Company Registration No. 02142673

Currys Retail Limited
(formerly known as The Carphone Warehouse Limited)

Annual Report and Financial Statements

For the year ended 1 May 2021

Currys Retail Limited
Annual report and financial statements 2021

Contents

Currys Retail Limited
Officers and professional advisers

DIRECTORS
The Directors who served throughout the year and subsequently (except as noted) are shown below.

	Date of appointment	Date of resignation
M Allsop	28 July 2020	
S Ager		10 June 2020
A Athanassopoulos		27 November 2020
A Baldock		
E Connolly	28 July 2020	
P Coughlan		
L Haselhurst	28 July 2020	
A Malic	28 July 2020	
B Marsh	22 July 2021	
J Mason		09 July 2021
A Ritchie		07 August 2020

COMPANY SECRETARY

S Thomas

REGISTERED OFFICE
1 Portal Way
London
W3 6RS
United Kingdom

AUDITOR
Deloitte LLP
Statutory Auditor
London
United Kingdom

BANKERS
HSBC
8 Canada Square
London
United Kingdom

Currys Retail Limited
Strategic report

The directors present their annual report and audited financial statements for the year ended 1 May 2021 for Currys Retail Limited (formerly known as The Carphone Warehouse Limited) (the "Company"). The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

On 4 October 2021 the Company changed its name from The Carphone Warehouse Limited to Currys Retail Limited.

Principal activities

The principal activities of the Company during the year remained the provision of mobile handsets and connections, smartphones, mobile broadband, tablets, accessories and insurance products (covering loss, theft or damage to mobile handsets, tablets and laptops) through online platforms and, in line with government guidance during the Covid-19 pandemic, through its store-within a store network.

Currys Retail Limited enables the customer to compare a wide range of phones, tariffs and networks to find the right deal for them, whether they are getting a new network deal or upgrading on their current network. Being independent of our suppliers, the Company is able to provide impartial advice to consumers on the relative merits of different handsets, tariffs and options. This independence and the resulting ability to provide customers with impartial advice is at the core of the retail proposition and differentiates the Company from single supplier stores and single-network dealers.

Business review

Sales declined in the year due to the impact of the permanent standalone store closure, announced in March 2020. This was exacerbated by the impact of the unexpected, enforced store-within a store, which impacted sales transfer. Despite this, the Company has made good progress in delivering its transformation programme: during the year we ended our unprofitable legacy agreements with O2 and EE, which included receiving £189.5m of outstanding receivable from EE, thereby moving away from the heavily loss-making traditional post-pay business and towards one which provides flexibility for consumers. We now have no minimum volume commitments and full control over what we sell while the operating loss and restructuring costs have been more than funded by the unwind of the network debtor receivable.

After the year end, we also agreed an exclusive multiyear partnership with Vodafone based on a new commercial framework focused on driving great service, innovation, and loyalty.

- The loss before tax was £101.6m (2019/20: £269.4m). The adjusted loss before tax (see page 49) was £138.8m (2019/20: £121.6m).
- Revenue declined from £1,527.5m to £666.1m, reflecting the initial impact of the standalone store closure and enforced government store closures on sales.
- Adjusted EBIT decreased from a loss of £122.9m to a loss £140.4m. Adjusted and statutory operating results were impacted by lower network commissions income driven by store closures as outlined above.
- Statutory operating improved from a loss of £270.7m to a loss of £103.2m; this is explained above while the additional adjusting items are discussed below.
- Pre-tax adjusting items have decreased year on year from a charge £147.8m to a £37.2m credit. This decrease is explained below.

The tax charge decreased from £15.3m to £1.4m as the current year tax charge relates solely to an additional year of interest accruing on tax provisions. The prior year tax charge consisted of the derecognition of the Company's deferred tax asset partially offset by the release of a provision held in relation to pre-merger legacy corporate transactions.

Adjusting items

Adjusting items, for the purpose of the Company's alternative performance measures as detailed on page 50 comprise:

- £6.2m positive (2019/20: £34.2m negative) out of period network debtor revaluations recognised in revenue.
- £4.3m for strategic change programmes (2019/20: £102.4m), relating to further reorganisation costs as the Company continues its long-term strategic plan but offset by the release of property provisions following successful early exit negotiations on stores included in previously announced closure programmes. Prior year costs included functional transformation costs and property rationalisation costs.
- A credit of £8.3m following the reduction of regulatory provisions in the period.
- A credit of £27.0m for other items (2019/20: £2.5m cost) primarily related to the settlement of an ongoing legal matter confirmed after the reporting date.

See page 48 to 49 for further information on the Company's alternative performance measures (APMs), including definitions, purpose and reconciliations to the nearest IFRS measure.

Currys Retail Limited
Strategic report continued

Financial position

The working capital of the Company is driven by network commission receivables. The network commission receivables have decreased year on year due to the closure of the standalone Carphone Warehouse stores, disrupted trading of our store-within a store network as a result of the government-enforced closures from the Covid-19 pandemic and settlement of the outstanding EE network debtor receivable, the majority of which was previously expected over the course of 2021/22 and 2022/23.

This decrease has been offset by an increase in cash as a result of the unwind of the capitalised network commission receivable and £189.5m cash settlement from EE.

Key performance indicators

KPIs are for the period until 1 May 2021 are based on 52 weeks of trade (2019/20: 53 weeks).

What we measure	Why we measure	Performance	
		2021	2020
Adjusted revenue [1]	The ability to grow revenue is an important measure of a brand's appeal to customers and its competitive position. It is a key measure of the Company's progress against our strategic priority to continue to enhance and drive successful and sustainable retail business models in an omni-channel world.	**£659.9m**	£1,561.7m
		2021	2020
Statutory revenue	The ability to grow revenue is an important measure of a brand's appeal to customers and its competitive position. It is a key measure of the Company's progress against our strategic priority to continue to enhance and drive successful and sustainable retail business models in an omni-channel world.	**£666.1m**	£1,527.5m
		2021	2020
Adjusted EBIT[1]	Adjusted EBIT tax enables the Company to invest in its future and provide a return for shareholders. It is a key measure of progress against our strategic priority to continue to enhance and drive a successful and sustainable retail business model in a multi-channel world.	**£(140.4)m**	£(122.9)m
		2021	2020
Statutory operating profit / (loss)	Statutory profit / loss before interest and tax enables the Company to invest in its future and provide a return for shareholders. It is a key measure of progress against our strategic priority in returning mobile to profitability.	**£(103.2)m**	£(270.7)m
		2021	2020
Adjusted loss before tax [1]	Adjusted profit / loss before tax represents a measure of Company performance to external investors and stakeholders against our strategic priorities.	**£(138.8)m**	(£121.6)m
		2021	2020
Profit / loss before tax	Profit / loss before tax represents a measure of Company performance to external investors and stakeholders against our strategic priorities.	**£(101.6)m**	£(269.4)m
		2021	2020
Net Promoter Score (NPS)	Customer satisfaction is vital to delivering our strategy and building a sustainable business. Net Promoter Score, a rating used by the Company to measure customers' likelihood to recommend its operations.	**60%**	71%
		2021	2020
Colleague Engagement	Capable and committed colleagues are key to delivering our strategy. Our 'Make a Difference' survey allowed our colleagues to provide honest and open feedback on what it is like to work at the Company.	**77%**	62%

[1] Definitions of measurement for Key Performance Indicators are given in the Alternative performance measures section on pages 48 and 49.

