

Company Registration No. 09304672

**ID Mobile Limited**

**Annual Report and Financial Statements**  
**For the year ended 2 May 2020**

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**ID Mobile Limited**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MAY 2020**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J. Mason  
R. Martin

**COMPANY SECRETARY**

S. Thomas

**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  
London  
United Kingdom

This Strategic Report has been prepared for iD Mobile 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. The current accounting period is for the year ended 2 May 2020.

## **PRINCIPAL ACTIVITY**

The principal activity during the year ended 2 May 2020 ("the year") was the provision of managed services and customer connections to a third-party Mobile Network Operator ("MNO"). The Company is a wholly-owned subsidiary of Dixons Carphone plc ("Dixons Carphone"). Dixons Carphone and its subsidiaries ("the Group") operates as an omnichannel retailer of technology products and services across a range of European markets.

## **REVIEW OF THE BUSINESS**

The profit for the financial year 2019/20 was £2,253,000 (2018/19: £2,747,000 loss). The loss in the prior year was largely as a result of changes in assumptions regarding customer behaviour affecting the level of revenue recognised. Current year profit reflects the in-year customer connections and the increase in these in-year connections compared to prior year.

The Company operates a retail agreement to procure customers to the iD Mobile ("iD") brand and a management services agreement to provide customer support and billing services for the iD customer base. Dixons Carphone plc manages its operations on a divisional basis. For this reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Dixons Carphone plc and a description of the principal risks and uncertainties, which includes the Company, is discussed in Dixons Carphone plc's annual report, which does not form part of this report.

Looking ahead, the Company plans to continue to grow its customer base through focus on acquisition and retention.

## **PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT**

Funding for all subsidiaries of Dixons Carphone plc, including iD Mobile Limited, is arranged centrally.

The Company does not use derivatives to manage its financial risks. 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 credit risk and Network commission receivables valuation risk. Credit risk is mitigated by the Company's credit control policies. The Company is also exposed to liquidity risk, this is mitigated largely as a result of ongoing commitments provided by the Company's ultimate parent. These policies are further explained in note 26e of Dixons Carphone plc's annual report.

The Company is also exposed to market risk, the risk that the Company does not respond with a business model that enables it to compete against a broad range of competitors on service and price. The Company manages this risk by working along side the group, having announced mobile as a strategic priority to better reflect what customers want: flexibility, transparency and value.

Risks associated with the impact of Covid-19, the future EU relationship and the potential impact these risks have to economic uncertainty and customer confidence are mitigated on a group level. Details can be found on pages 20 to 23 of the Dixons Carphone plc Annual Report and Accounts 2019/20.

The valuation (and therefore recoverability) of the network commission receivable is dependent on future customer behaviour over the forecast period of anticipated cash receipts. Details of network commission receivables consumer behaviour risk and mitigation are further explained in note 15 of Dixons Carphone plc's annual report.

## **FUTURE DEVELOPMENTS**

During 2019/20 the parent company, Dixons Carphone plc, continued to implement the Group's previously announced vision and strategy: We Help Everyone Enjoy Amazing Technology. Focusing on core and on things that matter most.

Mobile remains central to our vision, and we continue to react to the main challenges of the mobile market as customer behaviours change away from the traditional 24 month post pay, towards buying handset and connectivity separately, or towards more flexible 36 month credit based contracts.

The Company's mobile offer will help better reflect what customers want: flexibility, transparency and value. Including deals that cannot be found anywhere else, nationwide face-to-face advice through the Groups 3-in-1 Currys PCWorld store estate and improved choice. We also continue to deal without cost base to be genuinely One Business.

Improved partnerships, a much better offer and significantly lower costs is the prize in mobile. That is what we are going to deliver to customers and shareholders.

### Section 172(1) statement

Section 172(1) of the Companies Act 2006 requires each director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board is the main decision-making body and is responsible for promoting the long-term sustainable success of the Company. As part of the decision making process, the Board considers the stakeholders that may be impacted and the interests of those stakeholders including the matters listed in section 172(1).

The Company is an indirect wholly owned subsidiary of Dixons Carphone plc, which is listed on the London Stock Exchange and subject to the 2018 UK Corporate Governance Code. The Dixons Carphone plc section 172(1) statement is available on page 31 of its annual report and accounts 2019/20 and describes how the Group engages with stakeholders on behalf of all Group subsidiaries and complies with section 172(1). A clear corporate governance structure is in place which, together with the Group's Delegated Authority Policy, ensures that business decisions are made by the appropriate people, in the appropriate forum (in accordance with the terms of reference of that forum), and the relevant stakeholder considerations are embedded as part of decision-making processes.

