

Company Registration No. 07866062

DIXONS CARPHONE HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 27 April 2019



DIXONS CARPHONE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

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DIXONS CARPHONE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

	<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
United Kingdom

BANKERS

HSBC Bank plc
8 Canada Square
London
E14 5HQ
United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

DIXONS CARPHONE HOLDINGS LIMITED

STRATEGIC REPORT

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

Principal activities

The Company carries out the activities of a holding and central overhead cost company and is a direct 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 holds investments, both directly and indirectly, in all of these retail operations.

Funding

The Company is funded primarily through loans from its parent entity and overdraft facilities.

Principal income streams and costs

The principal income of the Company is dividend income. Its principal expense is the costs of servicing the intercompany loan provided by the Company's parent to fund its operations and central overheads for Group functions.

Review of the business

The loss after taxation for the financial year was £200,742,000 (2017/18: £412,629,000). Following the deterioration in the forecast performance of the mobile market, the Company identified a material non-cash impairment charge of £166,640,000 (2017/18: £385,823,000) to be recorded over the Carphone Warehouse Europe Limited investment.

Key performance indicators

The Directors of Dixons Carphone Holdings Limited 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.

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.

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.

Impairment of investment

The main asset held by the Company is its investment Dixons Retail Group Limited which hold 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 a regular basis.

DIXONS CARPHONE HOLDINGS LIMITED

STRATEGIC REPORT

Corporate Governance

The ultimate parent company, Dixons Carphone plc, operates a robust corporate governance structure whereby trading divisions of the group as a whole are managed by separate management teams. The Board of Dixons Carphone plc has established four committees; Audit, Remuneration, Nominations and Disclosure and the remit of these includes all subsidiaries in the Dixons Carphone Group. Reports on the operations of these committees are included in the 2018/19 annual report and accounts of Dixons Carphone plc.

Future development

The Company will continue to operate as an intermediate holding company of the Dixons Carphone Group in future periods.

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



L Smith
Director

29/1/2020

Registered office:

1 Portal Way
London
W3 6RS

Company Registration No. 07866062

DIXONS CARPHONE HOLDINGS LIMITED

DIRECTORS' REPORT

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

Dividends

The Directors do not recommend the payment of a dividend for the year (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 2.

Going concern basis

As further described in note 1 to the financial statements, 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 a result of commitments received from its parent company that it will provide financial support if required to ensure that 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.

Directors

The Directors who served throughout the year and up to the date of signing are shown on page 1. The Company had qualifying third party indemnity insurance for the benefit of its Directors throughout the period and at the date of the report.

Donations

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

Principal risks and future developments

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

Statement regarding the disclosure of information to the auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the Directors at the date of approval of this report confirms that having made appropriate enquiries of other officers of the Company:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIXONS CARPHONE HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

Auditor

Deloitte LLP was the auditor of the Company during the year. Deloitte LLP has expressed their willingness to continue in office as auditor and it is the intention of the directors to reappoint the auditor under the deemed reappointment provisions of section 487 of the Companies Act 2006.

Post balance sheet

There were no post balance sheet events.

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



L Smith
Director

29/1/2020

Registered office:

1 Portal Way
London
W3 6RS

Company Registration No. 07866062

DIXONS CARPHONE HOLDINGS 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIXONS CARPHONE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Dixons Carphone Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Dixons Carphone Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 27 April 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

DIXONS CARPHONE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

DIXONS CARPHONE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT continued

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Griffin FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30 January 2020

DIXONS CARPHONE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 27 April 2019

		Year ended 27 April 2019	Year ended 28 April 2018
	Note	Total £'000	Total £'000
Administrative expenses	2	(21,939)	(16,714)
Impairment losses	2,6	(166,640)	(385,823)
Operating loss		(188,579)	(402,537)
 Finance costs	 3	 (12,163)	 (10,092)
 Loss before tax		 (200,742)	 (412,629)
 Income tax result	 5	 -	 -
Loss for the period		(200,742)	(412,629)

All operating losses are derived from continuing operations in the United Kingdom.