The business review (page 2) details the primary movements in each of the statutory, adjusted and adjusting item measures.

Future developments

Our Vision

As part of the Currys group, we share the same vision: 'We Help Everyone Enjoy Amazing Technology'. We help customers choose, afford and enjoying amazing technology however they choose to shop with us.

We help customers make the most of their amazing tech through our unique services. We get the product working, keep it working, help customers make the most out of it and at the end of the lifecycle, trade in and recycle products. We are uniquely positioned to help customers throughout their life, and by doing so we will drive relationships that are long-lasting and more valuable to our customers and to us.

Mobile is central to our Vision – it is the most important product to customers. We are responding to our challenges, with a clear plan to restore mobile to profitability and cash generation. Our aim is to restore mobile to a profitable business while generating cash flow. During the year 2021/22, we will launch our new Mobile offer, which builds on the considerable experience and market expertise that we have developed over the years. Adapting to consumer trends, this will better reflect what customers want: flexibility, transparency and value. It will include deals they can't find anywhere else, nationwide face-to-face advice, the best range of handsets from the biggest brands and a wide range of tariffs and networks, underpinned by a market-beating price promise. It will also be better for us, phones will be sold through the same IT systems as our other products, both reducing costs and allowing more flexible data sharing while the financing of handsets will be done through third-party lenders and not our own balance sheet.

Our vision and strategy will be delivered through three additional core enablers:

Technology plays a more important role in our lives than ever. We provide the vital technology our customers need, to keep them connected with loved ones, their families fed, clean, healthy and entertained, to work from home and home-school their children. Our strategic priorities build on our strengths to help everyone enjoy amazing technology:

- Omnichannel – Omnichannel is our way of bringing the strengths of all channels, store and online, to all our customers however they choose to shop. By delivering our plan for stronger online growth set out in December 2018 we now have strong foundations in omnichannel but there is a lot more to go. We will continue to build on our progress, as demonstrated by innovations like ShopLive.
- Services – We are uniquely positioned to provide services to our customers to help them enjoy technology for life. We can provide this range of services at scale in ways no competitor can match. We aim to grow the number of customers and proportion of sales that use our valued services by using our omnichannel platform to make it easier to offer, and customers to buy, services.
- Credit – Credit appeals to customers as technology is exciting but expensive, and credit makes it more affordable by allowing them to spread the cost. We aim to grow the number of customers and proportion of sales that user our credit solutions by offering more flexible propositions and optimising the customers shopping journey to encourage higher take-up of credit.

Principal risks to achieving the Company's objectives

The Company recognises that taking risks is an inherent part of doing business and that competitive advantage can be gained through effectively managing risk. The Company has developed and continues to evolve robust risk management processes and integrating risk management into business decision making.

During the year, two new risks were added to the principal risk register, sustainability and people, reflecting the key importance of the effective management of these risks to the delivery of the Company's strategy.

The principal risks and uncertainties, together with their impacts, are set out in the tables below along with an illustration of what is being done to mitigate them. These risks are aggregated by category and are consistent with the principal risks of Currys plc, the Company's ultimate parent, and can be found on pages 46 to 52 of its Annual Report and Accounts 2020/21.

Currys Retail Limited
Strategic report continued

Specific Risks and Potential Impacts

Principal Risk	What is the risk?	What is the potential impact?
STRATEGIC RISKS		
Covid-19	• Failure to adapt the operations of the Company to ensure the safety of colleagues and customers in compliance with Government guidelines.	• Reduced revenue and profitability • Deteriorating cash flow • Colleague / customer illness or loss of life
Dependence on key suppliers	• The Company is dependent on relationships with key suppliers to source products on which availability may be limited.	• Investments by suppliers scaled down • Pricing and stock availability terms could worsen, leading to decreasing sales / reduced margin • Reduced revenue and profitability • Deteriorating cash flow • Reduced market share
Business transformation	• Failure to respond with a business model that enables the business to compete against a broad range of competitors on service, price and / or product range. • Failure to optimise digital opportunities. • Failure to respond to changes in consumer preferences and behaviours.	• Reduced revenue and profitability • Deteriorating cash flow • Reduced market share
REGULATORY RISKS		
Non-compliance with Financial Conduct Authority ('FCA') and other financial services regulation	• Failure to manage the business of the Company in compliance with FCA regulation and other financial services regulation to which the Company is subject; including consumer credit activities.	• Enforcement action by the regulator • Loss of authorisation and inability to trade regulated products • Reputational damage • Financial penalties • Reduced revenues and profitability • Deteriorating cash flow • Customer compensation
Data protection	• Major loss of customer, colleague, or business sensitive data. • Adequacy of internal systems, policy, procedures and processes to comply with the requirements EU General Data Protection Regulation ('GDPR').	• Reputational damage • Financial penalties • Reduced revenue and profitability • Deteriorating cash flow • Loss of competitive advantage • Customer compensation
TECHNOLOGY RISKS		
IT systems and infrastructure	• A key system become unavailable for a period of time.	• Reduced revenue and profitability • Deteriorating cash flow • Loss of competitive advantage • Restricted growth and adaptability • Reputational damage

Principal risks to achieving the company's objectives continued

Specific Risks and Potential Impacts continued

Principal Risk	What is the risk?	What is the potential impact?
OPERATIONAL RISKS		
Information security	• Vulnerability to attack, malware, and associated cyber risk.	• Reputational damage • Financial penalties • Reduced revenue and profitability • Deteriorating cash flow • Customer compensation • Loss of competitive advantage
Health and safety	• Failure to effectively protect customers and / or colleagues and / or contractors from injury or loss of life.	• Employee / customer illness, injury or loss of life • Reputational damage • Financial penalties • Legal action
Business continuity	• A major incident impacts the Company's ability to trade and business continuity plans are not effective, resulting in an inadequate incident response.	• Reduced revenue and profitability • Deteriorating cash flow • Reputational damage • Loss of competitive advantage
Product safety	• Unsuitable procedures and due diligence regarding product safety, particularly in relation to OEM sourced product, may result in poor quality or unsafe products provided to customers which pose risk to customer health and safety.	• Financial penalties • Reduced cash flow • Reputational damage
Sustainability	• Our commitment to sustainability and being a good corporate citizen is either not delivered or not adequately communicated to or recognised by customers and investors.	• Reduced cash flow as customers shop elsewhere • Reputational damage • Loss of competitive advantage
FINANCIAL RISKS		
Tax liabilities	• Crystallisation of potential tax exposures resulting from legacy corporate transactions, employee and sales taxes arising from periodic tax audits and investigations.	• Financial penalties • Reduced cash flow • Reputational damage
PEOPLE RISKS		
People	• Not having the right workforce capacity, capability, and colleague commitment necessary to delivery on our strategy.	• Reduced revenue and profitability • Failure to achieve strategic objectives without strong leadership and capable and committed colleagues

