

Registered Number 4273243

O2 Credit Vouchers Limited

Annual Report and Financial Statements

Year ended 31 December 2012

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Contents

	Page
Directors and advisers	1
Directors' report	2
Statement of Directors' responsibilities	4
Independent auditor's report to the members of O2 Credit Vouchers Limited	5
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

Directors and advisers

Directors

Robert Harwood
Jesus Perez de Urquien

Secretary

O2 Secretaries Limited

Registered office

260 Bath Road
Slough
Berkshire
SL1 4DX

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

Corporate structure

O2 Credit Vouchers Limited (the "Company") is a private limited company registered in England and Wales under the registered number 4273243. The registered address is 260 Bath Road, Slough, Berkshire, SL1 4DX. It is a wholly owned subsidiary of Telefónica Europe plc, its indirect UK parent, a company incorporated in England and Wales. The ultimate holding company is Telefónica S A, a company incorporated in Spain.

References to "Group" refer to Telefónica Europe plc and its subsidiaries of which the Company is a part.

Principal activities, business review and future developments

The principal activity of the Company during the year was the selling of mobile phone credit vouchers to Telefónica UK Limited. It is anticipated that the trading of the Company will continue to decline in future periods.

Risk and uncertainties

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

Results and proposed dividend

The Company's profit after taxation for the financial year was £9,000 (2011: loss of £1,000).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011: £nil).

Going concern

The Directors, having assessed the financial position of the Company, have no reason to believe that any material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

Directors and secretary

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

Robert Harwood	
David Melcon Sanchez-Friera	(resigned on 7 September 2012)
Jesus Perez de Urquien	(appointed 7 September 2012)

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

Directors' report continued**Directors' liability insurance and indemnities**

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

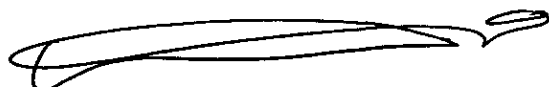
Political and charitable contributions

The Company made no political or charitable contributions during the year ended 31 December 2012 (2011: £nil).

Statement as to disclosure to Auditor

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

By Order of the Board



Vivienne Aziba
for and on behalf of O2 Secretaries Limited
Company Secretary
2 September 2013

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable United Kingdom law and regulations

Company law required the directors to prepare Company financial statements for each financial year. Under that law the Directors are required to prepare Company financial statements under IFRSs as adopted by the European Union. Under Company Law, the directors must not approve the Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the Company financial statements the Directors are required to

- present fairly the financial position, financial performance and cash flows of the company
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance,
- state that whether the Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union
- make judgements and estimates that are reasonable

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of O2 Credit Vouchers Limited

We have audited the financial statements of O2 Credit Vouchers Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 set out on page 4, 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. 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 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of O2 Credit Vouchers Limited (continued)

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
5 September 2013

Statement of comprehensive income
Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Revenue	9	43	68
Cost of sales	9	(13)	(28)
Gross profit		30	40
Administrative expenses		(1)	-
Operating profit		29	40
Financial income	3	1	-
Profit before taxation		30	40
Taxation	4	(21)	(41)
Profit/(loss) for the year attributable to equity shareholders		9	(1)
Total comprehensive income/(loss) for the year		9	(1)

The accompanying notes on pages 11 to 14 are an integral part of these financial statements

There was no recognised income or expense other than those shown above

Statement of financial position
Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Current assets			
Trade and other receivables	5	144,602	144,558
Cash and cash equivalents	6	9	10
		144,611	144,568
Current liabilities			
Trade and other payables	7	(143,121)	(143,087)
Net assets		1,490	1,481
Equity			
Share capital	8	-	-
Retained earnings		1,490	1,481
Total equity		1,490	1,481

The accompanying notes on pages 11 to 14 are an integral part of these financial statements

These financial statements were approved by the Board of Directors on 2 September 2013 and were signed on its behalf by



Jesus Perez de Urquien
 Director

Statement of changes in equity
Year ended 31 December 2012

	Share Capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2011	-	1,482	1,482
Total comprehensive income for the year	-	(1)	(1)
At 31 December 2011	-	1,481	1,481
Total comprehensive income for the year	-	9	9
At 31 December 2012	-	1,490	1,490

The accompanying notes on pages 11 to 14 are an integral part of these financial statements