There are no other items of comprehensive income or losses other than the loss for the current year and preceding period, and therefore, no statement of comprehensive income has been presented.

DIXONS CARPHONE HOLDINGS LIMITED

BALANCE SHEET

As at 27 April 2019

	Note	27 April 2019 £'000	28 April 2018 £'000
Non-current assets			
Investments	6	1,982,177	2,148,817
		<u>1,982,177</u>	<u>2,148,817</u>
Current assets			
Trade and other receivables	7	6,530	932
		<u>6,530</u>	<u>932</u>
Current liabilities			
Bank overdraft	9	(995)	(78,027)
Trade and other payables	8	(4,829)	(9,446)
Loans and other borrowings	9	(687,436)	(566,087)
		<u>(693,260)</u>	<u>(653,560)</u>
Net current liabilities		<u>(686,730)</u>	<u>(652,628)</u>
Total assets less current liabilities		<u>1,295,447</u>	<u>1,496,189</u>
Net assets		<u>1,295,447</u>	<u>1,496,189</u>
Capital and reserves			
Called up share capital	10	3,093	3,093
Share premium reserve		2,005,022	2,005,022
Profit and loss account		(712,668)	(511,926)
Total equity		<u>1,295,447</u>	<u>1,496,189</u>

These financial statements were approved by the Directors on 29/1/2020 and signed on their behalf by:



L Smith
1 Portal Way
London
W3 6RS

Registered number: 07866062

DIXONS CARPHONE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 27 April 2019

	Called up share capital (note 10) £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
At 29 April 2017	3,093	2,005,022	(99,998)	1,908,117
Loss for the period	-	-	(412,629)	(412,629)
Total comprehensive loss for the period	-	-	(412,629)	(412,629)
Share-based payment	-	-	701	701
At 28 April 2018	3,093	2,005,022	(511,926)	1,496,189
Loss for the period	-	-	(200,742)	(200,742)
Total comprehensive loss for the period	-	-	(200,742)	(200,742)
At 27 April 2019	3,093	2,005,022	(712,668)	1,295,447

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

Dixons Carphone Holdings 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 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, incorporating the Amendments to FRS 101 issued by the Financial Reporting Council.

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, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, business combinations 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 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 11.

The Company has adopted IFRS 9: 'Financial Instruments: Recognition and Measurement' effective for the current financial year from 29 April 2018. This standard has been applied using the modified retrospective approach and therefore comparative amounts have not been restated. The new standard has 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 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.

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES - continued

1.3 Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement.

1.4 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.

1.5 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 investments in subsidiaries 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 held at amortised cost. Under IAS 39, for the comparative period, cash and cash equivalents and trade and other receivables (excluding derivative financial assets) were classified as 'loans and receivables' and subsequently held at amortised cost.

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 changed 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

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES - continued

Trade and other receivables - continued

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 was made for specific receivables when there was objective evidence that the Company would 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.

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 costs to sell and its value in use.

1.6 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 notes 8 and 9 with the exception of deferred income and other non-financial creditors.

Under the classifications stipulated by IFRS 9 for the year ended 27 April 2019 and under IAS 39 for the comparative period, borrowings and trade and other payables are classified as 'financial liabilities initially recorded at fair value and subsequently measured at amortised cost'.

1.7 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING LOSS

The operating loss of £188,579,000 (2017/18: £402,537,000) arises from £21,939,000 of central overheads (2017/18: £16,714,000) and a non-cash impairment of investments of £166,640,000 (2017/18: £385,823,000) as further described in note 6.

The audit fee for the current year was £3,000 (2017/18: £3,000) borne by the Company and relates to the auditing of the financial statements. The auditors did not provide any non-audit related services to the Company during the year (2017/18: £nil).

In addition, the Company pays the audit fees of £957,000 and non-audit fees (relating to interim review of £245,000) on behalf of other UK Group companies of which £700,000 is recharged to subsidiary undertakings (2017/18: £700,000).

