

**Registered Number: 04780736**

**Tesco Mobile Limited**

**Annual Report and Financial Statements  
For the year ended 31 December 2017**

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<b>Contents</b>	<b>Page</b>
Directors and Advisers	1
Strategic Report	2
Directors' Report	4
Directors' Responsibilities Statement	7
Independent Auditor's Report to the members of Tesco Mobile Limited	8
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

**Directors and advisers**

**Directors**

Alessandra Bellini – appointed 6 October 2017  
Matthew Davies – resigned 5 March 2018  
Mark Evans  
Mark Hardman – appointed 25 May 2017  
Antony Hoggett – resigned 1 April 2017  
Roger Keenan  
Katherine Koch – resigned 6 October 2017  
David Plumb – resigned 19 September 2017  
Oliver Potter – appointed 19 September 2017  
Timothy Pullen – resigned 25 May 2017  
Claire Soper-Lorains – appointed 2 May 2017  
Anthony Vollmer – resigned 2 May 2017  
Charles Wilson – appointed 5 March 2018

**Company Secretary**

Tesco Secretaries Limited

**Registered office**

Shire Park  
Welwyn Garden City  
United Kingdom  
AL7 1GA

**Auditor**

Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

**Strategic Report**

The directors present their Strategic Report on Tesco Mobile Limited ("The Company") for the year ended 31 December 2017.

**Strategy**

Tesco Mobile Limited ("the Company") is a joint venture owned equally by the Tesco Plc Group ("Tesco") and the Telefónica, S.A. Group ("Telefónica").

The principal activities of the Company during the year were the provision of prepay and postpay mobile communications and related services to consumers under the Tesco Mobile brand, using the Tesco retail network for handset distribution and subscriber acquisition, and Telefónica's mobile communications network for airtime and related services.

**Performance and Future Developments**

The mobile telecommunications market has continued to be highly competitive throughout 2017, yet despite this the Company has had a successful year, growing both its total customer base by 3.1% from a 2016 closing base of 4.85 million to a 2017 closing base of 5.00 million and revenues by 8.8% from £703 million in 2016 to £765 million in 2017. In addition to an increase in revenues the cost base of the Company also increased reflecting higher direct costs and the continued competitive outlook of the mobile market in the UK.

In the competitive postpay market the Company enjoyed considerable success, growing its customer base significantly during the year from a 2017 closing base of 2.64 million to a 2017 closing base of 2.85 million, an increase of 8.2%, which in turn has driven an increase in revenues.

The total prepay market in the UK contracted in 2017 by 6.5%; despite this market decline the prepay customer base remained relatively unchanged year on year at 2.15 million in 2017 from 2.22 million in 2016.

The net assets of the Company as at the 31 December 2017 were £12.0 million (2016: £10.8 million) and the profit and total comprehensive income for the year ended 31 December 2017 was £1.2 million (2016: £1.5 million).

Throughout 2017, the Customer Satisfaction Index (CSI) has placed the Company at number one in the UK for customer satisfaction (Reference: TNS).

In 2017 Tesco increased the number of phone shops from 436 to 467 within Tesco stores and intends to continue to grow this number through 2018 and beyond. The increase in the number of phone shops both broadens the Company's distribution channels and strengthens the ability to service new and existing customers.

The Company intends to continue to increase its customer base by launching new and innovative products and tariffs into the market place, whilst continuing to leverage the growing distribution channels.

**Strategic Report****Key performance indicators (KPIs)**

The Company's focus has been on the recognised industry key metrics;

- Customer Base - As at 31 December 2017 the closing base reached 5 million customers, an increase of 3.1% from 4.85 million customers in 2016.
- Revenue Growth - Revenue has grown 8.8% year on year from £703 million in 2016 to £765 million in 2017.
- Customer Satisfaction - Throughout 2017, the Customer Satisfaction Index (CSI) has placed the Company at number one in the UK for customer satisfaction (Reference: TNS).

**Principal Risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company has in place a comprehensive risk management programme designed to identify, mitigate and manage the adverse effects on the Company's financial performance of these risks by closely monitoring cash flow and debt levels. The key business risks and uncertainties affecting the Company are considered to be the following;

***Competition***

Increased competition in the market may lead to increased churn and prevent the Company meeting its customer base targets.

Competitive pressure from other operators trying to maintain market share may reduce customer ARPU (Average Revenue Per User).

***Operational***

The ability to provide network service and sell handsets may be affected by poor performance of systems provided to the Company by third parties and shareholders.

Customer expectations are not met by our customer service teams leading to possible reputational damage.

***Regulatory***

The loss of permission from the FCA would prevent the ability of the Company from providing consumer credit to our customer base.

Regulatory changes may have an adverse financial effect on pricing, for example, termination and roaming charges or contract price capping.

A data or security breach could cause reputational damage.

***Legal***

There could be a conflict in the objectives of the joint venture shareholders leading to a breakdown in the joint venture in the long term.

The Strategic Report has been approved by the Board on 21 June 2018.

