Company Registration No 2792167

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED

Annual Report and Financial Statements

year ended 2 May 2015

CONTENTS

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 2 May 2015 Comparative figures are for the year ended 30 April 2014

PRINCIPAL ACTIVITY

The principal activity of the Company is treasury management and funding to other companies in the Dixons Carphone plc group of companies (Dixons Carphone Group) The directors anticipate that the financial position of the Company will be maintained The level of activity is expected to reduce significantly in future periods as the majority of the Company's activities have been transferred to Dixons Carphone plc, the Company's ultimate parent

BUSINESS REVIEW AND RESULTS

Services provided

The Company carries out treasury functions for the Dixons Carphone Group Part of this activity consists of holding assets and liabilities in foreign currencies and the principal risks of the Company arise from this activity During the year losses were made arising mainly from movements in foreign exchange rates, particularly the Norwegian krone and the euro The Company continues to carry out its activities and it is anticipated that it will do so for the foreseeable future, although the level of activity is expected to reduce significantly in future periods

Objective and strategy

The objective of the Company is to deliver value to its shareholder

Principal risks to achieving the Company's objective

Risk is present in all businesses The Board reviews regularly the risks faced by the Company The directors consider that the major risks to achieving the Company's objective are those set out below The Board however recognises that the profile of risks changes constantly and additional risks not presently known or that are currently deemed immaterial may also impact on attainment of the Company's business objective

(i) Dependence on the undertakings of other members of the Dixons Carphone Group

The Company is dependent on the requirements of other members of the Dixons Carphone Group

(ii) Treasury risks and policies

Treasury operations are managed centrally within policies approved by the Board of Dixons Carphone plc and are subject to periodic independent internal and external reviews Dixons Carphone plc Group Treasury reports regularly to the Audit and the Tax & Treasury Committees of Dixons Carphone plc The major treasury risks to which the Dixons Carphone Group is exposed relate to market risks (movements in foreign exchange and interest rates), liquidity risk and credit risk Areas where risks are most likely to occur are evaluated regularly During the year, the Dixons Carphone Group used financial instruments and derivatives to manage these risks in accordance with defined policies Throughout the year under review, in accordance with Dixons Carphone plc policy, no speculative use of derivatives or other instruments was permitted

Exchange rate risk

The Company is exposed to exchange movements on intercompany balances and translated values of foreign currency assets and liabilities The Company's principal translation currency exposures are the euro and Norwegian krone

During the year, the Company was also exposed to certain transactional currency exposures arising from transactions made by other members of the Dixons Carphone Group Such exposures arose from purchases in currencies other than in the functional currency of the entity The Company's principal such exposures were the US dollar and euro It is Dixons Carphone plc policy to minimise the currency exposures on such purchases through the use of appropriate hedging instruments such as forward exchange contracts, however, such eliminations did not arise at the Company's level owing to the hedging instruments being held in the Company and many of the underlying transactions arising in other members of the Dixons Carphone Group Such contracts were designed to cover exposures ranging from one month to one year

Interest rate risk

The principal interest rate risks of the Company arise in respect of cash and bank overdrafts and interest bearing loan balances with other members of the Dixons Carphone Group

Credit risk

The Company's exposure to credit risk on cash and derivative financial instruments arises from the risk of non-performance of counterparties, with a maximum exposure equal to the fair value of these assets The Company limits its exposure to credit risk through application of Dixons Carphone plc treasury policy, with exposures closely monitored and credit ratings used in determining maximum counterparty credit risk

Results and financial position

The results of the Company are shown on page 7 and, excluding non-Headline items, mainly comprise gains and losses on translation of assets and liabilities held in foreign currency, together with interest on loans to and from the Dixons Group The assets of the Company comprise mainly intra-group debtors The financial position of the Company at the year end was satisfactory

By Order of the Board

D M E Page
signed on behalf of DSG Corporate Services Limited
Corporate Company Secretary

9 December 2015

Registered office
1 Portal Way
London
W3 6RS

DIVIDENDS

The directors recommend that no dividend be paid (2013/14 £nil)

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference

GOING CONCERN

After making due enquiry, on the basis of current financial projections and the continuing support of the parent company, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS

The directors of the Company throughout the year were

	Appointed	Resigned
H C Grantham		30 March 2015
D M E Page		
H S M Singer		

AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

Deloitte LLP are willing to continue in office as auditor of the Company and pursuant to section 487 of the Companies Act 2006, their term of office is deemed to continue

