

Company Registration No. 06534088

Carphone Warehouse Europe Limited

Annual Report and Financial Statements

For the year ended 27 April 2019

FRIDAY



A8XUOWI1

A28

31/01/2020

#242

COMPANIES HOUSE

**CARPHONE WAREHOUSE EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

CONTENTS	Page
Officers and professional advisors	2
Strategic report	3
Directors' report	4
Statement of Directors' responsibilities	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9

**CARPHONE WAREHOUSE EUROPE LIMITED
OFFICERS AND PROFESSIONAL ADVISORS**

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	

COMPANY SECRETARY

	<u>Appointed</u>	<u>Resigned</u>
J H C Foo		17 December 2018
C Springett	17 December 2018	14 March 2019
S Thomas	14 March 2019	

REGISTERED OFFICE

1 Portal Way
London
W3 6RS

BANKERS

HSBC Bank plc
8 Canada Square
London
E14 5HQ

CARPHONE WAREHOUSE EUROPE LIMITED

STRATEGIC REPORT

STRATEGIC REPORT

This Strategic Report has been prepared for Carphone Warehouse Europe Limited ("the Company") and in preparing this Strategic Report the directors of the Company ("Directors") have complied with Section 414C of the Companies Act 2006.

Principal activities

The Company carries out the activities of a holding company as a subsidiary of Dixons Carphone plc ("Dixons Carphone"). Dixons Carphone and its subsidiaries ("Group") operate retail and online propositions across a range of European markets. The Company primarily holds investments in "Carphone Warehouse" and "Phone House" branded retail and online operations.

Review of the business

The loss after taxation for the year was £300,180,000 (2017/18: £565,544,000) primarily reflecting an operating loss of £287,790,000 (2017/18: £544,761,000). The current period loss was affected by the impairment of several investments totalling £287,221,000 (2017/18: £545,375,000) and £12,377,000 (2017/18: £12,392,000) of net interest costs which was offset by dividend income of £4,000,000 (2017/18: £nil). The Company's net assets decreased to a net liability position of £146,572,000 (2017/18: net assets of £153,608,000) during the year, primarily reflecting the impairment noted above.

The key performance indicator is result after tax.

Principal risks 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 26 to 31 of the Dixons Carphone plc Annual Report and Accounts 2018/19.

The principal risks and uncertainties specific to the Company are set out below:

Impairment of investment

The main assets held by the Company are its investments in companies which carry out the operations of the Group. The Group has established processes and procedures to assess and direct the financial and operational performance, and strategic direction of these businesses. These investments are assessed for impairment by the Directors on an annual basis or when there is an indicator of impairment.

Interest rate risk

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 is interest rate risk. Funding for all subsidiaries of Dixons Carphone, including the Company, is arranged centrally. The Group regularly monitors interest rate risk and the Company does not trade or speculate in any financial instruments.

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



L Smith

Director

29 JANUARY 2020

Registered office:

1 Portal Way

London

W3 6RS

Company Registration No. 6534088

CARPHONE WAREHOUSE EUROPE LIMITED DIRECTORS' REPORT

The Directors of the Company present their annual report on the affairs of the Company, with the unaudited financial statements. The financial statements reflect the Company's results for the year ended 27 April 2019. Comparative information is provided for the 12 month period ended 28 April 2018.

Dividends

The Directors have not recommended the payment of a dividend (2017/18: £nil).

Financial risk management

Due to the nature of the Company's operations and the assets and liabilities contained within its balance sheet, the main financial risks the Directors consider relevant to the Company are impairment of investments and interest rate risk which have been detailed in the Strategic Report on page 3.

Directors

The Directors who served throughout the period and subsequently (except as noted) are shown on page 2. The Company had qualifying third party indemnity insurance for the benefit of its Directors throughout the period and at the date of this report.

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.

Environment

A full analysis of the key regulatory and social risks of the industry in which the Group operates is described in the Group's annual report, which does not form part of this report. As a subsidiary entity, the Company operates in accordance with the policies of the Group.

Donations

The Company made no charitable or political donations in the period (2017/18: £nil).

Future development

The Company expects to continue as a holding company of the Group.

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 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:



L Smith

Director

29 JANUARY 2020

Registered office:

1 Portal Way

London

W3 6RS

Company Registration No. 6534088

CARPHONE WAREHOUSE EUROPE 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.