The meeting papers for the Company's Board meetings include, for reference, a summary of section 172(1) responsibilities immediately after each meeting agenda. The Company's Board decision paper templates include mandatory fields for papers' authors to include an impact assessment on each stakeholder group. The Board acknowledges that decisions made will not necessarily result in a positive outcome for every stakeholder group. By considering the Dixons Carphone plc purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Board of the Company does, however, aim to make sure that all decisions are considered and made following reflection across a broader view of stakeholder considerations.

The Company has the following main stakeholder groups:

**Our Customers** - Customer engagement is led by the Dixons Carphone plc Board and details of the approach taken are on page 31 of the Dixons Carphone plc annual report and accounts 2019/20. The Company uses a Voice of Customer dashboard to monitor customer feedback, then uses this feedback to generate improvements and to incorporate customer views in decision making. An important decision made during the year based on customer considerations was the decision made in January 2020 to enhance the customer experience by transferring most of the customer contact centre operations in Sheffield and Preston to a third-party specialist provider, Webhelp. The Board also considered the interests of customers as part of agreeing the appropriate response to the Covid-19 pandemic, including whether to close stores and distribution centres. The Board concluded that the Group performed an important function in providing customers with vital goods, helping millions of people sustain themselves in lockdown by keeping them connected, healthy and productive. The Board resolved to ensure that the online sales channel was kept operational and enhanced during the period of shop closures while ensuring compliance with best practice health and safety guidance. The Board and Executive Committee considered customer safety, in line with government advice and guidelines, the most suitable approach to adapting stores for safe shopping and a phased re-opening of those stores that had been closed as the restrictions evolved. This included a front-of-store trading concept and a zero contact, 'Drive Thru' model and measures including an enhanced cleaning regime, rigorous social distancing and safety screens for stores.

**Our Colleagues** - Colleague engagement for the Group is led by the board of Dixons Carphone plc and details of the approach taken are included on page 32 of the Dixons Carphone plc annual report and accounts 2019/20. The Company received updates on colleague matters and the results of colleague engagement surveys during the year. To improve the colleague experience, the Board approved a people operations proposal that included moving all colleagues to a single payroll provider. A new colleague listening structure has been put in place to enhance engagement between the Board and the colleague population and ensure that the Board can take colleague feedback into account as part of decision making.

**iD Mobile Limited**  
**STRATEGIC REPORT continued**  
**Section 172(1) statement continued**

Our Shareholders - the Company's ultimate shareholder is Dixons Carphone plc and there is engagement with and reporting to the Dixons Carphone plc Board as part of the Group's corporate governance and risk and control frameworks. Information on how Dixons Carphone plc engages with shareholders is available on page 34 of the Dixons Carphone plc annual report and accounts 2019/20.

Our Suppliers – Supplier engagement is led by the Board of Dixons Carphone plc and details of the approach taken are included on page 36 of the Dixons Carphone plc annual report and accounts 2019/20. The Group Chief Executive participates in regular meetings with the Company's largest suppliers and receives regular supplier updates from the Chief Commercial Officer. Supplier updates are provided to the Board of the Company, the Executive Committee and the Dixons Carphone plc Board as appropriate.

Our Communities – A description of how the Company, as part of the Dixons Carphone plc Group, engages with the wider communities on environment, sustainability and charitable matters is on page 37 of the Dixons Carphone plc annual report and accounts 2019/20.

The Strategic Report was approved by the Board and authorised for issue and signed on behalf of the Board by:



**J. Mason**  
Director

29 October 2020

Registered office:  
1 Portal Way  
London  
W3 6RS  
Company Registration No. 09304672

## **iD Mobile Limited**

### **DIRECTORS' REPORT**

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 2 May 2020. Comparative information is presented for the year ended 27 April 2019. Future developments and financial risks are considered in the strategic report.

#### **Going concern basis**

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.

As at 2 May 2020 the Company had net current liabilities and requires support from Dixons Carphone plc to fund its operations and working capital requirements as they fall due.

The directors of the Company have confirmed with Dixons Carphone plc, the ultimate parent company for the Dixons Carphone group ("the Group"), that it will continue to provide the necessary financial support to the Company for a period of at least 12 months from the date of approval of these financial statements. In making this assessment the Group has considered the impact of the Covid-19 pandemic, including recent financial performance. This assessment has resulted in revisions to the Group's forecast of performance over the going concern period. When revised, these forecasts continue to demonstrate that the Group is able to provide financial support to the Company for a period of at least 12 months. The directors have outlined further the assessment approach for going concern within the accounting policies disclosure in note 1.2 of the notes to the financial statements.

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

#### **Financial risk management**

The main risk identified is credit risk and this is mitigated as discussed in the Principal risks and uncertainties and financial risk management on page 2.

#### **Dividends**

The Directors do not recommend the payment of a dividend (2018/19: £nil).

#### **Directors**

The Directors of the Company during the year and to the date of this report are listed on page 1.

#### **Employees**

The Company places emphasis on its employees' involvement in the business at all levels. Managers are remunerated according to results wherever possible and all employees are kept informed of issues affecting the Company through formal and informal meetings and through the group's internal magazine.

