

ID Communications Limited

Company Number 9214654

Report and Financial Statements

For the Period from 11 September 2014 (Date of Incorporation) to 31 December 2015

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COMPANIES HOUSE

ID Communications Limited

Registered Number 9214654

Directors Robert Eckert
Christian Salbaing
Frank Sixt
Edith Shih

Independent Auditors PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

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ID Communications Limited

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ID Communications Limited

Strategic Report for the period from 11 September 2014 (date of incorporation) to 31 December 2015

The directors present their Strategic Report on ID Communications Limited (the "Company") for the period from 11 September 2014 (date of incorporation) to 31 December 2015.

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.

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 and Dixons Carphone PLC ("CPW") as its agent.

The Company runs on the network of Hutchison 3G UK Limited, which has retained its position as the UK's most reliable network as rated by customers surveyed by YouGov. Its active customer base has grown since inception to 214 thousand at 31 December 2015. The growth was mainly due to the propositions that provide greater flexibility to the customers.

In May 2015, the Company launched "iD mobile" – *the mobile network that's as individual as you are* – with real time data interface launched in November 2015. Some of its propositions provide customers with free roaming in 29 different countries; and access to 4G technology wherever it is available.

In 2016, the Company plans to launch voice and text over Wi-Fi and Voice over LTE (VoLTE). VoLTE will give customers enhanced indoor coverage, enabling them to make calls in areas and buildings where they would have previously struggled to receive signals. The Company intends to build on the success achieved during the period by continuing to offer clear and transparent value propositions and focusing on customer experience.

b) Analysis of development and performance of the business

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

	For the Period Ended 31 December 2015 £000
EBIT	192

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.

Financial risk management

The Company's major non-derivative financial instruments include borrowings and cash that arise 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.

ID Communications Limited

Strategic Report for the period from 11 September 2014 (date of incorporation) to 31 December 2015 (continued)

Principal risks and uncertainties (continued)

(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 and the transfer of credit risk to a counterparty via the sale of certain current debtors. 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



Robert Eckert
Director
Date: 9 May 2016

ID Communications Limited

Directors' Report for the period from 11 September 2014 (date of incorporation) to 31 December 2015

The directors present their report and the audited financial statements of the Company with registered number 9214654 for the period from 11 September 2014 (date of incorporation) to 31 December 2015.

The Company was incorporated on 11 September 2014 and is domiciled in England and Wales. This is the first set of financial statements prepared by the Company and cover the period from 11 September 2014 (date of incorporation) to 31 December 2015.

Directors

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

Robert Eckert	(appointed 11 September 2014)
Christian Salbaing	(appointed 11 September 2014)
Frank Sixt	(appointed 11 September 2014)
Edith Shih	(appointed 11 September 2014)

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.

Dividend

The directors do not recommend the payment of a dividend for the period.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

ID Communications Limited

Directors' Report for the period from 11 September 2014 (date of incorporation) to 31 December 2015 (continued)

Statement of directors' responsibilities (continued)

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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as sufficient funding is available and in place through the CKHH Group finance companies.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that ought to be 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 auditors unless otherwise resolved by the directors or shareholders.

On behalf of the Board



Robert Eckert

Director

Date: 9 May 2016

ID Communications Limited

Independent auditors' report to the members of ID Communications Limited

Report on the financial statements

Our opinion

In our opinion, ID Communications Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the 15 month period from 11 September 2014 to 31 December 2015 (the "period") ;
- 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the statement of changes in equity as at 31 December 2015;
- the income statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

ID Communications Limited

Independent auditors' report to the members of ID Communications Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

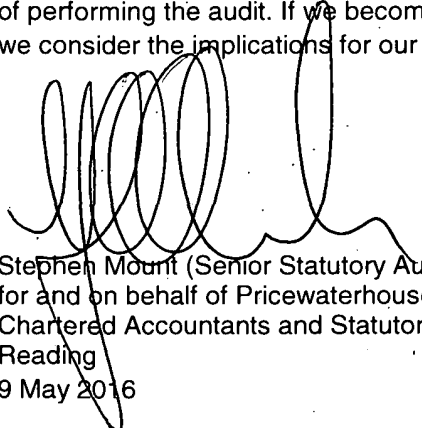
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Stephen Mount (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
9 May 2016

ID Communications Limited

Income Statement

for the period from 11 September 2014 (date of incorporation) to 31 December 2015

	Note	2015 £000
Turnover	4	19,621
Operating costs	5	(19,429)
Profit on ordinary activities before taxation		192
Tax charge on profit on ordinary activities	8	(38)
Profit for the financial period		154
Other comprehensive income		–
Total comprehensive income		154

All the results relate to activities which are continuing.

The notes on pages 12 to 17 form an integral part of these financial statements.

