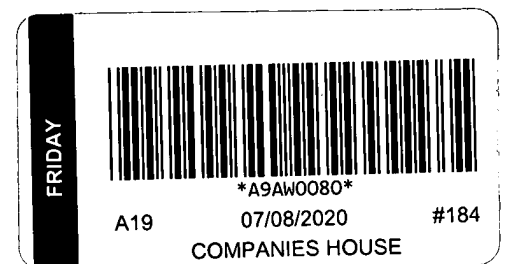


**Registered Number: 1612599**

**Cellular Radio Limited**  
**Annual Report and Financial Statements**  
**Year ended 31 December 2019**



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**Company information**

**Directors**

Mark Evans  
Edward Smith  
Mark Hardman

**Secretary**

O2 Secretaries Limited

**Registered office**

260 Bath Road  
Slough  
Berkshire  
SL1 4DX

**Independent Auditors**

PricewaterhouseCoopers LLP  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

## **Directors' report**

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

### **Legal form & Principal Activities**

Cellular Radio Limited ("the Company") is a Private Company limited by shares registered in England and Wales under the registered number 1612599. The registered address is 260 Bath Road, Slough, Berkshire, SL1 4DX. It is a wholly owned subsidiary of Telefonica O2 Holdings Limited (formerly Telefonica Europe plc), its intermediate holding company, a company incorporated and domiciled in England and Wales. The ultimate holding company is Telefónica S.A., a company incorporated in Spain. The Company does not trade and does not have any employees or suppliers.

There was no activity in the Company in the year.

Reference to Group means Telefonica O2 Holdings Limited (formerly Telefonica Europe plc) and its subsidiaries and reference to Telefonica Group means Telefónica S.A. and its subsidiaries.

### **Directors and Secretary**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mark Evans  
Robert Harwood (resigned 27 March 2020)  
Edward Smith (appointed 27 March 2020)  
Mark Hardman

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

### **Financial Risk Management**

Details of the Group's approach to financial risk management objectives and policies are set out in the financial statements in note 9 "Financial instruments".

### **Directors' liability insurance and indemnity**

Telefonica O2 Holdings Limited (formerly Telefonica 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 donations**

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

### **Employees**

The Company did not have any employees during the year ended 31 December 2019.

**Directors' report (continued)**

**Statement of disclosure of information 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 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 auditors are aware of that information.

**Small companies' exemption**

In preparing the annual report and financial statements for the year ended 31 December 2019, the Directors have taken advantage of the small companies' exemption under section 414 (B) not to prepare a Strategic report.

**Independent auditors**

PricewaterhouseCoopers LLP were appointed as auditors in accordance with section 485 of the Companies Act 2006. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

**Post balance sheet events**

**O2 and Virgin Media Joint Venture**

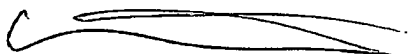
On 7 May 2020, Telefonica SA and Liberty Global announced that both companies had entered into an agreement together to create a 50:50 joint venture in the UK, bringing together the Telefonica UK (O2) and Virgin Media businesses. The arrangement is still subject to regulatory clearance and has been agreed in order to create a national connectivity champion capable of competing at the highest level with the combined mobile and home connections. It is anticipated that closing of the transaction, subject to regulatory clearance, is expected to take place around the middle of 2021.

**Covid 19**

Given that the Company does not trade, does not have any employees or suppliers, and there was no activity in the Company in the year, the Directors believe that the impact of the global health pandemic will be limited.

The Directors' report was approved by the Board on 5 August 2020.

By Order of the Board



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

## **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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 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.

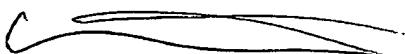
## **Directors' confirmations**

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Statement of Directors' responsibilities was approved by the Board on 5 August 2020.