It is the Company's policy to assist the employment of disabled people, their training and career development, having regard to particular aptitudes and abilities. Every endeavour is made to find suitable alternative employment and to re-train any employee who becomes disabled while serving the Company.

#### **Environment**

A full analysis of the key regulatory and social risks of the industry in which Dixons Carphone plc operates is described in its annual report, which does not form part of this report. As a subsidiary entity, iD Mobile Limited operates in accordance with group policies.

#### **Supplier Payment Policy**

It is the Company's policy to develop and maintain key business relationships with its suppliers to obtain mutually accepted payment terms.

#### **Donations**

The Company did not make any charitable or political donations in the year (2018/19: £nil).

#### **Directors' Indemnities**

The ultimate parent entity has made qualifying third-party indemnity provisions for the benefit of its directors and those of subsidiary companies, which were made during the year and remain in force at the date of this report.

**STATEMENT REGARDING THE DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

**Auditor**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

A handwritten signature in black ink, appearing to be 'J. Mason', written over a horizontal line.

**J. Mason**  
Director

29 October 2020

Registered office:  
1 Portal Way  
London  
W3 6RS  
Company Registration No. 09304672



**iD Mobile 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 the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 and disclose 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.

**Independent auditor's report to the members of iD Mobile Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of iD Mobile Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 2 May 2020 and of its profit 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 of iD Mobile Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

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.

**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

**iD Mobile Limited**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

**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:

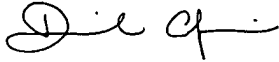
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

**ID Mobile Limited**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**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

4 November 2020

**iD Mobile Limited**  
**INCOME STATEMENT**  
**For the year ended 2 May 2020**

		<b>Year ended 2 May 2020 £'000</b>	<b>Year ended 27 April 2019 £'000</b>
	<b>Notes</b>		
Turnover	2	105,255	91,198
Cost of sales		<u>(62,164)</u>	<u>(61,590)</u>
<b>Gross profit</b>		<b>43,091</b>	<b>29,608</b>
Operating expenses		<u>(39,084)</u>	<u>(30,551)</u>
<b>Operating profit / (loss)</b>	2	<b>4,007</b>	<b>(943)</b>
Finance costs	3	<u>(1,878)</u>	<u>(1,679)</u>
<b>Profit / (loss) before tax</b>		<b>2,129</b>	<b>(2,622)</b>
Tax	5	<u>124</u>	<u>(125)</u>
<b>Profit / (loss) for the year attributable to the owners of the company</b>		<b><u>2,253</u></b>	<b><u>(2,747)</u></b>

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

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

iD Mobile Limited  
BALANCE SHEET  
As at 2 May 2020

		2 May 2020 £'000	27 April 2019 £'000
	Notes		
<b>Non-current assets</b>			
Intangible assets	6	3,588	7,253
Property, plant & equipment	7	2,332	4,888
Trade and other receivables	8	34,210	37,959
		<u>40,130</u>	<u>50,100</u>
<b>Current assets</b>			
Trade and other receivables	8	95,110	90,841
		<u>95,110</u>	<u>90,841</u>
<b>Total assets</b>		<u>135,240</u>	<u>140,941</u>
<b>Non-current liabilities</b>			
Deferred tax liability	5	-	(124)
		<u>-</u>	<u>(124)</u>
<b>Current liabilities</b>			
Trade and other payables	9	(41,878)	(42,925)
Loans and other borrowings	10	(80,210)	(87,191)
		<u>(122,088)</u>	<u>(130,116)</u>
<b>Net current liabilities</b>		<u>(26,978)</u>	<u>(39,275)</u>
<b>Total liabilities</b>		<u>(122,088)</u>	<u>(130,240)</u>
<b>Net assets</b>		<u>13,152</u>	<u>10,701</u>
<b>Capital and reserves</b>			
Share capital	11	-	-
Profit and loss account		13,152	10,701
<b>Total equity</b>		<u>13,152</u>	<u>10,701</u>

These financial statements were approved and authorised for issue by the directors, and signed on their behalf by:



**J. Mason**  
Director

29 October 2020

Registered office:

1 Portal Way

London

W3 6RS

Company Registration No. 09304672

ID Mobile Limited  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 2 May 2020

	Notes	Share capital £'000	Profit and Loss account £'000	Total equity £'000
At 28 April 2018		-	13,346	13,346
Total comprehensive loss for the year		-	(2,747)	(2,747)
Share-based payments	12	102	102	102
At 27 April 2019		-	10,701	10,701
Total comprehensive income for the year		2,253	2,253	2,253
Share-based payments	12	198	198	198
<b>At 2 May 2020</b>		<b>-</b>	<b>13,152</b>	<b>13,152</b>

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation

iD Mobile Limited ("the Company") is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Portal Way, London, W3 6RS. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the group financial statements of Dixons Carphone plc, as set out in note 13.

