

Registered number: 09385794

LYCAMOBILE EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



LYCAMOBILE EUROPE LIMITED

COMPANY INFORMATION

Directors	A S Premananthan A Subaskaran
Company secretary	A S Premananthan
Registered number	09385794
Registered office	3rd Floor Walbrook Building 195 Marsh Wall London E14 9SG
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

LYCAMOBILE EUROPE LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 31

LYCAMOBILE EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their strategic report with the financial statements of the company for the year ended 31 December 2017.

Principal activity

The company is acting as a Mobile Virtual Network Operator (MVNO) in the Netherlands, Sweden, Denmark, and Austria, and as a full MVNO in Germany. The company is a full MVNO where it holds an MVNO agreement with Mobile Network Operators directly and acting as an MVNO where MVNO agreements are currently held by related party entities. The company provides mobile telecommunication services to predominantly ethnic migrant populations.

Corporate governance

Responsibility for robust and strong corporate governance lies with the board and the board recognises in full its obligation and continuing responsibility for organising and directing the overall affairs of the company in a way that is in the best interest of the shareholders. This involves detailed discussion and strategic review of the financial and operational performance of the company as well as review of risk and internal controls.

The board is also responsible for the overall management of the company's business and is accountable to the shareholders for setting out the company strategy and performance review and for the long term success of the company, as well as ensuring that the company is adequately resourced, that the appropriate skills are in place and that the management team are meeting their objectives whilst ensuring that shareholder value is maintained.

Business review

The company reported £179m revenue for the year ended 31 December 2017 (2016: £198.2m) with an increased gross profit percentage to 19% (2016: 15%). The overall revenue decreased because of a significant increase in competition, changes to roaming regulations, and changes to the SIM registration process in Germany. In addition to this, the company ceased its supply of telecommunications services in Portugal from 1st of November 2016, which also contributed to a revenue reduction during 2017. The company is now focusing increasing its offerings in both national and international airtime to ensure it is competitive in the near future.

The company is focusing on providing cutting edge customer services to capture additional market share, supported by promotional and advertising activity in the European market. The improved gross profit percentage is driven by lower airtime costs from its airtime supplier.

Operating profit for the year is £3.2m (2016: £7.1m), lower by £3.9m compared to year 2016 is primarily due to provision for late payment charges/interest on outstanding liabilities. Administrative expenses were £31.6m (2016: £23.1). This is primarily due to increases in salary cost, marketing costs, rent and outsourced support services as the company invested in promotional activities.

The company adopts a usage policy for recognising income. The amounts of income which are deferred until future use are held within the deferred income account in the statement of financial position. The company defers the recognition of income until such time as the customers use their balances or when the balances expire after a period of non utilisation as set out in the terms and conditions of the customer's contract. All amounts held in deferred income relating to future usage are identifiable to individual customers.

LYCAMOBILE EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Key performance indicators

The company continued to focus on improving its gross margin which is around 4.2% higher than the previous year. The company's key performance indicators for the year ended 31 December 2017, used by the directors to assess the performance of the business, and performance against them, are summarised below:

GP Margin % (Gross profit/revenue %) – 19.43%

Operating margins (Operating profit/revenue %) 1.8%

Profit for the financial year

The profit for the year before taxation is £758k (2016: £6.4m).

The company trades with other affiliated related party companies (see note 17) and its affiliates and related parties are included in an operating model that ensures revenue and profits are economically allocated to the company which has earned them.

Principal risks and uncertainties

The principal risks and uncertainties facing the company have been reviewed in detail by the directors and no material additional risk or uncertainty has been identified other than those detailed below. These risks are broadly categorised into competitive, operational and financial risk. The directors' risk management objectives consist of identifying and monitoring those risks which could have an adverse impact on the company's assets, profitability or cash flows.

Competitive risk

The company is acting as a Mobile Virtual Network Operator (MVNO) in Germany, Netherlands, Sweden, Denmark and Austria, providing mobile telecommunication services to the predominantly ethnic migrant populations. The company's various MVNO markets remain competitive with new entrants able to join relatively easily, resulting in pricing risk. It has proven difficult for any new entrant to achieve any scale, however, and the combination of any new entrant's inability to match Lycamobile's tariff rates for any length of time as well as a lack of national distribution mitigates this risk. This competitive risk is further mitigated by regular reviews of competitive offerings and market providers. Actions are taken immediately where possible.

