

Company Registration No. 03966947

**THE CARPHONE WAREHOUSE (DIGITAL)
LIMITED**

Annual Report and Financial Statements

For the year ended 27 April 2019



**THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

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THE CARPHONE WAREHOUSE (DIGITAL) LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of The Carphone Warehouse (Digital) Limited ("the Company"), together with the unaudited financial statements for the year ended 27 April 2019. Comparative figures are presented for the year ended 28 April 2018.

This report is prepared in accordance with the provisions applicable to companies entitled to the small companies exemption s415(a) of the Companies Act 2006. The exemption available from the requirements to prepare a strategic report has been taken in line with s414B of the Companies Act 2006.

Principal activities

The principal activity of the Company is that of an investment holding company. The Directors anticipate that this activity and the financial position of the Company will be maintained.

Review of the business

The profit after taxation for the financial year was £123,294 (2017/18: £278,502).

The principal income for the Company is dividend income. As a result the Directors do not consider there to be any further key performance indicators.

The Directors expect the activities of the Company to continue at the current level in future periods.

Risk management

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the main financial risk the Directors consider relevant to this Company is impairment risk, as the Company holds investments in unlisted shares. A review is carried out at least annually to identify any such impairment.

Dividends

The Directors do not recommend the payment of a final dividend (2017/18: £nil).

Going concern basis

As further described in note 1, the Directors have formed a judgement that, at the time of approving the financial statements, there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served throughout the year and subsequently are as follows:

	<u>Appointed</u>	<u>Resigned</u>
B M Richardson		4 January 2019
L Smith		
A Gibson	4 January 2019	

Prior to 17 December 2018, the Company Secretary was J H C Foo. On 17 December 2018, J H C Foo resigned as Company Secretary and was replaced by C Springett.

On 14 March 2019, C Springett resigned as Company Secretary and was replaced by S Thomas.

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
DIRECTORS' REPORT

Audit Exemption

For the year ended 27 April 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board of Directors and signed on its behalf by:

L Smith
Director



3 January 2020

Registered Office:

1 Portal Way

London

W3 6RS

Registered number: 3966947

THE CARPHONE WAREHOUSE (DIGITAL) 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.

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 27 April 2019

	Note	Year ended 27 April 2019 £	Year ended 28 April 2018 £
Turnover	1.7	155,800	310,616
Operating expenses		<u>(35,000)</u>	<u>(35,000)</u>
Operating profit	2	120,800	275,616
Finance income	3	<u>2,494</u>	<u>2,886</u>
Profit on ordinary activities before taxation		123,294	278,502
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit after taxation for the period		<u>123,294</u>	<u>278,502</u>

All operating profits and (losses) are derived from continuing operations in the United Kingdom.

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

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
BALANCE SHEET
As at 27 April 2019

	Note	27 April 2019 £	28 April 2018 £
Fixed assets			
Investments	6	<u>151,776</u>	<u>151,776</u>
Current assets			
Debtors	7	<u>1,022,539</u>	<u>899,245</u>
Net current assets		<u>1,022,536</u>	<u>899,245</u>
Net assets		<u>1,174,315</u>	<u>1,051,021</u>
Capital and reserves			
Called-up share capital	8	<u>3</u>	<u>3</u>
Profit and loss account		<u>1,174,312</u>	<u>1,051,018</u>
Shareholders' funds		<u>1,174,315</u>	<u>1,051,021</u>

For the year ended 27 April 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Directors on 3 January 2020 and signed on their behalf by:



L Smith

Director

Registered Office:

1 Portal Way

London

W3 6RS

Registered number: 3966947

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 27 April 2019

	Share capital £	Profit and loss account £	Total equity £
At 29 April 2017	3	772,516	772,519
Profit for the period	-	278,502	278,502
Total comprehensive income and expense for the period	-	278,502	278,502
At 28 April 2018	3	1,051,018	1,051,021
Profit for the year	-	123,294	123,294
Total comprehensive income and expense for the year	-	123,294	123,294
At 27 April 2019	3	1,174,312	1,174,315

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The Carphone Warehouse (Digital) Limited ("the Company") is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Portal Way, London W3 6RS. The nature of the Company's operations and its principal activities are set out in the Directors' 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, and is exempt from the obligation to prepare and deliver group accounts. 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.

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. Where relevant, equivalent disclosures have been given in the group accounts of Dixons Carphone plc.

The financial statements have been presented in UK Sterling, the functional currency of the Company derived from the Company's primary economic environment, and on the historical cost basis except for the revaluation of certain financial instruments, as explained below.

During the year ended 27 April 2019 the Company has adopted the following standards which became applicable; IFRS 15 'Revenue from Contracts with Customers' and IFRS 9: 'Financial Instruments: Recognition and Measurement'. Both standards have been applied using the modified retrospective approach and therefore comparative amounts have not been restated. These new standards have not had any material impact on the financial statements of the Company.

Certain other new accounting standards, amendments to existing accounting standards and interpretations which are in issue but not yet effective, including IFRS 16: 'Leases', 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.

The principal accounting policies are set out below.

1.2 Going concern

The Company's activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2.