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the directors at the date of approval of this report confirms that, to the best of their knowledge and belief, and having made appropriate enquiries of other officers of the Company

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

By Order of the Board

D M E Page
signed on behalf of DSG Corporate Services Limited
Corporate Company Secretary

9 December 2015

Registered office
1 Portal Way
London
W3 6RS
Company Registration No 2792167

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the annual report and the financial statements in accordance with applicable law and regulations Company law requires the directors to prepare financial statements for each financial year and under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS issued by the International Accounting Standards Board

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the period In preparing those financial statements, the directors are also 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 of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made Applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud or any other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the member of DSG international Treasury Management Limited

We have audited the financial statements of DSG international Treasury Management Limited for the year ended 2 May 2015 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 May 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs issued by the IASB

As explained in note 1 1 to the financial statements the Company, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB) In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matters 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

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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, or
- certain disclosures of directors' remuneration specified by law are not made

Andy Siddorns

Andy Siddorns (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
9 December 2015

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
INCOME STATEMENT
For the year ended 2 May 2015

		2014/15			2013/14		
	Note	Headline results £'000	Non-Headline* items £'000	Total £'000	Headline results £'000	Non-Headline* items £'000	Total £'000
Operating loss	2	**(2,882)**	**(296)**	**(3,178)**	(3,393)	(11,746)	(15,139)
Finance income	5	**21,201**	-	**21,201**	40,006	-	40,006
Finance costs	5	**(19,567)**	-	**(19,567)**	(38,909)	-	(38,909)
Net finance income		**1,634**	-	**1,634**	1,097	-	1,097
Loss before tax		**(1,248)**	**(296)**	**(1,544)**	(2,296)	(11,746)	(14,042)
Income tax expense	6	**(200)**	-	**(200)**	(76)	-	(76)
Loss for the year		**(1,448)**	**(296)**	**(1,744)**	(2,372)	(11,746)	(14,118)

All operating loss is derived from continuing operations in the UK

There are no other items of comprehensive income or expense other than the result for the current and preceding periods and therefore no statement of comprehensive income has been presented

* Non-Headline items comprise impairment charges and fair value remeasurements of financial instruments Further information on such items is shown in note 3

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
BALANCE SHEET
As at 2 May 2015

	Note	2015 £'000	2014 £'000	2013 £'000
Non-current assets				
Deferred tax asset	6	-	200	276
		-	200	276
Current assets				
Trade and other receivables	7	**17,360**	1,512,634	1,444,555
Cash and cash equivalents		**16**	141,326	104,854
		17,376	1,653,960	1,549,409
Total assets		**17,376**	1,654,160	1,549,685
Current liabilities				
Bank overdrafts	8	**(46,441)**	(3,265)	(138,737)
Trade and other payables	9	**(326,457)**	(2,004,673)	(1,750,608)
		(372,898)	(2,007,938)	(1,889,345)
Net current liabilities		**(355,522)**	(353,778)	(339,936)
Total liabilities		**(372,898)**	(2,007,938)	(1,889,345)
Net liabilities		**(355,522)**	(353,778)	(339,660)
Capital and reserves				
Called up share capital	11	-	-	-
Retained earnings		**(355,522)**	(353,778)	(339,660)
Total equity		**(355,522)**	(353,778)	(339,660)

These financial statements were approved by the directors on 9 December 2015 and signed on their behalf by

D M E Page
Director

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
CASH FLOW STATEMENT
For the year ended 2 May 2015

		Note	2014/15 £'000	2013/14 £'000
Operating activities				
Cash (utilised by) / generated from operations		12	**(186,697)**	169,592
Net cash flows from operating activities			**(186,697)**	169,592
Investing activities				
Interest received			**21,727**	41,695
Net cash flows from investing activities			**21,727**	41,695
Financing activities				
Interest paid			**(19,516)**	(39,343)
Net cash flows from financing activities			**(19,516)**	(39,343)
(Decrease) / increase in cash and cash equivalents	*		**(184,486)**	171,944
Cash and cash equivalents at beginning of year	*	12	**138,061**	(33,883)
Cash and cash equivalents at end of year	*	12	**(46,425)**	138,061

* For the purposes of this cash flow statement, cash and cash equivalents comprise those items disclosed as "cash and cash equivalents" on the face of the balance sheet, less overdrafts, which are classified within current liabilities on the face of the balance sheet A reconciliation to the balance sheet amounts is shown in note 12