3. FINANCE COSTS

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Interest on bank loans and overdrafts	1,476	1,673
Interest payable to group undertakings	10,687	8,419
Total finance costs	12,163	10,092

4. EMPLOYEES AND DIRECTORS

Staff costs for the year were:

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
Wages and salaries	6,038	12,220
Social security costs	753	1,733
Other pension costs	207	613
	6,998	14,566

The monthly average number of employees, including part-time employees was:

	Number	Number
Administration	62	108
	62	108

	2019 £'000	2018 £'000
Remuneration of the Directors:		
- Emoluments	213	671
- Money purchase pension contributions	11	33
	224	704

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. EMPLOYEES AND DIRECTORS - CONTINUED

Emoluments include cash bonuses payable in respect of the relevant financial year. Two directors (2017/18: four) received money purchase pension contributions by the Company.

	Year ended 27 April 2019 £'000	Year ended 28 April 2018 £'000
The remuneration of the highest paid director was:		
- Emoluments	110	387
- Money purchase pension contributions	1	16
	<u>111</u>	<u>403</u>

No Directors exercised share options during the year (2017/18: nil) and no Directors (2017/18: three) participated in the Share Plan offered by Dixons Carphone. Directors' remuneration includes only the remuneration of Directors who are paid by the Company.

Following the transfer of central overhead costs to DSG Retail Limited and The Carphone Warehouse Limited during 2018/19, the Company ceased to incur employee costs. No employee costs are expected in future years.

5. TAX

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

* 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 substantively enacted by the balance sheet date.

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>(200,742)</u>	<u>(412,629)</u>
Loss at UK statutory rate of 19% (2017/18: 19%)	<u>(38,141)</u>	<u>(78,400)</u>
Items attracting no tax relief	31,683	71,902
Tax losses utilised within the Group	<u>6,458</u>	<u>6,498</u>
Tax expense	<u>-</u>	<u>-</u>

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS

	27 April 2019 £'000
Investments in subsidiary undertakings	
Cost	
At the beginning of the period	2,534,640
Additions	-
At the end of the period	<u>2,534,640</u>
Impairment	
At beginning of the period	(385,823)
Charge for the period	<u>(166,640)</u>
At the end of the period	<u>(552,463)</u>
Net book value at end of the period	<u>1,982,177</u>
Net book value at beginning of the period	<u>2,148,817</u>

Investments comprises investments held in subsidiary undertakings.

During the period, Simplify Digital Limited ceased trading and therefore the carrying value of the investment has been fully impaired, resulting in an impairment charge of £4,641,000 (2017/18: £44,072,000).

Following the further deterioration in the forecast performance of the mobile market, the Company identified a non-cash impairment charge of £161,999,000 (2017/18: £341,751,000) to be recorded over the Carphone Warehouse Europe Limited investment to reflect the underlying net asset value of the investment.

Where applicable, asset valuations have been assessed using the Dixons Carphone Group's future projections and cash flows which are classified as level 3 in the Group's fair value hierarchy.

Refer to note 12 for a list of investments held by the Company.

7. TRADE AND OTHER RECEIVABLES

	27 April 2019 Current £'000	28 April 2018 Current £'000
Amounts due from subsidiary undertakings	5,901	74
Other receivables	629	858
	<u>6,530</u>	<u>932</u>

Amounts due from group undertakings are receivable within 12 months and bear no interest.

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER PAYABLES

	27 April 2019 Current £'000	28 April 2018 Current £'000
Amounts due to subsidiary undertakings	1,030	4,775
Amounts due to parent company	1	338
Accruals	1,853	2,513
Trade creditors	1,945	1,820
	<u>4,829</u>	<u>9,446</u>

Amounts due to group undertakings are payable within 12 months and bear no interest.

9. BORROWINGS

	27 April 2019 £'000	28 April 2018 £'000
Bank overdraft	995	78,027
Amounts due to parent company	687,436	566,087
	<u>688,431</u>	<u>644,114</u>

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.