The financial statements have been presented in pounds 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 year ended 2 May 2020 which have had an impact on the Company's results or net assets.

The principal accounting policies are set out below:

### 1.2 Going concern

As further disclosed within 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 continue to provide the necessary financial support to the Company for a period of at least 12 months from the date of approval of these financial statements.

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

For the Company, the directors consider the channels in which the Company relies upon to make connections to the iD brand. In line with Government regulations, the wider Group's UK store portfolio which the Company utilises to make sales, closed on 24 March 2020 and began to reopen from 15 June 2020. Despite this, the online sales channel remained operational and the Company benefited from an increase in online activity.

The Company also furloughed 21 colleagues who were temporarily not working due to Covid-19. All furloughed colleagues are paid at 80% of their salary, with the Company making up any difference beyond the Government subsidy limits.

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

### 1.3 Foreign currency translations and transactions

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.



## 1 ACCOUNTING POLICIES (continued)

### 1.4 Revenue

The company operates under contracts with a Mobile Network Operator ("MNO"). Over the life of these contracts the service provided by the company to the MNO is the procurement of connections to the MNO's networks. The individual consumer enters into a contract with the MNO for the MNO to supply the ongoing airtime over that contract period.

The company earns a commission for the service provided to the MNO ("network commission"). Revenue is recognised at the point the individual consumer signs a contract with the MNO. Consideration from the MNO becomes receivable over the course of the contract between the MNO and the consumer. A judgement associated with this recognition is the unit of account used in recognition. As there is a large population of homogeneous items, in measuring the amount of revenue to recognise the Company has determined that the number and value of consumers provided to the MNO in any given month (a 'cohort') represents the best unit of account.

The level of network commission earned is based on a share of the monthly payments made by the consumer to the MNO, including contractual monthly line rental payments together with a share of 'out-of-bundle' spend, and spend after the contractual term. The total consideration receivable is determined by consumer behaviour after the point of recognition. The transaction price is entirely variable and is therefore an area of estimation.

The method of measuring the value of the revenue and contract asset in the month of connection is to estimate all future cash flows that will be received from the network and discount these based on the expected timing of receipt.

A constrained estimate of the determined commission is recognised in full in the month of connection of the consumer to the MNO as this is the point at which we have completed the service obligation relating to the consumer connection.

Transaction price is estimated based on extensive historical evidence obtained from the networks and an adjustment is made for expected and possible changes in consumer behaviour including as a result of regulatory changes impacting the sector. The consideration for a cohort of consumers is estimated by modelling the expected value of the portfolio of individual sales. Revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. The directors make a quarterly assessment of this data. This is based on the best estimate of expected future trends.

Network commission revenue recognised on fulfilment of the service obligation results in a contract asset as none of the amount is receivable from the network on point of sale. Over time, and dependent on the future behaviour of the consumer, amounts initially recognised as contract assets become payable by the network to the Company and are transferred to trade receivables.

Contract assets are measured at present value. Assumptions are therefore required, particularly in relation to levels of consumer default within the contract period, expected levels of consumer spend, and consumer behaviour beyond the initial contract period.

In addition to remeasurement due to changes in consumer behaviour, changes to revenue may also be made where, for example, more recent information becomes available enabling the recognition of previously unrecognised commission. Any such changes are recognised as revenue in the income statement.

In contracts in which the consideration for the transfer of services to customers is conditional on something other than the passage of time, these amounts are accounted for as a contract asset within 'trade and other receivables' in the Company's balance sheet. Amounts receivable that are no longer conditional on something other than the passage of time are accounted for as trade receivables.

The Company also operates a managed service agreement with the MNO to provide various administrative services whereby revenue is recognised over time as the performance obligations are satisfied.

Revenue from the sale of goods is recognised at the point of sale or, where later, upon delivery to the customer.

### 1.5 Retirement benefit obligations

The Company operates a defined contribution pension scheme for eligible employees. Company contributions to defined contribution pension schemes are charged to the income statement on an accruals basis when employees have rendered service entitling them to the contributions.

## 1 ACCOUNTING POLICIES (continued)

### 1.6 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 substantively enacted by the balance sheet date and adjusted for any tax payable in respect of previous periods.

#### *Deferred taxation*

Deferred tax liabilities are recognised for all temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base value and represent tax payable in future periods. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted, or substantively 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.

### 1.7 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 all items shown in note 8, excluding contract assets. Under the classifications stipulated by IFRS 9 trade and other receivables (excluding derivative financial assets) are classified as 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 applies the simplified model to recognise lifetime expected credit losses for its trade and other receivables by making an accounting policy election. 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.

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 cash flows of the counterparty and subsidiary companies with the ability to distribute cash to it are considered.