STATEMENT OF CHANGES IN EQUITY
For the year ended 2 May 2015

	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 May 2013	-	(339,660)	(339,660)
Loss for the year	-	(14,118)	(14,118)
As at 30 April 2014	-	(353,778)	(353,778)
Loss for the year	-	**(1,744)**	**(1,744)**
At 2 May 2015	-	**(355,522)**	**(355,522)**

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS issued by the International Accounting Standards Board and those parts of the Companies Act 2006 applicable to those companies reporting under IFRS Accounting policies have been consistently applied throughout the current and preceding periods The financial statements have been prepared on the historical costs basis except for the revaluation of certain financial instruments, as explained below

After making due enquiry, on the basis of current financial projections and the continuing support of the parent company, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

The Company's income statement identifies separately Headline performance measures and non-Headline items Headline performance measures reflect an adjustment to total performance measures to exclude the impact of non-Headline items Headline performance measures comprise profits and losses incurred as part of the day-to-day ongoing activities of the Company The directors consider 'Headline' performance measures to be a more accurate reflection of the core activities of the Company and believe that these measures provide additional useful information for shareholders on the Company's performance and are consistent with how business performance is measured internally

Non-Headline items may comprise impairment charges, fair value remeasurements of financial instruments and other one off, non-recurring items Items excluded from Headline results can evolve from one financial year to the next depending on the nature of the one-off type activity described above

Historically, the Company has prepared its financial statements to 30 April, its accounting reference date For 2014/15, the Company has drawn up its accounts to 2 May 2015, the Saturday closest to its accounting reference date Future accounting periods will also end on the Saturday closest to 30 April

The financial statements include the results of the Company for the year ended 2 May 2015 Comparative figures are for the year ended 30 April 2014

The principal accounting policies are set out below

1.2 Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement

1.3 Financial assets

The Company's financial assets comprise cash and cash equivalents and those receivables which involve a contractual right to receive cash from external parties Financial assets include all items shown in note 7 Under the classifications stipulated by IAS 39 trade and other receivables (excluding derivative financial instruments) are classified as "loans and receivables" Cash and cash equivalents and derivative financial instruments which are further described in note 1 5 and 1 7 are classified as "loans and receivables" and "held for trading unless designated in a hedge relationship"

Other receivables

Other receivables (excluding derivative financial assets) are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments required to align cost to fair value Bad debts are written off when identified

1 **ACCOUNTING POLICIES continued**

1 4 Tax

Current tax

Current taxation is the expected tax payable on the taxable income for the period, using prevailing tax rates and adjusted for any tax payable in respect of previous periods

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Deferred tax is charged or credited in the income statement

Deferred tax is measured based on tax rates and laws that have been enacted, or substantially enacted by the balance sheet date Deferred tax balances are not discounted

1 5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and bank overdrafts Bank overdrafts, which form part of cash and cash equivalents for the purpose of the cash flow statement, are shown under current liabilities

1.6 Borrowings and other financial liabilities

The Company's financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date Financial liabilities comprise all items shown in notes 8 and 9 Under the classifications stipulated by IAS 39, bank overdrafts and trade and other payables are classified as "financial liabilities measured at amortised cost" Derivative financial instruments, which are described further in note 1 7 below, are classified as "held for trading unless designated in a hedge relationship"

Other payables

Other payables are recorded at cost

1.7 Derivative financial instruments

Derivative financial instruments held by the Company are initially recognised in the balance sheet at fair value within assets or liabilities as appropriate and then subsequently remeasured to fair value at each balance sheet date Gains and losses arising from revaluation at the balance sheet date are recognised in the income statement as the derivative financial instruments held by the Company do not qualify for hedge accounting due to the hedged items being held by other companies within the Dixons Retail plc group of companies (Dixons Group)

Fair values are derived from market values The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date

Hedge accounting

The Company's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates The Company uses derivative financial instruments such as options and forward currency contracts to hedge these risks The Company does not use derivative financial instruments for speculative purposes

Cash flow hedges

The Company uses foreign exchange forwards and swaps to hedge the foreign currency exposure on inventory ordered and purchased and certain sales of inventory for Dixons Group Orders and purchases as well as sales are each considered to be separately hedged transactions Gains and losses on derivative financial instruments are recorded in the income statement

1 ACCOUNTING POLICIES continued

1.8 Estimates, judgements and critical accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements This relates to the recoverability of other receivables as set out below