CARPHONE WAREHOUSE EUROPE LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 27 April 2019

	Note	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Income from shares in group undertakings	2	<u>4,000</u>	<u>-</u>
Operating expenses (including impairment of investments of £287,221,000 (2017/18: £545,375,000))		<u>(291,790)</u>	<u>(544,761)</u>
Operating loss	2	<u>(287,790)</u>	<u>(544,761)</u>
Finance costs		<u>(12,377)</u>	<u>(12,392)</u>
Total finance costs	3	<u>(12,377)</u>	<u>(12,392)</u>
Loss before tax		<u>(300,167)</u>	<u>(557,153)</u>
Income tax expense	5	<u>(13)</u>	<u>(8,391)</u>
Loss for the year		<u><u>(300,180)</u></u>	<u><u>(565,544)</u></u>

All operating 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.

CARPHONE WAREHOUSE EUROPE LIMITED
BALANCE SHEET
As at 27 April 2019

	Note	27 April 2019 £'000	28 April 2018 £'000
Non-current assets			
Property, plant & equipment	6	-	-
Investments	7	561,511	848,732
		<u>561,511</u>	<u>848,732</u>
Current assets			
Trade and other receivables	8	1,019	3,190
Deferred tax assets	5	114	127
		<u>1,133</u>	<u>3,317</u>
Total assets		<u>562,644</u>	<u>852,049</u>
Current liabilities			
Trade and other payables	9	(8,904)	(33,331)
Loans and other borrowings	10	(691,249)	(661,328)
Provisions	11	(9,063)	(3,782)
		<u>(709,216)</u>	<u>(698,441)</u>
Net current liabilities		<u>(708,083)</u>	<u>(695,124)</u>
Total liabilities		<u>(709,216)</u>	<u>(698,441)</u>
Net assets		<u>(146,572)</u>	<u>153,608</u>
Capital and reserves			
Share capital	12	309,326	309,326
Profit and loss account		(455,898)	(155,718)
Total equity		<u>(146,572)</u>	<u>153,608</u>

For the year ended 27 April 2019 the Company was entitled to exemption from audit under s. 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the period in question in accordance with s. 476 of the Companies Act 2006. 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 Board of directors on 29 JANUARY 2020 and signed on their behalf by:



L Smith

Director

Registered office:

1 Portal Way

London

W3 6RS

Registered Company No. 6534088

CARPHONE WAREHOUSE EUROPE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 27 April 2019

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 29 April 2017	309,326	409,826	719,152
Loss for the year	-	(565,544)	(565,544)
Total comprehensive income and expense for the period	-	(565,544)	(565,544)
At 28 April 2018	309,326	(155,718)	153,608
Loss for the year	-	(300,180)	(300,180)
Total comprehensive income and expense for the period	-	(300,180)	(300,180)
At 27 April 2019	309,326	(455,898)	(146,572)

CARPHONE WAREHOUSE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

Carphone Warehouse Europe Limited ("the Company") is a private company limited by shares 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 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 3.

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 been prepared in accordance with FRS 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 share-based payments, 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.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Dixons Carphone plc. The group accounts of Dixons Carphone plc are available to the public and can be obtained as set out in note 13.

The Company has adopted IFRS 9: 'Financial Instruments: Recognition and Measurement' and IFRS 15: 'Revenue from Contracts with Customers' effective for the current financial year from 29 April 2018. 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, position and principal risks and uncertainties are set out in the Strategic Report on page 3.

As stated in the Directors' report on page 4 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 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 Foreign currency translations and transactions

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transactions or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate and all differences are dealt with in the profit and loss account.

1.4 Other operating income

As a holding Company, dividends receivable from the Company's investments are recognised when they are approved by shareholders.

CARPHONE WAREHOUSE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES continued

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 profit and loss account 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 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. Under the classifications stipulated by IFRS 9 for the year ended 27 April 2019, cash and cash equivalents and trade and other receivables (excluding derivative financial assets) are classified as held at amortised cost. Under IAS 39, for the comparative period, cash and cash equivalents and trade and other receivables (excluding derivative financial assets) are classified as 'loans and receivables' and subsequently held at amortised cost.

Fixed asset investments

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

Investments are assessed for indicators of impairment at each balance sheet date. If there is objective evidence that the recoverable value of the investment has been reduced, an impairment loss is recognised in profit or loss. The recoverable amount of an investment is the higher of its fair value less cost to sell and its value in use.

Trade and other receivables

Trade and other receivables (excluding derivative financial assets) 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 changes in, or any forward-looking impacts on creditworthiness. For the year ended 28 April 2018, trade and other receivables (excluding derivative financial assets) were recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments required to align cost to fair value. The carrying amount of trade receivables was reduced through the use of a provision account. A 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 of the amounts due under the original terms of the invoice.

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.

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.

CARPHONE WAREHOUSE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES continued

1.7 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 and comprise amounts owing to other Dixons Carphone plc subsidiary companies. Financial liabilities comprise all items shown in notes 9 and 10.

