

Registered number: 03722259

## **Telefonica UK Holdings Limited**

### **Annual Report and Financial Statements Year ended December 2019**



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**Company Information**

**Directors and Advisers**

Mark Evans  
Edward Smith

**Secretary**

O2 Secretaries Limited

**Registered office address**

260 Bath Road  
Slough  
Berkshire  
SL1 4DX  
United Kingdom

**Independent Auditors**

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

**Directors' Report  
for the year ended 31 December 2019**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

**Legal form and principal activity**

Telefonica UK Holdings Limited ("the Company") is a private limited company registered in the United Kingdom under the number 03722259. The registered address is 260 Bath Road, Slough, Berkshire, SL1 4DX. It is a wholly owned subsidiary of O2 (Europe) Limited, its ultimate UK parent, a company incorporated in the United Kingdom. The ultimate holding company is Telefónica S.A., a company incorporated and primarily listed in Spain. The Company is a holding company within Telefónica S.A. and did not have any trading activities during the financial year.

**Directors and secretary**

The Directors who held office during the year and at the time of signing of this report were as follows:

Mark Evans	
Robert Harwood	(Resigned 27 March 2020)
Edward Smith	(Appointed 27 March 2020)

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

**Political donations**

The Company made no political donation during the year ended 31 December 2019 (2018: £nil).

**Future development of the company**

The Directors believe that there will be no material change in the operating activities of the Company during the year ended 2020.

**Dividends**

No dividends were paid during the year and the directors do not recommend the payment of dividend for the financial year ended 31 December 2019 (2018: £nil).

**Directors' liability insurance and indemnities**

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. This indemnity was in force during the financial year and at the date of approval of the financial statements.

**Financial risks**

The Company faces a number of financial risks including the availability of finance to carry out its objectives and credit rating risk. Liquidity and working capital requirements are managed at a group level by Telefónica Group treasury function.

**Directors' Report  
for the year ended 31 December 2019 (continued)**

**Risk and uncertainties**

Since the start of 2020 there has been a developing outbreak of the COVID-19 (coronavirus). To date, we have not seen a material impact on our operations. As a result of COVID-19, we have seen macroeconomic uncertainty. We are carefully managing the coronavirus situation and already have processes in place to monitor the impact on our business.

**Going concern**

The Company has received a letter of parental support from Telefónica S.A. , the ultimate parent company, which confirms that Telefónica 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. Accordingly 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.

Management have performed a detailed assessment of the ability for the business to continue as a going concern including factoring in the potential impact of the pandemic on the Company and on the basis of that assessment, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

**Statement as to disclosure to auditors**

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 they ought to have taken as Directors 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**

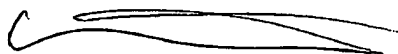
In preparing the Directors' Report for the year ended 31 December 2019, the Company has taken advantage of the small companies' exemption under section 415(A) of the Companies Act 2006 for reduced disclosures. The Directors have also taken advantage of the exemption under section 414 (B) not to prepare 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 28 July 2020.

By Order of the Board



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

## **Statement of Directors' 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:

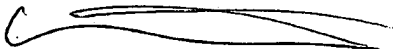
- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable 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.

The Statement of Directors' responsibilities was approved by the Board on 28 July 2020.

By Order of the Board



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

## Independent auditors' report to the members of Telefonica UK Holdings Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Telefonica UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (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 2019; the Statement of comprehensive income, the Statement of cash flows and 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 where:

- 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.

**Independent auditors' report to the members of Telefonica UK Holdings Limited***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 2019 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.

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**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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Hannes Verwey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
28 July 2020



**Statement of comprehensive income**  
**Year ended 31 December 2019**

		<b>Year ended</b> <b>31 December</b> <b>2019</b>	<b>Year ended</b> <b>31 December</b> <b>2018</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Result before taxation</b>		-	-
Taxation	5	-	-
<b>Result and total comprehensive income/(expense) for the year</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 2019**

		31 December 2019 £	31 December 2018 £
	Note		
<b>Current assets</b>			
Other Receivables	6,8	60,989	60,989
<b>Net assets</b>		<b>60,989</b>	<b>60,989</b>
<b>Capital and reserves</b>			
Share capital	7	8,737	8,737
Share premium		128,728,178	128,728,178
Other reserves		26,616,000	26,616,000
Retained earnings		(155,291,926)	(155,291,926)
<b>Total equity</b>		<b>60,989</b>	<b>60,989</b>

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

These financial statements on pages 9 to 17 were approved by the board of Directors on 28 July 2020 and were signed on its behalf by:



Edward Smith  
 Director

**Statement of changes in equity**  
**Year ended 31 December 2019**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
<b>At 1 January 2018</b>	<b>8,737</b>	<b>128,728,178</b>	<b>26,616,000</b>	<b>(155,291,926)</b>	<b>60,989</b>
Result for the year and total comprehensive expense for the year	-	-	-	-	-
<b>At 31 December 2018</b>	<b>8,737</b>	<b>128,728,178</b>	<b>26,616,000</b>	<b>(155,291,926)</b>	<b>60,989</b>
Result for the year and total comprehensive expense for the year	-	-	-	-	-
<b>At 31 December 2019</b>	<b>8,737</b>	<b>128,728,178</b>	<b>26,616,000</b>	<b>(155,291,926)</b>	<b>60,989</b>