By order of the Board



Roger Keenan  
21 June 2018

**Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2017. This report has been prepared under applicable legislation, including those provisions of the Companies Act 2006.

**Legal form**

Tesco Mobile Limited ("the Company") is a private limited company incorporated, domiciled and registered in England and Wales under the number 04780736. The registered address is Shire Park, Welwyn Garden City, United Kingdom, AL7 1GA. The Company is a joint venture between companies within the Tesco group and the Telefónica group; ownership details are included in Note 20.

**Directors**

The directors (except as noted) who held office during the year and up to the date of signing the financial statements are listed on page 1 of the financial statements.

**Directors' indemnities**

A qualifying third party indemnity provision in the form permitted by company law has been granted by Telefónica Europe plc to Mark Evans, Mark Hardman, Roger Keenan and Oliver Potter, this is in respect of liabilities incurred as a result of their office to the extent permitted by law. This indemnity remains in place during the financial year as well as up to the date of approval of the financial statements.

Both Tesco plc and Telefónica Europe plc maintain a directors' and officers' liability insurance policy throughout the financial year, as well as up to the date of approval of the financial statements, in respect of the Directors of the Company.

**Future Developments**

Disclosures relating to future developments are included within the Strategic Report.

**Employees**

The total number of reported employees in the business as at 31 December 2017 was 189 (2016: 167); all reported employees are seconded and re-charged to the Company from either Tesco Stores Limited (a Tesco group company) or Telefónica UK Limited (a Telefónica group company).

The Company has a wide range of communication channels with employees including face-to-face meetings, team briefings and weekly and monthly performance reports. The aim of all these channels is to ensure employees fully understand the Company's objectives and its operational and financial performance. The Company continues to be committed to the development of all people in the organisation and actively promotes this through training and development initiatives. People are encouraged and supported to maintain personal development plans.

The Company is committed to treating all its employees fairly. Its objective is to have a company that is free from bias and the Company will strive to ensure that all employees are treated with dignity and respect. The Company is committed to its shareholders' employment policies that follow best practice and are based on equal opportunities for all, and recognises that a diverse workforce is strength in a competitive marketplace. This approach extends to the fair treatment of people with disabilities in relation to their recruitment, training and development.

**Directors' Report****International Financial Reporting Standards (IFRS)**

The financial statements for the year ended 31 December 2017 have been prepared in accordance with the IFRS framework.

**Dividends**

No dividends were paid or are payable for the year ended 31 December 2017 (2016: £nil).

**Political and charitable contributions**

The Company made charitable contributions during the year of £nil (2016: £nil) and political donations of £nil (2016: £nil).

**Research and development**

The Company does not undertake any research and development activities.

**Financial risk management**

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring debt and cash flow levels closely and operating a robust control environment. The Company does not operate in any foreign markets and is therefore not exposed to any direct exchange rate risk.

**Credit risk** - For the majority of sales the goods will not be released until an initial payment has been received. In relation to pay monthly contracts the Company has implemented policies that require appropriate credit checks on potential customers before a sale is made. The Company operates a continuous review of credit collection processes and risks designed to address the ever changing face of fraud in the Telecommunications industry in the UK.

**Liquidity risk** - In regards to liquidity, the Company's policy throughout the year has been to ensure continuity of funding. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. All trade payables (note 16) are due to be paid within twelve months of the balance sheet date.

The Company has undertaken an asset securitisation programme to enable it to continue to manage the liquidity risk and maintain the flow of cash to the shareholders. The maximum facility is £180 million; as at the balance sheet date a total of £98.4 million (2016: £56.1 million) had been utilised against the facility. Further details of the securitisation programme are presented in note 13.

**Interest rate risk** - The Company has interest bearing assets and liabilities which earn interest based on the Libor rate. These are made up of both cash balances and loans to shareholders which can be recalled at any time. The Company's asset securitisation programme is also exposed to changes over time to the LIBOR rate. Assuming all other variables remain constant, the impact of a 1% increase in the LIBOR rate, which the Directors consider reasonably possible, would increase finance charges by approximately £1,000,000 (2016: £1,000,000).

**Capital risk management** - The Company's financial instruments comprise cash and cash equivalents, an asset securitisation arrangement, related party balances and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations to ensure the Company is able to continue as a going concern while maximising the return to shareholders.

## **Directors' Report**

### **Independent auditor**

The Company's auditor, Deloitte LLP, was reappointed on 27 July 2017 at the meeting of the Board of Directors; it has indicated its willingness to continue in office and a resolution confirming this reappointment will be proposed at the Annual General Meeting.

### **Going concern**

In determining whether the Company's financial statements can be prepared on the going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities, as given in the Strategic Report.

Based on cash flow forecasts which take into account the Directors' best estimate of income and expenditure forecasts as well as the Company's current cash balance, the Directors consider it appropriate to prepare the Company's financial statements on the going concern basis. For further details please refer to note 1.

### **Statement on disclosure of information to the auditor**

For all directors at the time the report is approved, the following applies:

- So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware.
- Each director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' Report has been approved by the Board on 21 June 2018.

