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DELAMARE CARDS HOLDCO LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Number: 06634898



DELAMARE CARDS HOLDCO LIMITED

DIRECTORS AND ADVISERS

Directors: B M Surnam
M Speight
C M Warnes

Secretary: Sanne Group Secretaries (UK) Limited
Asticus Building
2nd Floor
21 Palmer Street
London
SW1H 0AD

Registered Office: Asticus Building
2nd Floor
21 Palmer Street
London
SW1H 0AD

Bankers: HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Cash Manager: Tesco Personal Finance Plc
EHQ
2 South Gyle Crescent
Edinburgh
EH12 9FQ

Servicer: Tesco Personal Finance Plc
EHQ
2 South Gyle Crescent
Edinburgh
EH12 9FQ

DELAMARE CARDS HOLDCO LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for Delamare Cards Holdco Limited (the Company) for the year ended 31 December 2018.

The Annual Report and Financial Statements comprises the Strategic Report, the Directors' Report and the Financial Statements and accompanying notes.

BUSINESS MODEL

The principal activity of the Company is to act within a securitisation structure for credit card receivables originated or acquired by Tesco Personal Finance Plc (TPF).

The credit card receivables are held in Trust for the Company and the originator, TPF, by Delamare Cards Receivables Trustee Limited (the Trustee). The Company is incorporated and domiciled in the United Kingdom, where all of its business activities take place, and is registered in England.

The activities of the Company are managed in accordance with the securitisation transaction documents, which set out the workings of the transaction and the principal risks to holders of the Notes issued by Delamare Cards MTN Issuer Plc, a fellow group undertaking. As such, these have not been reproduced in full in these Financial Statements.

BUSINESS PERFORMANCE

The Company has not traded during the year.

STRATEGIC PRIORITIES

The Company is currently dormant. No future changes in the activities of the Company are envisaged.

PRINCIPAL RISKS AND UNCERTAINTIES

There are no risks or uncertainties which are considered relevant to the activities of the Company due to its dormant status.

KEY PERFORMANCE INDICATORS (KPIs)

The Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company. However, a defined set of KPIs for the securitisation transaction are set out in the securitisation transaction documentation and published in the monthly Servicer Reports, available on www.corporate.tescobank.com.

BY ORDER OF THE BOARD



C.M. Warnes

Director

25 February 2019

DELAMARE CARDS HOLDCO LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and the unaudited Financial Statements for the year ended 31 December 2018.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company's business review and future developments are set out in the Strategic Report on page 2.

RISK MANAGEMENT

The Company's risk management disclosures are set out in the Strategic Report on page 2.

GOING CONCERN

The Directors have made an assessment of going concern, taking into account both current and projected cash flows.

Given its dormant status, the Directors do not anticipate any external changes in the business environment which would adversely impact the Company.

As a result of this assessment, the Directors consider the Company to be in a satisfactory financial position and confirm that the Company has confidence that any solvency or liquidity risks can be managed effectively. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis of accounting in preparing the Financial Statements.

DIVIDENDS

During the year, no interim dividend has been paid (2017: £nil). The Directors do not recommend a final dividend for the year (2017: £nil). The Directors consider the results to be satisfactory and as expected in light of the Company's operating environment during the year.

DIRECTORS

The present Directors who have served throughout the year and up to the date of signing the Financial Statements, except where noted below, are listed on page 1.

Since 1 January 2018 to date the following changes have taken place:

	Appointed	Resigned
Marc Speight	24 April 2018	
Christopher Michael Warnes	14 December 2018	
Martin Charles Schnaier		16 February 2018
James Robert Saout		14 December 2018

EMPLOYEES

The Company does not have any employees (2017: none).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. The Company cautions users of these Financial Statements that a number of factors, including matters referred to in this document, could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those discussed under 'Principal risks and uncertainties' on page 2 of this Annual Report.

DELAMARE CARDS HOLDCO LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 such financial statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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 for that year.

In preparing these Financial Statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names are listed on page 1 of the Annual Report and Financial Statements confirms that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and result of the Company;
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Company's shareholder to assess the Company's position, performance, business model and strategy.

