


Company Registration No. 7135355

**CPW BRANDS 2 LIMITED**

**Annual Report and Financial Statements**

**For the year ended 28 April 2018**

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**CPW BRANDS 2 LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

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## **CPW BRANDS 2 LIMITED STRATEGIC REPORT**

The strategic report has been prepared for CPW Brands 2 Limited ("the Company") and in preparing this strategic report the directors of the Company have complied with Section 414C of the Companies Act 2006.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

*The Company is a wholly owned subsidiary of Dixons Carphone plc.*

The Company owns the "Carphone Warehouse" trademark and a licence agreement is in place with The Carphone Warehouse Limited for the use of the trademark.

The Company seeks to manage, develop and exploit the "Carphone Warehouse" trademark.

#### **Review of the business**

The loss after taxation for the financial year was £9,296,000 (2016/17: loss of £2,415,000). The loss for the year includes an impairment of intangible assets of £9,106,000 (2016/17: £nil).

The principal income for the Company in the period was royalty 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 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 interest rate risk. Funding for all subsidiaries of Dixons Carphone plc, including the Company, is arranged centrally. The group regularly monitors interest rate risk and does not trade or speculate in any financial instruments.

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



**L Smith**

Director

30 January 2019

Registered Office:

1 Portal Way

London

W3 6RS

Registered number: 7135355

## CPW BRANDS 2 LIMITED DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the unaudited financial statements for the year ended 28 April 2018.

### Dividends

The directors do not recommend the payment of a final dividend (2016/17: £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:

	Appointed	Resigned
P A James		2 March 2018
B M Richardson		4 January 2019
L Smith	2 March 2018	
A Gibson	4 January 2019	

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

### Audit Exemption

For the period ended 28 April 2018 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  
30 January 2019  
Registered Office:  
1 Portal Way  
London  
W3 6RS

Registered number: 7135355

## **CPW BRANDS 2 LIMITED**

### **DIRECTORS' RESPONSIBILITY 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.

**CPW BRANDS 2 LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
For the year ended 28 April 2018

	Note	Year ended 28 April 2018 £'000	Year ended 29 April 2017 £'000
<b>Turnover</b>	2	<b>9,679</b>	8,951
Operating expenses (including impairment charge of £9,106,000 (2016/17: £nil))	4	<b>(19,021)</b>	(11,410)
<b>Operating loss</b>		<b>(9,342)</b>	(2,459)
Finance Income	3	<b>46</b>	44
<b>Loss on ordinary activities before taxation</b>	4	<b>(9,296)</b>	(2,415)
Tax on profit on ordinary activities	6	-	-
<b>Loss after taxation for the period</b>		<b>(9,296)</b>	(2,415)

All operating losses are derived from continuing operations in the UK.

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

**CPW BRANDS 2 LIMITED**  
**BALANCE SHEET**  
**As at 28 April 2018**

		Year ended 28 April 2018 £'000	Year ended 29 April 2017 £'000
	Note		
<b>Fixed assets</b>			
Intangible assets	7	<u>21,424</u>	<u>33,110</u>
<b>Current assets</b>			
Cash and cash equivalents		12,255	12,212
Debtors	8	2,471	8,954
<b>Creditors: amounts falling due within one year</b>	9	<u>(7)</u>	<u>(8,837)</u>
<b>Net current assets</b>		<u>14,719</u>	<u>12,329</u>
<b>Net assets</b>		<u>36,143</u>	<u>45,439</u>
<b>Capital and reserves</b>			
Called-up share capital		-	-
Profit and loss account		<u>36,143</u>	<u>45,439</u>
<b>Shareholders' funds</b>		<u>36,143</u>	<u>45,439</u>

For the year ended 28 April 2018 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 30 January 2019 and signed on their behalf by:



**L Smith**  
 Director  
 Registered Office:  
 1 Portal Way  
 London  
 W3 6RS

Registered number: 7135355

**CPW BRANDS 2 LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 28 April 2018**

	<b>Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total Shareholders' funds £'000</b>
At 30 April 2016	51,600	(3,746)	47,854
Loss for the year	-	(2,415)	(2,415)
Total comprehensive income and expense for the year	-	(2,415)	(2,415)
Capital reduction	(51,600)	51,600	-
At 29 April 2017	-	45,439	45,439
Loss for the year	-	(9,296)	(9,296)
Total comprehensive income and expense for the year	-	(9,296)	(9,296)
<b>At 28 April 2018</b>	<b>-</b>	<b>36,143</b>	<b>36,143</b>



**CPW BRANDS 2 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

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, 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 UK Sterling, the functional currency of the Company, and on the historical cost basis except for the revaluation of certain financial instruments, as explained below.

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 following new accounting standards have been published and are not applicable for the Company in the current financial year;

- IFRS 9 'Financial Instruments' will be applicable for the 2018/19 financial year;
- IFRS 15 'Revenue from Contracts with Customers' will be applicable for the 2018/19 financial year; and,
- IFRS 16 'Leases' will be applicable for the 2019/20 financial year.

The new standards will not have any material impact on the financial statements of the Company.

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 strategic report on page 2.

The Company meets its day-to-day working capital requirements through cash resources. 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 due 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 Intangible assets**

***Trademarks***

Trademarks purchased as part of acquisitions of businesses are capitalised and amortised over their useful economic lives on a straight line basis. These intangible assets are stated at cost less accumulated amortisation and, where appropriate, provision for impairment in value or estimated loss on disposal.

Amortisation is provided to write off the cost of assets on a straight line basis over 20 years.