Currys Retail Limited
Strategic report continued

Principal risks to achieving the company's objectives continued
Mitigating Actions

Principal Risk	How we manage it	Changes since last report
STRATEGIC RISKS		
Covid-19	• A range of initiatives grouped under three 'Big Priorities' – To Protect Colleagues, Help Customers and Secure Our Future	This risk has decreased due to the Company successfully adapting to operating in the Covid-19 environment and wider measures to control the pandemic.
Dependence on key suppliers	• Ensuring alignment of key suppliers to the Companies strategy • Continuing to leverage the scale of operations to strengthen relationships with key suppliers and maintain a good supply of scarce products • Working with suppliers to ensure availability of products through the Covid-19 crisis in order to help our customers • Broadening the range of suppliers to support the Company's Extended Range offerings • Ethical supply chain due diligence over our supplier base • Control structures to ensure appropriate Supplier Relationship Management for GFR, GNFR and OEM	This risk has remained stable over 2020/21.
Business Transformation	• Continued strengthening of digital expertise as part of omnichannel capability • Transformation Programme office established and delivering key strategic objectives • Future mobile strategy • Development of customer credit propositions • Development of omnichannel capabilities • Enhancement of data analytics capabilities	Significant progress has been made in the delivery of the Transformation Programme and consequently the overall risk is decreasing as projects are being completed.
REGULATORY RISKS		
Non-compliance with Financial Conduct Authority ('FCA') and other financial services regulation	• Board oversight and risk management structures actively monitor compliance and ensure that the Group's culture puts good customer outcomes first • Senior Manager and Certification Regime and if required CBI / other regulators certification implemented • Regulatory Compliance Committee, Product Governance and other internal governance structures • Control structures to ensure appropriate compliance • Compliance monitoring and internal audit review of the operation and effectiveness of compliance standards and controls • Recruitment, remuneration and training competency programmes • Conduct risk and control framework, including defined minimum control standards	This risk has remained stable over 2020/21.
Data Protection	• The operation of a Data Management Function to ensure compliance with GDPR compliant operations processes and controls • The operation of a Data Protection Officer to ensure appropriate governance and oversight of the Company's data protection activities • Control activities operate over management of customer and employee data in accordance with the Company's data protection policy and processes • Investment in information security safeguards and IT security controls and monitoring.	The risk temporarily increased due to home working but with the introduction of mitigating controls has reduced to the level prior to the Covid-19 outbreak.

Currys Retail Limited
Strategic report continued

Principal risks to achieving the company's objectives continued
Mitigating Actions continued

Principal Risk	How we manage it	Changes since last report
TECHNOLOGY RISKS		
IT systems and infrastructure	• Ongoing IT transformation to align IT infrastructure to the Company's strategic priorities • PEAK planning and preparation to ensure system stability and availability over high-demand periods • Individual system recovery plans in place in the event of failure which are tested regularly, with full recovery infrastructure available for critical systems • Long-term partnerships with 'tier 1' application and infrastructure providers established • Strengthening of Technology leadership team	Whilst the reliance on IT systems and infrastructure increased during the period where the UK and Ireland business traded online only, the control environment remained stable over the period.
OPERATIONAL RISKS		
Information security	• Investment in information security safeguards, IT security controls, monitoring, in-house expertise and resources as part of a managed information security improvement plan • Information security policy and standards defined and communicated • Information Security and Data Protection Committee comprising senior management, set up with responsibility for oversight, co-ordination and monitoring of information security policy and risk • Infosec training and awareness programmes for employees • Audit programme over key suppliers' information security standards • Introduction of enhanced security tooling and operations • Ongoing programme of penetration testing	The move to home working during Covid-19 presented additional challenges but these were successfully addressed with the introduction of mitigating controls. The risk now remains at the same level as prior to the Covid-19 outbreak.
Health and safety	• Implementation of Covid-19 controls to protect colleagues in the workplace and customers in the retail estate including continuous monitoring of changing government regulation in all jurisdictions • Health and Safety strategy • Comprehensive Health and Safety policies and standards supporting continued improvement • Comprehensive Health and Safety policies and standards supporting continued improvement. • Health and Safety management / Governance Committee • Operational Health and Safety teams located across business units • Risk assessment programme covering retail, support centres, distribution and home services • Incident reporting tool and process • Health and Safety training and development framework • Health and Safety inspection programme • Audit programme including factory audits for own brand products and third-party supply chains	This risk has remained unchanged over 2020/21.
Business continuity	• Business continuity and crisis management plans in place and tested for key business locations • Enablement of home working for office-based and contract centre colleagues • Disaster recovery plans in place and tested for key IT systems and data centres • Crisis team appointed to manage response to significant events • Major risks insured	This risk has remained unchanged over 2020/21.

Principal risks to achieving the company's objectives continued
Mitigating Actions continued

Principal Risk	How we manage it	Changes since last report
Product safety	• Factory Audits conducted over OEM suppliers • Technical evaluation of OEM products prior to production • Product inspection of OEM products prior to shipment. • Monitoring of reported incidents • Safety Governance reviews conducted by internal Technical and Business Standards teams • Establish protocols and procedures to manage product recalls	This risk has remained unchanged over 2020/21.
Sustainability	• Roadmap to Net Zero • Commitment to EV100 • Oversight from ESG Committee • ESG strategy which is regularly revised • Maintenance of a brand tracker	Given the number of initiatives, regulatory requirements and expectations of stakeholders this has been added as a new principal risk for 2020/21.
FINANCIAL RISKS		
Tax liabilities	• Board and internal committee oversight that actively monitors tax strategy implementation • Appropriate engagement of third-party specialists to provide independent advice where deemed appropriate	The Company remains committed to achieving a resolution with HMRC in relation to open tax enquiries. This risk remains unchanged over 2020/21.
PEOPLE RISKS		
People	• Strengthening leadership capability and succession • Increasing colleague capability and engagement to deliver against customer promise • Advancing the People Operations Fix the Fundamentals Transformation • Approach for remuneration and incentives that supports a high-performance culture, reinforces the right behaviours aligned to our values and supports selling responsibility to customers	The challenge to satisfy new working practices and need to develop new skills to achieve our strategy means this has been added as a new principal risk for 2020/21.

