

Company Number: 07844526

EE Finance plc

Annual report

Financial Statements

For the year ended 31 December 2014

EE Finance plc

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EE Finance plc

Directors and advisers

Directors

Olaf Swantee
Neal Milsom

Secretary

James Blendis
Charles Mowat

Registered office

Trident Place
Mosquito Way
Hatfield
Hertfordshire
AL10 9BW

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

EE Finance plc

Strategic Report

Introduction

EE Finance plc ("EEF plc" or "the Company") is a directly held, 100% owned subsidiary of EE Limited ("the Group"). EEF plc's function is to raise finance for the Group via financing arrangements. All cash proceeds received under these arrangements are passed onto EE Limited.

Strategy

A Strategic Report describing the issues affecting the EE Group, of which the Company is a part, is set out in the consolidated financial statements of EE Limited.

Key performance indicators ("KPIs")

Due to the funding arrangements with EE Limited there are no standalone KPIs for EEF plc.

Future developments

The Company will continue to raise finance on behalf of the EE Group as appropriate.

Results for the financial year, dividends and transfers to reserves

All interest incurred by the Company has been recharged to EE Limited and therefore the Company has made nil profit or loss for the year. All other costs are borne by EE Limited.

No dividend has been proposed by the Directors.

Principal risks and uncertainties

Liquidity risk

The principal risk identified is liquidity risk.

Long-term funding for the EE Group is provided by Euro and Sterling denominated bonds issued by EEF plc under its Euro Medium Term Note programme, together with a sterling denominated bank facility provided by a consortium of Banks and a European Investment Bank loan.

EE Limited has guaranteed the loans and bonds issued by EEF plc and bears responsibility for their repayment. The Directors, who are also directors of EE Limited, are satisfied that EE Limited will be able to repay the debts of the Company as they fall due. This is outlined in the going concern review on page 5.

The main sources of liquidity are: cash generated from the EE Group's operations and raising further capital funds. The business risks and uncertainties relating to the EE Group's activities are described in EE Limited's consolidated financial statements.

Foreign exchange risk

The Company has issued bonds in Euro and is therefore susceptible to foreign exchange rate movements. The receivable from EE Limited is also measured in Euro to match and offset the Company's exposure to foreign exchange risk. Full details are set out in note 15.

Interest rate risk

The Company is exposed to interest rate risk arising from borrowing on a variable interest rate basis. The risk is mitigated by the Group's treasury policy of setting a target fixed to floating ratio and by arranging interest rate swap contracts with its banks.

The Strategic Report was approved by the Board of Directors on 5 February 2015 and signed on its behalf by



Neal Milsom

Director

EE Finance plc

Directors' report

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2014.

Going concern review

EEF plc's ability to continue as a going concern is dependent upon EE Limited.

The business activities of EE Limited and its group, the factors likely to affect its future development and position, and the principal risks and uncertainties it faces, are set out in the Strategic Report in EE Limited's consolidated financial statements. The Directors of EE Limited have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of EE Limited to continue as a going concern for the foreseeable future. EE Limited has guaranteed the debt held by EEF plc.

EE Limited is expected to continue to generate positive operating cash flows for the foreseeable future.

On the basis of the assessment of EE Group's financial position, the Directors of EEF plc have a reasonable expectation that EEF plc will be able to continue in operational existence for the foreseeable future, and thus continue to adopt the going concern basis of accounting in preparing the EEF plc annual financial statements.

Directors

The Directors who held office during the year, and up to the date of approval of the financial statements, are listed on page 3.

Employees

The Company does not have any employees. All services are provided by employees of EE Limited.

Corporate Governance Statement

The Directors are responsible for internal controls in EEF plc and for reviewing the effectiveness of these controls. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable EEF plc to comply with its regulatory obligations. In addition, the EE Limited Finance Committee meets regularly with EE Limited's senior finance, risk, internal audit, legal and compliance management teams and the external auditor to consider its subsidiary EEF plc's financial reporting, the nature and scope of audit reviews and the effectiveness of the systems of internal control, compliance and risk management.

Subsequent material events

There are no events noted.

Disclosure of information to the auditor

In the case of each person who was a Director at the date this report was approved under S418 of the Companies Act 2006, the following applies:

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

Appointment of the auditor

A resolution to reappoint Ernst & Young LLP as auditor will be proposed at the Annual General Meeting.