Operational risk

The main operational risk relating to the company is the operation of the telecommunication services agreement with the Mobile Network Operators and related party's entities. The company's ability to provide services to its customers depends on maintaining agreements with its related parties and Mobile Network Operator or acquiring new agreements with other Mobile Network Operators for network services. The company does not have any dependency on voice or non-voice services from the Mobile Network Operator which it provides to its customers itself. The company relies on its related party for voice and non-voice services. This overall operational risk is mitigated by ensuring that the term on the network service agreement is extended to a duration exceeding 12 months wherever possible.

LYCAMOBILE EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties (continued)

Financial risk

The area of most significant financial risk is the on-going reduction of mobile termination revenue 'MTR' rates. MTR overall is on a downward glide-path and is phasing out completely worldwide in the mobile telecoms industry as a result of regulatory action. This has an impact on the company and implies a loss of MTR revenue in the future. This overall decline in MTR rates is not specific to Lycamobile Europe Limited, and affects telecom companies across the world. However, to mitigate this potential loss of future revenue, termination costs of outgoing calls will reduce, which will partly offset the revenue decline. The overall effect of this MTR decline is not regarded as significant to the company which, as with other telecom companies, will be seeking to replace the loss of revenue from alternative sources, for example data services.

Foreign exchange risks

The company's significant sales continues to be made in Euro. The company also has certain balances due to or from related parties in other currencies, primarily Euros, and the company is therefore exposed to currency movements. As a matter of policy, the company chooses not to currently use financial derivatives or currency hedging to manage its exposure.

Credit risk

The company's principal financial assets are bank balances, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables and balances from the related parties. The company gives significant attention to credit risk as significant balances due to and from related parties. Each related party is analysed individually for credit worthiness.

Liquidity risk

The company's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations. In this respect, financing may be received from related party's entities when required.

Interest rate risk

The company has no interest-bearing liabilities and no interest-bearing assets other than its loans with related party entities and cash.

Legal and regulatory risk

The nature of the company's industry continues to change and complexities of products and services continue to vary with customer desires for innovative products. Regulatory authorities continue to consider the impact of changing business models in the industry and in response to customers changing preferences or government requests for additional tax revenue, the overall regulatory burden on operators continues to increase. Additionally, interpretations of laws and regulations vary by country. The company continues to monitor each country's laws and regulations to ensure it is in compliance.

LYCAMOBILE EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Future developments

The directors remain optimistic for the future. Activities planned to enhance performance include additional discounts for bundled services, which will include limited and unlimited national, international and data offers as well as additional top-up bonuses in the market. The directors aim to maintain a strategy to continue to improve performance and drive the business through targeted growth opportunities.

This report was approved by the board and signed on its behalf.



A S Premananthan
Director

Date: 27 September 2018

LYCAMOBILE EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £568,092 (2016 - profit £4,681,189).

The directors did not recommend the payments of a dividend (2016: £Nil).

Directors

The directors who served during the year were:

A S Premananthan
A Subaskaran

Directors indemnity insurance

As permitted by Section 234 of the Companies Act 2006, the company has purchased insurance cover on behalf of the directors, indemnifying them against certain liabilities which may be incurred by them in relation to the company.

LYCAMOBILE EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matter which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

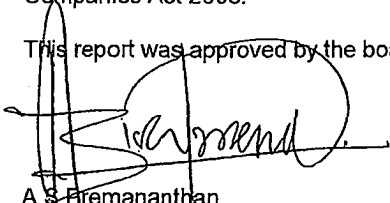
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



A S Premananthan
Director
Date: 27 September 2018



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYCAMOBILE EUROPE LIMITED

Qualified opinion

We have audited the financial statements of Lycamobile Europe Limited (the 'Company') for the year ended 31 December 2017, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the matters described in the basis for qualified opinion section of our report, 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Included within 'Debtors: due within one year' as at 31 December 2016 is an amount of £145,614,300 owed by related parties for which the previous auditor was unable to obtain sufficient appropriate audit evidence regarding the measurement, recoverability and disclosures of these related party balances using other audit procedures, which caused the previous auditor to modify their opinion. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the profit for the year ended 31 December 2017 and on the comparability of the current year's figures and the corresponding figures.

