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**TELSTRA LIMITED**

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**Annual report and financial statements**  
**for the year ended June 30, 2015**

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**TELSTRA LIMITED**

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**Company Information**

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**DIRECTORS**

M Gould  
D Rogerson  
A M Nowitzke (appointed 24 March 2015, resigned 9 April 2015)

**COMPANY SECRETARY**

M Gould

**REGISTERED NUMBER**

3830643

**REGISTERED OFFICE**

2nd Floor, Blue Fin Building  
110 Southwark Street  
London  
SE1 0TA

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**TELSTRA LIMITED**

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## TELSTRA LIMITED

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### Directors' report for the year ended June 30, 2015

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The directors present their report and the audited financial statements for the year ended June 30, 2015.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. 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.

#### PRINCIPAL ACTIVITIES

The principal activity of the company is to provide business to business telecommunication services for domestic and international companies.

#### RESULTS

The loss for the year, after taxation, amounted to £1,701,000 (2014 restated - loss £3,882,000).

#### DIRECTORS

The directors who served during the year were:

M Gould  
D Rogerson  
A M Nowitzke (appointed 24 March 2015, resigned 9 April 2015)

#### FUTURE DEVELOPMENTS

The directors aim to maintain the current management policies and do not anticipate any significant change in the continuing activities of the company in the foreseeable future.

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## TELSTRA LIMITED

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### Directors' report for the year ended June 30, 2015

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#### PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

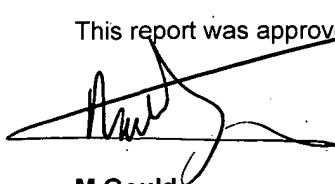
#### AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### GOING CONCERN

The Company has been a provider of telecommunication services and will continue to provide these services during the course of the following year. The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Directors do not consider the net current liability position of the Company to be a going concern issue as the position is driven by amounts owed to Group undertakings which are under the direct control of the Company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on May 12, 2016 and signed on its behalf by.



M Gould  
Director

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## TELSTRA LIMITED

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### Strategic report for the year ended June 30, 2015

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#### BUSINESS REVIEW

The directors believe the company is well positioned to perform in the future.

Operating result was turned around from a loss of £804,000 in 2014 (as restated) to a profit of £2,064,000 in 2015.

Loss before tax decreased by £2,809,000 from £4,426,000 in 2014 to £1,617,000 in 2015.

Revenue increased by £4,011,000 equivalent to 5.8% from £69,529,000 in 2014 to £73,540,000 in 2015. The revenue growth was generated from hosting and data services.

Admin expenses decreased by £399,000 equivalent to 0.9% from £44,991,000 in 2014 to £44,592,000 in 2015.

Shareholders' funds have decreased by £1,697,000, mainly due to the losses incurred in the year.

#### PRINCIPAL RISKS AND UNCERTAINTIES

##### Competitive Risk

Competitive risks are driven by a changing market environment and the continued competition in the UK and international telecommunications markets. This trend is expected to continue, but it is mitigated by management's ongoing review of the market and the company's ability to differentiate its service model as reflected in improving Net Promoter Scores.

##### Legislative Risk

There currently appears to be no significant legislative risk for the business.

##### Financial Instrument Risk

There are currently no material financial instrument risks for the company.

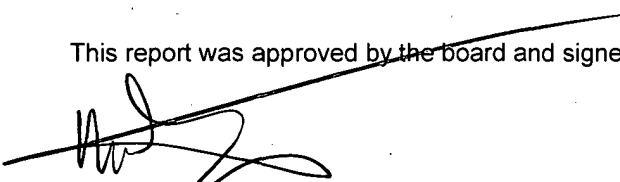
##### Foreign Exchange Risk

The company makes supplies and is supplied in foreign currencies. Debtors and Creditors are assessed regularly and any currency exposure is reviewed. Where appropriate customer contracts make provision for a change in price if the currency deviates more than a set amount from the base.

##### Credit risk

The directors ensure that a strict policy of credit checking is employed for all new customers and that all debts are regularly reviewed.

This report was approved by the board and signed on its behalf.



