

ID Communications Limited

Company Number 09214654

Report and Financial Statements

For the year ended 31 December 2018

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COMPANIES HOUSE

ID Communications Limited

Registered Number 09214654

Directors Frank Sixt
Edith Shih
Christian Salbaing
Jonathan Miller

Company Secretary Edith Shih

Independent Auditors PricewaterhouseCoopers LLP
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ID Communications Limited

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ID Communications Limited

Strategic Report for the year ended 31 December 2018

The directors present their Strategic Report on ID Communications Limited (the "Company") for the year ended 31 December 2018.

a) Business review

The Company is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), a limited liability Cayman Islands company registered and listed in Hong Kong.

Net assets of the Company were £1.932 million at 31 December 2018 (2017: £0.995 million).

The Company is engaged in the provision of mobile communication services to end users in the United Kingdom. The Company provides these services as a mobile virtual network operator (MVNO) where it acts as the principal for mobile communication services and Dixons Carphone PLC as its agent.

The Company runs on the network of Hutchison 3G UK Limited and has continued to grow its active customer base which stands at 0.83 million at 31 December 2018 (2017: 0.76 million). Whilst reported turnover appears to be lower than prior year, this is as a result of changes in accounting standards (see Note 13), the gross turnover including devices has increased (30% increase over prior year). This underlying growth during the year was mainly driven by new propositions which simplified the existing offers available to customers thereby providing better value, primarily through better data bundles. These offerings had broader appeal to a wider customer range leading to the customer base growth of 70 thousand customers over prior year. Free roaming in 50 destinations (2017: 50) with access to 4G technology where available has complemented growth provided by the new propositions.

During the year, the Company also built on its successful Voice over LTE (VoLTE) expanding to a much broader range of devices which is giving customers enhanced indoor coverage, enabling them to make calls in areas and buildings where there have previously been network experience issues. Similar to VoLTE, Wifi Calling is now available on a more extensive range of devices. The Company intends to build on the success achieved during the year by continuing to offer clear and transparent value propositions and focusing on customer experience.

b) Key performance indicators

The key financial performance indicator for internal performance analysis is its earnings before interest and tax (EBIT), which for the current and prior financial years are as shown in the table below:

	2018 £000	2017 £000
Earnings before Interest and Tax	1,157	786

c) Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties faced by the Company. The key risks and uncertainties affecting the Company are considered to relate to competition from other mobile service providers, customer take-up, churn, technological advances and regulation. The Company's key risks and the activities in place to manage them are monitored on a regular basis.

ID Communications Limited

Strategic Report for the year ended 31 December 2018 (continued)

c) Principal risks and uncertainties (continued)

Financial risk management

The Company's major non-derivative financial instruments include cash that arises directly from its operations.

The Company's treasury function sets financial risk management policies in accordance with the CKHH Group's policies and procedures as approved by its directors. The Company's treasury policies are designed to minimise the Company's financial risk.

(a) Credit risk

Financial instruments which potentially subject the Company to concentration of credit risk with a specific counterparty consist principally of cash. Management believes the concentration of credit risk associated with the Company's cash and liquid resources is mitigated by the fact that these amounts are placed in what management believe to be high quality financial institutions.

The Company is exposed to its customers defaulting on the payment of their debts. The Company mitigates this risk by performing credit assessments on all of its contract customers prior to customer acceptance. No credit is given to prepaid customers. Concentration of credit risk with respect to trade debtors is considered limited given that the Company's customer base is large and unrelated.

(b) Liquidity risk

The Company is generating sufficient cash flows to meet its debts as and when they become due.

d) Outlook

The directors do not expect any change in the Company's activities in the foreseeable future.

On behalf of the Board



Jonathan Miller
Director
25 June 2019

ID Communications Limited

Directors' Report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the Company with registered number 09214654 for the year ended 31 December 2018.

The Company was incorporated on 11 September 2014 and is domiciled in the United Kingdom.

Directors

The directors who held office during the year and up to the date of signing of the financial statements are as follows:

Frank Sixt
Edith Shih
Christian Salbaing
Jonathan Miller

Directors' indemnities

The Company has granted third party indemnities to the above directors, capped at an individual limit of US\$20 million for any one claim and in the annual aggregate inclusive of costs and expenses, in relation to certain losses and liabilities which they may incur in the course of acting as directors of the Company or of one or more of its subsidiaries.

The indemnities are categorised as qualifying third-party indemnities for the purposes of the Companies Act 2006 and will continue in force for the benefit of directors and officers for as long as they remain in their positions. The third-party indemnity was in force during the financial year and also at the date of approval of the financial statements.