The Company meets its day-to-day working capital requirements through intercompany financing. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its cash resources for the foreseeable future.

After making enquiries, the Directors have formed a judgement that, at the time of approving the financial statements, and having considered the Company's forecasts and projections, there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the investment. The Company's financial assets comprise those receivables which involve a contractual right to receive cash from external parties and investments as per note 1.4. Financial assets comprise all items detailed in note 7 and are classified as held at amortised cost (excluding derivative financial assets) in accordance with IFRS 9. Under IAS 39, for the comparative period, other receivables were classified as 'loans and receivables' and subsequently held at amortised cost.

Impairment of financial assets

Receivable balances with other Group entities are reviewed for potential impairment based on the ability of the of the counterparty to meets its obligations. The net current asset / liability position of the entity is considered and where the amount due to the Company is not covered, the estimated cashflows of the counterparty and subsidiary companies with the ability to distribute cash to it are considered. The Company will derecognise a financial asset when the contractual rights to the cash flows expire or the Company transfers the financial asset in a way that qualifies for derecognition in accordance with IFRS 9.

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES continued

1.4 Investments

Under IAS 39, applicable for the comparative period, the Company's investments in unlisted shares that are not traded in an active market were classified as available-for-sale and recognised at fair value. Gains and losses were recognised directly in other comprehensive income, accumulating in the investment valuation reserve, with the exception of impairment losses which were recognised through the statement of profit or loss.

Under IFRS 9, the Company has elected to classify the investments as fair value through other comprehensive income (FVTOCI), continuing to recognise the movement in the investment in other comprehensive income as the investment is not held for trading as it was not acquired primarily for the purpose of selling in the near term.

Financial assets designated as FVTOCI, in relation to unlisted shares, are categorised as level 3 in the Group's fair value hierarchy as detailed on page 161 of the ultimate parent company's accounts and are valued based on inputs for the asset or liability that are not based on observable market data.

1.5 Taxation

Current taxation

Current tax is provided at amounts expected to be paid or recovered using the prevailing tax rates and laws that have been enacted or substantially enacted by the balance sheet date and adjusted for any tax payable in respect of previous years.

Deferred taxation

Deferred tax liabilities are recognised for all temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base value and represent tax payable in future periods. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Current and deferred tax is recognised in the income statement except where it relates to an item recognised directly in reserves, in which case it is recognised directly in reserves.

Deferred tax is measured at the average tax rates that are expected to apply in the years 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 assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax balances are not discounted.

1.6 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements and estimates used in the preparation of the financial statements are continually reviewed and revised as necessary.

Whilst every effort is made to ensure that such judgements and estimates are reasonable, by their nature they are uncertain, and as such changes may have a material impact. The Directors consider there are no critical accounting judgements or key sources of estimation uncertainty which affect these financial statements.

1.7 Turnover

Dividends receivable from the Company's investments are recognised when they are approved by shareholders.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company was exempt from audit and therefore no audit fee was paid or accrued in the current or prior period. The Groups auditors received no fees for non-audit work in the current or prior period.

3. FINANCE INCOME

	Year ended 27 April 2019 £	Year ended 28 April 2018 £
Interest receivable from the parent undertaking	2,494	2,886

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. DIRECTORS REMUNERATION AND EMPLOYEES

The Directors did not receive any remuneration in the year for services to the Company (2017/18: £nil). The Company had no employees during the year (2017/18: nil).

5. TAX

(a) Income tax expense

	Year ended 27 April 2019 £	Year ended 28 April 2018 £
Current tax		
UK corporation tax at 19% (2017/18: 19%)	-	-

The UK corporation tax rate for the years ended 27 April 2019 and 28 April 2018 was 19%.

A further reduction in the UK corporation tax rate to 17% from 1 April 2020 has been substantially enacted by the balance sheet date.

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

	Year ended 27 April 2019 £	Year ended 28 April 2018 £
Profit before tax	123,294	278,502
Tax on profit at UK statutory rate of 19% (2017/18: 19%)	23,426	52,915
Items attracting no tax relief or liability	(29,602)	(59,017)
Tax losses surrendered within the group for nil consideration	6,176	6,102
Income tax expense	-	-

6. INVESTMENTS

Fair value	£
At 28 April 2018 and 27 April 2019	151,776

No gains or losses have been recognised during the period (2017/18: £nil).

The Company holds minority interests in the following companies:

Name	Nature of business	Country of incorporation	% ownership
Switchdigital (London) Limited	Digital radio licensing	Great Britain	9.5
Switchdigital (Scotland) Limited	Digital radio licensing	Great Britain	8.0
The Digital Radio Group (London) Limited	Digital radio licensing	Great Britain	9.1

THE CARPHONE WAREHOUSE (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. DEBTORS

	27 April 2019 £	28 April 2018 £
Amounts due from the parent undertaking	<u>1,022,539</u>	<u>899,245</u>

8. SHARE CAPITAL

	27 April 2019 £	28 April 2018 £
Called up, allotted and fully paid:		
3 ordinary shares of £1 each	<u>3</u>	<u>3</u>

9. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate and 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.