M Gould  
Director  
Date: May 12, 2016

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## TELSTRA LIMITED

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### Independent auditor's report to the shareholders of Telstra Limited

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We have audited the financial statements of Telstra Limited for the year ended June 30, 2015, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at June 30, 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**TELSTRA LIMITED**

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**Independent auditor's report to the shareholders of Telstra Limited**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Neil Cullum (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP (Statutory Auditor)**

London

May 12, 2016



**TELSTRA LIMITED**

**Profit and loss account  
for the year ended June 30, 2015**

	Notes	2015 £000	As restated 2014 £000
<b>TURNOVER</b>	2	<b>73,540</b>	<b>69,529</b>
Cost of sales		<b>(26,884)</b>	<b>(25,342)</b>
<b>GROSS PROFIT</b>		<b>46,656</b>	<b>44,187</b>
Administrative expenses		<b>(44,592)</b>	<b>(44,991)</b>
<b>OPERATING PROFIT/(LOSS)</b>	3	<b>2,064</b>	<b>(804)</b>
Interest receivable and similar income	6	<b>53</b>	<b>60</b>
Interest payable and similar charges	7	<b>(3,734)</b>	<b>(3,682)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,617)</b>	<b>(4,426)</b>
Tax on loss on ordinary activities	8	<b>(84)</b>	<b>544</b>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(1,701)</b>	<b>(3,882)</b>
<b>LOSS BROUGHT FORWARD</b>		<b>(40,473)</b>	<b>(36,591)</b>
<b>LOSS CARRIED FORWARD</b>		<b>(42,174)</b>	<b>(40,473)</b>

All amounts relate to continuing operations.

The notes on pages 9 to 23 form part of these financial statements.

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**TELSTRA LIMITED**

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**Statement of total recognised gains and losses  
for the year ended June 30, 2015**

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	Note	2015 £000	2014 £000
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(1,701)</u>	<u>(3,882)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		(1,701)	<u>(3,882)</u>
Prior year adjustment	24	<u>533</u>	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS</b>		<u>(1,168)</u>	

The notes on pages 9 to 23 form part of these financial statements.

**TELSTRA LIMITED**  
Registered number: 3830643

**Balance sheet**  
as at June 30, 2015

	Note	£000	2015 £000	As restated 2014 £000
<b>FIXED ASSETS</b>				
Intangible assets	9		21,220	23,342
Tangible assets	10		52,022	52,237
Investments	11		69,594	54,147
			<u>142,836</u>	<u>129,726</u>
<b>CURRENT ASSETS</b>				
Debtors	12	9,719		9,083
Cash at bank		7,417		20,647
		<u>17,136</u>		<u>29,730</u>
<b>CREDITORS:</b> amounts falling due within one year	13	(92,652)		(90,988)
<b>NET CURRENT LIABILITIES</b>			<u>(75,516)</u>	<u>(61,258)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>67,320</u>	<u>68,468</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17		(31,542)	(31,542)
<b>PROVISIONS FOR LIABILITIES</b>				
Other provisions	19		(1,388)	(839)
<b>NET ASSETS</b>			<u>34,390</u>	<u>36,087</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	20		76,444	76,444
Share based payment reserve			120	116
Profit and loss account			<u>(42,174)</u>	<u>(40,473)</u>
<b>SHAREHOLDERS' FUNDS</b>	22		<u>34,390</u>	<u>36,087</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on May 12, 2016.

  
**M Gould**  
Directors

The notes on pages 9 to 23 form part of these financial statements.

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## TELSTRA LIMITED

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### Notes to the financial statements for the year ended June 30, 2015

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with applicable accounting standards.

As the immediate parent undertaking is incorporated within the United Kingdom, and the results of the company are included within the publicly available consolidated financial statements of Telstra Corporation Limited, the company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing consolidated financial statements. As such, these financial statements give information about the company as an individual undertaking, and not about its group.

The Company's business activities, together with the factors likely to affect its future developments, its financial position, financial risk management objectives and its exposures to competitive, legislative and credit risk are described in the Directors' report and the Strategic report. The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. The Directors' do not consider the net current liability position of the Company to be a going concern issue as the position is driven by amounts owed to Group undertakings which are under the direct control of the Company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover from services is recognised as the services are provided. Turnover from service contracts that cover periods greater than 12 months is recognised in the profit and loss account in proportion to the services delivered at the reporting date. In respect of services invoiced in advance, amounts are deferred until provision of the services.

Amounts payable by and to other telecommunication operators are recognised as the services are provided. Charges are negotiated separately and are subject to continual review. Turnover generated through the provision of these services is accounted for gross of any amounts payable to other telecommunication operators for interconnect fees.

Revenue for the sale of telecommunication equipment is recognised across the period of the service contract relating to the customer.

