

Company Registration No. 4185110

DSG CARD HANDLING SERVICES LIMITED

Annual Report and Financial Statements

Year ended 2 May 2020

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**DSG CARD HANDLING SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2020**

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DSG CARD HANDLING SERVICES LIMITED

STRATEGIC REPORT

The Directors of the Company present their annual report on the affairs of the Company. The unaudited financial statements reflect the Company's results for the year ended 2 May 2020 and comparative information is provided for the year ended 27 April 2019.

PRINCIPAL ACTIVITY

The principal activity of DSG Card Handling Services Limited ("the Company") is non-equity investment in other Dixons Carphone plc subsidiary companies.

BUSINESS REVIEW AND RESULTS

Objective and strategy

The objective of the Company is to deliver value to its shareholder through the investment activities undertaken.

Principal risk and uncertainties

The Company is a wholly-owned subsidiary of Dixons Carphone plc. From the perspective of the directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Dixons Carphone plc and its subsidiaries, which provides a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, can be found on pages 20 to 23 of the Dixons Carphone plc Annual Report and Accounts 2019/20.

Principal risk to achieving the Company's objective

Impairment risk

The Company holds non-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 and a review is carried out at least annually to identify any potential impairments.

Key performance indicators

The Company's directors manage the Company's operations on a group basis and so the directors of the Company believe that analysis using key performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business of the Company. The Group's development, performance and position is discussed in the Dixons Carphone plc Annual Report and Accounts which does not form part of this report.

Results and financial position

The profit for the year after taxation amounted to £7,828,000 (2018/19: £7,972,000). The net assets of the Company comprise investments in a fellow group undertaking, intra-group balances and cash. It is not considered that any significant risk attaches to the recoverability of these assets.

Future development

The Company expects to continue to hold non-equity investments in other subsidiary companies of Dixons Carphone plc.

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



K Jamieson

Director

19 January 2021

Registered office:

1 Portal Way

London

W3 6RS

Registration No. 418511

DSG CARD HANDLING SERVICES LIMITED

DIRECTORS' REPORT

PRINCIPAL RISKS AND FUTURE DEVELOPMENTS

Details of principal risks and future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

DIVIDENDS

The directors recommend that no dividend be paid on ordinary shares (2018/19: £nil). Dividends of £5,502,000 (2018/19: £5,374,000) have been accrued on the Company's preference shares.

DIRECTORS

The directors of the Company during and throughout the year were:

	Appointed	Resigned
A Gibson		30 January 2020
K Jamieson	30 January 2020	
L Smith		30 January 2020
K Uqaili	30 January 2020	

COMPANY SECRETARY

S Thomas

GOING CONCERN BASIS

As further described in note 1 to the financial statements, after making due enquiries 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 as the Company has received commitments from its ultimate parent company that it will provide financial support for a period of at least 12 months to ensure the Company can meet its liabilities as they fall due.

For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

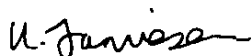
AUDIT EXEMPTION

For the year ended 2 May 2020, 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.

On Behalf of the Board



K Jamieson
Director

19 January 2021

Registered office:

1 Portal Way

London

W3 6RS

Company Registration No. 4185110

DSG CARD HANDLING SERVICES LIMITED

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 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 CARD HANDLING SERVICES LIMITED
INCOME STATEMENT
For the year ended 2 May 2020

	Note	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Turnover	2	-	-
Operating result	2	-	-
Finance income	3	14,216	13,902
Finance costs	3	(6,338)	(5,930)
Net finance income		7,828	7,972
Profit before tax		7,828	7,972
Income tax	5	-	-
Profit for the period		7,828	7,972

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.