Dividend

The directors do not recommend the payment of a dividend for the year (2017: Nil).

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 regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ID Communications Limited

Directors' Report for the year ended 31 December 2018 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed and are deemed to be reappointed as independent auditors unless otherwise resolved by the directors or shareholders.

Financial Risk Management

Please refer to the Principal risks and uncertainties section of the Strategic Report for the Company's financial risk management policies.

On behalf of the Board



Jonathan Miller
Director
25 June 2019

ID Communications Limited

Independent auditors' report to the member of ID Communications Limited

Report on the audit of the financial statements

Opinion

In our opinion, ID Communications Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

ID Communications Limited

Independent auditors' report to the member of ID Communications Limited (Continued)

Report on the audit of the financial statements (Continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

ID Communications Limited

Independent auditors' report to the member of ID Communications Limited (Continued)

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

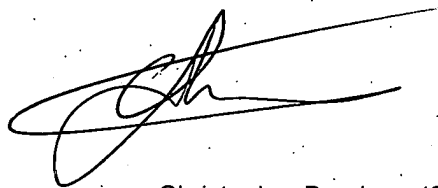
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

25 June 2019

ID Communications Limited

Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	57,123	83,694
Operating costs	5	(55,966)	(82,908)
Profit before taxation		1,157	786
Tax on profit	7	(220)	(151)
Profit for the financial year		937	635
Other comprehensive income		–	–
Total comprehensive income		937	635

All the results relate to activities which are continuing.

The notes on pages 13 to 21 form an integral part of these financial statements.

ID Communications Limited

Registered number 09214654

Statement of Financial Position as at 31 December 2018

	Note	2018 £000	2017 £000
Current assets			
Debtors	8	26,542	17,672
Cash at bank and in hand		<u>2,961</u>	<u>2,364</u>
		29,503	20,036
Current liabilities			
Creditors – amounts falling due within one year	9	<u>(27,571)</u>	<u>(19,041)</u>
Net current assets		<u>1,932</u>	<u>995</u>
Total assets less current liabilities		<u>1,932</u>	<u>995</u>
Net assets		<u>1,932</u>	<u>995</u>
Capital and reserves			
Called up share capital	10	–	–
Retained earnings		<u>1,932</u>	<u>995</u>
Total shareholders' funds		<u>1,932</u>	<u>995</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

The financial statements on pages 10 to 21 were approved by the Board of Directors on 20 June 2019 and were signed on its behalf by:



Jonathan Miller
Director

25 June 2019

ID Communications Limited

Statement of Changes in Equity for the year ended 31 December 2018

	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
At 1 January 2017	–	360	360
Profit for the financial year	–	635	635
Other comprehensive income	–	–	–
At 31 December 2017	–	995	995
Profit for the financial year	–	937	937
Other comprehensive income	–	–	–
At 31 December 2018	–	1,932	1,932

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

1 General information

ID Communications Limited is a private limited company incorporated and domiciled in the UK having its registered office at Star House, 20 Grenfell Road, Maidenhead, Berkshire, SL6 1EH.

The Company is engaged in the provision of mobile communication services to end users in the UK.

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

The principal accounting policies applied in the preparation of these financial statements are set out in note 2. These policies have been consistently applied for the year presented, unless otherwise stated.

2 Accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 under the historical cost convention. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purpose of FRS 101 and note 12 gives details of the Company's ultimate parent company and where its consolidated financial statements may be obtained from.

During the year, the Company has adopted and applied the following new accounting standards for the first time for the annual period commencing 1 January 2018:

- IFRS 15, 'Revenue from contracts with customers'
- IFRS 9, 'Financial Instruments'

IFRS 15, 'Revenue from contracts with customers' is the new revenue accounting standard that is effective for periods beginning 1 January 2018. This is the converged standard on revenue recognition and replaces IAS 11 'Construction contracts', IAS 18 - 'Revenue' and related interpretations. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

The company has used a modified retrospective approach for initial adoption, as permitted by the relevant standards. The impact of adoption of these new standards is disclosed in note 13.

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

2 Accounting policies (continued)

(a) Basis of preparation (continued)

The disclosure exemptions adopted by the Company in accordance with FRS 101 are the requirements of:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The second sentence of Paragraph 110, Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers;
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as the Company has positive net assets and is expected to be profitable in the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

2 Accounting policies (continued)

(b) Turnover

Turnover represents amounts earned for services rendered, net of value-added tax and discounts. Turnover from mobile communication services comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging and the provision of other mobile telecommunications services, including data services and information provision. Turnover is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as turnover over the related access period. Unbilled turnover resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred and included in contract liabilities. Turnover from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

(c) Debtors

Debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less any provision for impairment. Provisions are maintained in respect of bad and doubtful debts for estimated losses resulting from customers not making the required payments that are not recovered by the company. Estimates are an unbiased view of lifetime expected credit losses based on internal historical information of customer behaviour.