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 Currys plc, which is listed on the London Stock Exchange and subject to the 2018 UK Corporate Governance Code. The Currys plc section 172(1) statement is available on page 28 of its annual report and accounts 20120/21 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.

Currys Retail Limited
Strategic report continued

Section 172(1) statement continued

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 Currys 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 Currys plc Board and details of the approach taken are on pages 30- 31 of the Currys plc annual report and accounts 2020/21. The Company uses a Voice of Customer dashboard to monitor customer feedback, use this feedback to generate improvements and to incorporate customer views in decision making. While verbatim customer feedback is captured from thousands each week to gain insights and help the business better understand customer expectations, machine learning and AI solutions are used to quantify the sentiment of the comments and is considered by the directors as part of Board decision-making. One key decision made during the year, based on customer considerations, was the extended roll out of ShopLive, enabling customers to receive advice from store colleague's expertise remotely. Having received regular updates on the demand for ShopLive and on those customer satisfaction scores; the Board extended the roll out and increased the number of colleagues trained on the capability. Following this, the medium and long-term impacts that Covid-19 has had on consumer shopping habits is under review alongside customer demand and feedback on ShopLive, highlighting just one example of how customers input into the Company's strategic decision making.

Our **Colleagues** - Colleague engagement for the Group is led by the board of Currys plc and details of the approach taken are included on pages 30-31 of the Currys plc annual report and accounts 2020/21. The Company received regular updates on colleague matters and the results of colleague engagement surveys during the year. To improve the colleague experience and communications during the year where many of our colleagues were working from home a central 'People Place' intranet set was made available: providing access to HR policies and guidance, logging issues or questions as well as providing a 'wellbeing corner' to support colleagues during the difficult period that Covid-19 has brought. A central International Colleague Forum is also in place to unify the long-term existing forums into a single listening and engagement forum for all colleagues.

Our **Communities and environment** – A description of how the Company, as part of the Currys plc Group, engages with the wider communities on environment, sustainability and charitable matters is on page 40 of the Currys plc annual report and accounts 2020/21, including our commitment to achieve net zero emissions by 2040.

Our **Suppliers** – Supplier engagement is led by the Board of Currys plc and details of the approach taken are included on pages 30-31 of the Currys plc annual report and accounts 2020/21. The Group Chief Executive, who is also a director of the Board, 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 Currys plc Board as appropriate.

Our **Shareholders** - the Company's ultimate shareholder is Currys plc and there is engagement with and reporting to the Currys plc Board as part of the Group's corporate governance and risk and control frameworks. The Executive Directors of the Currys plc Board are directors of the Company and a non-executive director of the Currys plc Board attends Board meetings of the Company to ensure independent oversight. Information on how Currys plc engages with shareholders is available on pages 30-31 of the Currys plc annual report and accounts 2020/21.

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

B Marsh

Director
1 November 2021

Registered office:
1 Portal Way
London
W3 6RS
Registered number: 02142673

Currys Retail Limited
Directors' Report

The directors present their annual report and the audited financial statements for the year ended 1 May 2021. Details of future developments and events, how the Company works with employees, suppliers, fosters relationships with customers and the principal risks and uncertainties can be found in the Strategic Report on page 2 to 10 and form part of this report by cross reference.

Results and Dividend
The loss for the year after taxation was £103.0m (2019/20: loss of £284.7m). The directors recommend that no dividend be paid (2019/20: £nil).

Funding
The Company, as part of Currys plc, benefits from the Currys Group having committed borrowing facilities totalling £551m, which provide the appropriate level of committed financing for the Company's needs.

Going concern
In considering the going concern basis for preparing the financial statements, the directors have considered the Company's objectives and strategy, risks and uncertainties in achieving its objectives and its business performance as set out within the strategic report.

After reviewing the Company's expenditure commitments, current financial projections, expected future cash flows, together with the available cash resources and undrawn committed borrowing facilities and recent financial performance. The directors have concluded that adequate resources exist for the Company to continue in operational existence for the foreseeable future and at least 12 months from the date of signing these financial statements.

Directors
The directors who served throughout the year and subsequently (except as noted) are shown on page 1.

Directors' and officers' liability insurance
Pursuant to Article 15 of the Articles of Association, the directors, secretary and other officers of the Company are entitled to be indemnified by the Company out of its own funds against liabilities arising from the conduct of the Company's business to the extent permitted by law. Qualifying third party indemnity insurance cover has been purchased which in general terms indemnifies individual directors' and officers' of the Company, the immediate parent company and all subsidiary companies, from personal legal liability and costs for claims arising out of actions taken in connection with the Company's business.

Subsequent events
Following the balance sheet date, the Company settled an ongoing legal matter following a contractual dispute with the counterparty that caused damage to the Company. As a result of the settlement confirming the Company's position, a credit of £28.2m has been recognised and is included within trade and other receivables at the reporting date.

On 15 September the Company's ultimate parent and controlling entity changed its name from Dixons Carphone plc to Currys plc.

Capital structure
The Company's only class of share is ordinary shares. All ordinary shares are held by the Company's parent company, Carphone Warehouse Europe Limited. Details of the issued share capital during the year are provided in note 17 to the Financial Statements.

Financial risk management
Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the main financial risks the directors consider relevant to the Company are credit risk and liquidity risk.

Credit risk
The Company's principal financial assets are bank balances and trade and other receivables.
The Company's credit risk is primarily attributable to its trade receivables, the majority of which are owed by major multi-national enterprises with whom the Company has well-established relationships and are consequently not considered to add significantly to the Company's credit risk exposure. The amounts presented in the balance sheet are net of expected credit losses. The Company has adopted the simplified approach to calculating expected credit losses allowed by IFRS 9. 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. Most groups of receivables have immaterial levels of credit risk.

Other receivables are primarily due from other group companies, including a loan receivable from the Company's ultimate parent Currys plc. All loans are repayable on demand and either have the liquid assets to repay the loans or have a recovery strategy in place.

The Company's bank balances and cash are centrally pooled with other subsidiaries of Currys plc. The credit risk on these centrally pooled bank and cash balances is limited as the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk
Funding for all subsidiaries of Currys plc, including the Company, is arranged centrally. In order to ensure that sufficient funds are available for ongoing operations and future developments, Currys plc has multi-currency revolving credit facilities of £551m, which mature in April 2025.

Research and Development
The Company does not undertake any activities in the field of research and development in relation to either the Company or its subsidiary undertakings.

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 Company's intranet.

