

Company Number: 07844526

EE Finance plc

Annual report

Financial Statements

For the year ended 31 December 2015

EE Finance plc

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EE Finance plc

Directors and advisers

Directors

Marc David Allera – appointed 29 January 2016
Stephen Christopher Harris – appointed 29 January 2016
Craig Ian Machell – appointed 29 January 2016
Olaf Swantee - resigned 29 January 2016
Neal Milsom – resigned 29 January 2016

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 parent company”). EEF plc’s function is to raise finance for the Group (“EE 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 (“EMTN”) 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, two of whom 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 13.

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 recharging all interest payments to EE Limited so EEF plc is not susceptible to changes in interest rates.

The Strategic Report was approved by the Board of Directors on 12 February 2016 and signed on its behalf by

Stephen Harris

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 2015.

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 and is expected to be able to meet its debts as they fall due.

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.

Events after the reporting period

On 5 February 2015 BT Group plc agreed definitive terms to acquire the Group EE Limited and its subsidiaries for a headline price of £12.5 billion. The transaction was subject to approval by the shareholders of BT Group plc, which was received on 30 April 2015, and merger clearance, in particular from the UK Competition and Markets Authority, which was received on 15 January 2016. The transaction completed 29 January 2016. The transaction does not trigger any repayment of debt.

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

In accordance with section 487 of the Companies Act 2006, the Company has dispensed with the obligation to reappoint its auditor annually and Ernst & Young LLP will therefore continue in office.

By order of the board

Stephen Harris
Director
12 February 2016

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 2015 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 16. 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 2015 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.

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 February 2016

EE Finance plc

Income statement For the year ended 31 December 2015

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000	£'000
Finance revenue	67,402	68,059
Finance expense	(67,402)	(68,059)
Operating profit	-	-
Profit before tax	-	-
Income tax	-	-
Profit for the year	-	-

There was no other comprehensive income in the year.

EE Finance plc

Statement of financial position

As at 31 December 2015

Company Number: 07844526

	Note	31 December 2015 £'000	31 December 2014 £'000
Current assets			
Amounts receivable from parent company	9	2,078,284	2,118,982
Cash and cash equivalents	10	50	50
Total current assets		2,078,334	2,119,032
Total assets			
		2,078,334	2,119,032
Current liabilities			
Accrued interest		(36,394)	(37,416)
Financial liabilities held at amortised cost	11	(436,753)	-
Total current liabilities		(473,147)	(37,416)
Non-current liabilities			
Financial liabilities held at amortised cost	11	(1,605,137)	(2,081,566)
Total non-current liabilities		(1,605,137)	(2,081,566)
Total liabilities		(2,078,284)	(2,118,982)
Total net assets		50	50
Capital and reserves			
Share capital	12	50	50
Total equity		50	50

These financial statements were approved by the board of Directors on 12 February 2016 and were signed on its behalf by

Stephen Harris
Director

EE Finance plc

Statement of changes in equity For the year ended 31 December 2015

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
At 1 January 2014	50	-	50
Total comprehensive income for the year	-	-	-
At 31 December 2014	50	-	50
Total comprehensive income for the year	-	-	-
At 31 December 2015	50	-	50

EE Finance plc

Statement of cash flows

For the year ended 31 December 2015

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Operating activities		
Profit for the year	-	-
Adjustments to reconcile net income to funds generated from operations		
Finance revenue	(67,402)	(68,059)
Finance expense	67,402	68,059
Net cash used in operating activities	-	-
Interest income received	65,192	63,127
Interest paid	(65,192)	(63,127)
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 2015 were authorised for issue in accordance with a resolution of the Directors on 12 February 2016. The statement of financial position was signed on behalf of the board by Stephen Harris. 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, and with the Companies Act 2006.

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

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 and is expected to be able to meet its debts as they fall due.

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) 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 paid or received between parties to the contract.

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Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

a) Financial assets and liabilities (continued)

Loans and receivables

This category includes the amounts receivable from EE Limited. The company receives interest income from its financial assets in the income statement during the year. 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 year.

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.

b) 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 re-measured 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.

c) 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.

EE Finance plc

Notes to the financial statements (continued)

3. New and revised IFRSs applied

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

No new or revised IFRSs became effective for the accounting period commencing on 1 January 2015 which had a material impact on the financial statements for the year ending 31 December 2015.

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

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

The following is a list of standards/interpretations that have been issued and are effective for accounting periods commencing on or after 1 January 2016 and we consider will have an impact on the Company's 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 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. Auditor's remuneration

The remuneration of the auditor is analysed as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'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.

7. Employee information

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

8. Directors' remuneration

The directors who held office during the year 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 EE Finance plc.

EE Finance plc

Notes to the financial statements (continued)

9. Amounts receivable from the parent company

	31 December 2015	31 December 2014
	£'000	£'000
Loans to parent company at amortised cost	2,041,890	2,081,566
Accrued interest	36,394	37,416
	<hr/>	<hr/>
	2,078,284	2,118,982
	<hr/> <hr/>	<hr/> <hr/>

All proceeds from financing have been paid on to EE Limited, and EE Finance 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 11 and 13 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.

10. Cash and cash equivalents

Cash and cash equivalents comprises cash at the bank.