DSG CARD HANDLING SERVICES LIMITED
BALANCE SHEET
As at 2 May 2020

	Note	2 May 2020 £'000	27 April 2019 £'000
Non-current assets			
Investments	6	170,000	170,000
Current assets			
Trade and other receivables	7	166,804	152,670
Cash and cash equivalents		34,737	34,655
		201,541	187,325
Total assets		371,541	357,325
Current liabilities			
Trade and other payables	8	(57,642)	(51,254)
Net current assets		143,900	136,071
Total assets less current liabilities		313,900	306,071
Non-current liabilities			
Trade and other payables	8	(71,638)	(71,638)
Total liabilities		(129,280)	(122,892)
Net assets		242,261	234,433
Capital and reserves			
Called up share capital	9	1	1
Retained earnings		205,660	197,832
Capital reserve		36,600	36,600
Total shareholders' funds		242,261	234,433

AUDIT EXEMPTION

For the year ended 2 May 2020, 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 19 January 2021 and signed on their behalf by:



K Jamieson

Director

Registered office:

1 Portal Way

London

W3 6RS

Company Registration No. 4185110

DSG CARD HANDLING SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 2 May 2020

	Share capital £'000	Retained earnings £'000	Capital reserve £'000	Total shareholders' funds £'000
At 28 April 2018	1	189,860	36,600	226,461
Profit for the period	-	7,972	-	7,972
At 27 April 2019	1	197,832	36,600	234,433
Profit for the period	-	7,828	-	7,828
At 2 May 2020	1	205,660	36,600	242,261

The capital reserve represents a receipt from the Company's immediate parent company.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

DSG Card Handling Services 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 strategic report on page 1.

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.

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 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 Pound Sterling, the functional currency of the Company derived from the Company's primary economic environment, and on the historical cost basis.

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 year ended 2 May 2020 which have had an impact on the Company's results or net assets. Certain other 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.

The principal accounting policies are set out below.

1.2 Going Concern

As further disclosed within the Directors Reports on page 2, the financial statements are prepared under the going concern basis as the Company has received commitments from its ultimate parent company that it will continue to provide the necessary financial support to the Company for a period of at least 12 months from the date of approval of these financial statements.

In making this assessment the Group has considered the impact of the Covid-19 pandemic, including recent financial performance. This assessment has resulted in revisions to the Company's and the Group's forecast of performance over the going concern period. When revised, these forecasts continue to demonstrate that the Group is able to provide financial support to the Company for a period of at least 12 months. The considerations the ultimate parent company made in coming to this assessment can be found on pages 135-137 of the Annual Report and Accounts 2019/20.

For the reasons outlined above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Investments and other 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 cash and cash equivalents and those receivables which involve a contractual right to receive cash from external parties as shown in note 7. Under the classifications stipulated by IFRS 9 cash and cash equivalents and trade and other receivables (excluding derivative financial assets) are classified as subsequently measured at amortised cost.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES CONTINUED

1.2 Investments and other financial assets (continued)

Investments

The Company's investment in preference shares falls within the definition of a financial asset rather than equity and are classified as subsequently measured at amortised cost in accordance with IFRS 9. Investment income on cumulative irredeemable preference shares is accrued at a consistent rate against the redemption value of the shares and is recorded in the profit and loss account as finance income. Further information on fixed asset investments is disclosed in note 6.

Other receivables

Other receivables, which comprise amounts due from subsidiary undertakings and other debtors, are classified as measured at amortised cost and subject to impairments driven by the expected credit loss (ECL) model. The Company has adopted the simplified approach to calculate lifetime expected credit losses for its trade and other receivables. Historical credit loss rates are applied consistently to groups of financial assets with similar risk characteristics. These are then adjusted for known changed in, or any forward-looking impacts on creditworthiness.

Receivable balances with other Group entities are reviewed for potential impairment based on the ability of the counterparty to meet 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.

1.3 Tax

Current tax

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

1.4 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 and comprise all items shown in note 8. Under the classifications stipulated by IFRS 9, other payables are classified as financial liabilities subsequently measured at amortised cost.

Other payables

Other payables are initially recorded at fair value and subsequently measured at amortised cost.

1.5 Preference share capital

The Company's preference share capital falls within the definition of a financial liability rather than equity. The annual dividends payable on such preference share capital are accounted for as an interest expense within the profit and loss account. Special dividends payable on such preference share capital represent a repayment of these liabilities and accordingly any special dividends paid are treated as a reduction in these liabilities with an equivalent transfer to the non-distributable reserve.

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.