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 endeavor 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 Currys plc Group operates is described on pages 34-45 of the Group's Annual Report and Accounts 2020/21, which does not form part of this Report. As a subsidiary entity, the Company operates in accordance with Group policies.

Auditor and disclosure of information to the auditor
Deloitte LLP have expressed their willingness to be appointed 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. 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, to the best of their knowledge and belief, and 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 to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Currys Retail Limited
Directors' Report continued

Approved by the Board and authorised for issue and signed on behalf of the Board by:

B Marsh

Director
1 November 2021
Registered office:
1 Portal Way
London
W3 6RS
Registered number: 02142673

Currys Retail 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 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 member of Currys Retail Limited
Report on the audit of the financial statements
Opinion

In our opinion the financial statements of Currys Retail Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 1 May 2021 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 income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Consideration of the nature of the Company, its business model and related risks including where relevant the impact of both the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control;
- Consideration of whether the Company is reliant on support from the Ultimate Parent entity and other entities within the Currys plc group and the available cash resources and undrawn committed borrowing facilities available to the Company through the wider Currys plc group;
- Evaluation of the directors' plans for future actions in relation to their going concern assessment which includes review of the Company's future cash forecasts and profit projections ,which are based on market data, past experience and the potentially prolonged impact of COVID-19; and
- Assessment of the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pension legislations, tax legislations and FCA regulations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the entity's health and safety, insurance selling and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- the valuation of commission receivable due from mobile network operators: we obtained an understanding of the control environment, tested the basis of the estimations made, reviewed management's assessment of the accuracy of historical estimates against subsequent cash received, assessed changes in estimates in comparison to the prior year and external data, assessed the changes in the regulatory environment and reviewed the latest network agreements to ensure that amounts recognised are consistent with the underlying contractual arrangements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

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.

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
2 November 2021

Currys Retail Limited
Income statement
For the year ended 1 May 2021

	Note	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Revenue	2	**666.1**	1,527.5
Operating loss	2	**(103.2)**	(270.7)
Finance income		**6.5**	10.0
Finance costs		**(4.9)**	(8.7)
Net finance income	3	**1.6**	1.3
Loss before tax		**(101.6)**	(269.4)
Income tax expense	5	**(1.4)**	(15.3)
Loss after tax for the year		**(103.0)**	(284.7)

All operating losses relate to continuing operations in the United Kingdom. There are no other items of comprehensive income or expense other than the loss for the current and preceding year and therefore no statement of comprehensive income has been presented.

Currys Retail Limited
Balance sheet
As at 1 May 2021

	Note	1 May 2021 £m	2 May 2020 £m
Non-current assets			
Intangible assets	6	0.7	2.2
Property, plant & equipment	7	6.2	9.4
Right-of-use assets	8	37.0	39.1
Lease receivable	9	0.5	0.7
Investments	10	78.4	78.4
Trade and other receivables	12	60.4	231.3
		183.2	361.1
Current assets			
Inventories	11	44.9	51.2
Lease receivable	9	0.2	0.2
Trade and other receivables	12	443.3	396.6
Cash and cash equivalents	13	13.4	178.6
		501.8	626.6
Total assets		685.0	987.7
Current liabilities			
Lease liabilities	14	(13.0)	(35.6)
Trade and other payables	15	(232.7)	(324.8)
Income tax payable		(2.1)	(0.6)
Loans and other borrowings		-	(2.6)
Provisions	16	(26.2)	(69.0)
		(274.0)	(432.6)
Net current assets		227.8	194.0
Non-current liabilities			
Lease liabilities	14	(49.6)	(80.9)
Provisions	16	(11.3)	(29.0)
		(60.9)	(109.9)
Total liabilities		(334.9)	(542.5)
Net assets		350.1	445.2
Capital and reserves			
Share capital	17	450.0	450.0
Capital redemption reserve*		-	-
Accumulated loss		(99.9)	(4.8)
Total equity		350.1	445.2

* Capital redemption reserve of £30,000 (2019/20: £30,000) that rounds to £nil (2019/20: £nil).

Currys Retail Limited
Balance sheet continued
As at 1 May 2021

These financial statements of Currys Retail Limited (registered number 02142673) were approved by the directors and authorised for issue on 1 November 2021. They were signed on their behalf by:

B Marsh
Director
Company registration number: 02142673

Currys Retail Limited
Statement of changes in equity
For the year ended 1 May 2021

	Share capital £m	Capital redemption reserve * £m	Accumulated (loss) / profit ** £m	Total Equity £m
At 27 April 2019	450.0	-	298.7	748.7
Adjustment on initial application of IFRS 16 (net of tax)	-	-	(26.0)	(26.0)
Adjusted balance at 27 April 2019	450.0	-	272.7	722.7
Loss for the year	-	-	(284.7)	(284.7)
Total comprehensive expense for the year	-	-	(284.7)	(284.7)
Share-based payments (note 18)	-	-	7.2	7.2
At 2 May 2020	450.0	-	(4.8)	445.2
Loss for the year	-	-	**(103.0)**	**(103.0)**
Total comprehensive expense for the year	-	-	**(103.0)**	**(103.0)**
Share-based payments (note 18)	-	-	**7.9**	**7.9**
At 2 May 2020	**450.0**	**-**	**(99.9)**	**350.1**

* Capital redemption reserve of £30,000 (2019/20: £30,000) that rounds to £nil (2019/20: £nil).

** Accumulated (loss) / profit represents the aggregated value of the current and all previous financial years' revenue and expenses as recorded in both the Income Statement and the Statement of Other Comprehensive Income and Expense.

Currys Retail Limited
Notes to the financial statements

1. Accounting policies

Currys Retail Limited (the Company) is a private company limited by shares, incorporated under the Companies Act 2006 in the United Kingdom. The Company is domiciled in the United Kingdom and registered in England and Wales with its registered office at 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 pages 2.

1.1 Basis of preparation

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the consolidated financial statements of Currys plc. The Annual Report and Accounts of Currys plc are available to the public and can be obtained as set out in note 21.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC) and is exempt from the obligation to prepare and deliver group accounts. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the FRC.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and related party transactions.

Where relevant, equivalent disclosures have been given in the Annual Report and Accounts of Currys plc.

The financial statements have been presented in Pounds Sterling, the functional currency of the Company derived from the Company's primary economic environment, and on the historical cost basis except for certain items measured on a revaluation basis, as set out in the accounting policies below.

In addition to IFRS measures, the Company uses certain alternative performance measures that are considered to be additional informative measures of ongoing trading performance of the Company and are consistent with how performance is measured internally. The alternative performance measures used by the Company in addition to IFRS measures are included within the glossary and definitions on page 48. This includes further information on the definitions, purpose, and reconciliation to IFRS measures of those alternative performance measures that are used for internal reporting and presented to Chief Operating Decision Maker (CODM). The CODM has been determined to be the Board.