In addition, a balance of £27,512,693 was included within deferred revenue as at 31 December 2015. The previous auditor was unable to obtain sufficient appropriate evidence regarding this balance and modified their opinion due to the impact of this deferred revenue balance on the profit for the year ended 31 December 2016. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on comparability of the current year's figures and the corresponding figures.

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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements. As stated in note 2.3, in order to meet its day to day working capital requirements the company is reliant on the timing of cash receipts and payments to and from related parties, these events and conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYCAMOBILE EUROPE LIMITED
(CONTINUED)**

Who we are reporting to

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.

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.

As described in the basis for qualified opinion section above, we were unable to obtain sufficient appropriate evidence about the prior year related party debtor and the prior year opening deferred income balance.

Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYCAMOBILE EUROPE LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

Except for the matters described in the basis for qualified opinion section above, 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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the prior year related party debtor and the prior year opening deferred income balance, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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

- 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYCAMOBILE EUROPE LIMITED
(CONTINUED)

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. This description forms part of our auditor's report.

Grant Thornton UK LLP

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

27 September 2018

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LYCAMOBILE EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	179,012,527	198,215,628
Cost of sales		(144,230,443)	(167,988,182)
Gross profit		34,782,084	30,227,446
Administrative expenses		(31,593,242)	(23,149,471)
Operating profit	5	3,188,842	7,077,975
Interest payable and expenses	6	(2,430,629)	(718,830)
Profit before tax		758,213	6,359,145
Tax on profit	7	(1,326,305)	(1,677,956)
(Loss)/profit for the financial year		(568,092)	4,681,189
Other comprehensive income for the year			
Currency translation differences		1,624,388	3,137,133
Total comprehensive income for the year		1,056,296	7,818,322

All the activities of the Company are from continuing operations.

The notes on pages 15 to 31 form part of these financial statements.

LYCAMOBILE EUROPE LIMITED
REGISTERED NUMBER:09385794

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	135,057	198,420
		<u>135,057</u>	<u>198,420</u>
Current assets			
Stock	9	118,167	-
Debtors: amounts falling due within one year	10	160,376,204	152,404,198
Cash and cash equivalents	11	2,002,381	20,717
		<u>162,496,752</u>	<u>152,424,915</u>
Creditors: amounts falling due within one year	12	(151,258,114)	(142,305,936)
Net current assets		<u>11,238,638</u>	<u>10,118,979</u>
Total assets less current liabilities		<u>11,373,695</u>	<u>10,317,399</u>
Net assets		<u><u>11,373,695</u></u>	<u><u>10,317,399</u></u>
Capital and reserves			
Share capital	15	200	200
Foreign exchange reserve	16	2,198,709	574,321
Retained income	16	9,174,786	9,742,878
		<u>11,373,695</u>	<u>10,317,399</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A.S. Premnathan

Director

Date: 27 September 2018

The notes on pages 15 to 31 form part of these financial statements.

LYCAMOBILE EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Foreign exchange reserve £	Retained income £	Total equity £
At 1 January 2017	200	574,321	9,742,878	10,317,399
Comprehensive income for the year				
Loss for the year	-	-	(568,092)	(568,092)
Currency translation difference	-	1,624,388	-	1,624,388
At 31 December 2017	200	2,198,709	9,174,786	11,373,695

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Foreign exchange reserve £	Retained income £	Total equity £
At 1 January 2016	200	(2,562,812)	5,061,689	2,499,077
Comprehensive income for the year				
Profit for the year	-	-	4,681,189	4,681,189
Currency translation difference	-	3,137,133	-	3,137,133
At 31 December 2016	200	574,321	9,742,878	10,317,399

The notes on pages 15 to 31 form part of these financial statements.