Recoverability of other receivables

Other receivables are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments to align cost to fair value Provision for bad and doubtful debts is made for specific receivables when there is objective evidence that the Company will not be able to collect all the amounts due In assessing the evidence available the directors may be required to make judgements regarding the expected recoverability of amounts due The directors draw upon experience in making these judgements

1.9 New accounting standards and interpretations

New accounting standards, amendments to existing accounting standards and interpretations which are in issue but not yet effective, either do not apply to the Company or are not expected to have any material impact on the Company's net results or net assets

2. OPERATING LOSS

	Headline £'000	Non-Headline £'000	2014/15 Total £'000	Headline £'000	Non-Headline £'000	2013/14 Total £'000
Administrative expenses	**(239)**	**(287)**	**(526)**	(266)	(11,761)	(12,027)
Other operating (charges) / income	**(2,643)**	**(9)**	**(2,652)**	(3,127)	15	(3,112)
Operating loss	**(2,882)**	**(296)**	**(3,178)**	(3,393)	(11,746)	(15,139)

Other operating (charges) / income comprises the gains and losses on translation of assets and liabilities held in foreign currencies, and gains and losses on derivative financial instruments

Non-Headline items comprise impairment charges and fair value remeasurements of financial instruments Such items are described further in note 3

	2014/15 £'000	2013/14 £'000
Operating loss is stated after charging		
Net foreign exchange losses	**20,083**	18,936
Auditor's remuneration – audit services	**22**	22

3 NON-HEADLINE ITEMS

	2014/15 £'000	2013/14 £'000
Provision for intercompany debtors	**(287)**	(11,761)
Net fair value remeasurement (losses) / gains on financial instruments	**(9)**	15
Total impact on operating loss	**(296)**	(11,746)

4 EMPLOYEES AND DIRECTORS

The Company had no employees during the year (2013/14 none) The directors received no remuneration for services to the Company during the year (2013/14 £nil)

5. NET FINANCE INCOME

	2014/15	2013/14
	£'000	£'000
Interest on loans to group undertakings	20,846	39,898
Bank and other interest receivable	355	108
Finance income	21,201	40,006
Interest on loans from group undertakings	(18,720)	(38,885)
Bank loans, overdrafts and other interest payable	(847)	(24)
Finance costs	(19,567)	(38,909)
Total net finance income	1,634	1,097

6. TAX

(a) Income tax expense

	2014/15	2013/14
	£'000	£'000
Current tax		
UK corporation tax at 20 92% (2013/14 22 84%)	-	-
Deferred tax		
Current year	202	46
Charge in respect of tax rate change	(2)	30
	200	76
Income tax expense	200	76

The UK corporation tax rate for the year was 21% for the period up to 31 March 2015 and 20% thereafter (2013/14 23% for the period up to 31 March 2014 and 21% thereafter)

A reconciliation of the notional to the actual taxation expense is set out below

	2014/15	2013/14
	£'000	£'000
Loss before tax	(1,544)	(14,042)
Tax on loss at UK corporation tax rate of 20 92% (2013/14 22 84%)	(323)	(3,207)
Group relief surrendered free of charge	2,202	2,587
Permanent differences	(1,897)	(2,020)
Provision for intercompany debtors	60	2,686
Adjustment to deferred tax in respect of tax rate change	(2)	30
Deferred tax asset not recognised	160	-
Income tax expense	200	76

6. TAX continued

(b) Deferred tax

	Other timing differences £'000
At 1 May 2013	276
Charged to the income statement	(76)
At 30 April 2014	200
Charged to the income statement	**(200)**
At 2 May 2015	**-**

7 TRADE AND OTHER RECEIVABLES

	2015	2014	2013
	Current £'000	Current £'000	Current £'000
Amounts due from group undertakings	**17,360**	1,507,458	1,440,323
Derivative financial instruments	**-**	5,176	4,232
	17,360	1,512,634	1,444,555

All trade and other receivables are classified as financial assets The carrying amount of trade and other receivables approximates fair value There are no past-due or impaired receivable balances included in the above figures

8 BORROWINGS

	2015 £'000	2014 £'000	2013 £'000
Bank overdrafts	**46,441**	3,265	138,737

Bank overdrafts are repayable on demand

9. TRADE AND OTHER PAYABLES

	2015	2014	2013
	Current £'000	Current £'000	Current £'000
Amounts due to group undertakings	**326,457**	1,998,903	1,747,366
Derivative financial instruments	**-**	5,770	3,242
	326,457	2,004,673	1,750,608

