

Registered No 3357545

Link FS Limited

Annual Report and Financial Statements
Year ended 31 December 2011

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Company information

Directors

Ronan Dunne
Robert Harwood

Secretary

O2 Secretaries Limited

Registered office address

260 Bath Road
Slough
Berkshire
SL1 4DX

Directors' report

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2011

Corporate structure

Link FS Limited (the "Company") is a private limited company registered in England and Wales under the number 3357545. The registered address is 260 Bath Rd, Slough, Berkshire SL1 4DX. It is a wholly owned subsidiary of Telefónica Europe plc, its ultimate UK parent, a company 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 Telefónica 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 ended 31 December 2011, or in the previous year, and has made neither profit nor loss in each year. The Directors do not anticipate any changes in the foreseeable future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks 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.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010: £nil).

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.

Directors and secretary

The Directors of the Company during the year were:

Stephen Alder	(resigned on 1 March 2011)
Ronan Dunne	
Robert Harwood	
Katherine Ann Jarvis	(resigned on 17 November 2011)

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

Directors' report (continued)

Directors' liability insurance and indemnities

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

Political and charitable contributions

The Company made no political or charitable contributions during the year ended 31 December 2011 (2010: £nil).

Auditor

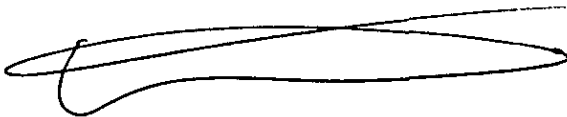
For the year ended 31 December 2011 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

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.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

By Order of the board



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

12 July 2012

Statement of financial position
As at 31 December 2011

	Note	2011 £'000	2010 £'000
Current assets			
Trade and other receivables	3	13,205	13,205
Current Liabilities			
Trade and other payables	4	<u>(2,559)</u>	<u>(2,559)</u>
Net current assets and net assets		<u>10,646</u>	<u>10,646</u>
Equity			
Ordinary share capital	5	-	-
Retained earnings		8,483	8,483
Reserves		<u>2,163</u>	<u>2,163</u>
Total equity		<u>10,646</u>	<u>10,646</u>

The accompanying notes on pages 5 to 7 are an integral part of these financial statements

The Company did not trade and has no profit, loss or cash flows for the year ended 31 December 2011 and the preceding year. There were no other recognised gains or losses in the current year or the preceding year.

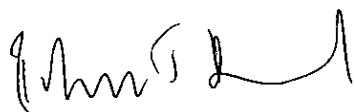
For the year ended 31 December 2011 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

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 of the Companies Act 2006.

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 12 July 2012 and were signed on its behalf by



Robert Harwood
 Director

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 of the Company have been applied consistently to all periods presented.

Cash flow statement

The transactions of the Company in the current or prior year do not require the use of cash or cash equivalents. Consequently, the Company has not presented a statement cash flow statement.

Taxation

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

Income tax relating to items recognised directly in equity is recognised in equity.

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. Tax on profit on ordinary activities

The tax assessed for the year and prior year did not vary from the amount computed by applying the corporation tax standard rate to profit on ordinary activities before taxation.

Analysis of charge in year

	2011 £'000	2010 £'000
Profit before taxation	-	-
Taxation at the UK corporation tax rate of 26.5% (2010: 28%)	-	-
UK-UK transfer pricing adjustments	92	119
Group relief claimed, not paid for	(92)	(119)
Taxation	-	-

In the UK Budget of 23 March 2011 it was announced that the main rate of corporation tax would reduce from 28% to 26% effective from 1 April 2011 and 25% effective from 1 April 2012. These changes were enacted on 19 July 2011. As a result the disclosure of deferred tax has been adjusted to reflect the enactment with no significant impact on these financial statements.

Notes to the financial statements

2. Tax on profit on ordinary activities

The UK Budget of 21 March 2012 announced that the main rate of corporation tax will be 24% effective from 1 April 2012 instead of 25% as previously enacted, with reductions to the main rate of corporation tax proposed to reduce the rate by a further 1% each 1 April until 1 April 2014. As this legislation was not enacted or substantively enacted by the balance sheet date it has not been reflected within these financial statements. However, it is expected that the changes would not have a significant impact on the value of the company's deferred tax balances at the balance sheet date.

3. Trade and other receivables

	2011 £'000	2010 £'000
Amounts due from group companies	13,205	13,205

Amounts owed from Group companies are non-interest bearing, unsecured and repayable on demand.

4 Trade and other payables

	2011 £'000	2010 £'000
Amounts due to group companies	2,559	2,559

Amounts owed to Group companies are non-interest bearing, unsecured and repayable on demand.

5. Called up share capital

	2011 £	2010 £
Allotted and fully paid		
1 ordinary share of £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.

On 25 January 2011 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.

6 Key management and Directors' compensation

No emoluments or other benefits were paid to Directors during the year ended 31 December 2011 (2010: £nil). The Directors are employees of other companies in the Group and are remunerated for their services to the Group as a whole.

There are no employees of the Company.

7. Related party disclosure

Related party transactions with Directors and key management are detailed in note 6.

Other related party balances are detailed in notes 3 and 4.

Notes to the financial statements

8. Parent company and controlling party

The Company's immediate parent company and controlling party is The Link Stores Limited. At the end of the year the ultimate parent Company is Telefónica, S A , a company incorporated in Spain. Copies of the financial statements of Telefónica, S A may be obtained from Gran Vía 28, Madrid, Spain.