By order of the board



Neal Milsom
Director
5 February 2015

EE Finance plc

Statement of Directors' responsibilities

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;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Company's financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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. 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 auditor's report to the members of EE Finance plc

We have audited the financial statements of EE Finance plc for the year ended 31 December 2014 which comprise the Income statement, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Independent auditor's report to the members of EE Finance plc (continued)

Matters on which we are required to report by exception (continued)

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

Ernst & Young LLP

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 February 2015

EE Finance plc

Income statement For the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013
	Note	£'000	£'000
Finance revenue	6	68,059	75,196
Finance expense	7	(68,059)	(75,196)
Operating profit		<hr/>	<hr/>
		-	-
Profit before tax		<hr/>	<hr/>
		-	-
Income tax		<hr/>	<hr/>
		-	-
Profit for the period		<hr/> <hr/>	<hr/> <hr/>
		-	-

There was no other comprehensive income in the year.

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Statement of financial position

As at 31 December 2014

Company Number: 07844526

	Note	31 December 2014 £'000	31 December 2013 £'000
Current assets			
Amounts receivable from parent undertaking	11	2,118,982	2,175,554
Cash and cash equivalents	12	50	50
Total current assets		2,119,032	2,175,604
Total assets		2,119,032	2,175,604
Current liabilities			
Accrued interest		(37,416)	(36,426)
Total current liabilities		(37,416)	(36,426)
Non-current liabilities			
Financial liabilities held at amortised cost	13	(2,081,566)	(2,139,128)
Total non-current liabilities		(2,081,566)	(2,139,128)
Total liabilities		(2,118,982)	(2,175,554)
Total net assets		50	50
Capital and reserves			
Share capital	14	50	50
Total equity		50	50

These financial statements were approved by the board of Directors on 5 February 2015 and were signed on its behalf by



Neal Milsom
Director

EE Finance plc

Statement of changes in equity For the year ended 31 December 2014

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
At 1 January 2013	50	-	50
Total comprehensive income for the period	-	-	-
At 31 December 2013	50	-	50
Total comprehensive income for the period	-	-	-
At 31 December 2014	50	-	50

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Statement of cash flows

For the year ended 31 December 2014

	Year ended 31 December 2014 £'000	Restated Year ended 31 December 2013 £'000
Operating activities		
Profit for the period	-	-
Adjustments to reconcile net income to funds generated from operations		
Finance revenue	(68,059)	(75,196)
Finance expense	68,059	75,196
Net cash used in operating activities	-	-
Interest income received	63,127	74,087
Interest paid	(63,127)	(74,087)
Net cash provided by operating activities	-	-
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	50	50
Cash and cash equivalents at the end of the year	50	50

EE Finance plc

Notes to the financial statements

1. General information

The financial statements of the Company for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 5 February 2015. The statement of financial position was signed on behalf of the board by Neal Milsom. EEF plc is a public limited company incorporated and domiciled in the United Kingdom. The registered office is located at Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9BW.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The financial statements are prepared in British Pounds and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Certain items within financing activities have been reclassified in the Statement of cash flows in 2013 for better and more reliable presentation. This has not changed the net cash used in financing activities nor the net change in cash and cash equivalents, as disclosed in the prior period accounts.

Going concern

EEF plc's ability to continue as a going concern is dependent upon EE Limited.

The business activities of EE Limited and its group, the factors likely to affect its future development and position, and the principal risks and uncertainties it faces, are set out in the Strategic Report in EE Limited's consolidated financial statements. The Directors of EE Limited have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of EE Limited to continue as a going concern for the foreseeable future. EE Limited has guaranteed the debt held by EEF plc.

EE Limited is expected to continue to generate positive operating cash flows for the foreseeable future.

On the basis of the assessment of EE Group's financial position, the Directors of EEF plc have a reasonable expectation that EEF plc will be able to continue in operational existence for the foreseeable future, and thus continue to adopt the going concern basis of accounting in preparing the EEF plc annual financial statements.

Significant estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these estimates and assumptions could result in outcomes which require material adjustment in future periods, to the carrying values of assets and liabilities.

Recoverability of amounts due from the parent company

The principal issue requiring the judgement of the Directors is the recoverability of the amounts due from the parent company. The Directors have considered the recoverability of the amounts due from the parent company and consider these to be fully recoverable.

The Directors have considered the recoverability of these amounts based on a review of projected cash flows for EE Limited. As noted in the Going Concern section above EE Limited is expected to continue to generate positive operating cash flows for the foreseeable future.

2.2 Summary of significant accounting policies

a) Finance revenue

The Company receives interest income from its financial assets. Interest is calculated at the effective interest rate.