ID Communications Limited

Balance Sheet as at 31 December 2015

	Note	2015 £000
Current assets		
Debtors	9	4,309
Cash at bank and in hand		2,485
Current liabilities		
Creditors – amounts falling due within one year	10	(6,640)
Net current assets		<u>154</u>
Total assets less current liabilities		<u>154</u>
Net assets		<u>154</u>
Capital and reserves		
Called up share capital	11	–
Retained earnings		154
Total shareholders' funds		<u>154</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements on pages 9 to 17 were approved by the Board of Directors on 9 May 2016 and were signed on its behalf by:



Robert Eckert
Director

ID Communications Limited

Statement of Changes in Equity for the period from 11 September 2014 (date of incorporation) to 31 December 2015

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
Allotment of share capital	—	—	—
Other comprehensive income	—	—	—
Profit for the period and total comprehensive income	—	154	154
At 31 December 2015	—	154	154

ID Communications Limited

Notes to the financial statements for the period from 11 September 2014 (date of incorporation) to 31 December 2015

1 General information

ID Communications Limited was incorporated on 11 September 2014 and is domiciled in England and Wales.

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

This is the first set of financial statements prepared by the Company and cover the period from 11 September 2014 (date of incorporation) to 31 December 2015. 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 period presented, unless otherwise stated.

2 Accounting policies

(a) Basis of preparation

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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 13 gives details of the Company's ultimate parent company and where its consolidated financial may be obtained from. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are, the requirements of IFRS 7 Financial Instruments Disclosures, the requirements of paragraphs 10(d), 10(f), 16, 111 and 134 – 136 of IAS 1 Presentation of Financial Statements, the requirements of paragraphs 30 and 31 of IAS 8 relating to standards issued but not effective, the requirements of paragraph 17 of IAS 24 Related Party Disclosures (IAS 24), the requirements in IAS 24 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) and the requirements of IAS 7 Statement of Cash Flows.

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.

ID Communications Limited

Notes to the financial statements for the period from 11 September 2014 (date of incorporation) to 31 December 2015

2 Accounting policies (continued)

(b) Turnover

Turnover represents amounts earned for services rendered and for the sale of mobile and related devices, 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.

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. 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. Estimates are based on the aging of the debt balances and historical experience.

Where the Company transfers substantially all of the credit and late payment risk to the counterparty in a debt sale, the net carrying amount of the underlying debt is derecognised from the Company's balance sheet. Differences between proceeds received and carrying amount are taken to operating cost.

(d) Taxation

Current 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. Current tax includes payments received, or expected to be received, in relation to amounts surrendered as group relief to other UK group undertakings.

(e) Cash at bank and in hand

Cash at bank and in hand includes surplus cash which is placed on short-term deposit which is disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

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 and estimates, as well as the accounting policies and methods used in the preparation of the financial statements.

ID Communications Limited

Notes to the financial statements for the period from 11 September 2014 (date of incorporation) to 31 December 2015

3 Critical accounting estimates and judgements (continued)

(a) Tax

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) 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.

4 Segment reporting

The Company's activities consist solely of the provision of 3G and 4G communication services and devices 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:

	2015
	£000
Network services costs	3,229
Other customer acquisition and retention costs	9,049
Other operating costs	7,151
	<hr/>
	19,429
	<hr/>

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 subsidiary companies for services wholly attributable to subsidiary companies. The directors are paid by other group companies for services rendered to those companies. Accordingly, no charge has been included in the profit and loss account of the Company.

There were no employees of the Company during the period.

ID Communications Limited

Notes to the financial statements for the period from 11 September 2014 (date of incorporation) to 31 December 2015

7 Auditors' remuneration

	2015 £000
Statutory audit – relating to current period	33

Audit fees relating to the Company were borne by Hutchison 3G UK Limited, the immediate controlling party of the Company.

8 Tax charge on profit on ordinary activities

	2015 £000
Current tax	
In respect of current period	(38)
Deferred tax	
In respect of current period	–
Total tax recognised in the current period relating to continuing operations	(38)

The tax charge for the period is the same as the standard rate of corporation tax in the UK of 20%. The difference is explained below:

	2015 £000
Profit on ordinary activities before taxation	192
Tax on profit on ordinary activities at the standard UK corporation tax rate at 20%	(38)
Total tax recognised in the current year relating to continuing operations	(38)

The Company's corporation tax rate for the period ended 31 December 2015 is 20%. The Finance Act 2013 reduced the main rate of corporation tax from 21% to 20% as of 1 April 2015.

The Company has no deferred tax assets as at 31 December 2015.

ID Communications Limited

Notes to the financial statements for the period from 11 September 2014 (date of incorporation) to 31 December 2015

9 Debtors

2015
£000

Amounts falling due within one year

Trade debtors	4,309
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Trade debtors are stated after provision for impairment of £3,469,000.

10 Creditors – amounts falling due within one year

2015
£000

Trade creditors	1,884
Amounts owed to group undertakings - trading balances	1,611
Other taxation	1,166
Accruals and deferred income	1,941
Corporation tax payable	38
	<hr/>
	6,640

Trading balances due to group undertakings are unsecured and non-interest bearing.

11 Called up share capital

2015
£

Allotted and fully paid:

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

ID Communications Limited

Notes to the financial statements for the period from 11 September 2014 (date of incorporation) to 31 December 2015

12 Related party transactions

As the Company is an indirect wholly owned subsidiary of 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.

13 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 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong or www.ckh.com.hk.