By Order of the Board



Vivienne Aziba  
Company Secretary

# ***Independent auditors' report to the members of Cellular Radio Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Cellular Radio Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

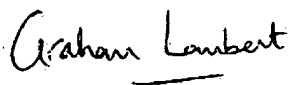
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Graham Lambert (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
5 August 2020



**Statement of comprehensive income**  
**For the year ended 31 December 2019**

	Note	2019 £	2018 £
Financial income	4	-	86,124
<b>Result/profit before taxation</b>		<b>-</b>	<b>86,124</b>
Taxation	5	-	-
<b>Result/profit for the year</b>		<b>-</b>	<b>86,124</b>
<hr/>			
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>86,124</b>

The accompanying notes on pages 12 to 16 are an integral part of these financial statements.

**Statement of financial position**  
**As at 31 December 2019**

	Note	2019 £	2018 £
<b>Current assets</b>			
Cash and cash equivalents	6	637,922	637,922
		<b>637,922</b>	<b>637,922</b>
<b>Net assets</b>		<b>637,922</b>	<b>637,922</b>
<b>Equity</b>			
Share capital	7	10	10
Retained earnings		637,912	637,912
<b>Total equity</b>		<b>637,922</b>	<b>637,922</b>

The accompanying notes on pages 12 to 16 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 5 August 2020 and were signed on its behalf by:



Mark Hardman  
 Director

**Statement of changes in equity**  
**For the year ended 31 December 2019**

	Share capital £'000 (Note 7)	Retained earnings £	Total Equity £
<b>At 1 January 2018</b>	<b>10</b>	<b>551,787</b>	<b>551,797</b>
Profit for the financial year	-	86,124	86,124
Other comprehensive income for the year	-	-	-
<b>At 31 December 2018</b>	<b>10</b>	<b>637,912</b>	<b>637,922</b>
Result for the financial year	-	-	-
Other comprehensive income for the year	-	-	-
<b>At 31 December 2019</b>	<b>10</b>	<b>637,912</b>	<b>637,922</b>

The accompanying notes on pages 12 to 16 are an integral part of these financial statements.

**Statement of cash flow**  
**For the year ended 31 December 2019**

	Note	2019 £	2018 £
Result/profit for the year		-	86,124
Change in working capital:			
Decrease in trade and other receivables		- 8,312,808	
Decrease in trade and other payables		- (7,788,943)	
<b>Net cash generated from operating activities</b>		<b>- 609,999</b>	
<b>Net movement in cash and cash equivalents</b>		<b>- 609,989</b>	
Cash and cash equivalents at 1 January		637,922	27,933
<b>Cash and cash equivalents at 31 December</b>	<b>6</b>	<b>637,922</b>	<b>637,922</b>

The accompanying notes on pages 12 to 16 are an integral part of these financial statements.

**Notes to the financial statements  
For the year ended 31 December 2019****1. Significant accounting policies***1a. Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") 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.

*1b. Going concern*

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. The Directors believe that Covid-19 has not impacted their assessment of the Company's ability to continue as a going concern.

*1c. Functional currency*

The Company financial statements are presented in Pounds Sterling (£), which is also the functional currency.

Transactions denominated in foreign currencies are translated at the exchange rate on the day the transaction occurred to the functional currency of the entity. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the statement of financial position date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currency are translated at the foreign currency exchange rate ruling at the dates the non-monetary assets and liabilities are recognised.

*1d. 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 in other comprehensive income or in equity is also recognised directly in other comprehensive income or in equity respectively.

*1e. Cash and cash equivalents*

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand with Telfisa Global B.V. only. The Company's financial assets relate to cash and cash equivalents only.

*1f. New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRS IC)*

The Company has not applied any new standards for the first time during the year ended 31 December 2019.

## Notes to the financial statements

### For the year ended 31 December 2019

#### 1. Significant accounting policies (continued)

##### *1g. New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

#### 2. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. A significant change in the facts and circumstances on which these estimates are based could have a material impact on the Company's earnings and financial position. There are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Brexit*

The Company is continuing to monitor the UK's decision to leave the EU. Given that the Company does not trade and there was no activity in the Company in the year, the Directors believe that the impact of Brexit will be limited.

#### 3. Auditors' remuneration

Auditors' remuneration for the year ended 31 December 2019 of £2,375 (2018: £2,375) was borne by a fellow group company.

