

**Registered Number: 4273243**

**O2 Credit Vouchers Limited**

**Annual Report and Financial Statements**

**Year ended 31 December 2015**



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**Directors and advisers**

**Directors**

Mark Evans  
Robert Harwood

**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****Legal form**

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 O2 (Europe) Ltd, its UK parent, a company incorporated in England and Wales. The ultimate holding company is Telefónica S.A., a company incorporated in Spain. The Company is a subsidiary company within the Telefonica Group and was part of the Telefonica Europe plc subgroup until 9 December 2015. Reference to "Group" means Telefonica SA and its subsidiaries including the Company.

**Directors and secretary**

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

Ronan Dunne  
Mark Evans  
Robert Harwood (appointed on 7 December 2015)

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

**Post year end event**

On 6 September 2016 Ronan Dunne resigned as director of the Company.

**Directors' liability insurance and indemnity**

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.

**Significant development**

On 24 March 2015 Telefónica S.A. announced that it had entered into a definitive agreement (the Agreement), with Hutchison Whampoa (now known as CK Hutchison Holdings Limited), ("Hutchison") the parent company of Three in the UK, for the sale of Telefónica's UK business which was subject to regulatory clearance by European Commission (the "Commission") (the "Proposed Transaction"). On 11 May 2016, in accordance with the EU Merger Regulation, the Commission announced that following its in-depth investigation it had decided to prohibit the Proposed Transaction due to its competition concerns despite the remedies proposed by Hutchison.

**Group reorganisation**

During the year the Group undertook a reorganisation of its structure in order to simplify the Group and eliminate dormant companies, where possible. As part of the reorganisation:

On 26 November 2015, the Directors approved the set off and settlement of intercompany balance with Telefonica UK Limited and the payment of an interim dividend of £1,482,183.

On 9 December 2015, the Company acquired from O2 Secretaries Limited its entire shareholdings in O2 Investments Ireland and O2 Communications respectively for a total consideration not more than the market value of the said shareholdings. The Directors approved the transfer of the ownership of the Company from O2 Holdings Limited to O2 (Europe) Limited.

**Directors' report (continued)****Going concern**

As part of the Group reorganisation process, the company's balance sheet has been simplified and it is anticipated that an application to strike off the Company will be made in the near future. The decision to wind down the company has resulted in the going concern basis no longer being appropriate. Instead these financial statements have been prepared on a basis which reflects the net realisable value of the assets and liabilities in the statement of financial position at 31 December 2015.

**Political donations**

The Company made no political donations during the year ended 31 December 2015 (2014: £nil).

**Dividends**

An interim dividend of £1,482,183 (2014: £nil) was declared and paid on the 26 November 2015.

**Statement as to disclosure to Auditor**

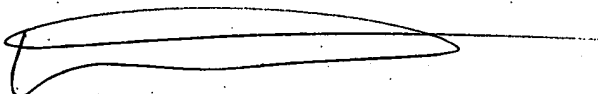
So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. The Directors have taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Small companies' exemption**

In preparing the Directors Report for the year ended 31 December 2015, 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.

The Directors' Report was approved by the Board on 26 September 2016.

By Order of the Board



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

**Statement of Directors' responsibilities  
Year ended 31 December 2015**

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 2015 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. The financial statements have been prepared on a break-up basis.

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 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 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 31 December 2015 and of its result 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**

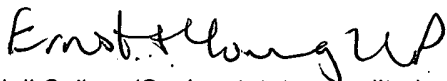
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.



Neil Cullum (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

28 September 2016



**Statement of comprehensive income**  
**Year ended 31 December 2015**

	Note	2015 £'000	2014 £'000
<b>Revenue</b>	8	-	42
Cost of sales	8	-	(8)
<b>Gross profit</b>		-	34
Administrative expenses		-	-
<b>Operating profit</b>		-	34
<b>Profit before taxation</b>		-	34
Taxation	3	-	(42)
<b>Loss for the year attributable to equity shareholders</b>		-	(8)
<b>Total comprehensive loss for the year</b>		-	(8)

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

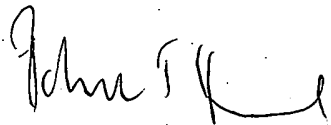
There was no recognised income or expense other than those shown above.