Revenue arising from the provision of other services, including maintenance contracts, is recognised evenly over the periods in which the service is provided.

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## TELSTRA LIMITED

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### Notes to the financial statements for the year ended June 30, 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.3 Intangible fixed assets and amortisation

Amortisation of goodwill arising from the Group reorganisation is being amortised on a straight line basis over its estimated economic life, currently estimated to be 20 years. The carrying value for goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and bi-annually in every year or changes in circumstances indicate that the carrying value may not be recoverable.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Three to ten years
Plant & machinery	-	Three to ten years

##### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### 1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 1.7 Operating leases

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

##### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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## TELSTRA LIMITED

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### Notes to the financial statements for the year ended June 30, 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

##### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.11 Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are discounted only if the effect of the time value of money is material.

##### 1.12 Cash flow statement and related party disclosure

The company is a wholly owned subsidiary of Telstra Corporation Limited and is included in the consolidated financial statements of the group which are publicly available. Consequently, the company has taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 "Cash Flow Statements" from preparing a statement of cash flows and the exemption of FRS 8, from disclosing transactions with entities that are part of the Telstra Corporation Limited group or investees of that group.

##### 1.13 Share based payments

The Company recognise an expense for all share based remuneration determined with reference to the fair value at grant date of the equity instruments issued. The fair value of the equity instruments is calculated using a valuation technique that is consistent with the Black-Scholes methodology and utilises Monte Carlo simulations. The fair value is charged against profit or loss over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting.

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**TELSTRA LIMITED**

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**Notes to the financial statements  
for the year ended June 30, 2015**

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**2. TURNOVER**

The whole of the turnover is attributable to telecommunication services, excluding value added taxes, provided by the company.

A geographical analysis of turnover is as follows:

	<b>2015</b>	<i>2014</i>
	<b>£000</b>	<i>£000</i>
United Kingdom	<b>66,964</b>	<i>64,794</i>
Rest of the world	<b>6,576</b>	<i>4,735</i>
	<b><u>73,540</u></b>	<i><u>69,529</u></i>

**3. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging/(crediting):

	<b>2015</b>	<i>As restated</i> <i>2014</i>
	<b>£000</b>	<i>£000</i>
Amortisation - intangible assets (see note 9)	<b>2,122</b>	<i>2,122</i>
Depreciation of tangible fixed assets:		
- owned by the company (see note 10)	<b>5,131</b>	<i>5,148</i>
- held under finance leases	<b>1,262</b>	<i>1,262</i>
Auditor's remuneration - audit services	<b>140</b>	<i>139</i>
Operating lease rentals:		
- plant and machinery	<b>2,350</b>	<i>2,282</i>
- land and buildings	<b>1,820</b>	<i>2,443</i>
Difference on foreign exchange	<b>(109)</b>	<i>365</i>
	<b><u>          </u></b>	<i><u>          </u></i>

**TELSTRA LIMITED**

**Notes to the financial statements  
for the year ended June 30, 2015**

**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	14,699	12,315
Social security costs	2,201	1,757
Pension costs	578	448
	<u>17,478</u>	<u>14,520</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Sales	64	53
Administration	115	107
	<u>179</u>	<u>160</u>

Eligible employees received Share Based Payments totalling £3,674 (2014 - £29,817).

**5. DIRECTORS' REMUNERATION**

	2015 £000	2014 £000
Remuneration	<u>240</u>	<u>235</u>

The highest paid director received remuneration of £240,313 (2014 - £235,000).

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015 £000	2014 £000
Interest receivable from group companies	53	58
Interest receivable from bank	-	2
	<u>53</u>	<u>60</u>



**TELSTRA LIMITED**

**Notes to the financial statements  
for the year ended June 30, 2015**

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Interest payable on finance lease	2,834	2,797
Group interest payable	900	885
	<u>3,734</u>	<u>3,682</u>

**8. TAXATION**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of tax charge/(credit) in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge/(credit) on loss for the year	445	(235)
<b>Deferred tax</b> (see note 18)		
Origination and reversal of timing differences	(361)	(309)
<b>Tax on loss on ordinary activities</b>	<u>84</u>	<u>(544)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - *lower than*) the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%). The differences are explained below:

	<b>2015</b>	<i>As restated</i> <b>2014</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	<u>(1,617)</u>	<u>(4,426)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (see below) (2014 - 22.50 %)	(336)	(996)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	511	484
Capital allowances for year in excess of depreciation	350	306
Utilisation of tax losses	(191)	-
Adjustments to tax charge in respect of prior years	111	(29)
<b>Current tax charge/(credit) for the year</b> (see note above)	<u>445</u>	<u>(235)</u>

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TELSTRA LIMITED

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Notes to the financial statements  
for the year ended June 30, 2015

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8. TAXATION (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% took effect from 1 April 2014. A further reduction from 21% to 20% was effective from 1 April 2015. Accordingly, these rates have been applied in the measure of the deferred tax assets and liabilities at 30 June 2015.