Statement of cash flows
Year ended 31 December 2012

	Note	2012 £m	2011 £m
Operating profit		29	40
Increase in trade and other receivables		(44)	(40)
Increase in trade and other payables		13	-
Net cash flow used in operating activities		(2)	-
Interest received		1	-
Net cash flow from financing activities		1	-
Net decrease in cash and cash equivalents		(1)	-
Cash and cash equivalents at 1 January		10	10
Cash and cash equivalents at 31 December	6	9	10

The accompanying notes on pages 11 to 14 are an integral part of these financial statements

Notes to the financial statements**1. Accounting policies****Basis of preparation**

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

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

Revenue

Revenue, which excludes value added tax and other sales taxes, consists of revenue from the sale of credit vouchers. The revenue and cost of sales associated with the sale of credit vouchers are recognised when the service is rendered by the customer.

Taxation

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

Income tax relating to items recognised directly in equity is recognised in equity not in the statement of comprehensive income.

Trade and other receivables

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

Financial risk factors and management

The Company's operations expose it to a variety of financial risks including liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance and net assets.

Management of the Company's liquidity risk is achieved mostly through being a part of the larger Telefónica Group, which operates group wide policies in this area.

Fair value estimation

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

Notes to the financial statements

1. Accounting policies (continued)

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

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

2. Auditor's remuneration

Auditor's remuneration for the year ended 31 December 2012 and the year ended 31 December 2011 was borne by a fellow group company

3. Financial income

	2012 £'000	2011 £'000
Interest income from other group companies	1	-

4. Taxation

Analysis of charge in the year

	2012 £'000	2011 £'000
Current tax	21	25
Current tax – adjustments in respect of prior periods	-	16
Taxation	21	41

	2012 £'000	2011 £'000
Profit before taxation	30	40
Profit before taxation multiplied by rate of corporation tax in the UK of 24.5% (2011: 26.5%)	7	11
Effects of		
UK to UK transfer pricing adjustment	14	14
Adjustments in respect of prior periods	-	16
Total taxation charge for the year	21	41

The main rate of corporation tax will reduce from 24% to 23% effective from 1 April 2013. This change was enacted on 17 July 2012. As a result the disclosure of deferred tax has been adjusted to reflect the enactment with no significant impact on these financial statements.

The main rate of corporation tax will reduce from 23% to 21% effective from 1 April 2014, and will reduce further to 20% effective from 1 April 2015. These changes were enacted on 17 July 2013. As this legislation was not enacted or substantively enacted by the balance sheet date it has not been reflected within these financial statements. However it is expected that the changes would not have a significant impact on the value of the company's deferred tax balances at the balance sheet date.

Notes to the financial statements

5. Trade and other receivables

	2012 £'000	2011 £'000
Amounts owed by other group companies	144,602	144,558

All amounts owed by other group companies are unsecured, interest free and repayable on demand

6. Cash and cash equivalents

	2012 £'000	2011 £'000
Short term deposits	9	10

The short term deposits comprise funds deposited with fellow group undertakings

7 Trade and other payables

	2012 £'000	2011 £'000
Amounts owed to other group companies	143,121	143,087

All amounts owed to other group companies are unsecured, interest free and repayable on demand

8. Share capital

	Number of shares	2012 £	Number of shares	2011 £
Called up, allocated and fully paid				
Ordinary shares of £1 each	1	1	1	1

The Company has one class of issued share capital, comprising ordinary shares of £1 each. Subject to the Company's Articles of Association and applicable law, the Company's ordinary shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding-up of the Company, and an entitlement to receive any dividend declared on ordinary shares.

9. Related party disclosures

During the period the Company entered into transactions with related parties as follows

	2012 £'000	2011 £'000
Revenue		
Other group undertakings	43	68
Purchases		
Other group undertakings	(13)	(28)
Total net transactions	30	40

Related party transactions with Directors and key management are detailed in note 10

Outstanding balances at the year-end are detailed in notes 3, 5 and 7

Notes to the financial statements

10. Key management and Directors compensation

No emoluments or other benefits were paid to Directors for qualifying services during the year ended 31 December 2012 (2011 nil) The Directors are employees of other companies in the Telefónica Group and are remunerated for their services to the Telefonica Group as a whole

There are no employees of the company

11. Parent company and controlling party

The Company's immediate parent company is O2 Holdings Limited The Company's ultimate parent company and controlling party is Telefónica, S A , a company incorporated in Spain Copies of the annual report and financial statements of Telefónica, S A may be obtained from Gran Via 28, 28013, Madrid, Spain