The Directors consider there are no critical accounting judgements or key sources of estimation uncertainty which affect these financial statements.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. TURNOVER AND OPERATING RESULT

An analysis of the Company's total revenue, including amounts disclosed within finance income, is as follows:

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Finance income	<u>14,216</u>	<u>13,902</u>

For the year ended 2 May 2020 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. Therefore no remuneration was paid for audit services (2018/19: £nil). The Group's auditors received no fees for non-audit work in the current or prior period.

3. NET FINANCE INCOME

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Bank interest receivable	75	65
Dividend receivable on 8.25% cumulative preference shares	4,204	4,114
Dividend receivable on 8.125% cumulative preference B shares	<u>9,937</u>	<u>9,723</u>
Finance income	<u>14,216</u>	<u>13,902</u>
Dividend payable on 7.58% cumulative C preference shares	(3,305)	(3,225)
Dividend payable on 7.58% cumulative D preference shares	(2,197)	(2,149)
Interest payable to group undertakings	<u>(886)</u>	<u>(556)</u>
Finance costs	<u>(6,388)</u>	<u>(5,930)</u>
Net finance income	<u><u>7,828</u></u>	<u><u>7,972</u></u>

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2018/19: none). The directors received no remuneration for services to the Company during the period (2018/19: £nil).

5. TAX

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Current tax		
UK corporation tax at 19% (2018/19: 19%)	<u>-</u>	<u>-</u>
Income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. TAX CONTINUED

A reconciliation of the notional to the actual income tax (credit) / expense is set out below:

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Profit before tax	7,828	7,972
Profit on ordinary activities at the UK statutory rate of 19% (2018/19: 19%)	1,487	1,515
Group relief surrendered free of charge	155	68
Dividends receivable from group companies	(2,687)	(2,629)
Non-deductible dividend payments	1,045	1,046
Income tax expense	-	-

Finance (No.2) Act 2016 reduced the corporation tax rate from 1 April 2020 to 17% from 19%. However, the Finance Act 2020, which was substantively enacted on 17 March 2020, removed the planned reduction. The rate applicable from 1 April 2020 now remains at 19% therefore the UK corporation tax rate for the 12 months ended 2 May 2020 and 27 April 2019 was 19%

6. INVESTMENTS

Cost and net book value	£'000
At 27 April 2019 and 2 May 2020	170,000

Investments relate to shares in DSG Overseas Investments Limited, a fellow group undertaking of the ultimate parent undertaking, comprising 50,000,000 8.25% non-voting cumulative redeemable preference shares of £1 each and 120,000,000 8.125% non-voting cumulative redeemable B preference shares of £1 each.

7. TRADE AND OTHER RECEIVABLES

	2 May 2020 £'000	27 April 2019 £'000
Amounts due from group undertakings	166,804	152,663
Other debtors	-	7
	166,804	152,670

Amounts due from group undertakings comprise accrued preference dividends receivable on the Company's investment as outlined in note 6.

The carrying amount of trade and other receivables approximates fair value.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER PAYABLES

	2 May 2020 £'000		27 April 2019 £'000	
	Current £'000	Non- current £'000	Current £'000	Non- current £'000
Accrued preference dividends	57,641	-	51,254	-
43,015,112 7.58% cumulative C preference shares of £1 each	-	43,015	-	43,015
58,000,000 7.58% cumulative D preference shares of £1 each	-	28,623	-	28,623
	57,641	71,638	45,324	71,638

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

The 7.58% cumulative C preference shares of £1 each and the 7.58% cumulative D preference shares of £1 each rank ahead of ordinary shares in the event of a return of assets on liquidation.

9. CALLED UP SHARE CAPITAL

	2 May 2020 £'000	27 April 2019 £'000
Allotted and fully paid:		
1,000 ordinary shares of £1 each	1	1

10. PARENT COMPANY

The Company's immediate parent and controlling entity is DSG Retail 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.

11. SUBSEQUENT EVENTS

Following the impact of the Covid-19 pandemic the Company has monitored internal actions, external factors likely to affect future developments and the trading performance, financial position and cash flows of the Company from the reporting date up until the date of signing. No adjustments to key estimates and judgements that impact the balance sheet as at 2 May 2020 have been identified.