LYCAMOBILE EUROPE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	(568,092)	4,681,189
Adjustments for:		
Depreciation of tangible assets	63,363	55,030
Interest paid	2,430,629	718,830
Taxation charge	1,326,305	1,677,956
Increase in stock	(118,548)	-
Increase in debtors	(6,343,206)	(54,059,405)
Increase in creditors	7,621,842	47,891,977
Net cash generated from operating activities	4,412,293	965,577
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(253,450)
Net cash from investing activities	-	(253,450)
Cash flows from financing activities		
Interest paid	(2,430,629)	(718,830)
Net cash used in financing activities	(2,430,629)	(718,830)
Net increase/(decrease) in cash and cash equivalents	1,981,664	(6,703)
Cash and cash equivalents at beginning of year	20,717	27,420
Cash and cash equivalents at the end of year	2,002,381	20,717
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,002,381	20,717
	2,002,381	20,717

The notes on pages 15 to 31 form part of these financial statements.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Lycamobile Europe Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given in the company information page and the nature of the company's operations are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents the amounts receivable for airtime services supplied by the company, net of value added tax, less trade discounts, incentives and bonuses.

Revenue recognition

The company adopts specific revenue recognition criteria prior to revenue being recognised, as follows:

Mobile service revenue

This includes national and international airtime, data and roaming services provided to the end user. Airtime is invoiced to prepay customers at the time of top-up and to wholesalers at the time of voucher activation. Mobile service revenues are recognised only when the services are consumed by the end user (usage). Revenue invoiced or received in advance of usage is deferred and released when consumed as services by the end users or when usage expires. Usage is determined as the amount of airtime used by the end customer after deducting trade discounts, commission payments, incentives, bonuses and free credits.

Deferred income

Deferred income for future usage of top-up payments is recognised as a liability on the statement of financial position. The deferred income is released to the statement of comprehensive income upon usage by the end users or on expiry of unused balances of end users and then recorded as turnover.

Mobile termination revenue (MTR)

Mobile termination revenue is recognised when the calls are terminated to Lycamobile through an interconnect partner.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.2 Turnover (continued)

Revenue for bundle arrangements with multiple components of income

For revenue bundles in which prepaid income is received in advance of usage for potentially one or more multiple revenue deliverables, the revenue is released to income according to the proportionate relative usage of the deliverables, each of which has been assigned a value.

Identifying the fair value of each element of the deliverable is performed by assessing the tariffs at which the service or deliverable is normally sold on an individual basis after the deductions of any relevant offers, discounts or promotions.

Where it is too uncertain to clearly determine the proportion of the underlying elements of the revenue bundle, past customer usage experience is to be used to estimate the proportion of the bundle elements to allow the determination of the revenue to be recognised.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors believe the company will be able to continue to operate and meet its obligations as they fall due for the foreseeable future.

The company has reported a loss for the year of £568k (2016: profit £4.68m) and as of 31 December 2017, the company had net current assets of £11.24m (2016: £10.12m). In order to meet its day to day working capital requirements it is reliant on the amount and timing of cash receipt and payments from related parties.

The company has substantial trading transactions with other related party companies and there may be significant amounts due from those parties that are repayable on demand. The company may also be called upon to fund related parties.

As a consequence of this, the operating model exposes each company to cash needs as well as operational risks of those affiliated and related companies. Within a number of those companies, there are net liabilities as well as net assets. These factors could result in potential liabilities and a drain in cash resources across the operating model and the companies which are part of it. Accordingly, the timing and amount of cash available to the company to meet its liabilities as they fall due may be affected by the uncertain future working capital needs of those parties. Specifically, Lycamobile Europe is reliant on the ongoing support from Lycatelcom LDA, which itself has a material uncertainty paragraph within its financial statements.

The directors have concluded, on the basis of cash flow forecasts together with the support provided by related party companies sourced from within the operating model. Lycamobile Europe Limited will have access to adequate working capital resources to continue in operational existence for at least 12 months from the date of signing these financial statements and for these reasons continue to adopt the going concern basis of accounting in preparing these financial statements.

