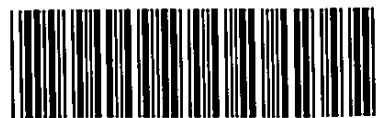


Registered No 2664011

**Independent Cellphones (Airtime) Limited**

**Annual Report and Financial Statements  
Year ended 31 December 2010**

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**Independent Cellphones (Airtime) Limited**  
**Company information**

**Registered No 2664011**

**Directors**

Robert Harwood  
David Melcon Sanchez-Frera

**Secretary and registered office**

O2 Secretaries Limited

260 Bath Road  
Slough  
Berkshire  
SL1 4DX

## **Independent Cellphones (Airtime) Limited Directors' Report**

Registered No 2664011

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2010

### **Corporate structure**

Independent Cellphones (Airtime) Limited is a private limited company registered in England and Wales under the registered number 2664011. The registered address is 260 Bath Road, Slough, Berkshire SL1 4DX. It is a wholly owned subsidiary of Telefonica Europe plc, its ultimate UK parent, incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica S A, a company incorporated in Spain.

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

### **Business review and future developments**

The Company has not traded during the year to 31 December 2010 and has made neither profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

### **Principal risks and uncertainties**

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

### **Going Concern**

The Directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future; thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Dividend**

The Directors do not recommend the payment of a dividend for the year ended 31 December 2010 (31 December 2009: £nil).

### **Directors and secretary**

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

Robert Harwood  
David Melcon Sanchez-Frera

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

### **Directors' liability insurance and indemnities**

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).

**Independent Cellphones (Airtime) Limited**  
**Directors' Report (continued)**

Registered No 2664011

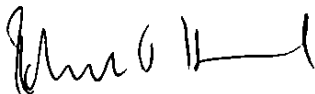
**Political and charitable contributions**

The Company made no political or charitable contributions during the year (31 December 2009 £nil)

**Auditors**

The Company has been dormant within the meaning of Section 480 of the Companies Act 2006 throughout the year. Consequently, no auditors have been appointed.

By Order of the Board



Robert Harwood  
Authorised signatory  
for and on behalf of O2 Secretaries Limited  
Company Secretary  
28 April 2011

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

Under Company Law the directors must not approve the 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 financial statements the directors are required to

- 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 the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements, and
- make judgments and estimates that are reasonable and prudent

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 and Article 4 of the IAS Regulation. 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 Cellphones (Airtime) Limited**  
**Statement of comprehensive income**  
**Year ended 31 December 2010**

Registered No 2664011

The Company did not trade in the year ended 31 December 2010 or the year ended 31 December 2009 and accordingly no statement of comprehensive income or statement of cash flow is presented

**Independent Cellphones (Airtime) Limited**  
**Statement of financial position**  
**Year ended 31 December 2010**

Registered No 2664011

	<i>Note</i>	<b>31 December 2010 £</b>	<b>31 December 2009 £</b>
<b>Net Assets</b>		-	-
<b>Capital and reserves</b>			
Ordinary share capital	3	<b>7,500</b>	7,500
Retained Earnings		<b>(7,500)</b>	(7,500)
<b>Total Equity</b>		-	-

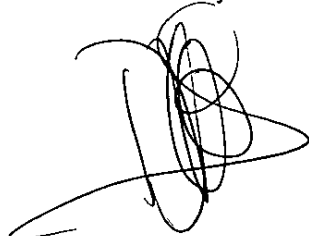
The accompanying notes are an integral part of these financial statements

For the year ending 31 December 2010 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

**Directors' responsibilities**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements were approved by the board of directors on 28 April 2011 and were signed on its behalf by



**David Melcon**  
**Director**



**Independent Cellphones (Airtime) Limited**  
**Statement of changes in equity**  
**Year ended 31 December 2010**

Registered No 2664011

	Share Capital £	Retained Earnings £	Total Equity £
<b>At 1 January 2009</b>	<b>7,500</b>	<b>(7,500)</b>	<b>-</b>
Total comprehensive income for year	-	-	-
<b>At 31 December 2009</b>	<b>7,500</b>	<b>(7,500)</b>	<b>-</b>
Total comprehensive income for year	-	-	-
<b>At 31 December 2010</b>	<b>7,500</b>	<b>(7,500)</b>	<b>-</b>

The accompanying notes are an integral part of these 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 except that, as disclosed in the accounting policies below, certain items are measured at fair value.

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.

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

New IFRS and IFRICs adopted during the year did not have any impact on the Company's financial position in the initial period of application. Full details of new IFRS and IFRICs adopted during the year and those that have been published, but their application is not mandatory, are included in the financial statements of an intermediate parent company, O2 Holdings Limited.

**2. Directors emoluments and employees**

None of the Directors received any emoluments in respect of their services to the Company for the year ended 31 December 2010 (31 December 2009: £nil). The Company had no employees in the current or prior year.

**3. Share capital**

	<b>31 December 2010 £</b>	<b>31 December 2009 £</b>
<i>Issued</i>		
7,500 Ordinary shares of £1 each	<b><u>7,500</u></b>	<b><u>7,500</u></b>

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 but no right to redemption of shares.

**Authorised share capital**

On 21 December 2010 the Company took advantage of the deregulation of the authorised share capital requirement by dispensing with the authorised capital in the capital of the Company.

**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.

In order to maintain or adjust the capital structure, the Company may pay dividends to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce debt or draw down more debt.

**4 Parent company and controlling party**

At the end of the year, the immediate parent company was Cellphones Direct Limited. The ultimate parent company and controlling party was Telefónica, S A, a company incorporated in Spain. Copies of the financial statements of Telefónica, S A may be obtained from its registered office at Gran Vía 28, Madrid, Spain.