By order of the Board



Roger Keenan  
21 June 2018



**Directors' Responsibilities Statement  
For the year ended 31 December 2017**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 Tesco Mobile Limited****Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tesco Mobile Limited which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*In preparing the financial statements, the directors are responsible for assessing the Company's ability*

**Independent Auditor's Report to the members of Tesco Mobile Limited**

to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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.

**Report on other legal and regulatory requirements****Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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
- 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.

We have nothing to report in respect of these matters.



David Griffin, FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London  
21 June 2018

**Statement of Comprehensive Income**  
**For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Revenue</b>		<b>764,885</b>	703,086
Cost of sales		(680,857)	(623,395)
<b>Gross profit</b>		<b>84,028</b>	79,691
Administrative expenses		(81,045)	(76,319)
<b>Operating profit</b>	2	<b>2,983</b>	3,372
Financial income	3	100	125
Financial expense	3	(1,565)	(1,485)
<b>Profit before taxation</b>		<b>1,518</b>	2,012
Taxation	6	(310)	(488)
<b>Profit for the year attributable to equity shareholders</b>		<b>1,208</b>	1,524

All of the above activities result from continuing operations.

The accompanying notes on pages 14 to 28 are an integral part of these financial statements.

**Statement of Financial Position  
As at 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	1,547	1,536
Intangible assets	9	8,757	9,160
Deferred income tax assets	7	1,098	960
Trade and other receivables	11	60,935	41,428
		<b>72,337</b>	<b>53,084</b>
<b>Current assets</b>			
Inventories	10	61,984	50,404
Trade and other receivables	11	186,347	176,261
Other financial assets	15	12,000	12,000
Cash and cash equivalents	12	17,061	24,468
		<b>277,392</b>	<b>263,133</b>
<b>Current liabilities</b>			
Borrowings	13	(65,503)	(39,908)
Trade and other payables	16	(239,023)	(249,217)
Current income tax liabilities		(180)	(73)
		<b>(304,706)</b>	<b>(289,198)</b>
<b>Net current liabilities</b>		<b>(27,314)</b>	<b>(26,065)</b>
<b>Total assets less current liabilities</b>		<b>45,023</b>	<b>27,019</b>
<b>Non-current liabilities</b>			
Borrowings	13	(32,905)	(16,183)
Provisions for liabilities	14	(149)	(75)
		<b>(33,054)</b>	<b>(16,258)</b>
<b>Net assets</b>		<b>11,969</b>	<b>10,761</b>
<b>Equity</b>			
Ordinary share capital	17	40	40
Retained earnings	18	11,929	10,721
<b>Total equity</b>		<b>11,969</b>	<b>10,761</b>

The accompanying notes on pages 14 to 28 are an integral part of these financial statements.

The financial statements on pages 10 to 28 were approved by the board of directors on 21 June 2018 and were signed on its behalf by:



Roger Keenan  
Director

**Statement of Changes in Equity  
For the year ended 31 December 2017**

	Ordinary Shares £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2016</b>	<b>40</b>	<b>9,197</b>	<b>9,237</b>
Profit for the year and total comprehensive income	-	1,524	1,524
<b>At 31 December 2016</b>	<b>40</b>	<b>10,721</b>	<b>10,761</b>
Profit for the year and total comprehensive income	-	1,208	1,208
<b>At 31 December 2017</b>	<b>40</b>	<b>11,929</b>	<b>11,969</b>

The accompanying notes on pages 14 to 28 are an integral part of these financial statements.

**Statement of cash flows**  
**For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Cash flow from operating activities</b>			
Profit before taxation		<b>1,518</b>	2,012
Depreciation of property, plant and equipment	8	<b>19</b>	315
Amortisation of intangible fixed assets	9	<b>4,666</b>	4,895
Finance costs	3	<b>1,565</b>	1,485
(Increase)/decrease in inventories		<b>(11,580)</b>	4,215
Increase in trade and other receivables		<b>(29,596)</b>	(35,690)
Decrease in trade and other payables		<b>(10,147)</b>	(2,268)
<b>Cash (used in)/generated by operations</b>		<b>(43,555)</b>	(25,036)
Corporation tax paid		<b>(341)</b>	(661)
Interest paid		<b>(1,535)</b>	(1,432)
<b>Net cash flow (used in)/generated from operating activities</b>		<b>(45,431)</b>	(27,129)
Purchase of property, plant and equipment	8	<b>(30)</b>	(1,148)
Purchase of intangible assets	9	<b>(4,263)</b>	(4,768)
<b>Net cash flow used in investing activities</b>		<b>(4,293)</b>	(5,916)
Proceeds from borrowings		<b>58,909</b>	15,499
Repayments of borrowings		<b>(16,592)</b>	(14,909)
<b>Net cash flow generated from financing activities</b>		<b>42,317</b>	590
<b>Net decrease in cash and cash equivalents</b>		<b>(7,407)</b>	(32,455)
<b>Cash and cash equivalents at 1 January</b>		<b>24,468</b>	56,923
<b>Cash and cash equivalents at 31 December</b>	12	<b>17,061</b>	24,468

