

Registered Number: 1612599

Cellular Radio Limited
Annual Report and Financial Statements
Year ended 31 December 2020



Contents

	Page
Company information	2
Directors' report	3
Statement of Directors' responsibilities in respect of the financial statements	5
Independent auditors' report to the members of Cellular Radio Limited	6
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13

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
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Directors' report

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

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, 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 and its subsidiaries and reference to Telefonica Group means Telefónica, S.A. and its subsidiaries.

O2 and Virgin Media Joint Venture

On 7 May 2020, Telefónica, S.A. 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 O2 and Virgin Media businesses. The proposed joint venture arrangement means that Telefonica O2 Holdings Limited, the ultimate UK parent company, would contribute its entire issued share capital in O2 Holdings Limited and its group (O2 Group) (and the Liberty Global Group will contribute the same for Virgin Media) to a co-controlled joint venture company in consideration for shares in that company. The arrangement is still subject to regulatory clearance which is expected to complete in the summer. The proposed joint venture will create a national connectivity champion capable of competing at the highest level with a combined mobile and fixed offering. The Company has been involved in the reorganisation of certain necessary pre-completion matters in readiness for the completion of the proposed joint venture arrangement.

COVID 19 Pandemic

Directors believe that the COVID-19 pandemic does not have any material impact on the business as the Company does not trade nor have any material external stakeholders.

Post Balance Sheet Events

More details of the post balance sheet events can be found in note 10.

Post Brexit

We have not identified any material adverse effect on our business as a result of the UK exiting the European Union. We will continue to monitor any potential risk that may arise as the government negotiates trade deals.

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

Mark Hardman

Robert Harwood (resigned 27 March 2020)

Edward Smith (appointed 27 March 2020)

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

Directors' report (continued)

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 7 "Financial instruments".

Directors' liability insurance and indemnity

Telefonica O2 Holdings Limited, 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).

Dividend

No dividend was proposed for the year of 2020.

Political donations

The Company made no political donations during the year ended 31 December 2020 (2019: Nil).

Employees

The Company did not have any employees during the year ended 31 December 2020 (2019: Nil).

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 2020, 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.

The Directors' report was approved by the Board on 20 May 2021.

By Order of the Board



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

Statement of Directors' responsibilities 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 accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

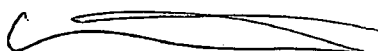
Directors' confirmations

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 20 May 2021.

By Order of the Board



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

Independent auditors' report to the members of Cellular Radio Limited

Report on the audit of the financial statements

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 2020 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Independent auditors' report to the members of Cellular Radio Limited (continued)

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

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the

Independent auditors' report to the members of Cellular Radio Limited (continued)

principal risks were related to posting inappropriate journals to overstate the balance sheet. Audit procedures performed by the engagement team included:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the those charged with governance about existing and potential litigation and claims, and known or suspected instances of non-compliance with laws and regulations and fraud;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries, including journal entries with unusual account combinations.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

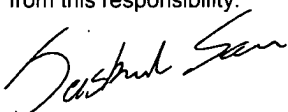
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Jaskamal Sarai (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

20 May 2021

**Statement of comprehensive income
For the year ended 31 December 2020**

	Note	2020 £	2019 £
Financial income		-	-
Result/profit before taxation		-	-
Taxation		-	-
Result/profit for the year		-	-
Total comprehensive income for the year		-	-

The accompanying notes on pages 13 to 16 are an integral part of these financial statements.

Statement of financial position
As at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Trade and other receivables	4	637,922	-
Cash and cash equivalents		-	637,922
		637,922	637,922
Net assets		637,922	637,922
Equity			
Share capital	5	10	10
Retained earnings		637,912	637,912
Total equity		637,922	637,922

The accompanying notes on pages 13 to 16 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 20 May 2021 and were signed on its behalf by:



Mark Hardman
 Director

Statement of changes in equity
For the year ended 31 December 2020

	Share capital £	Retained earnings £	Total Equity £
At 1 January 2019	10	637,912	637,922
Result for the financial year	-	-	-
Other comprehensive income for the year	-	-	-
At 31 December 2019	10	637,912	637,922
Result for the financial year	-	-	-
Other comprehensive income for the year	-	-	-
At 31 December 2020	10	637,912	637,922

The accompanying notes on pages 13 to 16 are an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2020

	2020	2019
	£	£
Result for the year	-	-
Change in working capital:		
Increase in trade and other receivables	(637,922)	-
Decrease in trade and other payables	-	-
Net cash used in operating activities	(637,922)	-
Net cash flow from investing activities	-	-
Net cash flow used in financing activities	-	-
Net movement in cash and cash equivalents	(637,922)	-
Cash and cash equivalents at 1 January	637,922	637,922
Cash and cash equivalents at 31 December	-	637,922

The accompanying notes on pages 13 to 16 are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2020**1. Significant accounting policies*****1a. Basis of preparation***

These financial statements have been prepared in accordance with with international accounting standards in conformity with the requirements of the Companies Act 2006. 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. Receivables

Receivables are accounted at initial recognition and on the historical cost principle. The receivables for the year only consists of intercompany loan transaction.

1d. 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.

1e. 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.

1f. 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.

Notes to the financial statements
For the year ended 31 December 2020

1. Significant accounting policies (continued)

1g. 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 2020.

1h. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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 2020 of £2,405 (2019: £2,375) was borne by a fellow group company.

4. Trade and other receivables

	2020	2019
	£	£
Amount owed by other group companies	637,922	-

Amounts owed by other group companies relate to financing activities and are unsecured, interest free and repayable on demand. The intercompany loan was used for general trading activities.

Notes to the financial statements
For the year ended 31 December 2020

5. Share capital

	2020 Number of shares	2020 £	2019 Number of shares	2019 £
Called up, allocated and fully paid				
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.

6. 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.

7. 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 2020 (2019: None)

The Company does not have a significant exposure to credit risk as at 31 December 2020 (2019: None).

8. Related party disclosures

Related party transactions with Directors and key management are detailed in Note 9.

Notes to the financial statements
For the year ended 31 December 2020

8. Related party disclosures (continued)

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

	2020 £	2019 £
Trade and other receivables		
Immediate parent company	637,922	-

9. 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 2020 (2019: None).

10. Post balance sheet events

On 8 April 2021 Telefónica S.A. and Liberty Global announced the appointment of Lutz Schüler as CEO and Patricia Cobian as CFO of the proposed joint venture company if approved by the Regulatory authorities. Consequently, Mark Evans will step down as CEO of the Telefonica UK Group upon the completion of the proposed joint venture arrangement.

On 14 April 2021 the Competition and Markets Authority made an announcement that it has provisionally cleared the proposed merger of Virgin Media, and Virgin Mobile with O2.

11. Parent company and controlling party

At 31 December 2020, 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 2020, Telefónica S.A., a company incorporated in Spain. Copies of the consolidated financial statements of Telefónica, S.A. may be obtained from Gran Vía 28, Madrid, Spain