**Statement of financial position**  
**Year ended 31 December 2015**

	Note	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Investments	4	-	-
<b>Current assets</b>			
Cash and cash equivalents	5	1	9
Trade and other receivables	6	-	1,474
<b>Net current assets</b>		<b>1</b>	<b>1,483</b>
<b>Net assets</b>		<b>1</b>	<b>1,483</b>
<b>Equity</b>			
Share capital		-	-
Retained earnings		1	1,483
<b>Total equity</b>	<b>8</b>	<b>1</b>	<b>1,483</b>

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 26 September 2016 and were signed on its behalf by:



Robert Harwood  
 Director

**Statement of changes in equity**  
**Year ended 31 December 2015**

	Share Capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2014</b>	-	1,491	1,491
Total comprehensive loss for the year	-	(8)	(8)
<b>At 31 December 2014</b>	-	1,483	1,483
Total comprehensive loss for the year	-	-	-
Dividends paid during the year	-	(1,482)	(1,482)
<b>At 31 December 2015</b>	-	1	1

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

**Statement of cash flows**  
**Year ended 31 December 2015**

	Note	2015 £'000	2014 £'000
<b>Profit before taxation</b>		-	34
Decrease/(Increase) in trade and other receivables		1,474	(34)
Increase in trade and other payables		-	-
<b>Net cash flow used in operating activities</b>		1,474	-
Interest received		-	-
Dividend paid		(1,482)	-
<b>Net cash flow from financing activities</b>		(8)	-
<b>Net decrease in cash and cash equivalents</b>		(8)	-
Cash and cash equivalents at 1 January		9	9
<b>Cash and cash equivalents at 31 December</b>	5	1	9

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 except where detailed below.

**Going concern**

The decision to wind down the operations of the Company has resulted in the going concern basis no longer being appropriate. Instead these financial statements have been prepared on a basis which reflects the net realisable value of the assets and liabilities in the statement of financial position at 31 December 2015.

**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 2015 and the year ended 31 December 2014 was borne by a fellow group company.

## 3. Taxation

Analysis of charge in the year:

	2015 £'000	2014 £'000
Current tax	-	19
Current tax – adjustments in respect of prior periods	-	23
<b>Taxation</b>	<b>-</b>	<b>42</b>

	2015 £'000	2014 £'000
<b>Profit before taxation</b>	<b>-</b>	<b>34</b>
<b>Profit before taxation multiplied by rate of corporation tax in the UK of 20.25% (2014: 21.5%)</b>	<b>-</b>	<b>7</b>
Effects of:		
UK to UK transfer pricing adjustment	-	12
Adjustments in respect of prior periods	-	23
<b>Total taxation charge for the year</b>	<b>-</b>	<b>42</b>

## 4. Investments

The group undertakings in which the Company held investments are detailed below.

Name	Country of incorporation and operation	Activity	No of shares held	Portion of ordinary shares held %
O2 Communications (Ireland)	Ireland	Dormant Non-trading company	1	0.01%
O2 Investments Ireland	Ireland		1	0.00%

On 9 December 2015, the Company acquired from O2 Secretaries Limited its entire shareholdings in O2 Investments Ireland and O2 Communications (Ireland) Limited for a total consideration of £3.

## Notes to the financial statements

## 5. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash and cash equivalents	1	9

Cash and cash equivalents relates to cash held on behalf of the Company by Telfisa Global B.V. a fellow group company.

## 6. Trade and other receivables

	2015 £'000	2014 £'000
Amounts owed by other group companies	-	1,474

All amounts owed by other group companies relate to trading activities, are unsecured, interest-free and repayable on demand. Under an agreement between TUK and O2 Credit Vouchers, trade receivables as at 31 December 2014 of £144,682,000 have been netted off against trade and other payables of £143,208,000 and shown on the balance sheet as net receivables.

As part of the group reorganisation, the net balance of £1,474,226 was repaid on 26 November 2015 by Telefonica UK Limited.

## 7. Trade and other payables

	2015 £'000	2014 £'000
Amounts owed to other group companies	-	-

All amounts owed to other group companies relate to trading activities, are unsecured, interest-free, repayable on demand and include balances due for tax losses claimed by way of group relief. These balances have been netted off against trade and other receivables and settled on 26 November 2015 by Telefonica UK Limited see note 4.

## 8. Share capital

	Number of shares	2015 £	Number of shares	2014 £
<b>Called up, allocated and fully paid</b>				
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.

**Notes to the financial statements****9. Related party disclosures**

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

	2015 £'000	2014 £'000
<b>Revenue</b>		
Other group undertakings	-	42
<b>Purchases</b>		
Other group undertakings	-	(8)
<b>Total net transactions</b>	-	34

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

Outstanding balances at the year-end are detailed in notes 2, 6 and 7.

**10. Key management and Directors compensation**

No emoluments or other benefits were paid to Directors for qualifying services during the year ended 31 December 2015 (2014: nil). The Directors are employees of other companies in the Telefónica Group and are remunerated for their services to the Telefónica 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 (Europe) Ltd. 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 Vía 28, 28013, Madrid, Spain.