The accompanying notes on pages 14 to 28 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Accounting policies

#### Basis of preparation

The financial statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

IFRS 9: Financial Instruments

IFRS 15: Revenue from Contracts with Customers

IFRS 16: Leases

IFRS 17: Insurance Contracts

IFRS 2: Classification and Measurement of share-based payment transactions

IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IAS 40: Transfer of Investment Property

Annual Improvements to IFRSs 2014 – 2016 Cycle: Amendments to IFRS 1 First-time Adoption of IFRS and IFRS 28 Investments in Associates and Joint Ventures

IFRS 10 & IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IFRIC 22: Foreign Currency Transactions and Advanced Consideration

IFRIC 23: Uncertainty over income Tax Treatments

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the Company, except for the following:

IFRS 15 will materially change the timing of the recognition of certain revenues by the Company and result in the earlier recognition of revenue. The Company has provisionally determined that on adoption of the new standard on 1 January 2018 a total profit of £30 million will be recognised in reserves as an opening balance sheet adjustment. This change has been driven by the requirements of the new standard to recognise revenue against services as they are delivered based on their relative values, the upfront subsidised handset model present in most mobile contracts has resulted in a significant adjustment and the advance of revenue recognition.

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with IFRSs requires the use of certain critical judgements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Key judgements include revenue recognition through fair value accounting, namely in relation to the determination of a stand-alone selling price for handsets and airtime.

#### Going concern

The Directors have considered the Company's financial position, liabilities, future projections and future funding requirements against the available funding in determining the Company's ability to continue as a going concern and concluded there are adequate resources available to prepare the financial statements on the going concern basis. The net current liability position of the Company as at 31 December 2017 is created only by the classification of certain receivables as non-current assets; the Directors do not consider that these carry a significant credit risk or therefore changes the ability of the Company to meet obligations as they fall due. Sufficient cash reserves and access to borrowing facilities mean that the net current liability position of the Company does not change their assessment of going concern.



**Notes to the financial statements****1. Accounting policies (continued)**

A summary of the accounting policies, which have been applied consistently throughout the year, is set out below.

**Revenue recognition**

Revenue, which excludes value added tax, originated in the United Kingdom and comprises the value of mobile telecommunications services provided and the proceeds from sales of handsets. Prepay service revenue is recognised in the Statement of Comprehensive Income as prepaid credit is utilised by the customer on airtime services. Purchased prepaid credit that has not been utilised is held as deferred income until utilised by the customer or until expiration.

Postpay subscription revenue is recognised in the Statement of Comprehensive Income over the period to which it relates. Service revenue relating to additional customer usage is recognised in the period in which the usage occurs. Unbilled revenue resulting from services already performed is accrued at the end of each period and revenue from subscriptions for services to be provided in the future is deferred and released in line with the provision of such services.

Revenue from the sale of handsets is recognised at the point of sale to the customer. For pay monthly contracts that are sold inclusive of a handset with a consumer credit agreement where more than one distinct good or service is supplied to the customer, total customer consideration is allocated between the goods and services using relative fair value principles, subsequently the fair values determined for each deliverable may impact the timing of the recognition of revenue. Interconnection fees from mobile to mobile and fixed to mobile calls and other customer services are recognised in the period in which the calls are made.

**Cost of sales*****Subscriber acquisition costs***

Subscriber acquisition costs, which include commission costs associated with acquiring new subscribers and other incremental costs of customer acquisition, are charged to the Statement of Comprehensive Income as incurred.

***Marketing and other promotion costs***

Marketing and other promotion costs are charged to the Statement of Comprehensive Income as incurred. All costs to develop and produce television marketing campaigns and the related materials are expensed when incurred. Amounts payable to television broadcast providers are expensed when the advertisement airs.

**Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on tangible fixed assets from the date they are available for use, in equal instalments over their estimated useful economic lives, taking into account any residual values. No depreciation is provided on construction in progress assets, for depreciation to commence on these assets they first need to be completed and transferred to the relevant asset category.

**Notes to the financial statements****1. Accounting policies (continued)****Tangible fixed assets (continued)**

The useful economic lives assigned to tangible fixed assets within plant and equipment is 3 to 5 years, assets in the course of construction are not depreciated.

**Intangible fixed assets**

Software is capitalised and measured at the cost incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives of 3 years on a straight line basis. Software assets which are constructed by the Company are classified as construction in progress and transferred to the relevant asset category when construction is complete and available for use, at which point amortisation is provided.

**Inventory**

Inventory consists entirely of handsets and SIM packs and is stated at the lower of cost and net realisable value on a FIFO (first in, first out) valuation basis, after making due allowance for obsolete and slow moving items. Where inventory has been delivered to the Company, but the title has not been passed, this is excluded from the year-end balance and accounted for on a consignment basis.