Certain other new accounting standards, amendments to existing account standards and interpretations which are in issue but not yet effect either do not apply to the Company or are not expected to have a material impact on the Company's net results or net assets.

The principal accounting policies are set out below. Except as noted above, all these policies have been applied consistently by the Company throughout the financial year and the preceding financial year.

1.2 Going concern

In considering the going concern basis for preparing the financial statements, the Directors have considered the Company's objectives and strategy, risks and uncertainties in achieving its objectives and its review of business performance as set out in the Strategic Report on pages 2 to 10. As discussed on page 11, as part of the Currys plc group, the Company benefits from the Currys group's total committed borrowing facilities of £551m, which provide the appropriate level of committed financing for the Company's needs. Further information on the funding arrangements and management can be found in notes 19 and 26 of the Currys plc (formerly Dixons Carphone plc) Annual Report and Accounts 2020/21.

In their consideration of going concern, the directors have reviewed the Company's future cash forecasts, working capital and profit projections, which are based on market data and past experience. The directors are of the opinion that the Company's forecasts and projections, which take into account reasonably possible changes in trading performance, including the potentially prolonged impact of Covid-19, together with the available cash resources and undrawn committed borrowing facilities available through the wider Currys group, that the Company is able to operate within its current facilities and comply with its banking covenants for the foreseeable future.

As a result of the uncertainties surrounding the forecasts due to the Covid-19 pandemic, the wider Currys group has also modelled a reverse stress test scenario, as funding is arranged centrally. The reverse stress test models the decline in sales that the wider group would be able to absorb before requiring additional sources of financing in excess of those that are committed. Such a scenario, and the sequence of events which could lead to it, is considered to be remote.

Accordingly, the Directors believe that the Company is well placed to manage its financing and other significant risks satisfactorily and that the Company will be able to operate within the level of its facilities for the foreseeable future. The Board therefore consider it appropriate for the Company to adopt the going concern basis in preparing its financial statements.

1 Accounting policies continued

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.

1.4 Revenue and supplier income

Revenue comprises sales of goods and services excluding sales taxes. Revenue is measured on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to the customer, fulfilling the obligations privy to the contract with customers. The following accounting policies are applied to the principal revenue generating activities in which the Company is engaged:

- network commission revenue is recognised at a point in time on completion of the performance obligation under the individual contract with the mobile network operator (MNO);
- revenue from the sale of goods is recognised at the point of sale or, where later, upon delivery to the customer;
- revenue arising on services (including delivery and installation, product repairs and product support), is recognised when the obligation to the customer is fulfilled; and
- insurance revenue relates to the sale of third-party insurance products. Sales commission received from third parties is recognised when the insurance policies to which it relates are sold. Although there are no ongoing performance obligations, future commission receivable can vary due to consumer behaviour however it is only recognised to the extent that it is highly probable that there will not be a significant reversal of revenue. The Company recognises a contract asset in relation to this revenue. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point in which it becomes billable and is no longer conditioned on something other than the passage of time. Revenue from the provision of insurance administration services is recognised over the life of the relevant policies when the Company's performance obligations are satisfied.

Network Commissions

The Company operates under contracts with a number of MNOs. Over the life of these contracts the service provided by the Company to each MNO is the procurement of connections to the MNOs' networks. Each connection made to an MNO's network relates to an individual consumer. The 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 each 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 measurement. 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 each 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, spend after the contractual term, and amounts due from customer upgrades performed directly by the network. The total consideration receivable is determined by consumer behaviour after the point of recognition. The transaction price includes elements of variability 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 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. Management makes a quarterly, and the directors a twice-yearly, assessment of this data. This is based on the best estimate of expected future trends.

1 Accounting policies continued

1.4 Revenue and supplier income continued

Network commission revenue recognised on fulfilment of the service obligation results in a contract asset as the amount that will ultimately be collected is variable based on consumer behaviour. Over time, and dependent on the future behaviour of the consumer, amounts initially recognised as contract assets become payable by the network to the Group 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 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 statement of financial position. Amounts receivable that are no longer conditional on something other than the passage of time are accounted for as trade receivables.

Income received from suppliers such as volume rebates

The Company's agreements with suppliers contain a price for units purchased as well as other rebates and discounts which are summarised below:

Volume Rebates: This income is linked to purchases made from suppliers and is recognised as a reduction to cost of goods sold as inventory is sold. Unearned rebates that relate to inventory not sold are recognised within the value of inventory at the year end. Where an agreement spans period ends, judgement is required regarding amounts to be recognised. Forecasts are used as well as historical data in the estimation of the level of income recognised. Amounts are only recognised where the Company has a clear entitlement to the receipt of the rebate and a reliable estimate can be made.

Discounts: This income is received from suppliers on a price per unit basis. The level of estimation is minimal as amounts are recognised as a reduction to cost of goods sold based on the agreement terms and only once the item is sold.

Marketing income: This income is received in relation to marketing activities that are performed on behalf of suppliers. Marketing income is recognised over the period as set out in the specific supplier agreements and is recognised as a reduction to cost of sales.

Supplier funding amounts that have been recognised and not invoiced are shown within accrued income on the balance sheet.

1.5 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.

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 such as TSR, because the likelihood that the performance criteria will be met is taken into account when estimating the fair value of the award on the grant date. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in reserves.

1.6 Retirement benefit obligations

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.

1.7 Leases

A lease is classified as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

1. Accounting policies continued

1.7 Leases continued

The Company as a lessor

The Company is a lessor predominantly when subleasing retail store properties that are no longer open for trading. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For the prior year in accordance with IAS 17, the intermediate lessor was required to classify the sublease by reference to the underlying assets. Because of this change, the Company has reclassified certain sublease agreements as finance leases and recognised financial lease asset receivables as outlined in note 9.

The Company as a lessee

The Company's leasing activities predominantly relate to retail store properties and distribution properties as well as distribution vehicle fleet. The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (which comprise IT equipment and small items of office furniture). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease with no corresponding right-of use asset.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's weighted average incremental borrowing rate and subsequently held at amortised cost in accordance with IFRS 9.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

1. **Accounting policies continued**

1.7 Leases continued

The Company did not make any such adjustments during the years presented.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, any initial direct costs and any dilapidation costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

1.8 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 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.

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 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.

Current tax and deferred tax for the year

Current and deferred tax is recognised in the income statement except when they relate to items that are recognised in other comprehensive income and expense or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income and expense or directly in equity as appropriate.

1.9 Intangible assets

Customer relationships

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

Amortisation is provided to write off the cost of assets on a straight-line basis on the following bases:

- Customer relationships: 25% per annum

Software and licences

Software and licences 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. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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.