Under the classifications stipulated by IFRS 9, and IAS 39 for the comparative period, borrowings and trade and other payables are classified as 'financial liabilities measured at amortised cost'.

Trade and other payables

Trade and other payables are recorded at cost.

1.8 Provisions

Provisions are recognised when a legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted where the time value of money is considered to be material.

All provisions are assessed by reference to the best available information at the balance sheet date.

1.9 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 principal items subject to such judgements and estimates are as follows:

Key sources of estimation uncertainty

Investment impairment reviews

As described in note 1.6, investments are assessed for indicators of impairment at least annually to determine whether circumstances exist that could lead to the conclusion that the net book value of such assets is not supportable. In assessing impairment of investments discounted cash flow methods are used.

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.

CARPHONE WAREHOUSE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. TURNOVER AND OPERATING LOSS

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Income from shares in group undertakings	4,000	-
Administrative expenses	(291,790)	(544,761)
Operating loss	(287,790)	(544,761)

Loss before interest and tax is stated after crediting the following:

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Impairment of investments	287,221	545,375
Net foreign exchange gains	(1)	(411)

The Company was exempt from audit and therefore no audit fee was paid or accrued in the current year. For the prior period, the audit fee of £3,000 was borne by another company within the Group. The Groups auditors received no fees for non-audit work in the current or prior period.

3. FINANCE COSTS

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Interest on bank loans and overdrafts	(194)	(415)
Interest payable to group undertakings	(12,183)	(11,977)
Finance costs	(12,377)	(12,392)
Total finance costs	(12,377)	(12,392)

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the year (2017/18: none). The Directors received no remuneration for services to the Company during the year (2017/18: £nil).

CARPHONE WAREHOUSE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5. TAX

(a) Income tax expense / (credit)

	Note	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Current tax			
UK corporation tax at 19% (2017/18: 19% ⁽ⁱ⁾)		-	-
Adjustments in respect of earlier periods		-	8,377
		<u>-</u>	<u>8,377</u>
Deferred tax			
Current period		13	16
Adjustment in respect of earlier periods		-	(2)
		<u>13</u>	<u>14</u>
Income tax expense		<u><u>13</u></u>	<u><u>8,391</u></u>

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

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

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Loss before tax	<u>(300,167)</u>	<u>(557,153)</u>
Tax on loss at UK statutory rate of 19% (2017/18: 19%)	(57,032)	(105,859)
Tax losses utilised within the group	2,197	2,020
Non-taxable dividends	(760)	-
Expenses not deductible for tax purposes	55,609	103,857
Impact of change in tax rate	(1)	(2)
Adjustments in respect of earlier periods	-	8,375
Income tax expense	<u><u>13</u></u>	<u><u>8,391</u></u>

CARPHONE WAREHOUSE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5. TAX continued

(b) Deferred tax

	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 29 April 2017	89	52	141
Charged to the profit and loss account	(14)	-	(14)
At 28 April 2018	75	52	127
Charged to the profit and loss account	(13)	-	(13)
At 27 April 2019	62	52	114

Other temporary differences relate to origination and reversal of timing differences and adjustments in respect of prior periods.

A reduction in the UK corporation tax rate to 17% from 1 April 2020 has been substantively enacted by the balance sheet date and has been used in the recognition of deferred tax balances.

6. PROPERTY, PLANT & EQUIPMENT

	Fixtures, fittings and equipment £'000
Cost	
At beginning of the year	11
Additions	-
Disposals	(11)
At end of the year	-
Depreciation	
At beginning of the year	(11)
Charge for the year	-
Disposal	11
At end of the year	-
Net book value at end of the year	-
Net book value at beginning of the year	-

CARPHONE WAREHOUSE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS

	27 April 2019 £'000
Investments in subsidiary undertakings	
Cost	
At the beginning and end of the period	2,586,928
Impairment	
At beginning of the period	(1,738,196)
Impairment	(287,221)
At the end of the period	(2,021,514)
Net book value at end of the period	561,511
Net book value at beginning of the period	848,732

During the year impairment of investments based on forecast future cash flows and book values of the entities was recognised in relation to The Carphone Warehouse Limited (£280 million), The Phone House Holdings Limited (£4 million) and New Technology Insurance unlimited company (£3 million). For the prior period, an accumulative impairment of £545 million was recognised by the Company.

8. TRADE AND OTHER RECEIVABLES

	27 April 2019 £'000	28 April 2018 £'000
Amounts due from group undertakings	1,019	3,190
	1,019	3,190
Current	1,019	3,190
	1,019	3,190

The majority of trade and other receivables are non-interest bearing. Where the effect is material, trade and other receivables are discounted using discount rates which reflect the relevant costs of financing. The carrying amount of trade and other receivables approximates fair value.

