

Company Registration No.3891149

DSG EUROPEAN INVESTMENTS LIMITED

Annual Report and Financial Statements

year ended 29 April 2017

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**DSG EUROPEAN INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2017**

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DSG EUROPEAN INVESTMENTS LIMITED OFFICERS AND PROFESSIONAL ADVISORS

Directors

P A James
B M Richardson

Secretary

DSG Corporate Services Limited

Registered office

1 Portal Way
London
W3 6RS

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5HQ

DSG EUROPEAN INVESTMENTS LIMITED

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 29 April 2017. Comparative figures are for the year ended 30 April 2016.

PRINCIPAL ACTIVITY

The Company is the holding company of a group of subsidiaries whose principal activities are the retail sale of high technology consumer electronics, personal computers, domestic appliances, photographic equipment, communication products and related financial and after-sales services. The Company's subsidiaries also undertake business to business sales in the computer and communication sectors and also provide financial and other related services and investment in other Dixons Carphone plc subsidiary companies. The directors anticipate that these activities will be maintained.

BUSINESS REVIEW AND RESULTS

Objective and strategy

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

Principal risk to achieving the Company's objective

Impairment risk

The Company holds equity investments in other subsidiary companies of Dixons Carphone plc. The principal risk faced by the Company is an impairment in the value of these subsidiaries. A review is carried out at least annually to identify any such impairment.

Fair value risk

The Company holds available-for-sale investments at fair value. The Company is exposed to changes in fair value based on the quoted bid price of the underlying investment, which will lead to changes in the value of these investments. The Company reviews the fair value of available-for-sale investments at least annually to identify such changes in fair value.

Results and financial position

The results of the Company are shown on page 5 and comprise mainly dividend income and interest on bank overdrafts and intercompany borrowings. The assets of the Company comprise mainly investments in its subsidiary companies.

The financial position of the Company at the year end was satisfactory.

Approved by the Board of directors and signed on its behalf by:



B M Richardson

Director

31 January 2018

Registered office:

1 Portal Way

London

W3 6RS

Company Registration No. 3891149

DSG EUROPEAN INVESTMENTS LIMITED

DIRECTORS' REPORT

DIVIDENDS

The directors recommend that no dividend be paid (2015/16 £nil).

PRINCIPAL RISKS AND FUTURE DEVELOPMENTS

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

GOING CONCERN

The financial statements are prepared under the going concern basis as the Company has received commitments from its ultimate parent company that it will provide financial support if required to ensure that the Company can meet its liabilities as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS

The directors of the Company throughout the year and to the date of signing were:

P A James
B M Richardson

AUDIT EXEMPTION

For the year ended 29 April 2017, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities in respect of audit exemption:

- The members have not required the Company to obtain an audit of its accounts for the year 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 Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the Board of directors and signed on its behalf by:



B M Richardson
Director

31 January 2018

Registered office:
1 Portal Way
London
W3 6RS
Company Registration No. 3891149

DSG EUROPEAN INVESTMENTS LIMITED DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions with reasonable accuracy at any time, the financial position of the Company and to 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.

DSG EUROPEAN INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 29 April 2017

		2016/17			2015/16		
	Note	Headline results £'000	Non-headline* items £'000	Total £'000	Headline results £'000	Non-headline* items £'000	Total £'000
Operating (loss) / profit	2	(126)	5,072	4,946	(343)	-	(343)
Income from shares in group undertakings		335,406	5,048	340,454	208	-	208
Finance income	5	2,436	-	2,436	-	-	-
Finance costs	5	(15,800)	-	(15,800)	(20,803)	-	(20,803)
Profit / (loss) before and after taxation		321,916	10,120	332,036	(20,938)	-	(20,938)

All operating profits / (losses) are derived from continuing operations in the UK.

* Non-headline items comprise the write-back of a previously impaired loan and income on disposal of investments. Further information on such items is shown in note 3.

