal activity of the Company is to set the Openreach strategy (within British Telecommunications plc's overall strategic framework), to oversee and manage the performance of the Openreach Customer Facing Unit ("CFU") (a division of British Telecommunications plc) on behalf of British Telecommunications plc within a framework agreed between the Company and British Telecommunications plc and employ the Openreach CFU employees. The Company shall not own any assets or perform any trading (past, current or future) that compromise the Openreach CFU nor benefit from the rewards nor bear the risks of those assets and trading. Such ownership and trading and such risks and rewards shall be retained by British Telecommunications plc.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Restatement of operating costs

During FY25, following the roll-out of a new payroll system, we have identified employee pension contributions were incorrectly included in employer pension costs and should have been recorded as gross wages and salaries.

3. Critical accounting estimates and key judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and judgements that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The directors do not consider there to be any significant judgements or key sources of estimation uncertainty in relation to the preparation of these financial statements.

3.1 Exemptions

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

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment because the share based payment arrangement concerns the instruments of the group entity;

Notes to the financial statements

3.1 Exemptions (continued)

- The requirements of IAS 7 Statement of Cash Flow;
- The requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures 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;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- 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).

As the consolidated financial statements of ultimate parent undertaking 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 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- The requirements of IFRS 7 Financial Instrument.

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.

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.

3.2 Going concern

British Telecommunications plc has committed to fund the costs of the services provided by the Company in accordance with the Agency and Services Agreement contract executed on 1 October 2018 between the Company and British Telecommunications plc and amended and restated on 28 May 2021, and as a consequence any increases in costs or liabilities that fall onto Openreach fall onto the parent company. On the basis of this agreement the directors are satisfied that the Company will continue to be able to meet its commitments as they fall due, for a period of at least 12 months following the date of approval of these financial statements, and they therefore believe that preparing the financial statements on the going concern basis is appropriate based on the financial strength of the parent company as well as the agreement.

Notes to the financial statements

4. 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 years presented, unless otherwise stated.

4.1 Foreign currency

The Company's financial statements are presented in British Pounds, which is also the functional currency of the Company.

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

4.2 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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 year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

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 statement of financial position 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

4. Accounting policies (continued)

4.3 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.

Loans and receivables (Debtors)

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.

If there is any objective evidence of impairment, the value of the asset is reviewed at each balance sheet date. An impairment loss is recognised in the income statement when the financial asset carrying amount is higher than its recoverable amount.

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.

Financial liabilities at amortised cost (Creditors)

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.

4.4 Investments

Investment in subsidiary undertaking is stated at cost and reviewed for impairment annually if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows (value in use) of the investment.

Notes to the financial statements

4. Accounting policies (continued)

4.5 Finance income and finance expenses

Interest income and expense are 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.

4.6 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.

4.7 Pensions

The Company contributes to two defined contribution pension plans; the BT Retirement Savings Scheme (BTRSS) and the NEST workplace pension scheme; and to a hybrid pension plan, the BT Hybrid Scheme (BTHS).

The BTHS combines elements of both defined benefit and defined contribution pension schemes and would typically require the Company to recognise a net obligation on the balance sheet. However, the terms of the Agency and Services Agreement between the Company and British Telecommunications plc, where British Telecommunications plc will provide for certain pension costs, allows the Company to recognise a reimbursement right that offsets any surplus or deficit in the BTHS. As such, the BTHS is accounted for as a defined contribution plan.

The income statement charge represents the contributions payable for the year and the company's share of costs for administering pension plans.

4.8 Share based payments

The ultimate parent undertaking, BT Group plc, operates a number of equity settled share based arrangements, as detailed in the BT Group plc consolidated financial statements, under which the Company receives services from employees as consideration for equity instruments (share options and shares) of BT Group plc. The Company also accounts for these as equity settled. Equity settled share based payments are measured at fair value at the date of grant after taking into account the Company's best estimate of the number of awards expected to vest. For share based payments to employees of the Company, the fair value determined at the date of grant is expensed on a straight line basis. This expense is recharged from British Telecommunications plc in line with the terms of the "Agency and Services Agreement" signed between the parties on 1 October 2018 and amended and restated on 28 May 2021.

Notes to the financial statements

4. Accounting policies (continued)

4.9 Administrative expenses

Administrative expenses represent expenses incurred in the normal course of business and management fees paid to related parties incurred in the normal course of business. All administrative expenses are recognised when incurred.

5. Turnover

All revenue derives from services provided to British Telecommunications plc within the United Kingdom. The result before tax of the Company during the period was attributable to activities wholly carried out in the United Kingdom.

Operating Segments: Openreach Limited has only one operating segment whose principal activity is telecommunications.

6. Administrative expenses

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Staff Costs (see note 8)	1,838,686	1,923,994
Other administrative expenses	30,822	29,242
Administrative expenses	1,869,508	1,953,236

7. Directors' emoluments

The following emoluments were paid to the directors in respect of their services to the Company in the year ended 31 March 2025.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Directors' remuneration	2,300	2,639
Company contributions in respect of money purchase pension schemes	-	10
Amounts receivable under long term incentive schemes	2,670	1,935
	4,970	4,584
Amounts granted under long term incentive schemes	1,969	1,650

Notes to the financial statements

7. Directors' emoluments (continued)

S Lowth, Director, is employed by and receives his emoluments from BT Group plc in respect of his services to the BT Group as a whole. This director holding office during the year considers his services to the Company as incidental to his other duties within BT Group plc and accordingly no remuneration has been apportioned to the Company (2024: nil).