(d) Contract liabilities

Contract liabilities primarily relate to the Company's unfulfilled performance obligations for which consideration has been received at the reporting date. The contract liability is recognised in revenue in the period when the performance obligations are fulfilled.

(e) Taxation

The tax expense for the period comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax liabilities are recognised when it is considered that there will be future outflow of funds to a taxing authority.

Tax provisions are based on management's best estimate of the likelihood of settlement. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks.

(f) Cash at bank and in hand

Cash and cash equivalents includes cash in hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

3 Critical accounting estimates and judgements

The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Company bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions, estimates and judgements, as well as the accounting policies and methods used in the preparation of the financial statements.

3.1 Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

3.2 Critical judgements in applying the entity's accounting policies

(a) Principal vs agent consideration

When the Company sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Company sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its Mobile Virtual Network Operator (MVNO) partner; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets and liabilities.

The Company has assessed that the performance obligations pertaining to mobile devices do not lie with the Company whilst those for delivery for mobile communication services do, thereby making the Company principal for services and agent for devices.

4 Turnover

The Company's activities consist solely of the provision of 3G and 4G communication services in the United Kingdom, facilitating roaming arrangements for its customers when travelling overseas, and for overseas based customers of reciprocal networks when roaming in the United Kingdom. In the view of the directors these activities constitute one segment.

5 Operating costs

The operating costs include:

	2018 £000	2017 £000
Network services costs	27,723	20,361
Other customer acquisition and retention costs	23,801	48,116
Other operating costs	4,442	14,431
	<u>55,966</u>	<u>82,908</u>

Auditors' remuneration in relation to audit services of £56,000 (2017: £54,751) was borne by a fellow subsidiary.

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

6 Directors and employees

The emoluments of directors are not paid to them in their capacity as directors of the Company and are payable by other group companies for services wholly attributable to other group companies. Accordingly, no charge has been included in the profit and loss account of the Company.

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

7 Tax on profit

	2018 £000	2017 £000
Current tax		
In respect of current year	(220)	(151)
Deferred tax		
In respect of current year	–	–
Total tax on profit before taxation	(220)	(151)

The tax charge for the period is the same as the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). No difference arose this year as explained below:

	2018 £000	2017 £000
Profit before taxation	1,157	786
Tax on profit at the standard UK corporation tax rate at 19.00% (2017: 19.25%)	(220)	(151)
Total tax on profit before taxation	(220)	(151)

The Company's corporation tax rate for the year ended period ended 31 December 2018 is 19.00% (2017: 19.25%). The Finance (No.2) Act 2015 provided that the main rate of corporation tax as of 1 April 2017 will be 19% and per Finance Bill 2016 as of 1 April 2020 will be 17%.

The Company has no deferred tax assets as at 31 December 2018 (2017: Nil).

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

8 Debtors

	2018 £000	2017 £000
Trade debtors	25,749	13,735
Other tax receivable	793	3,937
	<u>26,542</u>	<u>17,672</u>

9 Creditors – amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	18,883	13,490
Contract liabilities	4,270	–
Amounts owed to group undertakings - trading balances	4,307	2,201
Accruals and deferred income	-	3,222
Corporation tax payable	111	128
	<u>27,571</u>	<u>19,041</u>

Trading balances due to group undertakings are unsecured, non-interest bearing and repayable on demand.

During the year, the Company has recognised £3.2 million as revenue in relation to contract liabilities that existed at 1 January 2018.

10 Called up share capital

	2018 £	2017 £
Allotted and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

On 11 September 2014, one ordinary share was issued for £1.

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

11 Related party transactions

As the Company is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), it has taken advantage of the exemption provided in FRS 101 'Related Party Disclosures' not to disclose details of transactions with CKHH Group companies. The Company is included in the consolidation of CKHH and the consolidated financial statements are publicly available.

There are no transactions between the Company and any related parties that are not wholly owned by the CKHH Group.

12 Ultimate controlling party

Hutchison 3G UK Limited, whose principal activity is the provision of mobile communications, entertainment and information services in the UK, is the immediate controlling party of the Company and owns 100% of the shares and voting rights.

CKHH, a limited liability Cayman Islands company registered and listed in Hong Kong, is the largest and smallest group to consolidate the financial statements of the Company, and is the Company's ultimate controlling party and owns, through Hutchison 3G UK Limited, 100% of the share capital and voting rights of the Company.