DSG EUROPEAN INVESTMENTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE
For the year ended 29 April 2017

	Note	2016/17 £'000	2015/16 £'000
Profit / (loss) after tax for the year		332,036	(20,938)
<i>Items that may be reclassified to the profit and loss account in subsequent years:</i>			
Gains arising on available-for-sale financial assets during the year		19,352	-
Other comprehensive income for the year		19,352	-
Total comprehensive income / (expense) for the year		351,388	(20,938)

DSG EUROPEAN INVESTMENTS LIMITED
BALANCE SHEET
As at 29 April 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	7	335,909	316,557
Current assets			
Trade and other receivables	8	15,362	-
Total assets		351,271	316,557
Current liabilities			
Bank overdrafts		(448,004)	(763,491)
Trade and other payables	9	(921)	(2,108)
Provisions	10	(639)	(639)
		(449,564)	(766,238)
Net current liabilities		(434,202)	(766,238)
Total assets less current liabilities		(98,293)	(449,681)
Total liabilities		(449,564)	(766,238)
Net liabilities		(98,293)	(449,681)
Capital and reserves			
Called up share capital	11	528,000	528,000
Retained earnings		(626,293)	(977,681)
Total equity		(98,293)	(449,681)

AUDIT EXEMPTION

For the year ended 29 April 2017, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities in respect of audit exemption:

- The members have not required the Company to obtain an audit of its accounts for the year 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 Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements were approved by the directors on 27 January 2018 and signed on their behalf by:



B M Richardson

Director

Company Registration No. 3891149

DSG EUROPEAN INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 29 April 2017

	Share capital £'000	Retained earnings £'000	Total £'000
As at 2 May 2015	528,000	(956,743)	(428,743)
Loss for the year	-	(20,938)	(20,938)
As at 30 April 2016	528,000	(977,681)	(449,681)
Profit for the year	-	332,036	332,036
Other comprehensive income recognised directly in equity	-	19,352	19,352
Total comprehensive income for the year	-	351,388	351,388
At 29 April 2017	528,000	(626,293)	(98,293)

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

DSG European Investments Limited (the Company) is a Company incorporated in the United Kingdom, which is registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, incorporating the Amendments to FRS 101 issued by the Financial Reporting Council in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

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 adjustments to total performance measures. The directors consider 'headline' performance measures to be an informative additional measure of the ongoing trading performance 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 restructuring and business impairment charges, profit on sale of investments 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 re-organisation or one-off type activities described above.

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of a company registered in England and Wales. The Company's financial statements present information about it as an individual undertaking and not as a group.

There are no new accounting standards, amendments to standards or IFRIC interpretations which are effective for the Company for the first time during the current financial period which have had an impact on the Company's results or net assets.

The principal accounting policies are set out below.

1.2 Translation of foreign currencies

The financial statements are presented in pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

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 profit and loss account.

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. ACCOUNTING POLICIES continued

1.3 Investments and other financial assets

The Company's financial assets comprise those receivables which involve a contractual right to receive cash from other parties and investments classified as available-for-sale. Financial assets comprise all items shown in note 8 and investments classified as available-for-sale. Under the classifications stipulated by IAS 39 trade and other receivables are classified as "loans and receivables".

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

Available-for sale investments

The Company has investments in unlisted shares that are not traded in an active market but are classified as available-for-sale financial assets and stated at fair value (because the directors consider that their fair value can be reliably measured). Fair value is determined in the manner described in note 7. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the retained earnings reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the retained earnings reserve is reclassified to the profit and loss account. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

Other receivables

Other receivables, which comprise amounts due from group undertakings, 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.

1.4 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, 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 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 bank overdrafts and all items shown in note 9. Under the classifications stipulated by IAS 39, other payables are classified as "financial liabilities measured at amortised cost".

Other payables

Other payables are recorded at cost.

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. ACCOUNTING POLICIES continued

1.6 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. These relate to valuation of investments as set out below.

Investment impairment reviews

Investments are reviewed on an ongoing basis to determine whether any potential impairment exists. Such calculations require judgement relating to the appropriate discount factors and long term growth prevalent in a particular market as well as short and medium term business plans. The directors draw upon experience as well as external resources in making these judgements.

2. OPERATING PROFIT / (LOSS)

The operating profit / (loss) comprises administrative expenses.

