

Registered Number: 04330445

## O2 Limited

# Annual Report and Financial Statements Year ended 31 December 2017



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**Company information**

**Directors**

Mark Hardman  
Mark Evans

**Secretary**

O2 Secretaries Limited

**Registered office**

260 Bath Road  
Slough  
Berkshire  
SL1 4DX  
UK

**Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

**Directors' report****Legal Form and Principal Activity**

O2 Limited ("the Company") is a private limited company registered in England under the registered number 04330445. The registered address is 260 Bath Road, Slough, Berkshire SL1 4DX. It is a wholly owned subsidiary within the Telefonica Group (the Group) the ultimate holding company is Telefónica S.A., a company incorporated and primarily listed in Spain in Spain. The Company has no operating activity.

**Directors and secretary**

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

Mark Hardman  
Mark Evans

The Secretary who held office during the year was O2 Secretaries Limited.

**Political donations**

The company made no political donations during the year ended 31 December 2017 (2016: £nil)

**Directors' liability insurance and indemnity**

Telefónica S.A., the Company's ultimate parent company, maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against Directors of companies within the Telefónica Group and the Directors of the Company are covered by this Insurance.

**Dividend**

During the year the Directors paid no dividend and do not recommend the payment of dividend for the financial year ended 31 December 2017 (31 December 2016: nil)

**Future development of the company**

The Directors expect the Company to remain dormant during 2018.

**Financial risks**

The Company faces a number of financial risks including the availability of finance to carry out its objectives, interest rate risks and credit rating risk. The Company is exposed to transactional foreign currency risk on activities conducted in currencies other than its functional currency. Liquidity and working capital requirements are managed at a group level by Telefonica Group treasury function.

**Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Additionally, the Company has received a letter of parental support from Telefonica S.A , the ultimate parent company, which conforms that Telefonica S.A, will continue to provide financial support to the Company for a period of twelve months from the signing of the Auditors Report in the financial statements.

**Directors' report (continued)**

**Statement as to disclosure to Auditor**

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps that he or she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Small companies' exemption**

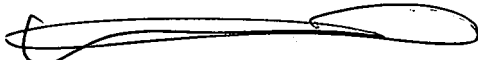
In preparing the Directors Report for the year ended 31 December 2017, the Company has taken advantage of the small companies' exemption under section 415 (A) of the Companies Act 2006 for reduced disclosures. The Directors have also taken advantage of the exemption under section 414 (B) not to prepare a Strategic Report.

**Independent Auditors**

During the year, PricewaterhouseCoopers LLP were appointed as auditors in accordance with section 485 of the Companies Act 2006. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The Directors' Report was approved by the Board on 5 June 2018

By Order of the Board



Vivienne Aziba  
For and on behalf of O2 Secretaries Limited  
Company Secretary

**Statement of Director's responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ***Independent auditors' report to the members of O2 Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, O2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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## *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

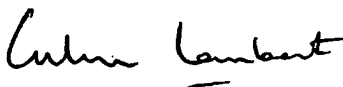
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Graham Lambert (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
05 June 2018



**Statement of comprehensive income**  
**Year ended 31 December 2017**

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Net financial income	3	12	(304)
<b>Profit before taxation</b>		<b>12</b>	<b>(304)</b>
Taxation charge	4		
<b>Profit/(loss) and total comprehensive income/(expense) for the year attributable to equity shareholders of the parent</b>		<b>12</b>	<b>(304)</b>


The accompanying notes on pages 13 to 17 are an integral part of these financial statements

**Statement of financial position  
As at 31 December 2017**

	Note	31 December 2017 £	31 December 2016 £
<b>Current Assets</b>			
Cash and cash equivalents	5	5,711	5,699
<b>Net assets</b>		<b>5,711</b>	<b>5,699</b>
<b>Equity</b>			
Called up share capital	6	1	1
Retained earnings		5,710	5,698
<b>Total equity</b>		<b>5,711</b>	<b>5,699</b>

The accompanying notes on pages 13 to 17 are an integral part of these financial statements

These financial statements on pages 9 to 12 were approved and authorised for issue by the Board of Directors on 5 June 2018 and signed on its behalf by:



Mark Hardman  
Director

**Statement of changes in equity  
As at 31 December 2017**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>At 1 January 2015</b>	1	6,002	6,003
Total comprehensive loss for year	-	(304)	(304)
<b>At 31 December 2016</b>	1	5,698	5,699
Total comprehensive income for year	-	12	12
<b>At 31 December 2017</b>	1	5,710	5,711

The accompanying notes on pages 13 to 17 are an integral part of these financial statements

**Statement of cash flows**  
**Year ended 31 December 2017**

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>Profit / (Loss) before taxation</b>		12	(304)
Adjustment for:			
Financial income	3	(12)	304
<b>Net cash flow result / from operating activities</b>		-	-
Net financial (expense) / income	3	12	(304)
<b>Net cash flow generated by investing activities</b>		12	(304)
<b>Net increase/(decrease) in cash and cash equivalents</b>		12	(304)
Cash and cash equivalents at start of the year	5	5,699	6,003
<b>Cash and cash equivalents at end of the year</b>	5	5,711	5,699

The accompanying notes on pages 13 to 17 are an integral part of these financial statements

## **1 Accounting policies**

### **Authorisation of financial statements**

O2 Limited is a private company limited by shares incorporated in England. Its registered address 260 Bath road, Slough, Berkshire SL1 4DX.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The results of O2 Limited are included in the consolidated financial statements of Telefonica S.A. which are available at Gran Via 28, 28013, Madrid, Spain.

### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as adopted for use in the EU. In addition the financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared using historical cost principles.

The principal accounting policies of the Company applied in the preparation of these financial statements are set out below. The IFRS accounting policies have been applied consistently to all periods presented.

### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Additionally, the Company has received a letter of parental support from Telefonica S.A , the ultimate parent company, which conforms that Telefonica S.A, will continue to provide financial support to the Company for a period of twelve months from the date of signing of the Auditors Report in the financial statements.

### **Taxation**

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed.

Income tax relating to items recognised in other comprehensive income or in equity is also recognised directly in other comprehensive income or in equity respectively.

### **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**Accounting policies (continued)**

**Functional Currency**

The company financial statements are presented in sterling, which is also the functional currency.

**New IFRS, amendments and interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC)**

New Standards and amendments		Effective date: annual periods beginning on or after 1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenues from Contracts with Customers	1 January 2018
Clarifications to IFRS 15	Revenues from Contracts with Customers	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share based Payment Transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16	Leases	January 1, 2019
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely

Based on the analysis made to date, the Company estimates that the adoption of most of these standards, amendments and improvements will not have a significant impact on its financial statements.

**2 Directors' emoluments and employees**

No emoluments or other benefits were paid to Directors for services to the company during the year ended 31 December 2017 (2016: nil). The directors are the employees of other companies in the Telefonica group, and are remunerated by other companies within the Telefonica group for their services to the Telefonica group as a whole.

There are no employees of the company (2016:Nil).

**O2 Limited**  
**Notes to the financial statements (Continued)**

Registered No. 04330445

**3 Net Financial income / (expense)**

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Net Interest income / (expense) (note 7)	12	(304)
<b>Net Financial income / (expense)</b>	<b>12</b>	<b>(304)</b>

**4 Taxation**

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>Taxation</b>	-	-

At Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

The tax assessed for the period varied from the amount computed by applying the corporation standard tax rate to profit or loss on ordinary activities before taxation. The differences were attributable to the following factors:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>(Loss) / profit before taxation</b>	<b>12</b>	<b>(304)</b>
<b>(Loss) / profit before taxation multiplied by the rate of corporation tax in the UK of 19.25% (2016: 20%)</b>	<b>(2)</b>	<b>61</b>
Effects of:		
Group relief claimed not paid for	2	(61)
<b>(Loss) / profit before taxation</b>	<b>-</b>	<b>-</b>

**5 Cash and cash equivalents**

	31 December 2017 £	31 December 2016 £
Short term deposits	5,711	5,699
<b>Cash and cash equivalents</b>	<b>5,711</b>	<b>5,699</b>

The Company's short term deposits are funds deposited with Telfisa Global BV, a related party.

**6 Called up share capital**

	Number of shares	31 December 2017	Number of shares	31 December 2016
<b>Called up, allotted and fully paid</b>				
Ordinary shares of £1 each	1	1	1	1

The Company has a single class of share capital, comprising ordinary shares of £1 each. Subject to the Company's Articles of Association and applicable law, the Company's ordinary shares confer on the holder: the right to receive notice of and vote at general meetings of the Company; the right to receive any surplus assets on a winding-up of the Company; and an entitlement to receive any dividend declared on ordinary shares but not the right of redemption of shares.

**7 Related party disclosures**

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>Financial (expense)/ income</b>		
Telfisa Global	12	(304)
	12	(304)
<b>Financial assets</b>		
Cash & Cash equivalents	5,711	5,699
	5,711	6,003

The cash and cash equivalents balance at 31 December 2017 of £5,711 (year ended 31 December 2016: £5,699) represents funds deposited with Telfisa Global., a subsidiary company within the Telefónica S.A. group.

**8 Auditors Remuneration**

Audit fees for the Company were borne and paid by O2 Europe, another company within the Telefónica S.A. group.

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Audit of financial statements	2,375	3,321



**9 Parent company and controlling party**

At 31 December 2017, the immediate parent company was O2 (Europe) Limited, a company incorporated in England. Copies of the financial statements of O2 (Europe) Limited can be obtained from 260 Bath Road, Slough, Berkshire, SL1 4DX.

At 31 December 2017, the ultimate parent company was Telefonica S.A., a company incorporated in Spain. Telefónica, S.A. is the largest and smallest group for which group financial statements are drawn up and of which the company is a member. Copies of the financial statements of Telefonica S.A. can be obtained from Gran Vía 28, 28013 Madrid, Spain. The parent company is O2 International Holdings Limited part of the Telefonica Group.