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Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

b) Financial assets and liabilities

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method, in accordance with the IAS 39 category they belong to. The effective interest rate is the rate that discounts estimated future cash payments through the expected contractual term, or the most probable expected term of the financial instrument, to the net carrying amount of the financial liability. This calculation includes all fees and points paid or received between parties to the contract.

Loans and receivables

This category includes the amounts receivable from EE Limited. These receivables are recognised at fair value upon origination and are subsequently measured at amortised cost by the effective interest method.

If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at each balance sheet date. An impairment loss is recognised in the income statement when the financial asset carrying amount is higher than its recoverable amount.

Financial liabilities at amortised cost

Borrowings and other financial liabilities are recognised upon origination at fair value of the sums paid or received in exchange for the liability, and subsequently measured at amortised cost using the effective interest method. The interest incurred is recognised in the income statement during the period.

Transaction costs that are directly attributable to the acquisition or issue of the financial liability are deducted from the liability's carrying value. The costs are subsequently amortised over the life of the debt, by the effective interest method.

c) Foreign currency translation

Transactions in foreign currencies are converted into the functional currency at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities are remeasured at the date of each statement of financial position at the prevailing functional currency exchange rate and the resulting translation differences are recorded in the income statement.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

e) Taxation

Current tax is measured at the amounts expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Current and deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed by the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

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Notes to the financial statements (continued)

3. New and revised IFRSs applied

The following new and revised IFRSs have become effective for accounting periods commencing on or after 1 January 2014. These have been adopted in these financial statements and where they have a material impact on the financial statements, the effect has been described below:

IAS 32 'Financial Instruments' Presentation on asset and liability offsetting

These amendments are to the application guidance in IAS 32 Financial Instruments: Presentation, and clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet.

The effective date of the amendment is for periods beginning on or after 1 January 2014. This amendment has had no material impact on the financial statements for the year ending 31 December 2014.

4. New and revised IFRSs that have been issued but are not yet effective

The following is a list of standards/interpretations that have been issued and are effective for accounting periods commencing on or after 1 January 2015 and we consider will have an impact on the Group and Company financial statements:

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was published in July 2014. It is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model.

The Company will normally adopt new standards at the effective date.

The standard is effective for annual periods beginning on or after 1 January 2018.

The Company is in the process of quantifying the impact of the new Standard.

5. Operating segments

The Company's sole purpose is to raise finance for EE Limited. As such, there are not considered to be separable identifiable operating segments for which financial information can be presented.

6. Finance revenue

Finance revenue for the year is interest receivable from the parent.

7. Finance expenses

Finance expenses represent interest payable on the Company's financial liabilities.

8. Auditor's remuneration

The remuneration of the auditor is analysed as follows:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	20	20
Fees payable to the company's auditor for other services: - half year review	20	20
	40	40

The auditor's remuneration is borne by EE Limited.

9. Employee information

The Company does not have any employees. All services are provided by employees of the ultimate parent undertaking.

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Notes to the financial statements (continued)

10. Directors' remuneration

The directors are also directors of EE Limited and their remuneration is paid by that company and disclosed in its financial statements.

The directors received no remuneration for their qualifying services to EEF plc.

11. Amounts receivable from the parent company

	31 December 2014	31 December 2013
	£'000	£'000
Loans to parent company at amortised cost	2,081,566	2,139,128
Accrued interest	37,416	36,426
	<hr/>	<hr/>
	2,118,982	2,175,554
	<hr/> <hr/>	<hr/> <hr/>

All proceeds from financing have been paid on to EE Limited, and EEF plc recognises a receivable for the amounts due from EE Limited. This is repayable on demand and mirrors the external borrowing in currency and amount. Please see notes 13 and 15 for details on the external borrowing.

No allowances have been recorded against amounts receivable from the parent company because they have been assessed to be fully recoverable. The Directors consider that the carrying amount of the loans to the parent company and related accrued interest approximate to their fair value.

12. Cash and cash equivalents

Cash and cash equivalents comprises cash at the bank.

13. Financial liabilities and net financial debt

	Interest rate	Maturity	31 December 2014	31 December 2013
	%		£'000	£'000
Non-current				
Euro medium term note – five year bond (€)	3.5	February 2017	386,194	413,308
Euro medium term note – seven year bond (£)	4.375	March 2019	446,258	445,378
Euro Medium term note – six year bond (€)	3.25	August 2018	463,403	496,330
Revolving credit facility	LIBOR plus 0.95%	November 2016	-	-
Syndicated loan facilities	LIBOR plus 0.95%	November 2016	435,938	434,415
European Investment Bank loan	2.21	December 2017	349,773	349,697
			<hr/>	<hr/>
			2,081,566	2,139,128
			<hr/> <hr/>	<hr/> <hr/>

EE Finance plc

Notes to the financial statements (continued)

13. Financial liabilities and net financial debt (continued)

Syndicated loan facility

The syndicated loan facility is provided by a consortium of banks.