The carrying amount of trade and other payables approximates their fair value

10. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Dixons Carphone plc treasury function provides services to the Company It monitors and manages the treasury risks to which the Company, and the Dixons Retail plc group of companies (Dixons Group), is exposed including market risks (including foreign exchange and interest rates), liquidity risk and credit risk Areas where risks are most likely to occur are evaluated regularly During the year, the Company entered into derivative contracts for both itself and other companies in the Dixons Group to hedge the risks identified above

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued share capital and retained earnings

(b) Fair values of financial assets and liabilities

For receivables and payables classified as financial assets and liabilities in accordance with IAS 32, fair value is estimated to be equivalent to book value These values are shown in notes 7, 8 and 9 The categories of financial assets and liabilities and their related accounting policy are set out in notes 1 3 and 1 6

For those financial assets and liabilities which bear either a floating rate of interest or no interest, fair value is estimated to be equivalent to book value These values are shown in note (f) below

Fair value of derivatives is predominantly determined using observable market data such as foreign exchange rates As such, derivatives are classified as "Level 2" under the requirements of IFRS 7 "Financial Instruments - Disclosures"

10. FINANCIAL INSTRUMENTS continued

(b) Fair values of financial assets and liabilities continued

Fair values of derivatives by designation

The Company held no derivative contracts at 2 May 2015

			2014
	Trade and other receivables Current £'000	Trade and other payables Current £'000	Net Total £'000
Manage the currency exposure of			
Financial assets and liabilities	-	(594)	(594)
Future transactions occurring within one year	5,176	(5,176)	-
	5,176	(5,770)	(594)

			2013
	Trade and other receivables Current £'000	Trade and other payables Current £'000	Net Total £'000
Manage the currency exposure of			
Financial assets and liabilities	990	-	990
Future transactions occurring within one year	3,242	(3,242)	-
	4,232	(3,242)	990

Included in derivative financial instruments are forward foreign currency contracts and options

(c) Hedging activities

Historically, the Company managed exposures on financial assets and liabilities for itself and other companies within the Dixons Group It managed exposures that arose on purchases and sales denominated in foreign currencies by entering predominantly into forward foreign currency exchange contracts Where the Company entered into a hedge on behalf of another company within the Dixons Group, it also entered into an equal and opposite trade with the company which holds the ultimate exposure

Cash flow hedges

At 2 May 2015 the Company had forward foreign currency exchange contracts in place with counterparties external to the Dixons Group and within the Dixons Group with a notional value of £nil (2014 £470,800,000 and 2013 £360,500,000) that did not qualify for hedge accounting because the hedged item is held in another company within the Dixons Group Accordingly all gains and losses on these contracts have been recorded in the income statement

Financial asset and liability hedges

Historically, the Company hedged its and other Group companies' financial assets and liabilities in order to avoid income statement volatility in the Dixons Carphone plc Group accounts These hedges do not qualify for hedge accounting, the desired effect is a hedge gain or loss in the income statement to offset the gain or loss in the underlying item on retranslation, also in the income statement At 2 May 2015 the Company had forward foreign currency exchange contracts in place with counterparties external to the Dixons Group with a notional value of £nil (2014 £517,900,000 and 2013 £518,800,000)

10. FINANCIAL INSTRUMENTS continued

(d) Interest rate profile of financial assets and liabilities by currency

The following table sets out the interest rate exposure of the financial assets and liabilities of the Company The financial instruments not included in the table are non-interest bearing and are therefore not subject to interest rate risk

	Sterling £'000	Other £'000	2015 Total £'000
Cash and cash equivalents			
Floating rate	-	16	16
Borrowings			
Floating rate*	(56,749)	10,308	(46,441)
Net funds	(56,749)	10,324	(46,425)

	Sterling £'000	Other £'000	2014 Total £'000
Cash and cash equivalents			
Floating rate	124,076	17,250	141,326
Borrowings			
Floating rate	-	(3,265)	(3,265)
Net debt	124,076	13,985	138,061

	Sterling £'000	Other £'000	2013 Total £'000
Cash and cash equivalents			
Floating rate	104,438	416	104,854
Borrowings			
Floating rate	-	(138,737)	(138,737)
Net funds	104,438	(138,321)	(33,883)

