

Registered number: 03722259

Telefonica UK Holdings Limited

Annual Report and Financial Statements Year ended 31 December 2020



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Telefonica UK Holdings Limited

Registered number: 03722259

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
40 Clarendon Road,
Watford, WD17 1JJ
United Kingdom

**Directors' Report
for the year ended 31 December 2020**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

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	
Edward Smith	(Appointed 27 March 2020)
Robert Harwood	(Resigned 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 2020 (2019: £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 2020 (2019: £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 2020 (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

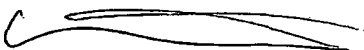
In preparing the Directors' Report for the year ended 31 December 2020, the Company has taken advantage of the small companies' exemption under section 415(A) of the Companies Act 2006 for reduced disclosures. The Directors have also taken advantage of the exemption under section 414 (B) not to prepare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

Independent Auditors

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 20 May 2021.

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 accounting standards in conformity with the requirements of the Companies Act 2006.

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:

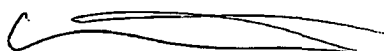
- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 20 May 2021.

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

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 2020 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Independent auditors' report to the members of Telefonica UK Holdings Limited (continued)

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2020 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the valuation of assets. Audit procedures performed by the engagement team included:

- Confirming the outstanding balances with the counter party and evaluated the ability of the counter party to settle the amount

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report to the members of Telefonica UK Holdings Limited (continued)

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. 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.

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 obtained 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.

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: prepare financial statements in accordance with the small companies regime; 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.



Hannes Verwey (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

21 May 2021

Statement of comprehensive income
Year ended 31 December 2020

	Year ended 31 December 2020	Year ended 31 December 2019
Note	£	£
Result before taxation	-	-
Taxation	-	-
Result and total comprehensive income for the year	-	-

The accompanying notes on pages 14 to 19 are an integral part of these financial statements.

Statement of financial position
As at 31 December 2020

		31 December 2020 £	31 December 2019 £
	Note		
Current assets			
Other Receivables	5,7	60,989	60,989
Net assets		60,989	60,989
Capital and reserves			
Share capital	6	8,737	8,737
Share premium		128,728,178	128,728,178
Other reserves		26,616,000	26,616,000
Accumulated losses		(155,291,926)	(155,291,926)
Total equity		60,989	60,989

The accompanying notes on pages 14 to 19 are an integral part of these financial statements.

These financial statements on pages 10 to 19 were approved by the board of Directors on 20 May 2021 and were signed on its behalf by:



Mark Evans
 Director

Statement of changes in equity
Year ended 31 December 2020

	Share capital £	Share premium £	Other reserves £	Accumulated losses £	Total equity £
At 1 January 2019	8,737	128,728,178	26,616,000	(155,291,926)	60,989
Result for the year and total comprehensive income for the year	-	-	-	-	-
At 31 December 2019	8,737	128,728,178	26,616,000	(155,291,926)	60,989
Result for the year and total comprehensive income for the year	-	-	-	-	-
At 31 December 2020	8,737	128,728,178	26,616,000	(155,291,926)	60,989

The accompanying notes on pages 14 to 19 are an integral part of these financial statements.

Statement of cash flows
Year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Result before taxation		-	-
Cash generated from operations		-	-
Cash flows from operating activities:			
Net cash flow generated from operating activities		-	-
Cash flow from investing activities:			
Net cash flow generated from investing activities		-	-
Cash flows from financial activities:			
Net cash flow generated from financing activities		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at start of the year		60,989	60,989
Cash and cash equivalents at end of the year		60,989	60,989

The accompanying notes on pages 14 to 19 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

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.

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.

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.

Notes to the financial statements

3. Accounting policies (continued)

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

The accounting policies applied in the preparation of the financial statements for the year ended December 31, 2020 are consistent with those used in the preparation of the Company's consolidated annual financial statements for the year ended December 31, 2019, with the exception of the following new standards and amendments to existing standards in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 which are mandatory for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company's current approach is consistent with these requirements, so the application of these amendments did not have a significant impact on the Company's financial position or results in the period.

Notes to the financial statements**3. Accounting policies (continued)****Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. This amendment did not have a significant impact on the Company's financial position or results in the period.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: (i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and (ii) the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The Company's current practices are in line with these criteria, so the application of these amendments did not have an impact on the Company's financial position or results in the period, nor are they expected to do so in the future.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts, such as removing the probability threshold for recognition and adding guidance on derecognition, or adding guidance on different measurement basis. No changes were made to any of the current accounting standards. The company's accounting policies are still appropriate under the revised Framework, so these amendments had no impact on the Company's financial position or results in the period.

Amendments to IFRS 16: Covid19-related Rent Concessions

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions (such as rent holidays or rent reductions for a period of time) arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification and therefore account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Amendments to IFRS 16: Covid19-related Rent Concessions (continued)

The amendment applies to annual reporting periods beginning on or after 1 June 2020, with earlier application permitted. In accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, companies shall apply the amendment, at the latest, as from 1 June 2020 for financial years starting on or after 1 January 2020. This amendment had no impact on the consolidated financial statements of the Company.

Notes to the financial statements

3. Accounting policies (continued)

New standards and amendments to standards issued but not effected as of December 31, 2020.

At the date of preparation of the financial statements, the following IFRS and amendments to existing standards had been published, but their application is not mandatory:

Standards and amendments		Mandatory application: annual periods beginning on or after
Amendments to IFRS 4	<i>Deferral of IFRS 9</i>	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
Amendments to IAS 37	<i>Cost of Fulfilling a Contract</i>	January 1, 2022
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>	January 1, 2022
Annual Improvements 2018-2020 Cycle		January 1, 2022
Amendments to IAS 16	Proceeds before Intended Use	January 1, 2022
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023

Based on the assessment made to date, the Company estimates that the adoption of these new pronouncements will not have a significant impact on the financial statements in the initial period of application.

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 2020 (2019: £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 2020 (none in 2019).

5. Other Receivables

A cash sum of £60,989 is held with O2 (Europe) Limited, the immediate parent of the Company at 31 December 2020 (31 December 2019: £60,989). The receivable is interest free and repayable on demand.

6. Share capital

	31 December 2020 £	31 December 2019 £
Issued		
873,700 (2019: 873,700) ordinary shares of £0.01 each	8,737	8,737
Allotted, called up and fully paid		
873,700 (2019: 873,700) ordinary shares of £0.01 each	8,737	8,737
	8,737	8,737

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.

Notes to the financial statements

6. Share capital (continued)

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.

7. Related party disclosures

During the year ended 31 December 2020, the Company entered into transactions with related parties as follows:

	31 December 2020 £	31 December 2019 £
O2 (Europe) Limited	60,989	60,989
Total financial assets	60,989	60,989

8. 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 2020.

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Audit of financial statements	2,635	2,602

9. Parent company and controlling party

At 31 December 2020, 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 2020, 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.

Notes to the financial statements

10. Subsequent Events

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