10. SHARE CAPITAL AND RESERVES

(a) Called up share capital

	27 April 2019 £'000	28 April 2018 £'000
Authorised, allotted, called-up and fully paid		
309,326,006 ordinary shares of £0.01 each	3,093	3,093
9,250 A Ordinary shares of £0.001 each	-	-
8,550 B Ordinary shares of £0.001 each	-	-
	<u>3,093</u>	<u>3,093</u>

The A and B ordinary shares have no voting rights attached to them, no rights to dividends or other income and no redemption rights. The rights to a return of capital is deferred behind the ordinary shares.

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. PARENT COMPANY

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.

12. SUBSIDIARY UNDERTAKINGS

a) Principal subsidiary undertakings

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
Carphone Warehouse Europe Limited	England & Wales	A & B Ordinary	100 ¹	Holding Company	1 Portal Way, London, W3 6RS
CPW Technology Services Limited ²	England & Wales	Ordinary	100	IT	1 Portal Way, London, W3 6RS
Dixons Retail Group Limited	England & Wales	Ordinary and Deferred	100 ¹	Holding Company	1 Portal Way, London, W3 6RS
Dixons South East Europe A.E.V.E.	Greece	Ordinary	100	Retail	14th klm Athens – Lamia, National Road & 2 Spilias str, 14452 Metamorfosi Attikis, Athens
DSG International Holdings Limited	England & Wales	Ordinary	100	Holding Company	1 Portal Way, London, W3 6RS
DSG Retail Ireland Limited	Ireland	Ordinary	100	Retail	3 rd Floor Office Suite, Omni Park Shopping Centre, Santry, Dublin 9
DSG Retail Limited	England & Wales	Irredeemable Cumulative Preference Shares and Ordinary Shares	100	Retail	1 Portal Way, London, W3 6RS
Elgiganten Aktiebolag	Sweden	Ordinary	100	Retail	Box 1264, 164, 29 KISTA, Stockholm
ElGiganten A/S	Denmark	Ordinary	100	Retail	Arne Jacobsens Alle 16, 2., 2300 Kobenhavn S
Elkj�p Nordic AS	Norway	Ordinary	100	Retail	Nydalsveien 18A, No-0484 Oslo
Gigantti Oy	Finland	Ordinary	100	Retail	Sahkotie 3, 01510, Vantaa
The Carphone Warehouse Limited	England & Wales	Ordinary	100	Distribution	1 Portal Way, London, W3 6RS
The Carphone Warehouse Limited	Ireland	Ordinary	100	Distribution	3 rd Floor Office Suite, Omni Park Shopping Centre, Santry, Dublin 9

1. Interest held directly by Dixons Carphone Holdings Limited.

2. CPW Technology Services Limited was called Honeybee Digital Solutions Limited up until 30 May 2018.

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. SUBSIDIARY UNDERTAKINGS (continued)

b) Other subsidiary undertakings

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
Alfa s.r.l.	Italy	Ordinary	100	Via monte Napoleone n. 29, 20121 Milano
Carphone Warehouse Ireland Mobile Limited (in liquidation)	Ireland	Ordinary	100	44 Fitzwilliam Place, Dublin 2
Codic GmbH (in liquidation)	Germany	Ordinary	100	Eschenheimer Anlage 1, 60316, Frankfurt
Connected World Services Distributions Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
Connected World Services LLC	USA	Ordinary	100	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808
Connected World Services Netherlands B.V.	Netherlands	Ordinary	100	Euroweg 20, 3825HD, Amersfoort
Connected World Services SAS	France	Ordinary	100	5-7, Rue Salomon de Rothschild, 92150 Suresnes
CPW Acton Five Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
CPW CP Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
DISL 2 Limited	Isle of Man	Ordinary	100	6th Floor, Victory House, Prospect Hill, Douglas, IM1 1EQ
DISL Limited	Isle of Man	A, B, C & D Preference and Ordinary B	100	Tower House, Loch Promenade, Douglas, IM1 2LZ
Dixons Carphone CoE s.r.o.	Czech Republic	Business Shares	100	Trinta, 491/5, 602 00 Brno
Dixons Sourcing Limited	Hong Kong	Ordinary	100	31/F, Axa Tower Landmark East, 100 How Ming St, Kwun Tong KLN
Dixons Stores Group Retail Norway AS	Norway	Ordinary	100	Nydalsveien 18A, No-0484 Oslo
Dixons Travel srl (in liquidation)	Italy	Ordinary	100	Foro Buonaparte 70, 20121, Milano
DSG Card Handling Services Limited	England & Wales	Cumulative C & D Preference and Ordinary	100	1 Portal Way, London, W3 6RS
DSG Corporate Services Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
DSG European Investments Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
DSG Hong Kong Sourcing Limited	Hong Kong	Ordinary	100	31/F, Axa Tower Landmark East, 100 How Ming St, Kwun Tong KLN

