

Registered No. SC144905

**DX Communications (Edinburgh) Limited
Annual Report and Financial Statements
Year ended 31 December 2011**

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DX Communications (Edinburgh) Limited
Company information

Registered No. SC144905

Directors

Robert Harwood
David Melcon Sanchez-Friera

Secretary

O2 Secretaries Limited

Registered office

c/o Semple Fraser LLP
123 St Vincent Street
Glasgow
G2 5EA

DX Communications (Edinburgh) Limited Directors' Report

Reg No. SC144905

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

Corporate structure

DX Communications (Edinburgh) Limited is a private limited company registered in Scotland under the registered number SC144905. The registered address is 123 St Vincent Street, Glasgow, G2 5EA. It is a wholly owned subsidiary of Telefonica Europe plc, its UK parent, incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica S. A., a company incorporated in Spain.

Business review and future developments

The Company has not traded during the year to 31 December 2011 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 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.

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 2011 (31 December 2010: £nil).

Directors and Secretary

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

Robert Harwood
David Melcon Sanchez-Friera

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

DX Communications (Edinburgh) Limited
Directors' Report (continued)

Registered No. SC144905

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).

Political and charitable contributions

The Company made no political or charitable contributions during the year (31 December 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



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

12 July 2012

DX Communications (Edinburgh) Limited
Statement of comprehensive income
Year ended 31 December 2011

Registered No. SC144905

The Company did not trade in the year ended 31 December 2011 or the year ended 31 December 2010 and accordingly no statement of comprehensive income or statement of cash flow is presented.

DX Communications (Edinburgh) Limited
Statement of financial position
Year ended 31 December 2011

Registered No. SC144905

	<i>Note</i>	31 December 2011 £	31 December 2010 £
Current assets			
Receivables	3	<u>152</u>	<u>152</u>
Net assets		<u>152</u>	<u>152</u>
Equity			
Ordinary share capital	4	1,000	1,000
Share premium account		4,667	4,667
Retained Earnings		<u>(5,515)</u>	<u>(5,515)</u>
Total Equity		<u>152</u>	<u>152</u>

The accompanying notes are an integral part of these financial statements.

For the year ending 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; 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 12 July 2012 and were signed on its behalf by:



David Melcon
Director

DX Communications (Edinburgh) Limited
Statement of changes in equity
Year ended 31 December 2011

Registered No. SC144905

	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
At 1 January 2010	1,000	4,667	(5,515)	152
Total comprehensive income for year	-	-	-	-
At 31 December 2010	1,000	4,667	(5,515)	152
Total comprehensive income for year	-	-	-	-
At 31 December 2011	1,000	4,667	(5,515)	152

The accompanying notes are an integral part of these financial statements.

DX Communications (Edinburgh) Limited
Notes to the Financial Statements

Registered No. SC144905

1. Accounting policies

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.

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 Group 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 income statement within cost of goods sold.

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 2011 (31 December 2010: £nil). The Company had no employees in the current or prior year.

3. Receivables

	31 December 2011	31 December 2010
	£	£
Amounts owed by parent undertakings	<u>152</u>	<u>152</u>

The amount owed by the immediate parent company represents unpaid share capital owed by DX Communications Limited.

DX Communications (Edinburgh) Limited
Notes to the Financial Statements (continued)

Registered No. SC144905

4. Called up share capital

	31 December 2011 £	31 December 2010 £
<i>Issued</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

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.

Capital management

The Company's capital comprises share capital, share premium 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.

5. Financial risk factors and management

The principal financial risks of the Company and how the Company managed these risks are discussed below.

Credit risk

The Company does not have a significant exposure to credit risk. All of the Company's credit balances are held with group companies within the Telefónica S.A. group.

6. Parent company and controlling party

At the end of the year, the immediate parent company was DX Communications 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.