

**TESCO MOBILE COMMUNICATIONS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018**

**Registered Number: 04780729**



## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **DIRECTOR'S REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018**

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The Directors present their Annual Report and the financial statements of Tesco Mobile Communications Limited ("the Company") for the 52 weeks ended 24 February 2018 (the prior financial period being the 52 weeks ended 25 February 2017 ("2017")).

#### **Business review and principal activities**

The principal activity of the Company is to act as an investment company. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group ("Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 22 to 25 of the Tesco PLC Annual Report and Financial Statements 2018, which do not form a part of this Report.

#### **Results and dividends**

The results for the 52 weeks ended 24 February 2018 show a loss before tax of £6,000 (2017: loss of £7,000) and loss after tax of £6,000 (2017: loss of £7,000).

The Company has net assets at the period end of £1,053,000 (2017: net assets of £1,059,000) and has net current assets of £2,000 (2017: net current assets of £8,000).

The Directors do not recommend the payment of a dividend for the 52 weeks ended 24 February 2018 (2017: £nil).

#### **Future developments**

The Company's future developments form a part of the Group's long-term strategies, which are discussed on pages 8 to 9 of the Tesco PLC Annual Report and Financial Statements 2018, which do not form a part of this Report. The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the operations of the Group, which includes the Company, is discussed on pages 1 to 25 of the Tesco PLC Annual Report and Financial Statements 2018, which do not form a part of this Report.

#### **Going concern**

It is the current intention of the Company's ultimate parent undertaking, Tesco PLC, to continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

In this regard, Tesco PLC has provided a letter of support confirming that they will provide financial support to the Company to the extent of £15,000.

#### **Political donations**

There were no political donations for the period (2017: £nil) and the Company did not incur any political expenditure (2017: £nil).

#### **Research and development**

The Company does not undertake any research and development activities (2017: none).

## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **DIRECTOR'S REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)**

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#### **Employees**

The Company had no employees during the period (2017: none).

#### **Strategic Report**

*The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a Strategic Report.*

#### **Directors**

The following Directors served during the period and up to the date of signing these financial statements:

B Marsh

R Welch

L Heywood

Tesco Services Limited

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the Tesco PLC Company Secretary (who is also a Director of Tesco Services Limited which is appointed to the Board of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors and Officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements

## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **DIRECTOR'S REPORT FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)**

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#### **Statement of Directors' responsibilities in respect of the financial statements**

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 period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".*

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 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; and
- 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 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.*

On behalf of the Board on 22 August 2018

*Robert Welch*

**R Welch  
Director**

Tesco Mobile Communications Limited

Registered number: 04780729

Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

**TESCO MOBILE COMMUNICATIONS LIMITED****STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018**

	Notes	52 weeks ended 24 February 2018	52 weeks ended 25 February 2017
		£'000	£'000
Administrative expenses*		-	-
<b>Operating loss*</b>		-	-
Interest payable and similar costs	4	(6)	(7)
<b>Loss before taxation</b>		(6)	(7)
Tax (charge)/credit	5	-	-
<b>Loss for the financial period</b>		(6)	(7)
Other comprehensive income		-	-
<b>Total comprehensive loss for the financial period</b>		(6)	(7)

\* Administrative expenses for the 52 weeks period ended 24 February 2018 amount to £282.00.

There are no material differences between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

All operations are continuing for the financial period.

The notes on pages 7 to 12 form an integral part of these financial statements.

**TESCO MOBILE COMMUNICATIONS LIMITED**  
**BALANCE SHEET AS AT 24 FEBRUARY 2018**

	Notes	24 February 2018 £'000	25 February 2017 £'000
<b>Fixed assets</b>			
Investments	6	1,051	1,051
		<b>1,051</b>	<b>1,051</b>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	7	1,780	1,780
		<b>1,780</b>	<b>1,780</b>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	8	(1,778)	(1,772)
<b>Net current assets</b>		<b>2</b>	<b>8</b>
<b>Net assets</b>		<b>1,053</b>	<b>1,059</b>
<b>Capital and reserves</b>			
Called up share capital	9	1,081	1,081
Profit and loss account		(28)	(22)
<b>Total shareholders' funds</b>		<b>1,053</b>	<b>1,059</b>

The notes on pages 7 to 12 form an integral part of these financial statements.