Euro Medium Term Note Programme

The Corporate bonds issued under the EMTN programme are traded on the London Stock Exchange main market.

Fair value

The following table sets out a comparison of the carrying amounts and fair values of all financial liabilities which are carried in the balance sheet at values other than fair value.

	31 December 2014	31 December 2014	31 December 2013	31 December 2013
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial liabilities				
Euro medium term note – five year bond (€)	386,194	410,271	413,308	438,185
Euro medium term note – seven year bond (£)	446,258	484,479	445,378	463,972
Euro medium term note – six year bond (€)	463,403	502,592	496,330	521,316
Syndicated loan facilities	435,938	437,500	434,415	437,500
European Investment Bank loan	349,773	372,391	349,697	380,000
	2,081,566	2,207,233	2,139,128	2,240,973

The fair value of the liabilities is included at the amount which would be paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. The following methods and assumptions were used to create the values:

- Current liabilities approximate to their carrying value, largely because of their short term nature. Accordingly, they are excluded from the above table. Long term fixed rate borrowings are evaluated by the Company and the fair value for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates available to the Company.
- Fair value of quoted notes and bonds is based upon price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other non-current financial liabilities is estimated by discounting cash flows based upon rates available for debt currently available on similar terms, credit risk and remaining maturities.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted prices in active markets for identical assets or liabilities).

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value, which are not based upon observable market data.

EE Finance plc

Notes to the financial statements (continued)

13. Financial liabilities and net financial debt (continued)

Net financial debt

Net financial debt used by the Company is defined within the Company's bank covenant agreements. It corresponds to financial liabilities excluding unamortised transaction costs (nominal amount - translated at the period-end closing rate), less cash and cash equivalents and financial assets at fair value. The financial loans receivable are not included as these are to the parent company EE Limited.

	31 December 2014 £'000	31 December 2013 £'000
Euro 500m 3.5% notes due 2017	388,018	415,973
Euro 600m 3.25% notes due 2018	465,622	499,168
£450m 4.375% notes due 2019	450,000	450,000
Syndicated bank loans (nominal amount)	437,500	437,500
European Investment Bank Loan	350,000	350,000
Financial liabilities	<u>2,091,140</u>	<u>2,152,641</u>
Cash	(50)	(50)
Net financial debt	<u><u>2,091,090</u></u>	<u><u>2,152,591</u></u>

14. Share capital

	31 December 2014 £'000	31 December 2013 £'000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

The Company has one class of ordinary shares which carry equal voting rights and no contractual right to receive payment.

15. Financial risk management objectives and policies

The Company and its transactions are set up in such a way that all significant risks have been transferred to EE Limited.

Credit risk

Credit risk is the risk of loss from counterparty default on credit exposures. The Company has £2,091 million of financial liabilities outstanding at 31 December 2014 (2013 £2,153 million). It is solely reliant on EE Limited to be able to repay these liabilities. EE Limited has guaranteed the loans and bonds issued by EEF plc and therefore bears responsibility for this repayment. The Directors of EEF plc have assessed the ability of EE Limited to repay the financing and have not identified any issues which would cause them to doubt EE Limited's ability to satisfy its obligations to EEF plc.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All interest payments are recharged to EE Limited so EEF plc is not susceptible to changes in interest rates. EE Limited's management of the EE Group's interest rate risk is described in its financial statements.

EE Finance plc

Notes to the financial statements (continued)

15. Financial risk management objectives and policies (continued)

Financial liabilities and assets

The interest rate profiles of financial liabilities based on nominal amounts were as follows:

	31 December 2014			31 December 2013		
	Fixed	Floating	Total	Fixed	Floating	Total
Financial liabilities	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	800,000	437,500	1,237,500	800,000	437,500	1,237,500
Euro	853,640	-	853,640	915,141	-	915,141
	<u>1,653,640</u>	<u>437,500</u>	<u>2,091,140</u>	<u>1,715,141</u>	<u>437,500</u>	<u>2,152,641</u>

The weighted average interest rate on fixed rate borrowings at 31 December 2014 was 3.4% (2013: 3.4%) with the weighted average time for which rates are fixed being 3.2 years (2013: 4.2 years). Floating rate borrowings are based upon LIBOR.