#### 4. Financial income

	2019	2018
	£	£
Interest income from other group companies	-	86,124
<b>Total financial income</b>	<b>-</b>	<b>86,124</b>

#### 5. Taxation

##### **Analysis of charge in the year**

	2019	2018
	£	£
Current tax – current year	-	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**5. Taxation (continued)**

The tax assessed for the year varied from the amount computed by applying the corporation tax standard rate to profit before taxation. The difference was attributable to the following factors:

	2019 £	2018 £
<b>Profit before taxation</b>	-	86,124
<b>Profit before taxation multiplied by rate of Corporation tax in the UK of 19.00% (2018: 19.00%)</b>	-	16,364
Effects of:		
UK – UK transfer pricing adjustment	-	1,979
Group relief received without payment	-	(18,342)
<b>Total tax charge</b>	-	-

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

**6. Cash and cash equivalents**

	2019 £	2018 £
Cash and cash equivalents	<b>637,922</b>	637,922

The Company's cash is held with Telfisa Global B.V., a related party. Interest on cash balances during 2018 was accrued on a daily basis at a rate of 1 month LIBOR less 0.2%. The Company waived its rights to any interest in respect of the funds remaining in the Company's Telfisa bank account commencing 1 January 2019.

**7. Share capital**

	2019 Number of shares	2019 £	2018 Number of shares	2018 £
<b>Called up, allocated and fully paid</b>				
Ordinary shares of £1 each	10	10	10	10

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**  
**For the year ended 31 December 2019**

**8. Capital Management**

The Company's capital comprises share capital 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.

The Company is not subject to any externally imposed capital requirements.

**9. Financial instruments**

**Financial risk factors and management**

The only financial assets that the Company holds is cash and cash equivalents. The principal financial risks of the Company and how the Company manages these risks are discussed below:

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company's principal credit risks are attributable to its other financial assets which comprise cash and cash equivalents. The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There are no financial assets that are past due nor impaired as at 31 December 2019 (2018: none)

The Company does not have a significant exposure to credit risk as at 31 December 2019 (2018: none).

**10. Related party disclosures**

Related party transactions with Directors and key management are detailed in note 11.

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

	2019 £	2018 £
<b>Financial income</b>		
Intermediate parent company	-	86,124

As at 31 December 2019 the Company had no payable or receivable balances arising from transactions with related parties.



**Notes to the financial statements  
For the year ended 31 December 2019****11. Key management and Directors' compensation**

None of the Directors received any emoluments in respect of their services to the Company for the year ended 31 December 2019 (2018: None).

**12. Post balance sheet events****O2 and Virgin Media Joint Venture**

On 7 May 2020, Telefonica SA and Liberty Global announced that both companies had entered into an agreement together to create a 50:50 joint venture in the UK, bringing together the Telefonica UK (O2) and Virgin Media businesses. The arrangement is still subject to regulatory clearance and has been agreed in order to create a national connectivity champion capable of competing at the highest level with the combined mobile and home connections. It is anticipated that closing of the transaction, subject to regulatory clearance, is expected to take place around the middle of 2021.

**Covid 19**

Given that the Company does not trade, does not have any employees or suppliers, and there was no activity in the Company in the year, the Directors believe that the impact of the global health pandemic will be limited.

**13. Parent company and controlling party**

At 31 December 2019, the immediate parent company was Telefonica UK Limited, a company incorporated in England and Wales. Copies of the financial statements of Telefonica UK Limited can be obtained from 260 Bath Road, Slough, Berkshire, SL1 4DX.

The smallest group in which the Company is included is O2 Holdings Limited, a company incorporated in England and Wales, which prepares consolidated financial statements. Consolidated financial statements of O2 Holdings Limited may be obtained from 260 Bath Road, Slough, Berkshire, SL1 4DX.

The largest group in which the Company is included is the ultimate parent company and controlling party at 31 December 2019, Telefonica S.A., a company incorporated in Spain. Copies of the consolidated financial statements of Telefonica S.A. may be obtained from Gran Vía 28, Madrid, Spain.