9. INTANGIBLE FIXED ASSETS

	Goodwill £000
<b>Cost</b>	
At July 1, 2014 and June 30, 2015	42,440
<b>Amortisation</b>	
At July 1, 2014	19,098
Charge for the year	2,122
At June 30, 2015	21,220
<b>Net book value</b>	
At June 30, 2015	21,220
At June 30, 2014	23,342

**TELSTRA LIMITED**

**Notes to the financial statements  
for the year ended June 30, 2015**

**10. TANGIBLE FIXED ASSETS**

	Leasehold properties & improvement £000	Plant & machinery £000	Total £000
<b>Cost</b>			
At July 1, 2014	48,364	33,592	81,956
Additions	403	5,926	6,329
Disposals	(627)	(1,513)	(2,140)
At June 30, 2015	<u>48,140</u>	<u>38,005</u>	<u>86,145</u>
<b>Accumulated Depreciation</b>			
At July 1, 2014	14,263	15,456	29,719
Charge for the year	2,490	3,903	6,393
Disposals	(563)	(1,426)	(1,989)
Transfer between classes	60	(60)	-
At June 30, 2015	<u>16,250</u>	<u>17,873</u>	<u>34,123</u>
<b>Net book value</b>			
At June 30, 2015	<u>31,890</u>	<u>20,132</u>	<u>52,022</u>
At June 30, 2014	<u>34,101</u>	<u>18,136</u>	<u>52,237</u>

**11. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000
<b>Cost</b>	
At July 1, 2014	54,147
Additions	15,447
At June 30, 2015	<u>69,594</u>
<b>Net book value</b>	
At June 30, 2015	<u>69,594</u>
At June 30, 2014	<u>54,147</u>

On March 25, 2015 the company acquired 100% of the issued share capital of Dr Foster Intelligence Limited including its three subsidiaries for cash consideration of £15,447,004.

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**TELSTRA LIMITED**

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**Notes to the financial statements  
for the year ended June 30, 2015**

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**11. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Voting rights</b>
Telstra (Cable Telecom) Limited	Ordinary Shares	100 %
PSINet Jersey Limited	Ordinary Shares	100 %
Inteligen Communications Limited	Ordinary Shares	100 %
Telstra (CTE) Limited	Ordinary Shares	100 %
Cable Telecommunications Limited	Ordinary Shares	100 %
London Hosting Centre Limited	Ordinary Shares	100 %
Cordoba Holdings Limited	Ordinary Shares	100 %
PSINet Datacentre UK Limited	Ordinary Shares A&B	100 %
	Ordinary Shares	
Telstra (PSINet)	(Indirect holding)	100 %
Dr Foster Intelligence Limited	Ordinary Shares	100 %
	Ordinary Shares	
Dr Foster Limited	(Indirect holding)	100 %
	Ordinary Shares	
Dr Foster Research Limited	(Indirect holding)	100 %
	Ordinary Shares	
Dr Foster Inc	(Indirect holding)	100 %

<b>Name</b>	<b>Nature of business</b>	<b>Country of Incorporation</b>
Telstra (Cable Telecom) Limited	Non- Trading	England and Wales
PSINet Jersey Limited	Non- Trading	Jersey
Inteligen Communications Limited	Non- Trading	England and Wales
Telstra (CTE) Limited	Non- Trading	England and Wales
Cable Telecommunications Limited	Non- Trading	England and Wales
London Hosting Centre Limited	Non- Trading	Jersey
Cordoba Holdings Limited	Provision of telecoms infrastructure	Jersey
PSINet Datacentre UK Limited	Non- Trading	England and Wales
Telstra (PSINet)	Non- Trading	England and Wales
Dr Foster Intelligence Limited	Non- Trading	England and Wales
Dr Foster Limited	Provision of health service information	England and Wales
Dr Foster Research Limited	Non-Trading	England and Wales
Dr Foster Inc	Non-Trading	United States of America

# TELSTRA LIMITED

## Notes to the financial statements for the year ended June 30, 2015

### 12. DEBTORS

	2015 £000	2014 £000
Trade debtors	2,508	3,088
Amounts owed by group undertakings	84	4
Other debtors	753	1,035
Prepayments and accrued income	5,636	4,579
Deferred tax asset (see note 18)	738	377
	<u>9,719</u>	<u>9,083</u>

All amounts due from group undertakings are unsecured and repayable on demand. Interest accrues on these amounts, excluding group relief, at rates of 2% per annum.