However, the related party operating model referred to above indicated the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and that therefore the company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any of the adjustments that would be necessary were the going concern basis to be inappropriate.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	- 20%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.5 Subscriber acquisition costs

Subscriber acquisition costs, which include the commission costs relating to acquiring new customers and any other costs associated with acquiring customers, are recognised in the statement of comprehensive income when incurred.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

Items included within the financial statements of the company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The company's functional currency is EUR. The financial statements are presented in GBP, which is the company's presentation currency.

The results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the net assets at the closing rate and the results of overseas operations at actual rate are recognised in other comprehensive income within "currency translation differences".

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'administrative expenses'.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following key judgements:

Recoverability of amounts due from related parties

Provision for impairment of the carrying value of amounts due from related parties is made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecasts prepared by management.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 8)**
Tangible fixed assets are depreciated over their useful lives taking into accounts residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into accounts. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company and is derives from European customers outside of the United Kingdom as detailed below:

	2017 £	2016 £
Austria	6,231,361	4,636,702
Denmark	9,608,394	7,955,168
Germany	102,596,666	117,288,445
Netherlands	53,330,013	52,309,535
Portugal	-	8,859,274
Sweden	7,246,092	7,166,504
	<u>179,012,526</u>	<u>198,215,628</u>

During the prior year, the Company ceased its' operations in Portugal. However, a related party company, Lycamobile Portugal Lda is providing the same telecommunication services to the Portugal population from 01 November 2016. Lycamobile Portugal Lda is fully responsible for its operations. Lycamobile Europe Limited has transferred the unused customer balance of the Portugal business to Lycamobile Portugal Lda.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	63,363	55,030
Fees payable to the company's auditor for the audit of the company's annual financial statements	165,000	137,800
Tax compliance payable to the company's auditor	5,750	15,000
Exchange differences	<u>(5,130,016)</u>	<u>(443,919)</u>

The company had no employees other than its 2 directors during the period. The directors are not remunerated for their services to the company. Their remuneration for services provided to Lycamobile Europe Limited and other related parties is disclosed in the financial statements of Lycamobile UK Limited and Lycatel Services Limited, related companies by virtue of common control.

6. Interest payable and similar charges

	2017 £	2016 £
Interest expense	<u>2,430,629</u>	<u>718,830</u>

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	1,330,717	1,679,556
Total current tax	<u>1,330,717</u>	<u>1,679,556</u>
Deferred tax		
Origination and reversal of timing differences	(4,412)	(1,600)
Total deferred tax	<u>(4,412)</u>	<u>(1,600)</u>
Taxation on profit on ordinary activities	<u>1,326,305</u>	<u>1,677,956</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>758,213</u>	<u>6,359,145</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	145,956	1,271,829
Effects of:		
Expenses not deductible for tax purposes	1,221,414	405,845
Income not taxable for tax purposes	(41,649)	-
Adjust closing deferred tax to average rate	584	282
Total tax charge for the year	<u>1,326,305</u>	<u>1,677,956</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

LYCAMOBILE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2017	253,450
At 31 December 2017	<u>253,450</u>
Depreciation	
At 1 January 2017	55,030
Charge for the year on owned assets	63,363
At 31 December 2017	<u>118,393</u>
Net book value	
At 31 December 2017	<u><u>135,057</u></u>
At 31 December 2016	<u><u>198,420</u></u>

9. Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u><u>118,167</u></u>	<u><u>-</u></u>

LYCAMOBILE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Debtors

	2017 £	2016 £
Trade debtors	4,726,273	4,420,658
Amounts owed by related parties	154,185,585	145,614,300
Other debtors	1,421,570	1,551,908
Called up share capital not paid	200	200
Accrued income	36,564	815,532
Deferred taxation	6,012	1,600
	<u>160,376,204</u>	<u>152,404,198</u>

Included within the trade debtors balance is a provision for bad debts of £75,190 (2016: £121,154).

11. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>2,002,381</u>	<u>20,717</u>

12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,910,254	67,943
Amounts owed to related parties	32,322,346	51,021,133
Corporation tax	3,010,273	3,368,042
Other taxation and social security	83,761,052	62,567,758
Other creditors	636,915	-
Accruals and deferred income	29,617,274	25,281,060
	<u>151,258,114</u>	<u>142,305,936</u>

LYCAMOBILE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Financial instruments

	2017 £	2016 £
Financial assets		
Cash at bank and in hand	2,002,381	20,717
Financial assets that are debt instruments measured at amortised cost	160,369,992	150,850,690
	<u>162,372,373</u>	<u>150,871,407</u>
Financial liabilities		
Financial liabilities measured at amortised cost	34,232,600	52,457,602
	<u>34,232,600</u>	<u>52,457,602</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by related parties and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties and accruals.

14. Deferred taxation

	2017 £	2016 £
At beginning of year	1,600	-
Credited to profit or loss	4,412	1,600
At end of year	<u>6,012</u>	<u>1,600</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	<u>6,012</u>	<u>1,600</u>

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

16. Reserves

Foreign exchange reserve

The foreign exchange reserve has arisen as a result of the translation of items from the functional currency to the presentation currency.

Retained income

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Related party transactions

The company's individual shareholders have similar interests in a range of related companies. As these companies are under common control, transactions between Lycamobile Europe Limited and these companies are related party transactions. All transactions were held at arms length and are set out below:

Lycamobile Ireland Limited, Lycamobile Services Limited, Lycamobile Ireland Distributions Limited, Hastings Denmark AP'S, Deplane B (formally Locate B) and Lycatelcom Lda, Hastings Telecommunications and Services GmbH, are wholly owned subsidiaries of WWW Holding Company Limited in which Mr A Subadkaran owns 97.8% of the issued share capital. Gnanam Telecom Centres AB is a wholly owned subsidiary of Gnanam Distribution Holding Limited, which is a subsidiary of WWW Holding Company Limited.

Mr A Subashkaran owns 98% of the issued share capital of Lycamobile Limited (which owns 100% of Lycamobile Sweden Limited). Lycamobile Sweden AB is a wholly owned subsidiary of Lycamobile Sweden Limited.

Also, A Subashkaran owns 98% of the issued share capital of Lycamobile Distribution Limited, Lycamobile Denmark Limited, Lycamobile Germany GmbH, Lycamobile Netherlands Limited; Lycamobile Portugal Lda, Lycamobile Pty Limited, Lycamobile Distribution Austria Limited, Lycamobile Denmark APS, Lycamobile Sweden Limited, Lycamobile Austria Limited, One Stop Sim Lda, Lycamobile Germany GmbH and Lycamobile BV.

As part of its year-end procedures, the company performed an assessment of the recoverability of the amounts due from its related parties. A related party receivable is assessed at the statement of financial position date to determine whether there is objective evidence that is impaired. Related party receivable assets are impaired if there is objective evidence that indicates a loss event has occurred after the initial recognition of the assets. No impairment has been recognised in the current year (2016: £Nil).

Lycamobile Europe Ltd purchases international airtime minutes from Lycatelcom, LDA. Lycatelcom LDA contracts with carriers to support MVNOs. Carrier contracts are centrally consolidated and managed by Lycatelcom, LDA. It also allocates airtime to MVNOs as required. The function undertaken by Lycatelcom, LDA allows for MVNOs to collectively obtain bulk access to third party network services at wholesale rates. As Wholesale rates can be passed on to the final customers. Lycamobile Europe limited able to offer cheap international airtime/data. Lycatelcom, LDA has the knowledge and experience to procure, evaluate and assess carrier contracts and their associated risks, thereby offering the best selection of carriers to the MVNOs.

The transactions entered, and trading balances outstanding at 31 December 2017, are summarised overleaf.