For the period ending 24 February 2018, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities:**

Each Director who is the Director of a Company at the date of approval of these financial statement confirms:

- the members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 4 to 12 were approved by the Board of Directors on 22 August 2018 and signed on its behalf by:

*Robert Welch*

**R Welch**

**Director**

Tesco Mobile Communications Limited

Registered number: 04780729

Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

**TESCO MOBILE COMMUNICATIONS LIMITED****STATEMENT OF CHANGES IN EQUITY AS AT 24 FEBRUARY 2018**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 27 February 2016</b>	<b>1,081</b>	<b>(15)</b>	<b>1,066</b>
Loss for the financial period	-	(7)	(7)
<b>Total comprehensive loss for the financial period</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>
<b>At 25 February 2017</b>	<b>1,081</b>	<b>(22)</b>	<b>1,059</b>
Loss for the financial period	-	(6)	(6)
<b>Total comprehensive loss for the financial period</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>
<b>At 24 February 2018</b>	<b>1,081</b>	<b>(28)</b>	<b>1,053</b>

The notes on pages 7 to 12 form an integral part of these financial statements.

## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018**

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#### **1. Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of Tesco Mobile Communications Limited (the "Company") for the 52 week period ended 24 February 2018 were approved by the Board of Directors on 22 August 2018 and the Balance Sheet was signed on the Board's behalf by R Welch. Tesco Mobile Communications Limited is a private company limited by shares and incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and the Companies Act 2006.

The Company's financial statements are presented in Pound Sterling, except when otherwise indicated and all values are rounded to the nearest thousands (£'000), except when otherwise indicated.

The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary of Tesco PLC.

The Company's results are included in the consolidated financial statements of Tesco PLC, which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

#### **2. Accounting policies**

##### **a) General information**

The Company is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 1.

##### **b) Basis of preparation**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101. Note 11 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.



## **TESCO MOBILE COMMUNICATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)**

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#### **2. Accounting policies (continued)**

##### **c) Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from date of signing. In this regard, a letter of support has been received from Tesco PLC confirming their intention to provide financial support to the Company to the extent of £15,000. Thus they continue to adopt the going concern basis in preparing the financial statements.

##### **d) Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgments, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

##### **e) Significant accounting policies**

###### **Investments**

Investments in subsidiaries and joint ventures are held at historical cost less any applicable provision for impairment reviewed annually.

###### **Income taxes**

Current tax, including United Kingdom (UK) corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. The tax currently payable is based on taxable profit for the period. 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 periods and it further excludes items that are never taxable or deductible.

###### **Current tax and deferred tax for the period**

Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

###### **Group relief on taxation**

The Company may receive or surrender group relief from Group companies without payment and consequently there may be no tax charge in the Statement of Comprehensive Income.

###### **Creditors**

Creditors (including intercompany balances) are both interest and non-interest bearing recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Interest payable on loans is recognised through the Statement of Comprehensive Income.

###### **Debtors**

Debtors (including intercompany balances) are non-interest bearing recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

#### **3. Operating loss**

The Company had no employees during the period (2017: none).

The Directors received no emoluments for their services to the Company (2017: £nil)

The auditor's remuneration for the current period was £nil (2017: £nil).

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****4. Interest payable and similar costs**

	<b>52 weeks ended 24 February 2018 £'000</b>	<b>52 weeks ended 25 February 2017 £'000</b>
Interest payable on loans from joint ventures	6	6
Interest on overdraft	-	1
<b>Total interest payable and similar costs</b>	<b>6</b>	<b>7</b>

**5. Taxation****(a) Factors that have affected the tax charge/(credit)**

The standard rate of corporation tax in the UK was 20% from 1 April 2015, and was changed from 20% to 19% from 1 April 2017.

This gives an overall blended corporation tax rate for the Company for the full period of 19.09%.