	31 December 2014			
	Fixed	Floating	Non-interest bearing	Total
Financial assets	£'000	£'000	£'000	£'000
Sterling	800,000	437,500	50	1,237,550
Euro	853,640	-	-	853,640
	<u>1,653,640</u>	<u>437,500</u>	<u>50</u>	<u>2,091,190</u>

	31 December 2013			
	Fixed	Floating	Non-interest bearing	Total
Financial assets	£'000	£'000	£'000	£'000
Sterling	800,000	437,500	50	1,237,550
Euro	915,141	-	-	915,141
	<u>1,715,141</u>	<u>437,500</u>	<u>50</u>	<u>2,152,691</u>

Foreign exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has issued bonds in Euro and it is therefore susceptible to foreign exchange rate movements. However, the receivable from EE Limited is also measured in Euro and this minimises the Company's exposure to foreign exchange rate risk. Therefore, no net foreign exchange gain or loss has been recognised in the income statement.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due owing to insufficient financial resources. It has an obligation to repay the interest and principal on the loans and bonds it has issued. As stated above, the Company is solely reliant on EE Limited for its liquidity. EE Limited's liquidity risks are described in its financial statements.

EE Finance plc

Notes to the financial statements (continued)

15. Financial risk management objectives and policies (continued)

The table below summarises the Company's financial liabilities at 31 December 2014 based on contractual undiscounted payments. Interest rates on variable rate loans have been based on the rates in effect at the period end.

At 31 December 2014	On demand £'000	Less than 12 months £'000	1 to 3 years £'000	3 to 5 years £'000	More than 5 years £'000
Interest bearing loans and borrowings					
EMTN	-	48,401	484,820	970,129	-
Other	-	15,005	802,970	-	-
	<u>-</u>	<u>63,406</u>	<u>1,287,790</u>	<u>970,129</u>	<u>-</u>
At 31 December 2013	On demand £'000	Less than 12 months £'000	1 to 3 years £'000	3 to 5 years £'000	More than 5 years £'000
Interest bearing loans and borrowings					
EMTN	-	50,470	100,939	1,001,521	469,688
Other	-	12,443	452,970	357,735	-
	<u>-</u>	<u>62,913</u>	<u>553,909</u>	<u>1,359,256</u>	<u>469,688</u>

The Company has a receivable from EE Limited that is short term and that can be used to match these repayments as they fall due.

16. Related party transactions

During the period, EEF plc has had a number of transactions with its parent company EE Limited:

	31 December 2014 £000	31 December 2013 £000
Income and expense		
Recharge of interest to EE Limited	68,059	75,196
Cash transactions		
Payments to EE Limited	520,000	517,500
Receipts from EE Limited	583,127	591,587
At period end		
Amounts receivable from EE Limited	2,118,982	2,175,554

17. Subsequent material events

There are no events noted.

EE Finance plc

Notes to the financial statements (continued)

18. Ultimate Parent Shareholders

The Company is a 100% subsidiary of EE Limited, a company incorporated in England & Wales. The consolidated accounts of EE Limited is the only group within which the results of EEF plc are consolidated. The registered office of EE Limited is Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9BW. Copies of EE Limited's consolidated financial statements can be obtained from the Company Secretary at the Company's registered office, or on its website www.ee.co.uk.

At 31 December 2014 the Company's ultimate shareholders each with a 50% shareholding in EE Limited were:

T-Mobile Holdings Limited ("TMH"). The registered office for TMH is Trident Place, Mosquito Way, Hatfield, Hertfordshire AL10 9BW, and its ultimate shareholder is Deutsche Telekom A.G., a company incorporated in Germany. A copy of Deutsche Telekom A.G.'s published consolidated financial statements can be obtained from The Press and Corporate Communication Department, Postfach 20 00, D 53 105 Bonn, Germany or on its website at www.telekom.com.

Orange Telecommunications Group Limited ("OTGL"). The registered office for OTGL is 3 More London Riverside, London SE1 2AQ, and its ultimate shareholder is Orange SA (formerly France Telecom S.A.), a company incorporated in France. Copies of Orange SA's published consolidated financial statements can be obtained from the General Counsel Headquarters: 78 rue Olivier de Serres, Paris 75015, France, or on its website at www.orange.com and on the French Autorité des marchés financiers website www.amf-france.org.