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

**Statement of cash flows**  
**Year ended 31 December 2019**

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Loss before taxation		-	-
Adjustments for:			
<b>Cash generated from operations</b>		-	-
<b>Cash flows from operating activities:</b>			
<b>Net cash flow from operating activities</b>		-	-
<b>Cash flow from investing activities:</b>			
<b>Net cash flow from investing activities</b>		-	-
<b>Cash flows from financial activities:</b>			
<b>Net cash flow from financing activities</b>		-	-
<b>Net change in cash and cash equivalents</b>		-	-
Cash and cash equivalents at start of the year		60,989	60,989
<b>Cash and cash equivalents at end of the year</b>		<b>60,989</b>	<b>60,989</b>

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

**Notes to the financial statements****1. General information**

Telefónica UK Holdings Limited is a private company limited by shares incorporated in the United Kingdom. Its registered address is 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 Telefónica UK Holdings Limited are included in the consolidated financial statements of Telefónica, S.A. which are available at Gran Vía 28, 28013, Madrid, Spain.

**2. 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 under 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.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary. These financial statements present information about the Company as an individual undertaking and not about its group.

**3. Accounting policies****Functional Currency**

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

**Going concern**

The Company has received a letter of parental support from Telefónica S.A., the ultimate parent company, which confirms that Telefónica 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. Accordingly, 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.

**Investments**

Investments are stated at cost less provision for impairment. An impairment loss is recognised for the amount by which the investments carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use.

**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, Cash held with other Group companies, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## Notes to the financial statements

### 3. Accounting policies (continued)

#### Dividends

Dividends received from subsidiary companies are recognised as finance income in the Company's financial statements in the period in which the dividends are received.

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets with a definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units").

#### Taxation

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

Deferred income tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax and current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### Critical judgments and estimates in applying accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### New standards adopted by the company

New Standards and amendments	Effective date: annual periods beginning on or after
IFRS 16 Leases	1 January 2019

The adoption of this standard, did not have any significant impact on the financial statements in the initial period of application.

## Notes to the financial statements

## 4. Directors' emoluments and employees

No emoluments or other benefits were paid to the Directors for services to the Company during the year ended 31 December 2019 (2018: £nil).

The Directors are employees of other companies in the Telefónica Group, and are remunerated by other companies within the Telefónica Group for their services to the Telefónica Group as a whole.

The Company had no employees during the year ended 31 December 2019 (none in 2018).

## 5. Taxation

Analysis of the current taxation charge in the year:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Current tax - current year	-	-
<b>Taxation charge</b>	<b>-</b>	<b>-</b>

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
<b>Result before taxation</b>	<b>-</b>	<b>-</b>
Result before taxation multiplied by rate of corporation tax in the UK of 19% (2018: 19%)	-	-
<b>Total taxation charge</b>	<b>-</b>	<b>-</b>

Finance Act 2015 set the main rate of corporation tax to 19% with effect from 1 April 2017. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

## 6. Other Receivables

A cash sum of £60,989 is held with O2 (Europe) Limited, the immediate parent of the Company at 31 December 2019 (31 December 2018: £60,989). The receivable is interest free and repayable on demand.

## Notes to the financial statements

## 7. Share capital

	31 December 2019 £	31 December 2018 £
<b>Issued</b>		
873,700 (2018: 873,700) ordinary shares of £0.01 each	8,737	8,737
<b>Allotted, called up and fully paid</b>		
873,700 (2018: 873,700) ordinary shares of £0.01 each	8,737	8,737
	<b>8,737</b>	<b>8,737</b>

The company has ordinary issued share capital, comprising ordinary shares of £0.01 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.

**Capital management**

The Company's capital comprises share capital, share premium, other reserves and retained earnings.

The Company's objectives when managing capital are to safeguard the Company's ability to continue to operate as a going concern, to maintain optimal capital structure commensurate with risk and return and to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may pay dividends to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce debt or draw down more debt.

## 8. Related party disclosures

During the year ended 31 December 2019, the Company entered into transactions with related parties as follows:

	31 December 2019 £	31 December 2018 £
O2 (Europe) Limited	60,989	60,989
<b>Total financial assets</b>	<b>60,989</b>	<b>60,989</b>

## 9. Audit remuneration

Audit fees for the Company were borne and paid by O2 (Europe) Limited, another company within the Telefónica S.A. Group. The Directors have decided not to reallocate audit costs to individual companies in 2019.

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
<b>Audit of financial statements</b>	<b>2,602</b>	<b>2,602</b>



**Notes to the financial statements****10. Parent company and controlling party**

At 31 December 2019, the immediate parent company was O2 (Europe) Limited, a company incorporated in the United Kingdom. Copies of the financial statements of O2 (Europe) Limited can be obtained from 260 Bath Road, Slough, Berkshire, SL1 4DX.

The Group in which the Company is included is the ultimate parent company and controlling party at 31 December 2019, Telefónica S.A., a company incorporated in Spain. Telefónica, S.A. is the largest and smallest group for which group financial statement are drawn up and of which the company is a member. Copies of the financial statements of Telefónica S.A. may be obtained from Gran Vía 28, Madrid, Spain.

**11. Subsequent Events**

Subsequent to the period ended 31 December 2019 the World Health Organisation declared a global pandemic in relation to the outbreak of the Covid-19 virus. The Directors consider this event to be a non-adjusting post balance sheet event.

Management have performed a detailed assessment of the ability for the business to continue as a going concern including factoring in the potential impact of the pandemic on the Company and on the basis of that assessment, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. At the date these financial statements were approved by the board management deem that there is no material impact to the company relating to this subsequent event.

There are no other material subsequent events after the balance sheet date.