**Pensions**

Employees seconded from Tesco Stores Limited and Telefónica UK Limited are able to continue participating in their respective Company schemes. Pension costs are recharged from Tesco Stores Limited and Telefónica UK Limited to Tesco Mobile Limited and charged to the Statement of Comprehensive Income in the period in which they relate. There are no specific pension obligations to the Company.

**Trade and other receivables**

Trade receivables are amounts due from post-pay customers for services provided which have been invoiced to the customer; trade receivables are measured at amortised cost less a provision for doubtful debts. Trade and other receivables also includes certain accrued income related to the sale of goods yet to be invoiced, once invoiced these amounts are recorded as trade receivables until the amounts due are settled by the customer. Where necessary, accrued income balances not receivable within 12 months are recorded within non-current assets. Securitised receivables are discussed in detail within note 13.

**Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities as payments are due within one year. Trade payables are initially recognised as fair value then are subsequently measured at amortised cost.

**Notes to the financial statements****1. Accounting policies (continued)****Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call with banks.

**Borrowings**

Interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Borrowings are recognised initially at the proceeds received less attributable transaction costs.

Any difference between the cost and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis. Accrued interest on borrowings is included within the carrying value.

**Operating Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense and are also spread over the term of the lease.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### Taxation (continued)

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions booked relate to future obligations under property leases. These are recognised in the period in which the Company becomes legally or constructively committed to payment. A provision has been made for the cost which would be likely to be incurred in carrying out repair or reinstatement of the head office premises in accordance with the requirements of the lease.

### 2. Operating Profit

The following items have been included in arriving at operating profit:

	2017 £'000	2016 £'000
Staff costs (note 5)	12,185	10,156
Depreciation of property, plant and equipment (note 8)	19	315
Amortisation of intangible assets (note 9)	4,666	4,896
Auditor's remuneration		
Audit services	82	80
Taxation compliance services	8	8
Services relating to accounting advice	12	-
Operating property lease rentals payable	150	109
Cost of inventories recognised as an expense (included in cost of sales)	248,574	223,115

### 3. Net financial expense

	2017 £'000	2016 £'000
<b>Financial income</b>		
Interest income on cash, cash equivalents and other financial assets	-	1
Interest income on loans to related parties	100	124
<b>Total financial income</b>	<b>100</b>	<b>125</b>
<b>Financial expense</b>		
Interest payable and other financial expense	(1,565)	(1,485)
<b>Total financial expense</b>	<b>(1,565)</b>	<b>(1,485)</b>
<b>Net financial expense</b>	<b>(1,465)</b>	<b>(1,360)</b>

## Notes to the financial statements

## 4. Key management and Directors' compensation

	2017 £'000	2016 £'000
Salaries and short-term employee benefits	683	587
Company pension contributions	12	25
<b>Aggregate emoluments in respect of qualifying services</b>	<b>695</b>	<b>612</b>

Directors' emoluments were paid by Tesco and Telefónica respectively. All amounts shown above represent the portion that directly relates to the services provided to Tesco Mobile Limited, recharged from the parent group companies.

*In respect of the highest paid Director:*

	2017 £000	2016 £000
Salaries and short-term employee benefits	307	317
Company pension contributions to defined contribution scheme	9	8
	<b>316</b>	<b>325</b>

Retirement benefits are accruing to two (2016: two) directors under defined benefit schemes of the parent companies.

*Defined benefit pension scheme:*

	2017 £000	2016 £000
Accrued annual pension at the end of the year	81	71
Cash lump sum	174	172

All pension obligations of the defined benefit scheme presented above are recorded in the financial statements of either the Telefónica group or the Tesco group. There are no long term pension obligations to the Company in respect of defined benefit pension schemes.

## 5. Employees

All reported employees and directors are either employees of Tesco Stores Limited or Telefónica UK Limited and their costs are recharged to the Company. Staff costs, including director costs, recharged from Tesco Stores Limited and Telefónica UK Limited for the year ended 31 December 2017 were as follows:

	2017 £'000	2016 £'000
Wages and salaries	10,221	8,178
Social security costs	1,199	1,046
Pension costs	765	932
<b>Total employee benefits expense</b>	<b>12,185</b>	<b>10,156</b>

Employees seconded from Tesco and Telefónica are able to continue participating in their respective company pension schemes. Details of these schemes are included in the financial statements of these companies, which are publicly available (see Note 20 for further details).