BY ORDER OF THE BOARD



C.M. Warnes

Director

25 February 2019

DELAMARE CARDS HOLDCO LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

Company number 06634898

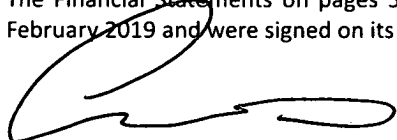
	Note	31 December 2018 £'000	31 December 2017 £'000
Assets			
Investment in subsidiary undertakings	2	50	50
Total assets		50	50
Liabilities			
Other payables	3	38	38
Total liabilities		38	38
Equity			
Share capital	4	—	—
Retained earnings		12	12
Total equity		12	12
Total liabilities and equity		50	50

For the year ended 31 December 2018 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities:

- The member has not required the Company to obtain an audit of its Financial Statements for the period in question in accordance with section 476 of the Companies Act 2006; 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 5 - 10 were approved by the Board of Directors and authorised for issue on 25 February 2019 and were signed on its behalf by:



C.M. Warnes
Director

DELAMARE CARDS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) as endorsed by the European Union (EU), and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The Financial Statements have been prepared under the historical cost convention.

The Financial Statements are presented in Sterling, which is the functional currency of the Company. The figures shown in the Financial Statements are rounded to the nearest thousand unless otherwise stated.

New and amended accounting standards adopted by the Company in the year are set out in note 8.

Going concern

The Directors continue to adopt the going concern basis in preparing the Financial Statements.

Principal accounting policies

A summary of the Company's accounting policies is set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated. The Company adopted IFRS 9 'Financial Instruments' with effect from 1 January 2018. IFRS 9 has been applied retrospectively at this date with no requirement to restate comparative periods.

(a) Investment in subsidiary undertakings

Subsidiaries are all entities (including structured entities) over which the Company has legal ownership. Although all of the equity of the securitisation structured entities is owned by the Company, the nature of these entities means that Tesco Personal Finance Plc (TPF) has the rights to variable returns from its involvement with these securitisation structured entities and has the ability to affect those returns through its power over them. As such, they are effectively controlled by TPF and are consolidated on a line by line basis in the Consolidated Financial Statements of TPF. The Company's investments in its subsidiaries are stated at cost less any impairment.

(b) Financial Instruments (Policy applicable from 1 January 2018)

The Company classifies a financial instrument as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it creates a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Company after the deduction of liabilities.

Financial liabilities

• Classification and measurement

All of the financial liabilities held by the Company are classified and measured at amortised cost using the effective interest rate method, after initial recognition at fair value. Fair value is calculated as the issue proceeds, net of premiums, discounts and transaction costs incurred.

Derecognition

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

DELAMARE CARDS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Policy applicable before 1 January 2018)

The Company classified financial instruments that it issued as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument was classified as a liability if it created a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms. An instrument was classified as equity if it evidenced a residual interest in the assets of the Company after the deduction of liabilities.

Financial liabilities

The Company measured all of its financial liabilities at amortised cost using the EIR method, after initial recognition at fair value.

Recognition/derecognition of financial liabilities

Financial liabilities at amortised cost were recognised when the Company became a party to the contractual provisions of the instrument.

Financial liabilities were derecognised when they had been redeemed or otherwise extinguished.

(d) Impairment of non-financial assets

Non-financial assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, an impairment loss is recognised immediately in the Income Statement and the carrying value of the asset is written down by the amount of the loss. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date.

DELAMARE CARDS HOLDCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

	31 December 2018 £'000	31 December 2017 £'000
Investment in subsidiary undertakings	50	50

Investment in subsidiary undertakings is classified as non-current (2017: non-current).

Name of company	Nature of business	Place of incorporation	Registered Offices
Delamare Cards MTN Issuer Plc	Securitisation entity	UK	Asticus Building, 2nd Floor, 21 Palmer Street, London, SW1H 0AD
Delamare Cards Funding 1 Limited	Securitisation entity	UK	Asticus Building, 2nd Floor, 21 Palmer Street, London, SW1H 0AD
Delamare Cards Funding 2 Limited	Securitisation entity	UK	Asticus Building, 2nd Floor, 21 Palmer Street, London, SW1H 0AD

3. OTHER PAYABLES

	31 December 2018 £'000	31 December 2017 £'000
Amounts due to Delamare Cards MTN Issuer Plc	38	38

Other payables are classified as current (2017: current).

4. SHARE CAPITAL

	31 December 2018 £	31 December 2017 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

100% of the issued share capital is beneficially owned by the parent undertaking, Sanne Group Nominees 1 (UK) Limited.