* - Bank balances held in Sterling and other currencies have right of set off

Interest on bank overdrafts is charged at central bank lending rates plus a margin of 1%

Cash comprises cash at bank and earns interest at floating rates based either on daily bank deposit rates or central bank lending rates Interest on financial instruments classified as floating rate is repriced at intervals of less than one year

10. FINANCIAL INSTRUMENTS continued

(e) Sensitivity analysis

The following analysis, required by IFRS 7, shows the sensitivity of the loss before tax and total equity to changes in specified market variables on monetary assets and liabilities and derivative financial instruments as listed below As a consequence, the sensitivity reflects the position as at 2 May 2015 and 30 April 2014 and is not necessarily representative of actual or future outcomes

Changes in exchange rates affect the Company's profit before tax due to changes in the value of monetary assets and liabilities and derivative financial instruments The Company's sensitivity to a reasonably possible change in the Company's key foreign currency, the euro, with other variables held constant, is presented below A 10% decrease would have an equal and opposite effect A 10% increase in euro exchange rates would have a negative effect on loss before tax and equity of £1,000 (2013/14 effect on loss before tax and equity of £nil)

Changes in interest rates affect the Company's profit before tax, mainly due to the impact of floating rate borrowings and cash The Company's principal floating rate interest rate exposures are based on LIBOR The sensitivity to a reasonably possible change in interest rates (uniform across all currencies), with other variables held constant, is presented below A 1% decrease would have an equal and opposite effect A 1% increase in interest rates would have a negative effect on loss before tax and equity of £3 6 million (2013/14 negative effect on loss before tax and equity of £3 5 million)

The following assumptions were made in calculating the sensitivity analysis

- the balance of borrowings, investments and the derivative portfolio are all held constant for the whole year
- all net investment, fair value and cash flow hedges are assumed to be highly effective
- changes in the carrying value of derivative financial instruments that are not in hedging relationships arising from movements in interest rates and exchange rates only affect the income statement to the extent that they are not offset by changes in an underlying transaction

(f) Liquidity risk

The Company manages liquidity risk via Dixons Carphone plc's treasury operations using sources of financing from other companies within the Dixons Carphone plc group of companies and investing excess liquidity The Company maintains adequate reserves by continuously monitoring forecast and actual cash flows against the maturity profiles of financial assets and liabilities

10. FINANCIAL INSTRUMENTS continued

(f) Liquidity risk (continued)

The table below analyses the Company's contractual undiscounted cash flows payable under financial liabilities into their maturity groupings The table includes both principal and interest flows

		2015
	Within one year £'000	**Carrying value £'000**
Non-derivative financial liabilities		
Trade and other payables	**(326,457)**	**(326,457)**
Bank overdrafts	**(46,441)**	**(46,441)**
	(372,898)	**(372,898)**

		2014
	Within one year £'000	Carrying value £'000
Non-derivative financial liabilities		
Trade and other payables	(1,998,903)	(1,998,903)
Bank overdrafts	(3,265)	(3,265)
	(2,002,168)	(2,002,168)
Derivatives		
Derivative contracts - inflows	1,523,213	1,523,179
- outflows	(1,523,840)	(1,523,773)
	(627)	(594)

		2013
	Within one year £'000	Carrying value £'000
Non-derivative financial liabilities		
Trade and other payables	(1,747,366)	(1,747,366)
Bank overdrafts	(138,737)	(138,737)
	(1,886,103)	(1,886,103)
Derivatives		
Derivative contracts - inflows	1,240,322	1,237,964
- outflows	(1,239,465)	(1,236,974)
	857	990

10. FINANCIAL INSTRUMENTS continued

(g) Credit risk

The Company's exposure to credit risk on cash and cash equivalents and trade and other receivables arises from the non-performance of counterparties, with a maximum exposure equal to the book value of these assets

Dixons Carphone plc's treasury operations limits the Company's exposure to credit risk through application of Dixons Carphone plc treasury policy which restricts counterparties to those with specific ratings and limits the amount of credit exposure to any single financial institution They monitor continuously the credit quality of counterparties and the limits placed on individual credit exposures The Company does not anticipate the non-performance of counterparties and believes it is not subject to material concentration of credit risk given the policies in place

The Company's receivable balances mainly consist of amounts due from group undertakings Further information on the Company's exposure to significant concentration of credit risk on receivables from group undertakings is detailed in note 14