### 1.8 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 9 and 10 with the exception of other taxation and social security and other non-financial creditors. The majority of trade payables comprise amounts due to the MNO.

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

#### *Trade and other payables*

Trade and other payables are initially recorded at fair value, and subsequently recorded at amortised cost. Gains and losses arising from revaluation at the balance sheet date are recognised in the income statement.

## 1 ACCOUNTING POLICIES (continued)

### 1.9 Intangible assets

#### *Software and licenses*

Software and licenses include costs incurred to acquire the assets as well as internal infrastructure and design costs incurred in the development of software in order to bring the assets into use.

Internally generated software is recognised as an intangible asset only if it can be separately identified, it is probable that the asset will generate future economic benefits which exceed one year, and the development cost can be measured reliably. Where these conditions are not met, development expenditure is recognised as an expense in the year in which it is incurred. Costs associated with developing or maintaining computer software are recognised as an expense as incurred unless they increase the future economic benefits of the asset, in which case they are capitalised.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Software is 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 five years. This is included in the operating expenses line of the income statement.

### 1.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. With the exception of land, depreciation is provided to write off the cost of the assets over their expected useful lives from the date the asset was brought into use or capable of being used and is calculated on a straight-line basis. Rates applied to different classes of property, plant and equipment are as follows:

- Fixtures, fittings and equipment - 20% per annum

Property, plant and equipment are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the net book value is not supportable. Where assets are to be taken out of use, an impairment charge is levied.

### 1.11 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 1 ACCOUNTING POLICIES (continued)

### 1.12 Share-based payments

The ultimate parent company issues equity settled share-based payments to certain employees of the Company which are measured at fair value at the date of grant, and expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest.

Where share-based payments are subject only to service conditions or internal performance criteria (such as EPS targets), fair value is measured using either a Binomial model or a Black-Scholes model. Where share-based payments have external performance criteria (such as TSR targets) a Monte Carlo model is used to measure fair value.

For all schemes, the number of options expected to vest is recalculated at each balance sheet date, based on expectations of leavers prior to vesting. For schemes with internal performance criteria, the number of options expected to vest is also adjusted based on expectations of performance against target. No adjustment is made for expected performance against external performance criteria. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in reserves.

Charges also arise on loans that are provided to employees to fund the purchase of shares as part of Long-term incentive plans. To the extent to which the loans are not, in certain circumstances, repayable, the cost of the relevant part of such loans is expensed over the course of the relevant incentive plans.

### 1.13 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

### 1.14 Critical accounting judgements and key sources of estimation uncertainty

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

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

#### ***Revenue recognition – network commissions***

For certain transactions with MNOs, the quantum of commission receivable on mobile phone connections depends on consumer behaviour after the point of sale. This leads to a judgement over the unit of account for measurement of the amounts arising from the MNO and an estimate over the transaction price due to the variability of revenue. A level of constraint is applied to the revenue recognition to ensure revenue is only recognised when it is highly probable there will not be a significant reversal. By the nature of this constraint, applied in line with IFRS 15: 'Revenue from Contracts with Customers', it is possible that additional revenue will be recognised in future periods from performance obligations satisfied in prior periods. For example, the network commission receivables are routinely increased each year in line with RPI, however as part of the variable revenue constraint, the Group does not include this RPI estimate in the revenue recognised at point of sale. For the year ended 2 May 2020, the revenue recognised includes a value of £1.9m (2018/19: £1.7m) relating to the application of RPI increases on end consumer contracts by the respective MNOs relating to performance obligations satisfied in prior periods. In addition to this, within the current year ended 2 May 2020, given the unprecedented nature of the current Covid-19 pandemic and the potential impact on consumer behaviour, a further constraint has been applied to the network commissions receivable at year end. If these risks do not transpire, it is reasonably possible that additional revenue may be recognised in future periods from performance obligations satisfied in prior periods of between nil and £2.2m.

Further details of the estimations involved with network commissions can be found at note 1.4 and a reconciliation of the movements in the network commission receivables within the year is included within note 8.

2. TURNOVER AND OPERATING PROFIT

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Turnover	<u>105,255</u>	<u>91,198</u>

The Company's disaggregated revenues recognised under 'Revenue from Contracts with Customers' in accordance with IFRS 15 relates to the following revenue streams:

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Commission revenue	84,430	71,696
Support service revenue	19,065	16,862
Sale of goods	1,760	2,640
	<u>105,255</u>	<u>91,198</u>

Operating profit is stated after charging / (crediting) the following:

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
<b>Operating profit is stated after charging / (crediting):</b>		
Amortisation of intangible assets	1,824	1,803
Impairment of intangible assets	6,838	-
Depreciation of PPE	1,444	1,416
Impairment of PPE	1,446	-
Net impairment / (reversal) of financial assets (see note 8)	153	(756)
Government grant income	(31)	-
Other employee costs (see note 4)	5,371	5,266
Share Based Payments	198	102
Auditor's remuneration – audit services	-	43