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. SUBSIDIARY UNDERTAKINGS (continued)

Name	Country of incorporation or registration	Share Class(es) Held	% Held	Registered office
DSG International Belgium BVBA	Belgium	Ordinary	100	Havenlaan 86C, Bus 204, B-1000 Brussels
DSG International Retail Properties Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
DSG Ireland Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
DSG KHI Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
DSG Overseas Investments Limited	England & Wales	Preference, B Preference and Ordinary	100	1 Portal Way, London, W3 6RS
DSG Retail Ireland Pension Trust Limited	Ireland	Ordinary	100	40 Upper Mount Street, Dublin 2
El-Giganten Logistik AB	Sweden	Ordinary	100	Mobelvagen 51, 556 52 JONKOPING
Elkj�p Kleiverenga AS ²	Norway	Ordinary	100	Nydalsveien 18A, No-0484 Oslo
Elkj�p Norge AS	Norway	Ordinary	100	Nydalsveien 18A, No-0484 Oslo
Epoq Holding AB	Sweden	Ordinary	100	Esbogatan 12, 164 74 KISTA
Epoq Logistic DC k.s.	Czech Republic	Ordinary	100	Evropsk� 868, 664 42 Mod�ice
ID Mobile Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
InfoCare CS AB	Sweden	Ordinary	100	Arabygatan 9, V�xj�, 352 46
InfoCare Workshop AS	Norway	Ordinary	100	Industrivegen 65, 2212 KONGSVINGER
InfoCare Workshop Holding AS	Norway	Ordinary	100	Industrivegen 65, 2212 KONGSVINGER
InfoCare Workshop Oy	Finland	Ordinary	100	PL 16 01511 Vantaa
Kereru Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
Lefdal Elektromarked AS	Norway	Ordinary	100	Nydalsveien 18A, No-0484 Oslo
Mastercare Service and Distribution Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
Mohua Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
MTIS Limited	Ireland	Ordinary	100	Carphone Warehouse Dixons Unit 301 Omni Park Shopping Centre Swords Road, Dublin 9
NSS Financial A/S	Denmark	Ordinary	100	Hork�er 12 A, 2730 Herlev
PC City (France) SNC	France	Partnership	100	52, Rue de la Victorie, 75009 Paris
Petrus Insurance Company Limited	Gibraltar	Ordinary	100	28, Irish Town
Simplify Digital Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
Team Knowhow Limited	England & Wales	Ordinary	100 ¹	1 Portal Way, London, W3 6RS
TalkM Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
The Carphone Warehouse UK Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS
The Phone House Holdings (UK) Limited	England & Wales	Ordinary	100	1 Portal Way, London, W3 6RS

1 Interest held directly by Dixons Carphone Holdings Limited.

2 Elkj p Kleiverenga AS was deregistered from the Norwegian Company Register on Saturday 4 May 2019.

DIXONS CARPHONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. SUBSIDIARY UNDERTAKINGS (continued)

c) Other significant shareholdings

The following are the other significant shareholdings of the Company, which are all held indirectly.

Name	Country of incorporation or registration	% Interest Held	Business Activity	Registered Office
Elkjøp Fjordane AS	Norway	30	Retail	Fugleskjaergata 10, 6900 Florø, 1401 FLORØ
F Group A/S	Denmark	40	Retail	Lyskaer 1, 2730 Herlev

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Dixons Carphone plc, 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.