**1.4 Turnover**

Turnover is stated net of VAT and comprises royalty income earned on trademarks. Turnover is recognised as it falls due.

**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.

**CPW BRANDS 2 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES continued**

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 Other financial assets**

The Company's financial assets comprise cash and cash equivalents and those receivables which involve a contractual right to receive cash from external parties. Under the classifications stipulated by IAS 39, cash and cash equivalents are classified as 'loans and receivables'. Trade and other receivables (excluding derivative financial assets) are classified as 'loans and receivables'.

***Trade and other receivables***

Trade and other receivables (excluding derivative financial assets) are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments required to align cost to fair value. The carrying amount of trade receivables is 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. Receivables that are not assessed individually for impairment are assessed for impairment on a collective basis using ageing analysis to determine the required provision. Bad debts are written off when identified.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts and short term highly liquid deposits with a maturity of three months or less and which are subject to an insignificant risk of changes in value. Bank overdrafts, which form part of cash and cash equivalents for the purpose of the cash flow statement, are shown under current liabilities.

**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. Financial liabilities comprise all items shown in note 9 with the exception of other taxation and social security, deferred income and other non-financial creditors.

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

***Trade and other payables***

Trade and other payables (excluding derivative financial liabilities) are recorded at cost.

**1.8 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:

***Intangible impairment reviews***

Intangible assets are assessed on an ongoing basis 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 and property, plant & equipment 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.

**CPW BRANDS 2 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**2. TURNOVER**

Turnover is wholly attributable to the principal activity of the Company, and originated in the United Kingdom.

**3. FINANCE INCOME**

	Year ended 28 April 2018 £'000	Year ended 29 April 2017 £'000
Bank account interest receivable	<u>46</u>	<u>44</u>

**4. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging the following:

	Year ended 28 April 2018 £'000	Year ended 29 April 2017 £'000
Amortisation of intangible assets	2,580	2,580
Impairment of intangible assets	<u>9,106</u>	<u>-</u>

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

**5. DIRECTORS' REMUNERATION AND EMPLOYEES**

The directors did not receive any remuneration in the year for services to the Company (2016/17: £nil). The Company had no employees during the year (2016/17: nil).

**6. TAX**

**(a) Income tax expense / (credit)**

	Year ended 28 April 2018 £'000	Year ended 29 April 2017 £'000
<b>Current tax</b>		
UK corporation tax at 19% (2016/17: 19.92%)*	-	-
<b>Tax charge</b>	<u>-</u>	<u>-</u>

\*The UK corporation tax rate for the 12 months ended 28 April 2018 was 19% (year ended 29 April 2017 was 20% for the 11 months to 31 March 2017 and 19% thereafter).

**CPW BRANDS 2 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. TAX continued**

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

	Year ended 28 April 2018 £'000	Year ended 29 April 2017 £'000
(Loss) before tax	(9,296)	(2,415)
Tax on profit at UK statutory rate of 19% (2016/17: 19.92%)	(1,766)	(481)
Tax losses surrendered / (claimed) within the group for £nil consideration	1,240	(33)
Items attracting no tax relief or liability	526	514
Income tax expense	-	-

**7. INTANGIBLE FIXED ASSETS**

	Trademarks £'000
<b>Cost</b>	
At 29 April 2017 and 28 April 2018	51,600
<b>Amortisation</b>	
At 29 April 2017	18,490
Charge for the year	2,580
At 28 April 2018	21,070
<b>Impairment</b>	
At 29 April 2017	-
Charge for the year	9,106
At 28 April 2018	9,106
<b>Net book value</b>	
At 29 April 2017	33,110
At 28 April 2018	21,424

**Impairment testing**

At 28 April 2018, the Company has assessed the recoverable value of its trademarks to determine whether circumstances exist that could conclude that the current net book value is no longer supportable. The recoverable amount was determined based on calculating the value in use (VIU) which was calculated by applying discounted cash flow modelling to management's own risk adjusted five-year projections. In forming the projections management draws on past experience as a measure to forecast future performance. Cash flows beyond the five-year projections are extrapolated using a long-term growth rate equivalent to long-term forecasts of Gross Domestic Product ('GDP') growth rates for the relevant market.

Key assumptions used in calculating value in use were management's projections and the pre-tax adjusted discount rate. The pre-tax discount rates applied to the forecast cash flows reflect current market assessments of the time value of money and the risks specific to the Company.

The pre-tax discount rate used was 8.6% for 28 April 2018. Based on the calculated VIU, an impairment charge of £9,106,000 has been recognised.

**CPW BRANDS 2 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**8. DEBTORS**

	<b>28 April 2018 £'000</b>	<b>29 April 2017 £'000</b>
Intercompany debtors	<b>2,466</b>	8,951
Interest receivable	<b>5</b>	3
	<b>2,471</b>	8,954

**9. CREDITORS**

	<b>28 April 2018 £'000</b>	<b>29 April 2017 £'000</b>
Amounts due to group undertakings	<b>7</b>	8,837
	<b>7</b>	8,837

**10. SHARE CAPITAL**

	<b>28 April 2018 £'000</b>	<b>29 April 2017 £'000</b>
<b>Called up, allotted and fully paid:</b>		
1 ordinary shares of £1 each	-	-
	-	-

On 19 January 2017 the Company approved a reduction of capital by way of the solvency statement procedure under Section 641(1)(a) of the Companies Act 2006. The Company's share capital was reduced from £51,600,000 to £1.

**11. 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.