1. **Accounting policies continued**

1.9 Intangible assets continued

Where intangible assets form part of a separate cash generating unit (CGU), such as corporate assets used by multiple company's within the Currys group, and business indicators exist which could lead to the conclusions that the net book value is not supportable, the recoverable amount of the CGU, or group of CGUs for corporate assets, is determined by calculating its value in use. The value in use is calculated by applying discounted cash flow modelling to management's projection of future profitability and any impairment is determined by comparing the net book value with the value in use.

1.10 Property, plant & equipment

Property, plant & 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 on a straight-line basis.

Rates applied to different classes of property, plant & equipment are as follows:

- Buildings: 2% per annum
- Fixtures, fittings and equipment: between $33^1/_3$% and 20% per annum
- Motor Vehicles 25% per annum

Property, plant & 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.

Where the property, plant & equipment form part of a separate cash generating unit (CGU), such as a store or corporate assets used by multiple company's within the Currys group, and business indicators exist which could lead to the conclusions that the net book value is not supportable, the recoverable amount of the CGU, or group of CGUs for corporate assets, is determined by calculating its value in use. The value in use is calculated by applying discounted cash flow modelling to management's projection of future profitability and any impairment is determined by comparing the net book value with the value in use.

1.11 Non-derivative 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, cash and cash equivalents and those receivables which involve a contractual right to receive cash from external parties. Financial assets comprise all items shown in notes 9, 10, 12 and 13 with the exception of prepayments and contract assets.

When the Company recognises a financial asset, it classifies it in accordance with IFRS 9 depending on the Company's intention with regard to the collection, or sale, of contractual cash flows and whether the financial asset's cash flows relate solely to the payment of principal and interest on the principal outstanding. All of the Company's assets measured at amortised cost are subject to impairments driven by the expected credit loss (ECL) model. The Company has adopted the simplified approach to calculate lifetime expected credit losses. 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.

Financial assets are derecognised 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.

Investment in subsidiaries

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.

Trade and other receivables

Trade and other receivables are initially measured at their transaction price. Where there is a significant financing component, trade and other receivables are discounted at contract inception using a discount rate that is at an arm's length basis and such that would be reflected in a separate financing transaction between the Company and the customer. Other receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, trade and other receivables are measured at amortised cost.

1. **Accounting policies continued**

1.11 Non-derivative financial assets continued

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

Cash and cash equivalents

Cash and cash equivalents are classified as held at amortised cost, comprising cash at bank and in hand, bank overdrafts and short term highly liquid deposits which are subject to an insignificant risk of changes in value. Bank overdrafts are shown under current liabilities.

1.12 Inventories

Inventories are stated at the lower of average cost and net realisable value, and on a weighted average cost basis. Cost comprises direct purchase cost and those overheads that have been incurred in bringing the inventories to their present location and condition less any attributable discounts and bonuses received from suppliers in respect of that inventory. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

1.13 Non-derivative 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 14 and 15 with the exception of other taxation and social security, contract liabilities and other non-financial creditors. Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities (or a part of a financial liability) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. In the event that the terms in which the Group are contractually obliged are substantially modified, the financial liability to which it relates is derecognised and subsequently re-recognised on the modified terms.

Trade and other payables

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

Borrowings

Borrowings in the Company's balance sheet represent bank loans drawn under uncommitted facilities. Borrowings are initially recorded at fair value less attributable transaction costs. Transaction fees such as bank fees and legal costs associated with the securing of financing are capitalised and amortised through the income statement over the term of the relevant facility. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

1.14 Provisions

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

Provisions for onerous contracts are recognised when the Company believes that the unavoidable costs of meeting or exiting the contract exceed the economic benefits expected to be received under the contract. Where the Company has assets dedicated to the fulfilment of a contract that cannot be redirected, an impairment loss is recognised before a separate provision for an onerous contract.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring, and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

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

1. **Accounting policies continued**

1.15 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 year in which they become receivable.

1.16 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.

Key sources of estimation uncertainty

Revenue recognition

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

Revenue recognition continued

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 years. For example, the network commission receivables are routinely increased each year in line with RPI, however as part of the variable revenue constraint, the Company does not include this RPI estimate in the revenue recognised at point of sale. For the year ended 1 May 2021, the revenue recognised includes a value of £5.4m (2019/20: £13.3m) relating to the application of RPI increases on end consumer contracts by the respective MNOs relating to performance obligations satisfied in prior years. In addition to this, within the current year 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 years from performance obligations satisfied in prior years of between nil and £13.2m (2019/20: between nil and £17.8m).

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 12.

Critical accounting judgements

Taxation

Judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. The Company recognises a provision when it is probable that an obligation to pay tax will crystallise as a result of a past event. The quantum of provision recognised is based on the best information available and has been assessed by in-house tax experts, and where appropriate third-party taxation and legal specialists, and represents the Company's best estimate of the most likely outcome. Where the final outcome of such matters differs from the amounts initially recorded, any differences will impact the income tax and deferred tax provisions in the year to which such determination is made.

The Company is currently cooperating with HMRC in relation to an open tax enquiry arising from legacy corporate transactions. The transaction in question is considered to have a 'more likely than not' chance of resulting in settlement. The Company has therefore determined, due to this level of tax risk that it is appropriate to recognise a provision in prior periods. As the enquiry is still open, a provision continued to be deemed appropriate with £41m recorded at 1 May 2021 (2019/20: £39m). These are recorded within other taxation and social security payable as disclosed in note 15. Due to the nature of the provisions recognised, the timing of the settlement of these amounts remains uncertain.

1. Accounting policies continued

1.17 Recent accounting developments

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for the financial year beginning 3 May 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The Company has considered the following standards whose impact is not deemed to be material:

- Amendments to IFRS 9: 'Financial Instruments', IAS 39: 'Financial Instruments: Recognition and Measurement' and IFRS 7: 'Financial Instruments: Disclosures' on Phase 1 of interest rate benchmark reform
- Amendments to IAS 1 and IAS 8 Definition of material
- Amendments to IFRS 3 Definition of a business
- Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to IFRS 16 Covid-19 Related Rent Concessions
- Certain other new accounting standards, amendments to existing accounting standards and interpretations which are in issue but not yet effective, either do not apply to the Group or are not expected to have any material impact on the Group's net results or net assets:
- IFRS 17: 'Insurance Contracts'
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IFRS 9: 'Financial Instruments', IAS 39: 'Financial Instruments: Recognition and Measurement', IFRS 7: 'Financial Instruments: Disclosures', IFRS 4: 'Insurance Contracts' and IFRS 16: 'Leases' on Phase 2 of interest rate benchmark reform

2. Revenue and operating loss

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Revenue	**666.1**	1,527.5
Cost of sales	**(606.0)**	(1,338.4)
Gross profit	**60.1**	189.1
Administrative expenses	**(163.3)**	(459.8)
Operating loss	**(103.2)**	(270.7)

2. Revenue and operating loss continued

The Company's disaggregated revenues in accordance with IFRS 15, 'Revenue from Contracts with Customers' relate to the following revenue streams, all of which originates in the UK:

Disaggregation of revenues

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Sale of goods	**319.7**	497.4
Commission revenue	**332.6**	975.4
Other services revenue	**13.8**	54.7
Total revenue	**666.1**	1,527.5

Revenue is generated from the Company's country of domicile. Revenue from rendering of services predominantly comprises those relating to commissions from MNOs and insurance.