## Notes to the financial statements

## 5. Employees (continued)

The average monthly number of employees (including directors) on secondment to the Company, for the year ended 31 December 2017 was as follows:

	2017 No.	2016 No.
Average number of full time employee equivalents:		
Administrative	76	61
Operational	54	43
Sales and marketing	54	49
<b>Total employees</b>	<b>184</b>	<b>153</b>

## 6. Taxation

## Analysis of charge in the year

	2017 £'000	2016 £'000
Current tax - current year charge	448	697
<b>Total current tax charge</b>	<b>448</b>	<b>697</b>
Deferred tax - current year (note 7)	(156)	(294)
Effect of change in tax rate (note 7)	18	85
<b>Total deferred tax</b>	<b>(138)</b>	<b>(209)</b>
<b>Total taxation charge for the year</b>	<b>310</b>	<b>488</b>

The tax assessed for the year varied from the amount computed by applying the corporation tax standard rate to profit on ordinary activities before taxation. The difference was attributable to the following factors:

	2017 £'000	2016 £'000
<b>Profit before taxation</b>	<b>1,518</b>	<b>2,012</b>
<b>Profit before taxation multiplied by rate of corporation tax in the UK of 19.25% (2016: 20%)</b>	<b>292</b>	<b>402</b>
Effects of:		
Adjustments in respect of prior years	-	-
Effect of change in tax rate	18	86
<b>Total taxation</b>	<b>310</b>	<b>488</b>

## Notes to the financial statements

## 7. Non-current deferred tax assets

	£'000
At 1 January 2016	751
Current year movement	209
At 31 December 2016	960
Current year movement	138
At 31 December 2017	1,098

Deferred tax assets of £1,098,000 (2016: £960,000) have been recognised in the financial statements as the directors consider it more likely than not that the assets will be recoverable.

## Factors affecting future tax charges

At the balance sheet date, the Finance Act 2017 has been substantively enacted confirming that the main UK corporation tax rate will reduce to 17% from 1 April 2020. Therefore, at 31 December 2017, deferred tax assets and liabilities have been calculated based on a rate of 17% where the temporary difference is expected to reverse after the balance sheet date. The reductions may also reduce the Company's future current tax charges accordingly.

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date. Therefore, at 31 December 2017, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the balance sheet date.

## 8. Property, plant and equipment

	Assets in the course of construction £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2016	-	1,827	1,827
Additions	1,148	-	1,148
Reclassifications	(27)	27	-
At 31 December 2016	1,121	1,854	2,975
Additions	30	-	30
At 31 December 2017	1,151	1,854	3,005
<b>Depreciation</b>			
At 1 January 2016	-	1,124	1,124
Charge for the year	-	315	315
At 31 December 2016	-	1,439	1,439
Charge for the year	-	19	19
At 31 December 2017	-	1,458	1,458
<b>Net book value</b>			
At 31 December 2017	1,151	396	1,547
At 31 December 2016	1,121	415	1,536

Depreciation of property, plant and equipment is charged to administrative expenses in the Statement of Comprehensive Income.

## Notes to the financial statements

## 9. Intangible assets

	Assets in the course of construction £'000	Computer Software £'000	Total £'000
<b>Cost</b>			
At 1 January 2016	2,946	24,570	27,516
Additions	4,769	-	4,769
Reclassifications	(4,733)	4,733	-
At 31 December 2016	2,982	29,303	32,285
Additions	4,263	-	4,263
Reclassifications	(4,844)	4,844	-
<b>At 31 December 2017</b>	<b>2,401</b>	<b>34,147</b>	<b>36,548</b>
<b>Amortisation</b>			
At 1 January 2016	-	18,229	18,229
Charge for the year	-	4,896	4,896
At 31 December 2016	-	23,125	23,125
Charge for the year	-	4,666	4,666
<b>At 31 December 2017</b>	<b>-</b>	<b>27,791</b>	<b>27,791</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>2,401</b>	<b>6,356</b>	<b>8,757</b>
At 31 December 2016	2,982	6,178	9,160

Assets in the course of construction consist entirely of computer software. Amortisation of Intangible assets is charged to administrative expenses in the Statement of Comprehensive Income.

## 10. Inventories

	2017 £'000	2016 £'000
Goods for resale	73,011	61,975
Less inventory provision	(11,027)	(11,571)
<b>Net goods for resale</b>	<b>61,984</b>	<b>50,404</b>

## 11. Trade and other receivables

	2017 £'000	2016 £'000
Transfer of trade receivables (note 13)	60,935	41,428
<b>Non-current trade and other receivables</b>	<b>60,935</b>	<b>41,428</b>
Trade receivables	39,258	37,054
Amounts owed by Tesco group companies	7,475	13,692
Other debtors	4,796	4,270
Prepayments and accrued income	8,970	15,815
Transfer of trade receivables (note 13)	125,848	105,430
Current income tax assets	-	-
<b>Current trade and other receivables</b>	<b>186,347</b>	<b>176,261</b>

Amounts owed by Tesco group companies of £7,475,000 (2016: £13,692,000) are unsecured, interest free and are repayable on demand. For further details on the transferred trade receivables see note 13.



## Notes to the financial statements

## 11. Trade and other receivables (continued)

*Trade receivables ageing*

	Carrying amount £'000	Neither impaired nor overdue at the reporting date £'000	Not impaired but overdue at the reporting date		
			Less than 60 days £'000	61 – 90 days £'000	90+ days £'000
Trade receivables as at 31 December 2017	39,258	31,383	711	408	6,756
Trade receivables as at 31 December 2016	37,054	29,002	906	480	6,666

The fair value of trade receivables was equal to the carrying value at year end. Trade receivables consist of a large number of small customers, none of which account for more than 1% of the trade receivable balance.

