

Registered Number: 2712995

Call Connections Limited

**Annual Report and Financial Statements
Year ended 31 December 2010**

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Directors and advisers

Directors

Katherine Ann Jarvis
Robert Harwood
David Melcon Sanchez-Friera

Secretary and registered office

O2 Secretaries Limited

260 Bath Road
Slough
Berkshire
SL1 4DX

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2010

Corporate structure

Call Connections Limited is a private limited company registered in England and Wales under the registered number 2712995. The registered address is 260 Bath Road, Slough, Berkshire, SL1 4DX. It is a wholly owned subsidiary of Telefónica Europe plc, its ultimate UK parent, a company incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica S.A., a company incorporated in Spain.

Business review and future developments

The Company has not traded during the year ended 31 December 2010 and made neither a profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

Risk and uncertainties

From the perspective of the Company, the principal risk and uncertainties are integral to the principal risk and uncertainties of the Telefónica Group and are not managed separately. A comprehensive analysis of the principal risks and uncertainties which impact the Telefónica Group are disclosed in the consolidated Annual Report and financial statements of mmO2 plc, the Company's intermediate parent Company.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2010 (year ended 31 December 2009: £56,644,000).

Going concern

The Directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

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

Directors and secretary

The Directors who held office during the year were as follows:

Katherine Ann Jarvis
Robert Harwood
David Melcon Sanchez-Friera

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

Directors' liability insurance and indemnity

Telefónica Europe plc, the Company's ultimate UK parent company, has granted an indemnity in the form permitted by UK Company Law to Directors appointed to subsidiary companies. This indemnity remains in place and continues until such time as any relevant limitation periods for bringing claims (as defined in the indemnity) against the Director has expired, or for so long as the past Director, where relevant, remains liable for any losses (as defined in the indemnity).

Directors' report (continued)

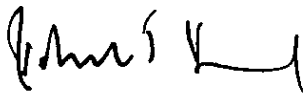
Political and charitable contributions

The Company made no political or charitable contributions during the year ended 31 December 2010 (year ended 31 December 2009 nil)

Auditors

The Company has been dormant within the meaning of Section 480 of the Companies Act 2006 throughout the year. Consequently, no auditors have been appointed

By Order of the Board

A handwritten signature in black ink, appearing to read 'Robert Harwood', written over a horizontal line.

Robert Harwood
For and on behalf of O2 Secretaries Limited
Company Secretary

22 September 2011

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

Under Company Law the Directors must not approve the Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the Company financial statements the Directors are required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance,
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements, and
- make judgements and estimates that are reasonable and prudent

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 Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of comprehensive income
Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Financial expense	2	-	(536)
Loss before taxation		-	(536)
Taxation	3	-	-
Loss for the period attributable to equity holders		-	(536)
Total comprehensive loss for the year		-	(536)

The accompanying notes are an integral part of the financial statements

**Statement of financial position
As at 31 December 2010**

	Note	2010 £'000	2009 £'000
Trade and other receivables	4	-	-
Borrowings	5	-	-
Net assets		-	-
Equity			
Ordinary share capital	6	-	-
Retained earnings		-	-
Total equity		-	-

The accompanying notes are an integral part of the financial statements

For the year ended 31 December 2010 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

Directors' responsibilities:

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006

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 by the board of Directors on 22 September 2011 and were signed on its behalf by



David Melcon Sanchez-Friera
Director

**Statement of changes in equity
As at 31 December 2010**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2009	95,000	(37,820)	57,180
Total comprehensive income for the year	-	(536)	(536)
Reduction in share capital (note 6)	(95,000)	95,000	-
Dividends (note 6)	-	(56,644)	(56,644)
At 31 December 2009	-	-	-
At 31 December 2010	-	-	-

The accompanying notes are an integral part of these financial statements

Notes to the financial statements**1. Accounting policies****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 except where detailed below.

Cash flow statement

The transactions of the Company in the current or prior period do not require the use of cash or cash equivalents. Consequently, the Company has not presented a statement cash flow statement.

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 directly in equity is recognised in equity not in the statement of comprehensive income.