11 CALLED UP SHARE CAPITAL

	2015	2014
	£'000	£'000
Authorised		
100,000,000 ordinary shares of £1 each	**100,000**	100,000
Allotted and fully paid	**£**	£
2 ordinary shares of £1 each	**2**	2

12. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating loss to net cash flows from operating activities

	2014/15	2013/14
	£'000	£'000
Operating loss	**(3,178)**	(15,139)
Provision for intercompany debtors	**287**	11,761
	(2,891)	(3,378)
Movements in working capital		
Decrease / (increase) in trade and other receivables	**1,494,461**	(81,529)
(Decrease) / increase in trade and other payables	**(1,678,267)**	254,499
	(183,806)	172,970
Cash (utilised by) / generated from operations	**(186,697)**	169,592

12. NOTES TO THE CASH FLOW STATEMENT continued

(b) Analysis of net (debt) / funds

		1 May 2014 £'000	**Cash flow £'000**	**2 May 2015 £'000**
Cash and cash equivalents	*	141,326	**(141,310)**	**16**
Bank overdrafts		(3,265)	**(43,176)**	**(46,441)**
Net funds / (debt)		138,061	**(184,486)**	**(46,425)**

		1 May 2013 £'000	Cash flow £'000	30 April 2014 £'000
Cash and cash equivalents	*	104,854	36,472	141,326
Bank overdrafts		(138,737)	135,472	(3,265)
Net (debt) / funds		(33,883)	171,944	138,061

* Cash and cash equivalents are represented as a single class of assets on the face of the balance sheet For the purposes of the cash flow, cash and cash equivalents comprise those amounts represented on the balance sheet as cash and cash equivalents, less bank overdrafts (which are disclosed separately on the balance sheet and as disclosed in note 8)

13. CONTINGENT LIABILITIES

	2015 £'000	2014 £'000	2013 £'000
Guarantees in respect of ultimate parent company borrowings			
8 75% Guaranteed Notes 2015	-	100,561	100,561
8 75% Guaranteed Notes 2017	-	150,000	150,000
Drawings on Amended Facility	-	-	-
	-	250,561	250,561

Dixons Retail plc and the Company itself, together with certain other Dixons Retail plc subsidiary companies, were parties to a revolving credit facility agreement for £200 million (the Amended Facility)

On 19 May 2014, a new revolving credit facility agreement for £150 million (the New Facility) was entered into, which replaced the Amended Facility The Company was not a guarantor under the New Facility Furthermore, as a result of the Company no longer being a guarantor under the Amended Facility, it was also no longer a guarantor under either the 8 75% Guaranteed Notes 2015 or the 8 75% Guaranteed Notes 2017 During the year the New Facility was cancelled and the Guaranteed Notes were repaid

14 RELATED PARTIES

	2014/15	2013/14
	£'000	£'000
Other group undertakings		
Recharge of costs	**(217)**	(244)
Net interest receivable	**2,126**	1,013

Recharge of costs with related parties comprise management charges for services provided by the ultimate parent

Amounts due from group undertakings have maturity dates between 3 and 4 days (2013/14 1 and 31 days) and bear interest at 2 25% (2013/14 between 1 5% and 2 6%)

Amounts due to other group undertakings include £110,841,000 (2014 £1,801,864,000 and 2013 £1,547,006,000) which have maturity dates between 3 to 223 days (2013/14 6 to 134 days) and bear interest between 1 0% and 2 8% (2013/14 0 5% and 1 5%)

The Company also has loans payable of £215,173,000 (2014 £196,871,000 and 2013 £200,360,000) which bear no interest

15. PARENT COMPANY

The Company's immediate parent is DSG international Holdings Limited

On 6 August 2014, an all-share merger (the Merger) of Dixons Retail plc (Dixons), the Company's former ultimate parent and Carphone Warehouse Group plc (Carphone) was completed, which was implemented by way of a scheme of arrangement of Dixons In accordance with the criteria set out in IFRS 3 'Business Combinations' it has been determined that Carphone acquired Dixons and Carphone was renamed Dixons Carphone plc (Dixons Carphone) Under the terms of the Merger, Dixons Shareholders received 0 155 of a new Dixons Carphone Share in exchange for each Dixons share

The Company's ultimate parent and controlling entity is now therefore Dixons Carphone plc, a company incorporated in Great Britain and which is registered in England and Wales Dixons Carphone plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared Copies of its financial statements may be obtained from its registered office at 1 Portal Way, London W3 6RS