For 2015/16 the auditor's remuneration of £12,000 was borne by another group undertaking.

3. NON-HEADLINE ITEMS

In November 2013 the Company disposed of its 100% investment in Unieuro S.p.A, a company incorporated in Italy, and retained an investment of 14.96% in Italian Electronic Holdings s.r.l (IEH), a holding company which in turn owned 100% of the Unieuro operations. The investment was initially recognised at £nil based on the fair value of the retained interest. In March 2017, Unieuro undertook an IPO for 31.8% of its shareholdings, which reduced the Company's investment to 10.2% of the Unieuro operations. As a result of the IPO, the Company received a dividend from the intermediate holding company of £5,048,000, which is treated as non-headline as relates to a disposal of a portion of the Company's investment. A repayment was also received of £5,072,000 for a loan previously impaired following the disposal in November 2013, which has also been treated as non-headline.

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the year (2015/16 none). The directors received no remuneration for services to the Company during the year (2015/16 £nil).

5. FINANCE COSTS

	2016/17 £'000	2015/16 £'000
Interest receivable	2,436	-
Finance income	2,436	-
Interest payable to group undertakings	(2,491)	-
Interest payable on bank overdrafts	(13,309)	(20,803)
Finance costs	(15,800)	(20,803)
Net finance costs	(13,364)	(20,803)

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

6. TAX

	2016/17 £'000	2015/16 £'000
Current tax:		
UK corporation tax at 19.92% (2015/16 20%)*	-	-
Deferred tax:		
Adjustment in respect of earlier periods	-	-
Income tax charge	-	-

*The UK corporation tax rate for the 12 months ended 29 April 2017 was 20% for the 11 months to 31 March 2017 and 19% thereafter (year ended April 2016 was 20%).

A reconciliation of the notional to the actual income tax charge is set out below:

	2016/17 £'000	2015/16 £'000
Profit / (loss) before tax	332,036	(20,938)
Tax on loss at UK corporation tax rate of 19.92% (2015/16 20%)	66,142	(4,188)
Group relief surrendered free of charge	1,676	4,230
Non-taxable income from Group undertakings	(67,818)	(42)
Income tax charge	-	-

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

7. INVESTMENTS

	2017 £'000	2016 £'000
Investments in subsidiary undertakings		
Cost		
At beginning of year	347,566	347,566
At end of year	<u>347,566</u>	<u>347,566</u>
Impairment		
At beginning of year	31,009	31,009
At end of year	<u>31,009</u>	<u>31,009</u>
Net book value at end of year	<u>316,557</u>	<u>316,557</u>

Details of the subsidiary undertakings are set out in note 13.

	2017 £'000	2016 £'000
Available-for-sale investments		
Investments classified as available-for-sale	<u>19,352</u>	<u>-</u>

In November 2013, the Company disposed of its 100% shareholding in Unieuro S.p.A, a company incorporated in Italy, and retained an investment of 14.96% in Italian Electronic Holdings s.r.l (IEH), a holding company which in turn owned 100% of the Unieuro operations. The investment was initially recognised at £nil based on the fair value of the retained interest. In March 2017, Unieuro undertook an IPO for 31.8% of its shareholdings, which reduced the Company's investment to 10.2% of the Unieuro operations. Given the successful IPO, a readily-determinable fair value is available based on the market price of the listed shares, and the investment has therefore been valued at £19,352,000. The movement in investment value has been taken to other comprehensive income as the investment is classified as "available-for-sale". The fair value is based on quoted bid prices in an active market.

8. TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Amounts due from group undertakings	<u>15,362</u>	<u>-</u>

9. TRADE AND OTHER PAYABLES

	2017 £'000	2016 £'000
Amounts due to group undertakings	-	382
Accruals	<u>921</u>	<u>1,726</u>
	<u>921</u>	<u>2,108</u>

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

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

10. PROVISIONS

	2017 £'000	2016 £'000
At beginning of year	639	639
At end of year	639	639

Provisions relate to costs associated with disposal transactions in previous periods. Provisions are expected to be utilised over the next financial year.

11. CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised		
750,000,000 ordinary shares of £1 each	750,000	750,000
Allotted and fully paid		
528,000,001 ordinary shares of £1 each	528,000	528,000

12. PARENT COMPANY

The Company's immediate parent and controlling entity is DSG Overseas Investments Limited.

The Company's ultimate parent and controlling entity is 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.

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

13. SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings at 29 April 2017, all of which have a principal activity of electrical retail sales and related services and are held indirectly by the Company, are listed below:

Name	Country of incorporation or registration	Share Class(es) Held	% Held	Registered Office
ElGiganten Aktiebolag	Sweden	Ordinary	100	Box 1264, 164, 29 Kista, Stockholm
ElGiganten A/S	Denmark	Ordinary	100	Arne Jacobsens Allé 16, 2 sal København S, 2300 Copenhagen
Elkjøp Nordic AS	Norway	Ordinary	100	Solheimsveien, 6-8, 1473, Lørenskog
Elkjøp Norge AS	Norway	Ordinary	100	Solheimsveien, 6-8, 1473, Lørenskog
Gigantti Oy	Finland	Ordinary	100	Sahkotie 3, 01510, Vantaa

The following are the other subsidiary undertakings. All these companies are either holding companies or provide general support to the principal subsidiary undertakings listed above.

Name	Country of incorporation or registration	Share Class(es) Held	% Held	Registered office
Dixons Stores Group Retail Norway AS	Norway	Ordinary	100 ¹	Solheimsveien, 6-8, 1473, Lørenskog
El-Giganten Logistik AB	Sweden	Ordinary	100	Mobelvagen 51, 556 52 Jönköping
Elkjøp Kleiverenga AS	Norway	Ordinary	100	Solheimsveien, 6-8, 1473, Lørenskog
Elkjøp Norge AS	Norway	Ordinary	100	Solheimsveien, 6-8, 1473, Lørenskog
Epoq Holding AB	Sweden	Ordinary	100	Esbogetan 12, 164 74 Kista
Epoq Logistic DC k s	Czech Republic	Ordinary	100	Evropská 868, 664 42 Modrice
InfoCare CS AB	Sweden	Ordinary	100	Arabygatan 9, 35246 Växjö, Kronobergs län
InfoCare Workshop AS	Norway	Ordinary	100	Industrivegen, 53, 2212, Kongsvinger
InfoCare Workshop Holding AS	Norway	Ordinary	100	Industrivegen, 65, 2212, Kongsvinger
InfoCare Workshop Oy	Finland	Ordinary	100	Silvastianie 1, 01510, Vantaa
Lefdal Elektromarked AS	Norway	Ordinary	100	Solheimsveien, 6-8, 1473, Lørenskog
NSS Financial A/S	Denmark	Ordinary	100	Hørkær 12 A, 2730 Herlev
Smarthouse Spain, S A ²	Spain	Ordinary	100 ¹	Vía de las Dos Castillas, No. 33 Complejo Atica-Edificio I, Pozuelo de Alarcón, Madrid 28224

¹ Interest held directly by DSG European Investments Limited

² Smarthouse Spain, S.A. was called PC City Spain S.A. until 14 July 2016

The following are the other significant shareholdings of the Company, which are all held indirectly. All these companies have a principal activity of electrical retail sales and related services.

Name	Country of incorporation or registration	Share Class(es) Held	% Held	Registered Office
Elkjøp Fjordane AS	Norway	Ordinary	30	Fugleskærgata 10, 6900 Florø, 1401 Flora
F Group A/S (in liquidation)	Denmark	Ordinary	40	Lyskær 1, 2730 Herlev

In the opinion of the directors the aggregate value of the shares in and amounts due from the Company's subsidiary undertakings are not less than the aggregate of the amounts at which these assets are included in the Company's balance sheet.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

14. EVENTS AFTER THE BALANCE SHEET DATE

On 29 September 2017 the Company disposed of Smarthouse Spain, S.A. to Global Dominion Access S.A. as part of the disposal of the Dixons Carphone group's Spanish operations. The Company received consideration of €2.5 million.