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Related party transactions (continued)

Company Name	Opening Balance £	Sales to related parties in the year £	Purchases from related parties in the year £	Cash loaned/ (borrowed) in the year £	Foreign Currency Revaluation Dec'17 £	Amounts due from/(owed to) related parties £
Lycamobile UK Ltd.	(8,816)	-	(119,441)	(76,154)	21,119	(183,291)
Lycatel Services Ltd.	(2,017,612)	77,162	(111,966)	2,077,164	(182)	24,566
Lyca Chat UK Ltd.	(100,914)	-	-	98,128	1,376	(1,410)
Lycamobile Distribution Ltd.	(3,685,487)	1,239,861	256,574	(1,227,523)	(13,776)	(3,430,351)
Lycamobile Ltd.	(3,839,547)	-	3,083,761	553,199	56,824	(145,763)
Lycatel Ireland Distribution Ltd.	38,088	-	-	(34,821)	(3,268)	-
Lycatel Ireland Ltd.	(193,613)	193,613	-	-	-	-
Lycamobile Switzerland Ltd.	(1,707)	-	-	1,493	(61)	(274)
Lycamobile Austria Ltd.	(5,516,469)	847,330	(3,939,203)	4,517,087	(117,968)	(4,209,224)
Lycamobile Netherlands Ltd.	(11,180,832)	8,980,423	(21,184,433)	21,524,918	119,809	(1,740,114)
Lycamobile Sweden Ltd	(1,977,349)	772,184	(2,397,384)	2,799,622	(4,424)	(807,351)
Lycamobile Sweden AB	1,685,909	29,770	(3,631,393)	347,789	(8,068)	(1,575,992)
Lycamobile Denmark Ltd.	(1,623,735)	562,221	(3,802,750)	1,483,612	58,385	(3,322,267)
Lycamobile Sweden Ltd IRE	2,392,892	23,621	(18,307)	(1,972,447)	6,834	432,592
Lycamobile Distribution Austria Ltd.	801,856	11,712	42,678	(944,480)	29,147	(59,087)
Hastings Denmark APS	(2,088,645)	-	(1,133,877)	747,474	(18,758)	(2,493,806)
Lycamobile Denmark APS	6,659,733	826,151	138,731	(6,134,041)	(324,720)	1,165,854
Lycamobile Pty Ltd.	(109,784)	-	-	112,512	223	2,952
Hastings Telecommunications and Services GmbH	(2,195,802)	-	(1,342,481)	1,045,187	(27,742)	(2,520,837)
Lycamobile GMBH	133,041	-	(139,427)	116,492	6,265	116,370
Gnanam Telecom Centres SPRL	-	-	-	(220)	220	-
Lyca Chat Ltd	-	-	-	209	1	210
Lycatel Germany GMBH	(7,639,070)	-	(3,497,243)	2,077,431	(146,320)	(9,205,202)
Lycamobile Germany GmbH	(900,139)	3,682,780	(381,140)	(1,639,759)	91,680	853,422

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Related party transactions (continued)

Company Name	Opening Balance £	Sales to related parties in the year £	Purchases from related parties in the year £	Cash loaned/ (borrowed) in the year £	Foreign Currency Revaluation Dec'17 £	Amounts due from/ (owed to) related parties £
Lycamobile BV*	2,468,946	17,724	228,632	(2,576,452)	(339,355)	(200,174)
Kerplannen B.V	(6,134,604)	-	(2,762,344)	8,177,366	(131,421)	(851,003)
One Stop Sim Lda.	(5,085)	11,645	1,043	(6,853)	(750)	-
Lycatelcom	131,141,168	-	(75,181,516)	87,728,930	7,836,744	151,525,325
Lycamobile Portugal Lda	(1,208,252)	144,271	-	(21,716)	(8,356)	(1,094,053)
Lycamobile SL Spain	(255,980)	-	-	260,200	(4,221)	-
Gnanam Telecom Centres AB	(337,688)	-	(166,442)	1,184	(3,772)	(506,718)
Lycamobile SARL	207,343	-	-	(213,989)	6,645	-
Lycamobile LLC Skopje	85,327	-	-	-	3,533	88,859

LYCAMOBILE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Related party transactions (continued)

The transactions entered, and trading balances outstanding at 31 December 2016, are summarised below.