Audit Services relate wholly to the auditing of the financial statements. There were no non-audit services provided by the auditor within the year ended 2 May 2020 (2018/19: £nil). For the year ended 2 May 2020, there were no audited related fees incurred in iD Mobile as the cost of £90,000 was absorbed by the Group and not cross-charged back to iD Mobile Limited.

iD Mobile Limited  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 2 May 2020

**3. FINANCE COSTS**

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Interest payable on bank loans and overdrafts	<u>1,878</u>	<u>1,679</u>

**4. EMPLOYEES AND DIRECTORS**

Staff costs for the year were:

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Wages and salaries	4,586	4,581
Social security costs	606	546
Other pension costs	179	139
	<u>5,371</u>	<u>5,266</u>

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

	73	55
Sales and customer management	5	4
Administration	<u>68</u>	<u>51</u>
	<u>73</u>	<u>55</u>

Remuneration of the directors:

The directors received no remuneration or other benefits for their services to the Company for the year ended 2 May 2020 (2018/19: £nil) as they are remunerated through other Group companies.

**5. TAX**

**(a) Income tax expense**

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
<b>Current tax</b>		
Current Year	-	-
Adjustments in respect of prior Years	-	58
Total current tax charge	<u>-</u>	<u>58</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(99)	(55)
Adjustments in respect of prior periods	(25)	122
Total deferred tax (credit)/charge	<u>(124)</u>	<u>67</u>
<b>Total tax (credit)/charge on (loss)/profit</b>	<u>(124)</u>	<u>125</u>

5. TAX (CONTINUED)

The differences between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Profit / (loss) before tax	2,130	(2,622)
Tax charge/(credit) on profit/(loss) at UK statutory rate of 19% (2018/19: 19%)	405	(498)
Tax (gains) / losses utilised within the group for nil consideration	(562)	416
Other items attracting no tax relief of liability	38	21
Adjustments in respect of prior periods	(25)	180
Impact of change in tax rate	12	6
Movement in unprovided deferred tax	8	-
Total tax (credit)/charge for the year ended 2 May 2020	(124)	125

The company's tax liability has been offset by the surrender of losses to other group companies under the group relief provisions. No payment has been received from the surrendering companies.

(b) Deferred tax

	Timing differences in respect of capital allowances and depreciation £'000
Deferred tax liability brought forward	(124)
Charge to profit and loss account - current year	99
Charge to profit and loss account – prior year	25
Deferred tax at 2 May 2020	0

Finance (No.2) Act 2016 reduced the corporation tax rate from 1 April 2020 to 17% from 19%. However, the Finance Act 2020, which was substantively enacted on 17 March 2020, removed the planned reduction. The rate applicable from 1 April 2020 now remains at 19%.

6. INTANGIBLE ASSETS

	Software and License costs £'000
<b>Cost</b>	
At 27 April 2019	11,801
Additions	4,997
	<hr/>
<b>At 2 May 2020</b>	<b>16,798</b>
	<hr/>
<b>Amortisation</b>	
At 27 April 2019	(4,548)
Charge for the year	(1,824)
	<hr/>
<b>At 2 May 2020</b>	<b>(6,372)</b>
	<hr/>
<b>Impairment</b>	
At 27 April 2019	-
Charge for the year	(6,838)
	<hr/>
<b>At 2 May 2020</b>	<b>(6,838)</b>
	<hr/>
<b>Net book value</b>	
<b>At 2 May 2020</b>	<b>3,588</b>
	<hr/>
<b>At 27 April 2019</b>	<b>7,253</b>
	<hr/>

All intangible assets to date have been internally generated.

There are two intangible assets which are currently considered to be material to the financial statements and worthy of further disclosure.

The primary asset is an evolution of iDM's current technology platform and, upon completion, aims to introduce CRM, enhance the iD app, implement changes to iDM's core billing systems and allow an operational move to cloud providers. Following the Group's announcement in the year that it would close all of the Carphone Warehouse UK stores, the company recognised an impairment over this asset of £6.8m as the Company and wider group focuses on a new mobile proposition. The asset remains under construction and has a recoverable amount of £1.1m as at 2 May 2020 based on its fair value less costs of disposal.

The other intangible asset has a carrying value of £0.7m and has remaining amortisation of 19 months. Its main purpose is to introduce a targeted customer communications capability from the iD billing platform, as well as to put forward a "My Wallet" functionality and allow for recurring card payments to buy recurring bundles and top-ups.