Copies of the group financial statements of CKHH may be obtained from the Company Secretary at 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or www.ckh.com.hk.

13 Impact of new standards, amendments and interpretations

During the year, the Company has adopted and applied the following new accounting standards for the first time for the annual period commencing 1 January 2018:

- IFRS 15, 'Revenue from contracts with customers'
- IFRS 9, 'Financial Instruments'

The company has used a modified retrospective approach for initial adoption, as permitted by the relevant standards. The impact of adoption of these new standards is as below:

IFRS 15

IFRS 15, 'Revenue from contracts with customers' is the new revenue accounting standard that is effective for periods beginning 1 January 2018. This is the converged standard on revenue recognition and replaces IAS 11 'Construction contracts', IAS 18 - 'Revenue' and related interpretations. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

A. Principal and agent

For adoption of IFRS 15, the Company has reassessed its assessment of its activities as principal and agent. Consequently, it has been concluded that performance obligations in respect of mobile devices do not rest with the Company while those for provision of services do. Therefore, turnover pertaining to services is reported on a gross basis while only margin is reported for devices. As a result of this change, turnover and operating costs have both been reduced by £51.7 million. Had there been no change, turnover and operating costs would have been higher by the same amount.

B. Reclassification of deferred revenue

IFRS 15 requires contract liabilities to be presented separately on the Balance Sheet. This has resulted in reclassifications of deferred revenue as at the transition date to contract liabilities which were previously included in accruals and deferred income. The Company has also adopted the terminology as used in IFRS 15 and deferred revenue is now termed contract liabilities.

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

13 Impact of new standards, amendments and interpretations (continued)

IFRS 9

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. There has been no impact of adoption of IFRS 9 on the financial statements for all periods presented.

The impact on the statement of financial position and statement of comprehensive income of adoption of these standards is as below:

	Note	As at 31 December 2017 £000	IFRS 9 impact £000	IFRS 15 impact £000	As at 1 January 2018 £000
Current assets					
Debtors		17,672	-	-	17,672
Cash at bank and in hand		2,364	-	-	2,364
		<u>20,036</u>	-	-	<u>20,036</u>
Creditors: amounts falling due within one year					
- Trade creditors		(13,490)	-	-	(13,490)
- Contract liabilities	B	-	-	(3,222)	(3,222)
- Amounts owed to group undertakings - trading		(2,201)	-	-	(2,201)
- Accruals and deferred income	B	(3,222)	-	3,222	-
- Corporation tax payable		(128)	-	-	(128)
		<u>995</u>	-	-	<u>995</u>
Net current assets					
		<u>995</u>	-	-	<u>995</u>
Total assets less current liabilities					
		<u>995</u>	-	-	<u>995</u>
Net assets					
		<u>995</u>	-	-	<u>995</u>
Capital and reserves					
Called up share capital		-	-	-	-
Retained earnings		995	-	-	995
		<u>995</u>	-	-	<u>995</u>
Total shareholders' funds					
		<u>995</u>	-	-	<u>995</u>

ID Communications Limited

Notes to the financial statements for the year ended 31 December 2018

13 Impact of new standards, amendments and interpretations (continued)

	Note	As at 31 December 2018 £000	Reversal of IFRS 9 impact £000	Reversal of IFRS 15 impact £000	31 December 2018 pre IFRS 9 & 15 £000
Turnover	A	57,123	-	51,708	108,831
Operating costs	A	(55,966)	-	(51,708)	(107,674)
Profit before taxation		1,157	-	-	1,157
Tax on profit		(220)	-	-	(220)
Profit for the financial year		937	-	-	937
Other comprehensive income		-	-	-	-
Total comprehensive income		937	-	-	937

	Note	As at 31 December 2018 £000	Reversal of IFRS 9 impact £000	Reversal of IFRS 15 impact £000	31 December 2018 pre IFRS 9 & 15 £000
Current assets					
Debtors		26,542	-	-	26,542
Cash at bank and in hand		2,961	-	-	2,961
		29,503	-	-	29,503
Creditors: amounts falling due within one year					
- Trade creditors		(18,883)	-	-	(18,883)
- Contract liabilities	B	(4,270)	-	4,270	-
- Amounts owed to group undertakings - trading		(4,307)	-	-	(4,307)
- Accruals and deferred income	B	-	-	(4,270)	(4,270)
- Corporation tax payable		(111)	-	-	(111)
Net current assets		1,932	-	-	1,932
Total assets less current liabilities		1,932	-	-	1,932
Net assets		1,932	-	-	1,932
Capital and reserves					
Called up share capital		-	-	-	-
Retained earnings		1,932	-	-	1,932
Total shareholders' funds		1,932	-	-	1,932