	Opening Balance £	Sales to related parties in the year £	Purchases from related parties in the year £	Receipts/ (payments) in the year £	Foreign Currency Revaluation £	Amounts due from/(owed to) related parties £
Lycamobile UK Ltd.	(914,689)	-	(273,428)	1,198,390	(19,088)	(8,816)
Lycatel Services Ltd.	(1,535,266)	1,918	(482,033)	(2,394)	163	(2,017,612)
Lyca Chat UK Ltd.	-	-	-	(99,535)	(1,379)	(100,914)
Lycamobile Distribution Ltd.	33,524,991	-	(1,960,849)	(42,185,138)	6,935,510	(3,685,487)
Lycamobile Ltd.	1,165,365	-	(6,478,076)	(1,971,436)	3,444,600	(3,839,547)
Lycatel Ireland Ltd.	(166,968)	-	(26,645)	-	-	(193,613)
Lycamobile Switzerland Ltd.	-	-	-	(1,692)	(15)	(1,707)
Lycamobile Austria Ltd.	(208,011)	-	(5,075,313)	(243,225)	10,080	(5,516,469)
Lycamobile Netherlands Ltd.	(10,549,633)	-	(5,373,430)	(5,707,034)	(964,803)	(11,180,832)
Lycamobile Sweden AB	2,823,549	391,153	(1,885,565)	(150,217)	506,988	1,685,909
Lycamobile Denmark Ltd.	906,986	8,027	(2,360,695)	(484,561)	306,508	(1,623,735)
Lycamobile Sweden Ltd IRE	2,160,805	25,865	(5,027)	-	211,245	2,392,888
Lycamobile Denmark APS	2,672,894	1,822,822	(1,945,451)	3,532,101	577,368	6,659,733
Lycamobile Pty Ltd.	(93,069)	-	-	-	(16,715)	(109,784)
Hastings Telecommunications and Services GmbH	(757,212)	-	(1,405,265)	-	(33,325)	(2,195,802)
Lycamobile Germany GmbH	24,686,891	11,146,326	(10,436,433)	33,333,815	7,036,890	(900,139)

LYCAMOBILE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Related party transactions (continued)

	Opening Balance £	Sales to related parties in the year £	Purchases from related parties in the year £	Receipts/ (payments) in the year £	Transfer of Trade amount	Foreign Currency Revaluation £	Amounts due from/(owed to) related parties £
Lycamobile BV*	2,349,433	3,242,575	(3,481,973)	-	-	358,911	2,468,947
Kerkplannen B.V	(2,905,964)	-	(3,508,379)	126,193	-	153,546	(6,134,604)
One Stop Sim Lda.	361	-	(6,043)	-	-	597	(5,085)
Lycatelcom	(7,149,689)	-	(90,244,224)	229,990,279	-	(1,455,199)	131,141,168
Lycamobile Portugal Lda	13,453,938	1,096,336	(1,099,132)	(16,025,665)	(1,208,247)	2,574,521	(1,208,249)
Lycamobile Distributions Austria Ltd.*	654,398	-	(97,651)	83,687	-	161,422	801,856
Lycatel Ireland Distribution Ltd.	32,895	-	-	-	-	5,193	38,088
Hastings Denmark APS	(820,357)	-	(1,276,744)	116,209	-	(107,753)	(2,088,645)
Lycamobile GmbH	170,923	-	(92,761)	31,289	-	23,589	133,041
Lycatel Germany GmbH	(2,468,924)	-	(5,194,967)	-	-	24,820	(7,639,070)
Lycamobile Sweden Ltd	(1,036,541)	-	(940,808)	-	-	-	(1,977,349)
Lycamobile SL Spain	-	-	-	(255,580)	-	(399)	(255,980)
Gnanam Telecom Centres AB	(139,448)	-	(192,486)	3,870	-	(9,625)	(337,688)
Lycamobile SARL	-	-	-	218,604	-	(11,260)	207,343
Lycamobile LLC Skopje	-	-	-	75,994	-	9,333	85,327

* During the prior financial year, £1,400,000 and £200,000 provision for doubtful debt has been reversed in entities Lycamobile BV and Lycamobile Distribution Austria Limited. This has been reflected in the opening balance 01 January 2016.

18. Controlling party

In the opinion of the directors, the ultimate controlling party is Mr A Subaskaran by virtue of his majority shareholding.