### 13. CREDITORS

#### Amounts falling due within one year

	2015 £000	As restated 2014 £000
Net obligations under finance leases and hire purchase contracts	546	199
Trade creditors	1,979	2,547
Amounts owed to group undertakings	73,713	71,973
Other taxation and social security	1,499	1,430
Other creditors	281	155
Accruals and deferred income	14,634	14,684
	<u>92,652</u>	<u>90,988</u>

All amounts due from group undertakings are unsecured and repayable on demand. Interest accrues on these amounts, excluding group relief, at rates of 1.25% per annum.  
The accounts restatement is detailed in note 24 - Prior year adjustment.

### 14. PENSION COMMITMENTS

The company operates a defined contribution Group Personal pension plan for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions at the year end are £155,585 (2014 - £58,855).

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**TELSTRA LIMITED**

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**Notes to the financial statements  
for the year ended June 30, 2015**

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**15. OPERATING LEASE COMMITMENTS**

At June 30, 2015 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Expiry date:</b>		
Within 1 year	-	250
Between 2 and 5 years	1,246	592
After more than 5 years	336	852
	<u>336</u>	<u>852</u>

**16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

The company has a financial commitment with an annual value of £2,775,108 (2014: £2,694,280) relating to equipment charges at Woking Hosting Centre.

**17. OBLIGATIONS UNDER FINANCE LEASES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts payable</b>		
Within one year	1,883	1,875
Between two and five years	10,882	10,514
After more than five years	69,661	72,524
	<u>82,426</u>	<u>84,913</u>

less finance charges allocated to future periods	(50,338)	(53,172)
<b>Total</b>	<u><b>32,088</b></u>	<u><b>31,741</b></u>

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Liabilities</b>		
Due within one year	546	199
Due after one year	31,542	31,542

**TELSTRA LIMITED**

**Notes to the financial statements  
for the year ended June 30, 2015**

**18. DEFERRED TAX ASSET**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	377	68
Credited/(charged) to the profit and loss in the year	361	309
	<u>738</u>	<u>377</u>

The deferred tax asset is made up as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	654	377
Provisions	82	-
Pension accrual	2	-
	<u>738</u>	<u>377</u>

**19. PROVISION FOR LIABILITIES**

	<b>Onerous Lease Provision £000</b>	<b>Dilapidations Provision £000</b>	<b>Other Provision £000</b>	<b>Total £000</b>
At July 1, 2014	493	346	-	839
Amounts added	-	896	281	1,177
Amounts used	(420)	(208)	-	(628)
At June 30, 2015	<u>73</u>	<u>1,034</u>	<u>281</u>	<u>1,388</u>

**Onerous Lease Provision**

The provision relates to onerous contracts for property leases in Jersey ending in September 2016.

**Dilapidations Provision**

The provision relates to dilapidation costs for Cambridge, Paul Street, Blue Fin and Jersey properties.

**Other Provision**

Other provision comprises mainly of restructuring costs which are expected to be incurred in the following financial year.

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**TELSTRA LIMITED**

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**Notes to the financial statements  
for the year ended June 30, 2015**

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**20. SHARE CAPITAL**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Authorised</b>		
88,000,000 Ordinary Shares shares of £1 each	<b>88,000</b>	<b>88,000</b>
<b>Allotted, called up and fully paid</b>		
76,444,486 Ordinary Shares shares of £1 each	<b>76,444</b>	<b>76,444</b>

**21. SHARE BASED PAYMENTS**

The Company's ultimate holding company, Telstra Corporation Limited, operates a number of different short and long term incentive plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Telstra group. The Company records the fair value of the benefit as a further investment in Telstra Limited and correspondingly further equity issued to its parent company Telstra Holdings Pty Ltd.