Amounts due from group undertakings receive no interest. Interest is not charged on balances arising in the Group companies as a result of intercompany trading; such balances are settled regularly in line with agreed terms of trade, usually through the Group's netting system within 30 to 60 days.

9. TRADE AND OTHER PAYABLES

	27 April 2019 £'000	28 April 2018 £'000
Trade payables	102	936
Amounts due to group undertakings	8,790	32,395
Accruals	12	-
	8,904	33,331

CARPHONE WAREHOUSE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER PAYABLES continued

Amounts due to group undertakings bear no interest. Interest is not charged on balances arising in the Group companies as a result of intercompany trading; such balances are settled regularly in line with agreed terms of trade, usually through the Group's netting system within 30 to 60 days.

10. BORROWINGS

	27 April 2019 £'000	28 April 2018 £'000
Amounts due to group undertakings	683,258	646,001
Bank overdraft	7,991	15,327
	<u>691,249</u>	<u>661,328</u>

Amounts owed to Group undertakings are repayable within 12 months and bear interest at the Group's average borrowing rate.

Certain bank accounts are part of a notional pooling mechanism whereby each bank only monitors net aggregate borrowings against Group overdraft limits thus allowing subsidiary companies to borrow on overdraft or to deposit surplus cash via their own bank accounts. Interest is charged on overdrawn balances and paid on surplus cash at intercompany rates of LIBOR plus 2.25% for overdrafts and base rate with no margin for surplus cash balances.

11. PROVISIONS

	27 April 2019 £'000	28 April 2018 £'000
Disposal of operations in Germany	9,063	3,782
	<u>9,063</u>	<u>3,782</u>

	27 April 2019 Total £'000
At beginning of the year	3,782
Additions	5,468
Utilisation	(187)
At end of the year	<u>9,063</u>

Provisions relate to costs associated with the disposal of operations in Germany. The provisions are expected to be utilised within one year.

12. SHARE CAPITAL AND RESERVES

Called up share capital

	27 April 2019 £'000	2 April 2018 £'000
Allotted, called-up and fully paid		
309,326,004 Ordinary A shares of £0.50 each	154,663	154,663
309,326,004 Ordinary B shares of £0.50 each	154,663	154,663
	<u>309,326</u>	<u>309,326</u>

The A ordinary shares have full voting, dividend and capital distribution (including on winding up) rights in relation to the CPWM business, which has now ceased, and the B ordinary shares have full voting, dividends and capital distribution (including on winding up) rights in relation to the remaining business of the Company.

CARPHONE WAREHOUSE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. PARENT COMPANY

The Company's immediate parent is Dixons Carphone Holdings Limited (formerly known as New CPW Limited) which is a wholly-owned subsidiary of Dixons Carphone plc.

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.

15. SUBSIDIARY UNDERTAKINGS

At 27 April 2019 the Company has investments in the following principal subsidiary undertakings.

Name	Country of incorporation or registration	Share Class(es) Held	% Held	Business Activity	Registered Office
CPW Technology Services Limited	England & Wales	Ordinary	100	IT	1 Portal Way, London, W3 6RS
New Technology Insurance Unlimited Company	Ireland	Ordinary	100 ¹	Insurance	Baker Tilly Hughes Blake, Joyce House, 22-23 Holles Street, Dublin 2
The Carphone Warehouse Limited	England & Wales	Ordinary	100 ¹	Retail	1 Portal Way, London, W3 6RS
The Carphone Warehouse Limited	Ireland	Ordinary	100 ¹	Retail	3 rd Floor Office Suite, Omni Park Shopping Centre, Santry, Dublin 9

¹ Interest held directly by Carphone Warehouse Europe Limited.

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

Name	Country of incorporation or registration	Share Class(es) Held	% Held	Registered office
Carphone Warehouse Ireland Mobile Limited (in liquidation)	Ireland	Ordinary	100 ¹	44 Fitzwilliam Place, Dublin 2
Connected World Services Distributions Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
Connected World Services Netherlands BV	Netherlands	Ordinary	100 ¹	Watermanweg 96, 3067 GG, Rotterdam
Connected World Services SAS (in liquidation)	France	Ordinary	100 ¹	26 rue de Cambacérès, 75008 Paris
CPW CP Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
ID Mobile Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
MTIS Limited	Ireland	Ordinary	100	Carphone Warehouse, Dixons Unit, 301 Omni Park Shopping Centre, Swords Road, Dublin 9
TalkM Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
The Carphone Warehouse UK Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
The Phone House Holdings (UK) Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS

¹ Interest held directly by Carphone Warehouse Europe Limited.

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.

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.