Detail of highest paid director

	Year ended 31 March 2025	Year ended 31 March 2024
Number of directors accruing benefit under defined contribution scheme	1	1
Included in note 7 are the following amounts paid to the highest paid director:	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Director's Remuneration	1,079	1,465
Amounts receivable under long term incentive schemes	2,190	1,690
	3,269	3,155
Amounts granted under long term incentive schemes	1,654	1,091

8. Staff number and cost

The number of employees in the Company as at 31 March 2025 was 27,017 (2024: 31,847).
Employment costs of all employees included above amounted to:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 (Restated)^a £000
Wages and Salaries	1,550,334	1,620,035
Social Security Costs	153,569	153,751
Other pension costs	121,786	130,875
Share based payments	4,324	9,778
Other long term benefits	8,673	9,555
	1,838,686	1,923,994

^a Comparatives for the year to 31 March 2024 have been restated for employee pension costs.

Notes to the financial statements

8. Staff number and cost (continued)

Restatement of operating costs: Employee pension contributions

During the year to 31 March 2025, BT Group have rolled out a new payroll system. As part of the implementation of the new system, we identified that employee pension contributions that should have been included as part of gross wages and salaries were deducted from that category and mapped to employer pension costs. In the year to 31 March 2024 an amount of £97m representing employee pension contributions for the period, which are not a cost of the Group, was incorrectly deducted from wages and salaries in the income statement and added to the amount disclosed as the Group's other pension cost. There was no effect on total staff costs. Comparatives have been restated.

	2024 (Reported)	Restatement	2024 (Restated)
	£000	£000	£000
Wages and Salaries	1,522,986	97,049	1,620,035
Social Security Costs	153,751	-	153,751
Other pension costs	227,924	(97,049)	130,875
Share based payments	9,778	-	9,778
Other long term benefits	9,555	-	9,555
	<u>1,923,994</u>	<u>-</u>	<u>1,923,994</u>

These costs reflect the full time equivalent of full and part time employees.

9. Taxation

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Current tax:		
UK Corporation tax current period	-	-
Amounts over-provided in previous period	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax expense/(credit) in the income statement	<u>-</u>	<u>-</u>

Notes to the financial statements

9. Taxation (continued)

Reconciliation of the total tax charge

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Accounting result before tax	-	-
Tax calculated at UK standard rate of corporation tax of 25% (2024: 25%)	-	-
Effects of:		
Transfer pricing adjustment	23,369	24,415
Expenses not deductible for tax purposes	(3,629)	(1,724)
Group relief losses claimed for nil payment	(18,825)	(21,965)
Deferred tax not recognised	(915)	(726)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Factors affecting current and future tax charges

BT plc has committed that the Company shall suffer no economic outflows for any corporation tax liabilities for so long as the Company remains a wholly owned subsidiary of BT plc. Accordingly, no current and deferred tax charges/credits and no current tax and deferred tax balances have been recognised by the Company.

10. Amounts owed by group undertakings

	31 March 2025 £000	31 March 2024 £000
Current:		
Amounts owed by group undertakings	448,131	310,858
	<u>448,131</u>	<u>310,858</u>
	<u>448,131</u>	<u>310,858</u>

Amounts owed by group undertakings are repayable on demand and are interest free.

Notes to the financial statements

11. Creditors

Amounts falling due within one year

	31 March 2025	31 March 2024
	£000	£000
Amounts owed to group undertakings	(278,576)	(151,970)
Other taxation and social security	(33,189)	(36,083)
Other creditors	(16,122)	(17,344)
Accruals	(109,826)	(102,497)
Other payables	-	(2,964)
	<u>(437,713)</u>	<u>(310,858)</u>

Amounts falling due after one year

	31 March 2025	31 March 2024
	£000	£000
Other payables	(10,418)	-
	<u>(10,418)</u>	<u>-</u>

Amounts owed to group undertakings are payable on demand and are interest free.

12. Share Capital

	31 March 2025	31 March 2024
	£000	£000
Allotted, called up and fully paid, 1 ordinary share	<u>-</u>	<u>-</u>

13. Controlling entity

The Company is a subsidiary undertaking of British Telecommunications plc, which is the immediate parent Company incorporated in England & Wales. The ultimate controlling entity is BT Group plc.

The largest group in which the results of the Company are consolidated is that headed by BT Group plc and the smallest group in which the results of the Company are consolidated is that headed by British Telecommunications plc. The consolidated statements of these groups are available to the public on the group website www.bt.com/about or can be obtained from the Company Secretary at the registered office, 1 Braham Street, London, United Kingdom, E1 8EE.

Notes to the financial statements

14. Pension obligations

The Company contributes to two defined contribution pension plans, the BT Retirement Savings Scheme (BTRSS) and the NEST workplace pension scheme, and to a hybrid pension plan, the BT Hybrid Scheme (BTHS). The BTRSS is a defined contribution, contract-based agreement operated by Standard life (c. 26,500 members) and is open to new members. The BTHS was established in 2019 and combines elements of both defined benefit and defined contribution pension plans. The plan is closed to new members; current members (c. 1,100) continue to accrue benefits.

The terms of the Agency and Services Agreement between Openreach Limited and British Telecommunications plc, where British Telecommunications plc will provide for certain pension costs, allow Openreach Limited to recognise a reimbursement right which offsets any surplus or deficit in the defined benefit plans. As such, the defined benefit plans are accounted for as defined contribution plans by the Company. At 31 March 2025, the defined benefit section of the BTHS has liabilities of £32m and a surplus of £7m (2024: liabilities of £30m and a surplus of £5m).

The pension cost charge for the year across all plans, including the Company's share of cost relating to the administration of pension plans, amounted to £121m (2024 restated: £131m). The amount of outstanding contributions at the year-end amounted to £16m (2024: £17m).