11. Financial liabilities and net financial debt

	Interest rate %	Maturity	31 December 2015 £'000	31 December 2014 £'000
Current				
Revolving credit facility (£)	LIBOR plus 0.95%	November 2016	-	-
Syndicated loan facilities (£)	LIBOR plus 0.95%	November 2016	436,753	-
			<hr/>	<hr/>
			436,753	-
			<hr/> <hr/>	<hr/> <hr/>
Non-current				
Euro medium term note – five year bond (€)	3.5	February 2017	367,532	386,194
Euro medium term note – seven year bond (£)	4.375	March 2019	447,139	446,258
Euro medium term note – six year bond (€)	3.25	August 2018	440,617	463,403
Revolving credit facility (£)	LIBOR plus 0.95%	November 2016	-	-
Syndicated loan facilities (£)	LIBOR plus 0.95%	November 2016	-	435,938
European Investment Bank loan (£)	2.21	December 2017	349,849	349,773
			<hr/>	<hr/>
			1,605,137	2,081,566
			<hr/> <hr/>	<hr/> <hr/>

EE Finance plc

Notes to the financial statements (continued)

11. 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

EE Group 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.

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

31 December 2015

	Carrying value	Fair value	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000
Non-current					
Financial liabilities					
Euro medium term note – five year bond (€)	367,532	380,959	380,959	-	-
Euro medium term note – seven year bond (£)	447,139	479,553	479,553	-	-
Euro medium term note – six year bond (€)	440,617	473,028	473,028	-	-
Syndicated loan facilities (£)	-	-	-	-	-
European Investment Bank loan (£)	349,849	356,901	-	356,901	-
Total	1,605,137	1,690,441	1,333,540	356,901	-

31 December 2014

	Carrying value	Fair value	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000
Non-current					
Financial liabilities					
Euro medium term note – five year bond (€)	386,194	410,271	410,271	-	-
Euro medium term note – seven year bond (£)	446,258	484,479	484,479	-	-
Euro medium term note – six year bond (€)	463,403	502,592	502,592	-	-
Syndicated loan facilities (£)	435,938	437,500	-	437,500	-
European Investment Bank loan (£)	349,773	372,391	-	372,391	-
Total	2,081,566	2,207,233	1,397,342	809,891	-

EE Finance plc

Notes to the financial statements (continued)

11. Financial liabilities and net financial debt (continued)

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.

Net financial debt

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

	31 December 2015 £'000	31 December 2014 £'000
Euro 500m 3.5% notes due 2017 (€)	368,514	388,018
Euro 600m 3.25% notes due 2018 (€)	442,217	465,622
Euro £450m 4.375% notes due 2019 (£)	450,000	450,000
Syndicated bank loans (£)	437,500	437,500
European Investment Bank Loan (£)	350,000	350,000
Financial liabilities	2,048,231	2,091,140
Cash	(50)	(50)
Net financial debt	2,048,181	2,091,090

12. Share capital

	31 December 2015 £'000	31 December 2014 £'000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50	50

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

EE Finance plc

Notes to the financial statements (continued)

13. 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 £2,048 million of financial liabilities outstanding at 31 December 2015 (2014: £2,091 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.

Financial liabilities and assets

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

	31 December 2015			31 December 2014		
	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	810,731	-	810,731	853,640	-	853,640
	<u>1,610,731</u>	<u>437,500</u>	<u>2,048,231</u>	<u>1,653,640</u>	<u>437,500</u>	<u>2,091,140</u>

The weighted average interest rate on fixed rate borrowings at 31 December 2015 was 3.4% (2014: 3.4%) with the weighted average time for which rates are fixed being 2.3 years (2014: 3.2 years). Floating rate borrowings are based upon LIBOR.

31 December 2015

	Fixed	Floating	Non-interest	Total
			bearing	
Financial assets	£'000	£'000	£'000	£'000
Sterling	800,000	437,500	50	1,237,550
Euro	810,731	-	-	810,731
	<u>1,610,731</u>	<u>437,500</u>	<u>50</u>	<u>2,048,281</u>

31 December 2014

	Fixed	Floating	Non-interest	Total
			bearing	
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>

EE Finance plc

Notes to the financial statements (continued)

13. Financial risk management objectives and policies (continued)

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.

The table below summarises the Company's financial liabilities at 31 December 2015 based on contractual undiscounted payments. Interest rates on variable rate loans have been based on the rates in effect at the year-end.

At 31 December 2015	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	-	46,958	891,748	469,688	-
Other	-	450,037	357,735	-	-
	<u>-</u>	<u>496,995</u>	<u>1,249,483</u>	<u>469,688</u>	<u>-</u>
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>

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

EE Finance plc

Notes to the financial statements (continued)

14. Related party transactions

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

	31 December 2015 £000	31 December 2014 £000
Income and expense		
Recharge of interest to EE Limited	67,402	68,059
Cash transactions		
Payments to EE Limited	537,500	520,000
Receipts from EE Limited	602,692	583,127
At year end		
Amounts receivable from EE Limited	2,078,284	2,118,982

15. Events after the reporting period

On 5 February 2015 BT Group plc agreed definitive terms to acquire the Group EE Limited and its subsidiaries for a headline price of £12.5 billion. The transaction was subject to approval by the shareholders of BT Group plc, which was received on 30 April 2015, and merger clearance, in particular from the UK Competition and Markets Authority, which was received on 15 January 2016. The transaction completed 29 January 2016. The transaction does not trigger any repayment of debt.

16. Parent Entity and Ultimate Shareholders

The Company is a 100% subsidiary of EE Limited, a company incorporated in England & Wales. The consolidated accounts of EE Limited are the only Group accounts 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 2015 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.

From 29 January 2016 the Company's ultimate shareholder was BT Group plc (BT). The registered office for BT is 81 Newgate Street, London, EC1A 7AJ. A copy of BT Group plc's published consolidated financial statements can be obtained from The Secretary, BT Group plc, 81 Newgate Street, London, EC1A 7AJ.