*Bad debt provision*

	£'000
Bad debt provision at 1 January 2016	37,368
Increase in provision	23,128
Provision released	(20,977)
Bad debt provision at 31 December 2016	39,519
Increase in provision	25,929
Bad debt provision at 31 December 2017	65,448

Additions and reductions in the provision are recognised in administrative expenses within the Statement of Comprehensive Income. As at 31 December 2017 a provision against bad debt of £14.6 million (2016: £9.4 million) is recorded against the total of transferred trade receivables.

*Ageing of bad debt provision*

	Carrying amount £'000	0 – 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	90+ days £'000
Bad debt provision as at 31 December 2017	65,448	2,443	2,463	2,382	58,160
Bad debt provision as at 31 December 2016	39,519	1,441	2,148	2,007	33,923

## 12. Cash and cash equivalents

	2017 £m	2016 £m
Short term deposits	17,061	24,468
Cash and cash equivalents	17,061	24,468

The carrying value of cash and cash equivalents approximates to the fair value. Cash and cash equivalents are denominated in Pounds Sterling.

## Notes to the financial statements

## 13. Transfer of trade receivables and related borrowings

	2017 £'000	2016 £'000
Non-current carrying amount of transferred trade receivables	60,935	41,428
Current carrying amount of transferred trade receivables	125,848	105,430
<b>Total net carrying amount of transferred trade receivables</b>	<b>186,783</b>	<b>146,858</b>
Current carrying amount of related liabilities	65,503	39,908
Non-current carrying amount of related liabilities	32,905	16,183
<b>Total net carrying amount of related liabilities</b>	<b>98,408</b>	<b>56,091</b>

On 25 January 2018 the Company extended an asset backed securitisation agreement for handset receivables with the bank comprising an increased total facility to £180 million for an additional 2 year term to January 2020, the maturity date is not expected to be different from the existing 2 year term. Receivables used in the securitisation transaction are not de-recognised because the Company retains substantially all risks and economic benefits of ownership of the transferred trade receivables. Associated risks of ownership primarily relate to the risk of not collecting in full outstanding receivables.

As at the year ended 31 December 2017, the Company had received £115.0 million (2016: £71.0 million) against the facility and had made repayments of £16.6 million (2016: £14.9 million); as a result £98.4 million (2016: £56.1 million) of the facility has been utilised as at the balance sheet date. The facility currently bears an effective interest rate of 1 month LIBOR plus 0.95%.

All borrowings are denominated in Pounds Sterling and the fair value of these instruments is equal to the book value. Relevant risk disclosures associated with this financial instrument are included within the Directors' Report on page 5.

As at 31 December 2017, the ageing analysis by due date is as follows, none of these amounts are overdue at the reporting date:

	Carrying amount £'000	0 – 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	90+ days £'000
<b>Transferred trade receivables as at 31 December 2017</b>	<b>186,783</b>	<b>13,810</b>	<b>13,168</b>	<b>12,682</b>	<b>147,123</b>
Transferred trade receivables as at 31 December 2016	146,858	11,509	11,095	10,752	113,502

## 14. Provisions for liabilities

	£'000
<b>At 1 January 2016</b>	<b>75</b>
Charge for the year	-
<b>At 31 December 2016</b>	<b>75</b>
Charge for the year	74
<b>At 31 December 2017</b>	<b>149</b>

Provisions relate solely to the estimated future restoration costs of the leased office building from which the Company operates. The property lease was extended in 2017; the lease expires during May 2018.

## Notes to the financial statements

## 15. Other financial assets

	2017 £'000	2016 £'000
Other financial assets	12,000	12,000
<b>Current other financial assets</b>	<b>12,000</b>	<b>12,000</b>

The current financial assets relate to short term loans to Tesco Mobile Communications Limited, Tesco Mobile Services Limited, O2 Communications Limited, Tesco Plc and Telefónica UK Limited which are unsecured, interest bearing at 3 month LIBOR plus 0.5% and repayable on demand. There is no stated maturity date of these loans which are not expected to mature within the foreseeable future. The fair value of the loans is equal to their book value.

## 16. Trade and other payables

	2017 £'000	2016 £'000
Trade creditors	9,716	7,235
Amounts owed to related parties	42,102	51,358
Other taxation and social security	18,977	16,091
Accrued expenses	124,765	129,946
Deferred income	43,463	44,587
<b>Total trade and other payables</b>	<b>239,023</b>	<b>249,217</b>

Amounts owed to Tesco group companies of £23,439,000 (2016: £51,358,000) and Telefónica group companies of £18,663,000 (2016: £nil) are unsecured, interest free and are repayable on demand. The carrying value of the trade and other payables approximates to fair value. All trade payables are due to be paid within twelve months of the balance sheet date.