**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>Equipment £'000</b>
<b>Cost</b>	
At 27 April 2019	8,418
Additions	334
<b>At 2 May 2020</b>	<b>8,752</b>
<b>Depreciation</b>	
At 27 April 2019	(3,530)
Charge for the year	(1,444)
<b>At 2 May 2020</b>	<b>(4,974)</b>
<b>Impairment</b>	
At 27 April 2019	-
Charge for the year	(1,446)
<b>At 2 May 2020</b>	<b>(1,446)</b>
<b>Net book value</b>	
At 2 May 2020	2,332
At 27 April 2019	4,888

As a result of the announcement made on 17<sup>th</sup> March 2020 to close all of the Carphone Warehouse UK stores, the company recognized an impairment over computer equipment used to develop sales software of £1.4m. Due to the strategic change in direction of the company, this asset was fully impaired at the 02 May 2020.

**8. TRADE AND OTHER RECEIVABLES**

	<b>2 May 2020 £'000</b>	<b>27 April 2019 £'000</b>
Trade receivables	16,933	15,192
Less expected credit loss allowances	(1,120)	(967)
	<b>15,813</b>	<b>14,225</b>
Contract assets	111,728	113,445
Amounts due from group undertakings	1,779	1,130
	<b>129,320</b>	<b>128,800</b>
Non-current	34,210	37,959
Current	95,110	90,841
	<b>129,320</b>	<b>128,800</b>

## 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables and contract assets for the prior year have been restated to reflect the correct classification between trade receivables and contract assets (previously reported as £27,476 and £101,161 for trade receivables and contract assets respectively). This has had no impact on the overall trade and other receivables balances reported at 27 April 2019.

The majority of trade and other receivables are non-interest bearing. Non-current receivables mainly comprise commission receivable on sales. 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 wholly owned subsidiaries within the Dixons Carphone Group are non-interest bearing and subject to normal supplier terms. Included within amounts due from Group undertakings in £31k of government grants receivable (2018/19: nil). This relates to compensation for expenses already incurred by the Company that have been pledged by the UK government for the 'Coronavirus Job Retention Scheme', in light of the recent Covid-19 pandemic.

The timing of revenue recognition, billings and cash collection results in trade receivables (billed amounts) and contract assets (unbilled amounts) on the Company's balance sheet. For services in which revenue is earned over time, amounts are billed in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones.

### Contract assets

The Company recognises a contract asset for services where the performance obligations have been met but the right to consideration from the customer is conditional on something other than the passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes billable.

The Company has considered the risk profile for amounts due from network customers based on historical experience and forward looking information. In accordance with IFRS 9 the Company has applied the Expected Credit Loss model to these amounts. The contract asset value is discounted for the counterparty credit risk based on historical experience with these customers.

### *Network commission contract asset and receivables*

As described in note 1.4, the revenue earned by the Company for the acquisition of consumers on behalf of the third-party network operator is subject to variable consideration. Some consideration is paid by the MNO at the time of connection with the remainder paid over the duration of the consumer's contractual relationship with the MNO. Whilst the underlying contract with the consumer predominately constitutes a fixed monthly value, variability arises due to future expected behaviour of such consumers after the point of connection.

The Company adopted IFRS 15: 'Revenue from Contracts with Customers' with effect from 29 April 2018 and in doing so only recognises such revenue to the extent that it is highly probable that there will not be a material reversal in the future. Determining the amount of revenue to recognise is judgemental and subject to a degree of estimation uncertainty in particular due to the nature of the variable revenue constraint applied in line with IFRS 15 as described in note 1.12. In previous periods, the Company has estimated such revenue with a high level of accuracy, as evidenced and regularly monitored by the level of cash the Company receives from the MNO in the periods subsequent to acquiring consumers on their behalf.

In determining the amount of revenue to recognise, the Company estimates the amount that it expects to receive in respect of each consumer based on historic trends and anticipated changes in consumer behaviour. The Company also discusses and analyses emerging behavioural trends with the respective MNO, considers external sources of industry and market analysis and models the impact of potential regulatory changes, if any are proposed.

A discounted cash flow methodology is used to measure the expected consideration, by estimating all future cash flows that will be received from the MNO and discounting these based on the timing of receipt. The key inputs to the model are:

- revenue share percentage - the percentage of the consumer's spend (to the MNO) to which the Group is entitled;
- minimum contract period – the length of contract entered into by the consumer;
- out-of-bundle spend – additional spend by the consumer measured as a percentage of total spend;
- consumer default rate – rate at which consumers disconnect from the MNO; and

**8. TRADE AND OTHER RECEIVABLES (CONTINUED)**

- spend beyond the initial contract period – period of time the consumer remains connected to the MNO after the initial contract term.

Having estimated the expected consideration, the Company applies a constraint to reduce to a level where any future material reversal of revenue would be considered highly improbable. Management makes a regular assessment of historical amounts and market data to ensure that the amounts recognised still meet the requirements of IFRS 15. In the year ended 2 May 2020, the net revaluation recognised from performance obligations satisfied in previous periods was an increase of £0.5m (2018/19: £(15.9m) decrease).