Borrowing costs

Borrowings are recognised initially at the proceeds received, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the cost and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis. Accrued interest on borrowings is included within the carrying value.

Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividend distributions to the Company's shareholders are recognised in the Company's financial statements when paid.

Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Provisions are made based on an analysis of balances by age, previous losses experienced, disputes and ability to pay. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Changes in the provision against receivables are recognised in the statement of comprehensive income within cost of goods sold.

Cumulative redeemable preference shares

Cumulative redeemable preference shares are recognised as a liability in the statement of financial position. The corresponding dividends on those shares are charged as interest expense in the statement of comprehensive income.

Notes to the financial statements**1 Accounting policies (continued)****Fair value estimation**

The fair value of the trade and other receivables approximate to the book carrying value due to the short-term or on demand maturity of these instruments

New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The Company does not expect that the first-time adoption of the IFRS and IFRIC interpretations that have been published at the date of preparation of the financial statements will have a significant impact on its financial statements

2. Financial expense

	2010 £'000	2009 £'000
Financial expense		
Preference dividend payable	-	(536)

3. Taxation

	2010 £'000	2009 £'000
Analysis of charge in period		
Current tax	-	-

The tax assessed for the period varied from the amount computed by applying the corporation tax standard rate to loss on ordinary activities before taxation. The difference was attributable to the following factors

	2010 £'000	2009 £'000
Loss before taxation	-	(536)
Loss before taxation at the UK corporation tax rate of 28%	-	(150)
Non-deductible preference share dividend	-	150
UK-UK transfer pricing adjustment	-	604
Group relief for nil payment	-	(604)
Current tax	-	-

4. Trade and other receivables

	2010 £'000	2009 £'000
Amounts owed by Group undertakings	-	-

In June 2009, Call Connections declared equity dividends to its ordinary and redeemed back the preference shares along with the cumulative preference dividends. No cash was exchanged with regards to these transactions. The amounts were settled through transfer of intercompany debtor balances receivable from Telefónica UK Limited (formerly Telefónica O2 UK Limited) to the recipients, O2 Mobiles Limited, O2 Networks Limited and O2 Holdings Limited.

Notes to the financial statements

5. Borrowings

	2010 £'000	2009 £'000
Current borrowings		
Amounts owed to group company under preference shares (note 6)	-	-

Borrowings consisted of 12,000,000 9% cumulative redeemable preference shares of £1 each and the related accumulated dividend accruing since 24th February 1993

On 30 June 2009, the 9% cumulative redeemable preference shares were redeemed and the accumulated dividends of £17,653,000 were settled

6. Called up share capital

	2010 £	2009 £
Called up, allotted and fully paid		
95,000,000 ordinary shares of £1/95,000,000 each	1	1
9% cumulative redeemable preference shares fully redeemed in 2009 (2009 £1 each)	-	-

The Company has ordinary authorised and issued share capital, comprising ordinary shares of £1/95,000,000 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.

In line with Section 641 of Companies Act 2006, on 23 June 2009, the share capital of the Company was reduced to £1, divided into 95,000,000 Ordinary Shares of £1/95,000,000 each. The reduction in the nominal value of each ordinary share from £1 to £1/95,000,000 created distributable reserves. The company declared dividends in the year ended 31 December 2009 of £56,644,000.

On 30 June 2009, 12,000,000 9% cumulative redeemable preference shares held by O2 Holdings Limited were redeemed.

No dividend has been declared for the year ended 31 December 2010.

7. Related party disclosures

Related party transactions with Directors and key management are detailed in note 8.

Other related party transactions are detailed in notes 2, 4 and 5.

8 Key management and Directors' compensation

No emoluments or other benefits were paid to Directors during the year ended 31 December 2010 (year ended 31 December 2009 nil). The Directors are employees of other companies in the Group and are remunerated for their services to the Group as a whole.

There are no employees of the Company.

Notes to the financial statements

9. Parent company and controlling party

The Company's immediate parent company is O2 Mobiles Limited. At the end of the period the ultimate parent company and controlling party is Telefónica, S A, a company incorporated in Spain. Copies of the financial statements of Telefónica, S A may be obtained from its registered office at Gran Vía 28, Madrid, Spain.