The nature and relevant details of existing plan that Telstra Limited employees participated are disclosed below:

*Employee Share Plan (ESP) restricted shares*

Pursuant to the ESP provided in financial years 2014, 2013 and 2012, eligible participants are granted restricted shares of Telstra Corporation Limited at no cost. The shares are held by the Telstra Growthshare Trust on behalf of employees until the restriction period ends. During the restriction period, employees are entitled to exercise the voting rights attached to the shares and to receive dividends on the shares. The shares are released from trust on the earlier of three years from the date of allocation or the date on which the participating employee ceases relevant employment. There are no performance hurdles for these Restricted Shares. The fair value of the Restricted Shares is determined based on the market value of the ordinary shares of Telstra on the date of grant.

*International Employee Share Plan restricted shares*

Pursuant to the International ESP provided in financial year 2015, eligible employees are granted restricted shares of Telstra Corporation Limited at no cost. The shares are held by the Telstra Growthshare Trust on behalf of employees until the restriction period ends. During the restriction period, employees are entitled to exercise the voting rights attached to the shares and to receive dividends on the shares. The shares are released from trust on the earlier of three years from the date of allocation or the date on which the participating employee ceases relevant employment because of death or total and permanent disablement. If relevant employment ceases before the three year restriction period is over for any other reason, the employee will forfeit all of the shares that have been allocated to them. The fair value of the Restricted Shares is determined based on the market value of the ordinary shares of Telstra on the date of grant.



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**TELSTRA LIMITED**

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**Notes to the financial statements  
for the year ended June 30, 2015**

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**21. SHARE BASED PAYMENTS (continued)**

Summary of movements and further information regarding each type of ESP that was outstanding during the year is as follows:

	<b>ESP 2015</b>	<b>ESP 2014</b>	<b>ESP 2013</b>	<b>ESP 2012</b>
Allocation date	27-Feb-15	28-Feb-14	21-Feb-13	19-Apr-12
End date	27-Feb-18	28-Feb-17	21-Feb-16	19-Apr-15
Exercise price	nil	nil	nil	nil
Fair value	A\$6.50	A\$5.10	A\$2.37	A\$3.36
Outstanding at 1 July 2015	-	10,500	7,500	6,400
Granted during the year	13,300	-	-	-
Forfeited during the year	(300)	-	-	-
Exercised during the year	(46)	(500)	(300)	(6,400)
<b>Outstanding at 30 June 2015</b>	<b>12,954</b>	<b>10,000</b>	<b>7,200</b>	-
Weighted average share price at date of exercise	A\$6.20	A\$5.90	A\$5.93	A\$6.13

**22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:**

	<b>2015</b>	<i>As restated</i>
	<b>£000</b>	<b>2014</b>
		<b>£000</b>
Opening shareholders' funds	<b>35,554</b>	39,535
Prior year adjustment (note 24)	<b>533</b>	405
Opening shareholders' funds (as restated)	<b>36,087</b>	39,940
Loss for the financial year	<b>(1,701)</b>	(3,882)
Equity-settled share-based payment (net of expenses)	<b>4</b>	29
Closing shareholders' funds	<b>34,390</b>	36,087

# TELSTRA LIMITED

## Notes to the financial statements for the year ended June 30, 2015

### 23. RESERVES

	Equity Settled share based payment reserve £000	Profit and loss account £000
At July 1, 2014 (as previously stated)	116	(41,006)
Prior year adjustment (note 24)	-	533
At July 1, 2014 (as restated)	116	(40,473)
Loss for the financial year	-	(1,701)
Equity-settled share-based payment (net of expenses)	4	-
At June 30, 2015	120	(42,174)

### 24. PRIOR YEAR ADJUSTMENT

The comparative information for the year ended 30 June 2014 has been adjusted to correct the accounting treatment for lease incentives on buildings subject to operating leases. The impact of the adjustment is summarised as follows:

	June 30, 2014 £000	Adjustment £000	June 30, 2014 as restated £000
Creditors	(91,521)	533	(90,988)
Profit and loss account reserve	41,006	(533)	40,473
Administrative expenses	45,119	(128)	44,991

### 25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Telstra Global Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is Telstra Corporation Limited, a company incorporated in Australia.

Group financial statements are drawn up by Telstra Corporation Limited and may be obtained from: Corporate Secretary, Telstra Corporation Limited, 242 Exhibition Street, Melbourne, Victoria 3000, Australia.

### 26. RELATED PARTIES

The Company has taken advantage of the exemption under FRS 8 not to disclose transactions with wholly owned subsidiary undertakings of the Telstra Corporation Limited Group.