## 17. Ordinary share capital

	Number of shares	2017 £	Number of shares	2016 £
<b>Share capital</b>				
<b>Authorised, allotted and fully paid</b>				
Ordinary A shares of £0.10 each				
<b>At end of year</b>	<b>180,000</b>	<b>18,000</b>	<b>180,000</b>	<b>18,000</b>
Ordinary B shares of £0.90 each				
<b>At end of year</b>	<b>20,000</b>	<b>18,000</b>	<b>20,000</b>	<b>18,000</b>
Ordinary C shares of £0.02 each				
<b>At end of year</b>	<b>200,000</b>	<b>4,000</b>	<b>200,000</b>	<b>4,000</b>
<b>Total shares</b>	<b>400,000</b>	<b>40,000</b>	<b>400,000</b>	<b>40,000</b>

The A, B and C ordinary shares have equal rights on wind up; save for the preferential voting rights of A and C shares to appoint and remove directors and the chairman, as set out in the Company's Article of Association.

## Notes to the financial statements

## 18. Reserves

	Ordinary shares £'000	Retained earnings £'000
At January 2017	40	10,721
Profit for the financial year	-	1,208
<b>At 31 December 2017</b>	<b>40</b>	<b>11,929</b>

## 19. Lease commitments

	2017 £'000	2016 £'000
Lease payments under operating property leases recognised as an expense in the year	150	109
<b>Total</b>	<b>150</b>	<b>109</b>

As at 31 December 2017, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating property leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	174	134
In the second to fifth years inclusive	971	-
Beyond 5 years	27	-
<b>Total</b>	<b>1,172</b>	<b>134</b>

## 20. Parent undertakings and related party disclosures

**Parent undertakings**

The Company is a joint venture owned and jointly controlled by companies within Tesco and Telefónica. Tesco Mobile Communications Limited and Tesco Mobile Services Limited own 5% and 45% of the Company respectively and both are wholly owned subsidiaries within the Tesco group. O2 Communications Limited owns 50% of the Company and is a wholly owned subsidiary within the Telefónica group.

Copies of financial statements for Tesco Plc and companies within the Tesco group may be obtained from The Company Secretary, Tesco Plc, Tesco House, Shire Park, Welwyn Garden City, AL7 1GA.

Copies of financial statements for Telefónica, S.A. and companies within the Telefónica group may be obtained from The Company Secretary, Telefónica, S.A., Gran Vía, 28013, Madrid, Spain.

**Related party disclosures**

During the year the Company entered into material related party transactions with the following companies:

- *Tesco Stores Limited*; a wholly owned subsidiary within the Tesco group.
- *Telefónica UK Limited* and *O2 Communications Limited*; wholly owned subsidiaries within the Telefónica group.
- *Tesco Mobile Communications Limited* and *Tesco Mobile Services Limited*; wholly owned subsidiaries within the Tesco group.

## Notes to the financial statements

## 20. Parent undertakings and related party disclosures (continued)

*Related party transactions and balances with Tesco Stores Limited*

	2017	2016
	£'000	£'000
Revenue generated through related party sales channels	81,870	76,878
Purchases of operating costs	406,874	350,103
Amounts due from related party	7,475	13,692
Amounts due to related party	23,439	51,358

Revenue generated relates to handset and prepay top-up sales to customers, by Tesco Stores Limited, on behalf of Tesco Mobile Limited. Purchases relate to devices, sales commission, marketing, management charges and other associated overheads.

*Related party transactions and balances with Telefónica UK Limited*

	2017	2016
	£'000	£'000
Purchases of operating costs	277,724	276,408
Sales / operating revenue	71,001	73,782
Amounts due to related party	18,663	-

Purchases relate to wholesale airtime, interconnect charges, marketing, management charge and other associated overheads. Sales relate to incoming Interconnect revenue collected by Telefónica UK Limited, on behalf of Tesco Mobile Limited

*Related party transactions and balances with O2 Communications Limited*

	2017	2016
	£'000	£'000
Loan notes receivable outstanding	6,000	6,000
Loan notes interest receivable	50	62

*Related party transactions and balances with Tesco Mobile Services Limited*

	2017	2016
	£'000	£'000
Loan notes receivable outstanding	5,400	5,400
Loan notes interest receivable	45	56

## Notes to the financial statements

## 20. Parent undertakings and related party disclosures (continued)

*Related party transactions and balances with Tesco Mobile Communications Limited*

	2017	2016
	£'000	£'000
Loan notes receivable outstanding	600	600
Loan notes interest receivable	6	6

The rate of interest on the outstanding balance of each of the related party loan notes is 0.5% per annum plus the 3 month LIBOR rate.

*Related party transactions and balances with Dunnhumby Limited*

	2017	2016
	£'000	£'000
Purchases of operating costs	229	175
Amounts due to related party	182	35

Purchases from Dunnhumby Limited relate to marketing services.

*Related party transactions and balances with Sociomantic Labs GmbH*

	2017	2016
	£'000	£'000
Purchases of operating costs	790	605
Amounts due to related party	84	71

Purchases from Sociomantic Labs GmbH relate to marketing services.