Amounts recognised in the financial statements in respect of such variable consideration are summarised and reconciled from prior year below:

	2 May 2020 £'000	27 April 2019 £'000
Gross network commission receivable and contract asset : Opening balance	113,445	117,474
Less: amounts received in advance	-	-
Net network commission receivable and contract asset: opening balance	<u>113,445</u>	<u>117,474</u>
Revenue recognised in respect of current year sales	83,904	87,558
Revaluation of opening network commission contract asset	(189)	(16,360)
Revenue (reversed) / recognised in respect of prior period sales not previously included in the estimation of revenue recognised	715	498
Revenue (reversed) / recognised in respect of prior period sales	<u>526</u>	<u>(15,862)</u>
Revenue recognised in the period	84,430	71,696
Cash received from network operators	<u>(86,147)</u>	<u>(75,725)</u>
Net network commission receivable and contract asset: closing balance	<u>111,728</u>	<u>113,445</u>
<i>Comprising:</i>		
Net network commission receivable and contract asset in less than 1 year	77,519	75,486
Net network commission receivable and contract asset in more than 1 year	<u>34,210</u>	<u>37,959</u>
Less: amount billed (network commission trade receivable)	-	-
Net network commission contract asset	<u><u>111,728</u></u>	<u><u>113,445</u></u>

**9. TRADE AND OTHER PAYABLES**

	2 May 2020 £'000	27 April 2019 £'000
Trade payables	31,813	26,279
Amounts due to group undertakings	5,210	9,257
Other taxation and social security	2,279	2,260
Accruals	2,576	5,129
	<b>41,878</b>	<b>42,925</b>

The majority of trade and other payables are non-interest bearing. Amounts due to wholly owned subsidiaries within the Dixons Carphone Group are non-interest bearing and subject to normal supplier terms. The carrying amount of trade and other payables approximates fair value.

**10. LOANS AND OTHER BORROWINGS**

	2 May 2020 £'000	27 April 2019 £'000
Bank overdraft	80,210	87,191

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 base rate plus 1.1% for overdrafts and at a margin below base rate for surplus cash balances.

**11. SHARE CAPITAL**

	2 May 2020 £	27 April 2019 £
<b>Authorised, called-up and fully paid</b>		
1 ordinary share of £1	1	1

Ordinary share carries no right to a fixed income

**12. SHARE-BASED PAYMENTS**

**Equity-settled**

**Share option plans**

*Save As You Earn (SAYE)*

Dixons Carphone plc has SAYE schemes which allow participants, including employees of the Company, to save up to £500 per month for either three or five years. At the end of the savings period participants can purchase shares in Dixons Carphone plc based on a discounted share price determined at the commencement of the scheme.

*Dixons Carphone PLC share option scheme*

Dixons Carphone plc offers discretionary awards of nil-priced options under the Long Term Incentive Plan (LTIP) to senior employees, including employees of the Company. Awards are granted annually and will usually vest after three years subject to continued service. Some awards are also subject to the achievement of performance conditions.

All awards granted during the year ended 29 April 2017 are subject to performance conditions based on a combination of EPS growth and relative TSR performance against the constituents of the FTSE 51-150 at 1 May 2016. Options issued to employees of the Company in subsequent periods are not subject to performance conditions.

**12. SHARE-BASED PAYMENTS (CONTINUED)**

In February 2019 Dixons Carphone plc launched the Colleague Shareholder Award which granted every permanent colleague with 12 months service at least £1,000 of options which will vest after three years. These awards are not subject to performance conditions.

All share option plans are granted to employees of the Company by Dixons Carphone plc.

No share options (2018/19: 3,722) were exercised during the year. The weighted average exercise price of shares issued during the year ended 02 May 2020 was £nil.

Details for share options outstanding at the year end are as follows:

	2 May 2020	27 April 2019
(i) weighted average remaining contractual life for options outstanding	<b>8.7 years</b>	8.3 years
(ii) range of exercise prices for options outstanding	<b>£nil - £3.77</b>	£nil - £3.77

**13. PARENT AND CONTROLLING COMPANY**

The Company's immediate parent and controlling entity is Carphone Warehouse Europe Limited.

The Company's ultimate parent and controlling entity is Dixons Carphone plc, a company incorporated in Great Britain and which is registered in England and Wales. Dixons Carphone plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of its financial statements may be obtained from its registered office at 1 Portal Way, London, W3 6RS.

**14. EVENTS AFTER THE BALANCE SHEET**

The impact of the Covid-19 pandemic on the Company's operations is discussed within the Directors report on page 5 as well as set out within note 1 to the financial statements. Subsequent to the balance sheet date, the Company has monitored trade performance, internal actions, as well as other relevant external factors (such as changes in any of the government restrictions). No adjustments to the key estimates and judgements that impact the balance sheet as at 2 May 2020 have been identified.