DELAMARE CARDS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. CONTROLLING PARTY

The entire share capital of Delamare Cards Holdco Limited is held under a trust agreement by Sanne Group Nominees 1 (UK) Limited, a company incorporated in the United Kingdom (UK) and registered in England. Copies of the Financial Statements of Sanne Group Nominees 1 (UK) Limited may be obtained from its registered office at Asticus Building, 2nd Floor, 21 Palmer Street, London, SW1H 0AD.

The Directors' decisions and control of the entity are carried out in accordance with the securitisation transaction documents set up for the benefit of Tesco Personal Finance Plc. Therefore the Company's immediate parent company is Tesco Personal Finance Plc, a company incorporated in the UK and registered in Scotland. The smallest group into which the Company is consolidated is Tesco Personal Finance Plc. Copies of the consolidated Financial Statements of Tesco Personal Finance Plc can be obtained from its registered office at EHQ, 2 South Gyle Crescent, Edinburgh, EH12 9FQ.

The Company's ultimate parent undertaking and controlling party is Tesco PLC, a company incorporated in the UK and registered in England. Copies of the consolidated Financial Statements of Tesco PLC can be obtained from its registered office at Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA. Tesco PLC is the largest group into which the Company is consolidated.

6. RELATED PARTY DISCLOSURE

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The terms and conditions of any transactions with key management personnel and their related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel or related entities on an arm's length basis.

The Company was established by TPF, the ultimate parent Company of which is Tesco PLC, to facilitate the securitisation of credit card receivables originated by TPF.

B.M. Surnam and C.M. Warnes are directors of Sanne Group Secretaries (UK) Limited and Sanne Group Nominees 1 (UK) Limited.

7. FINANCIAL INSTRUMENTS

Classification of financial liabilities

All of the Company's financial liabilities are classified at amortised cost. Prior to the adoption of IFRS 9 on 1 January 2018 all of the Company's financial liabilities were classified as other liabilities at amortised cost. Refer to note 8 for further details.

Fair values of financial liabilities

The Directors consider that the carrying value of other payables recorded on the Statement of Financial Position is approximately equal to their fair value due to their short term nature.

8. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards, amendments and interpretations which became effective in the current year

During the year to 31 December 2018, the Company has adopted the following new accounting standards and amendments to standards which became effective with relevant EU endorsement for annual periods beginning on or after 1 January 2018:

IFRS 9 'Financial instruments'

IFRS 9 is a replacement for IAS 39 'Financial instruments: Recognition and measurement', excluding the part of IAS 39 related to macro hedge accounting. Macro hedge accounting requirements are out of the scope of IFRS 9 and instead the IASB is developing a separate model. Entities are therefore permitted to continue accounting for macro hedge portfolios in line with IAS 39.

DELAMARE CARDS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The principle features of IFRS 9 are as follows:

Classification and measurement of financial assets and financial liabilities:

IFRS 9 requires the Company's financial assets to be classified as either held at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL), dependent on the business model and cash flow characteristics of the financial asset. There have been no classification and measurement changes for the Company on adoption of IFRS 9 as it does not currently hold any financial assets and financial liabilities continue to be classified and measured at amortised cost.

Recognition of impairment:

IFRS 9 requires the Company to recognise ECLs at all times, and to update the amount of ECLs recognised at each reporting date to reflect changes in the credit risk of financial instruments.

As the Company does not currently hold any financial assets, the impairment requirements of IFRS 9 are not relevant to the Company.

Hedging

The IFRS 9 hedge accounting requirements are designed to allow hedge accounting to be more closely aligned with financial risk management. A new IFRS is under development to account for dynamic risk management. This requirement does not apply to the Company as it does not currently undertake any hedging activity.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 introduces a five step approach to revenue recognition and is applicable to all contracts with customers, with certain exceptions.

There has been no impact of the adoption of IFRS 15 for the Company as it is currently dormant.

Amendments to IFRS 15 'Clarifications to IFRS 15, 'Revenue from contracts with customers''

These amendments clarify how the principles of IFRS 15 should be applied in determining recognition of contract revenue and provide transitional relief on modified and completed contracts for entities implementing the standard.

There has been no impact of the adoption of these amendments to IFRS 15 for the Company as it is currently dormant.

Standards, amendments and interpretations issued but not yet effective

There are no new standards and amendments to standards which have been issued and are mandatory for accounting periods beginning on or after 1 January 2019 or later periods which are expected to be relevant to the Company.

Early adoption of new standards

The Company did not early adopt any new or amended standards in the year ended 31 December 2018.