**(b) Tax charge/(credit) in the Statement of Comprehensive Income**

	<b>52 weeks ended 24 February 2018 £'000</b>	<b>52 weeks ended 25 February 2017 £'000</b>
<b>Current income tax:</b>		
UK corporation tax on loss for the financial period	-	-
<b>Total income tax</b>	<b>-</b>	<b>-</b>
<b>Tax charge/(credit) on loss</b>	<b>-</b>	<b>-</b>

**(c) Reconciliation of the tax charge/(credit)**

The differences between the total charge/(credit) shown above and the amount calculated by applying the blended rate of UK corporation tax to loss is as follows:

	<b>52 weeks ended 24 February 2018 £'000</b>	<b>52 weeks ended 25 February 2017 £'000</b>
Loss before tax	(6)	(7)
Tax on loss at blended corporation tax rate of 19.09% (2017: 20%)	(1)	(1)
<i>Effects of:</i>		
Group relief surrendered without payment	1	1
<b>Total tax charge/(credit) for the financial period</b>	<b>-</b>	<b>-</b>

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****(d) Tax rate changes**

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were enacted by the Balance Sheet date and therefore included in these financial statements.

**6. Investments**

	<b>24 February 2018</b>	<b>25 February 2017</b>
	<b>£'000</b>	<b>£'000</b>
Investment in joint venture	<b>1,050</b>	1,050
<b>Total investment at cost</b>	<b>1,050</b>	<b>1,050</b>

  

	<b>24 February 2018</b>	<b>25 February 2017</b>
	<b>£</b>	<b>£</b>
Investment in subsidiary	<b>1</b>	1
<b>Total investment at cost</b>	<b>1</b>	<b>1</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets and their expected future cash flows.

**a. Investment in subsidiary**

The Company has a 100% investment in Tesco Mobile Services Limited amounting to £1.

**b. Investment in joint venture**

The Company has a direct shareholding of 5% in Tesco Mobile Limited and an indirect holding of 50% through another group company, Tesco Mobile Services Limited, which has a 45% direct shareholding in Tesco Mobile Limited. Therefore, and due to the shareholding agreement with the remaining shareholder of Tesco Mobile Limited the investment in Tesco Mobile Limited is classified as a joint venture.

**c. Details of related undertakings**

In accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, information on the Company's related undertakings are set out below. Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital at 24 February 2018 and 25 February 2017, are also set out below:

<b>Name of the company</b>	<b>Registered Address</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights and shares held</b>	<b>Direct or indirect holding</b>	<b>Nature of business</b>	<b>Share class</b>
<b>Subsidiary undertaking:</b>						
Tesco Mobile Services Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.	England and Wales	100%	Direct	Holding company	£1.00 Ordinary Shares

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****6. Investments (continued)**

Name of the company	Registered Address	Country of incorporation	Proportion of voting rights and shares held	Direct or indirect holding	Nature of business	Share class
<b>Significant holdings:</b>						
Tesco Mobile Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.	England and Wales	45%	Indirect	Telecoms	£0.10 A Ordinary Shares
Tesco Mobile Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.	England and Wales	5%	Direct	Telecoms	£0.90 B Ordinary Shares

**7. Debtors: Amounts falling due within one year**

	24 February 2018 £'000	25 February 2017 £'000
Amounts owed by group undertakings	1,780	1,780
<b>Total amounts falling due within one year</b>	<b>1,780</b>	<b>1,780</b>

Amounts owed by group undertakings are amounts that are unsecured, have no fixed date of repayment and are repayable on demand.

**8. Creditors: Amounts falling due within one year**

	24 February 2018 £'000	25 February 2017 £'000
Bank loans and overdrafts	59	53
Amounts owed to group undertakings	1,119	1,119
Amounts owed to joint venture	600	600
<b>Total amounts falling due within one year</b>	<b>1,081</b>	<b>1,081</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Term loan from joint venture is payable on demand and has the following terms:

Payable	Currency	Interest terms	24 February 2018 £'000	25 February 2017 £'000
On demand	GBP	Libor plus 0.5% (2017: Libor plus 0.5%)	600	600

**TESCO MOBILE COMMUNICATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 24 FEBRUARY 2018 (continued)****9. Called up share capital**

	<b>24 February 2018</b>	<b>25 February 2017</b>
	<b>£'000</b>	<b>£'000</b>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<b>1,081</b>	1,081
<b>Total</b>	<b>1,081</b>	1,081

**10. Related party transactions**

There were no transactions between the Company and related parties other than the loans to and from joint ventures and group undertakings. Refer to Note 7 and Note 8 for further details.

**11. Ultimate group undertaking**

The Company's immediate and ultimate parent undertaking is Tesco PLC which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.