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

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Depreciation of property, plant & equipment	**2.2**	4.8
Impairment of property, plant & equipment	**-**	5.2
Depreciation of right-of-use assets	**5.4**	22.0
Impairment of right-of-use assets	**0.7**	36.4
Amortisation of intangible assets	**3.2**	1.7
Impairment of intangible assets	**-**	2.3
Net impairment of financial assets	**0.8**	3.6
Impairment charge of inventory	**7.1**	24.0
Cost of inventory recognised as an expense	**417.5**	1,150.9
Profit on disposal of property, plant and equipment & intangible assets	**-**	(0.2)
Short-term lease expense	**-**	4.9
Income from subleasing right-of-use assets	**(0.2)**	(0.1)
Government grant income	**-**	2.1
Share-based payment expense	**7.9**	7.2
Other employee costs (see note 4)	**133.2**	208.3
Other exceptional income*	**(27.0)**	-
Auditor's remuneration – audit of the financial statements	**0.4**	0.4

*Other exceptional income is further detailed within note A2 of the glossary.

The total value of other assurance services provided by the auditor in the year was £nil (2019/20: £0.1m).

3. Net finance income

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Interest on cash and cash equivalents	-	0.3
Unwind of discounts on trade receivables	6.5	9.6
Finance lease interest receivable	-	0.1
Finance income	6.5	10.0
Interest on bank loans and overdrafts	(0.1)	(0.6)
Interest payable to group undertakings	(0.3)	(0.1)
Interest on lease liabilities	(4.5)	(8.0)
Finance costs	(4.9)	(8.7)
Total net finance income	1.6	1.3

Further details of the arrangements with group undertakings can be found in notes 12 and 15.

5. EMPLOYEES AND DIRECTORS continued

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

	2019 Number	2018 Number
Store staff	13,083	13,340
Administrative staff	7,075	7,282
	20,158	20,623

4. Employees and directors

Staff costs [illegible]

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Wages and salaries	115.2	185.0
Social security costs	14.3	18.7
Other pension costs	3.7	4.6
	133.2	208.3

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

	Year ended 1 May 2021	Year ended 2 May 2020
Store staff	1,659	5,615
Administrative staff	1,837	2,090
	3,496	7,705

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Remuneration of the directors:		
- Emoluments	3.7	1.2
	3.7	1.2

Eight directors (2019/20: Five) are a member of the money purchase pension schemes where company contributions were paid and were £5,000 (2019/20: £2,000). £0.5m was paid to directors for loss of office during the year (2019/20: £nil). Six directors (2019/20: Three) exercised share options during the year.

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
The remuneration of the highest paid director was:		
- Emoluments	1.1	0.3
	1.1	0.3

The highest paid director exercised 367,288 share options in the year (2019/20: 242,000). Other than share awards disclosed in note 18, there were no other long term incentive schemes for directors in the current or prior years. The pension contributions paid by the Company for the highest paid director was £1,280 (2019/20: £1,000).

5. Tax

(a) Income tax charge

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Current tax		
UK corporation tax at 19% (2019/20:19%)	0.9	-
Adjustments in respect of earlier periods	0.5	(17.0)
	1.4	(17.0)
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of earlier periods	-	32.3
	-	32.3
Income tax charge	1.4	15.3

For the year ended 2 May 2020, the adjustment in respect of earlier periods for current tax relates to a reversal of tax provisions held in relation to pre-merger legacy corporate transactions while the deferred tax adjustment for earlier periods relates to the derecognition of deferred tax assets as explained below.

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

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Loss before tax	(101.6)	(269.4)
Tax on loss at UK statutory rate of 19% (2019/20: 19%)	(19.3)	(51.2)
Movement in unprovided deferred tax	8.8	39.6
Expenses not deductible for tax purposes	(1.5)	8.0
Tax losses utilised within group	10.5	3.6
Other tax adjustments	1.5	-
Increase in tax provisions	0.9	-
Adjustments in respect of earlier periods	0.5	15.3
Income tax charge	1.4	15.3

The movement in unprovided deferred tax relates to taxable losses arising in the period.

5. **Tax continued**

(b) Deferred tax assets

	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 27 April 2019	20.7	11.6	32.3
Charged to the income statement – Prior year	(20.7)	(11.6)	(32.3)
At 2 May 2020	-	-	-
Charged to the income statement – Current year	-	-	-
At 1 May 2021	-	-	-

On 24 May 2021 the Finance Bill 2021 passed through all stages in the House of Commons and became substantively enacted, which included a legislative change to increase the rate of corporation tax to 25% with effect from 1 April 2023. As the Bill was not substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The Currys Group realised a net loss for UK corporation tax purposes in the year ended 1 May 2021 and in the prior year. Accordingly, the directors have reviewed the group's 5-year plan in order to determine whether, and if so to what extent, it is appropriate to recognise a deferred tax asset in the company's accounts, based on the level of taxable profits expected to arise in the company over the period of the plan. As there wasn't sufficient certainty of profit within the company, the amount of the deferred tax asset recognised at 27 April 2019 was derecognised in the year 2 May 2020.

The company has an unrecognised deferred tax asset of £74.2m on tax losses of £390.4m, £13.9m on excess capital allowances of £73.0m and £6.5m on other temporary differences of £34.3m.

6. **Intangible assets**

	Software and licences £m	Customer relationships £m	Total £m
Cost			
At 2 May 2020	161.3	5.9	167.2
Reclass	1.0		1.0
Additions for the year	0.7	-	0.7
At 1 May 2021	**163.0**	**5.9**	**168.9**
Accumulated amortisation and impairment			
At 2 May 2020	159.1	5.9	165.0
Charge for the year	3.2	-	3.2
At 1 May 2021	**162.3**	**5.9**	**168.2**
Net book value at 1 May 2021	**0.7**	-	**0.7**
Net book value at 2 May 2020	2.2	-	2.2

There are no assets under construction included in net book value of software and licences (2019/20: £1.1m).

6. Intangible assets continued

Impairment testing

No impairments were recognised in the year ended 1 May 2021.

In the comparative period the Company reassessed the future projections and cash flows associated with the mobile business. Due to the challenging market environment in which the Company operates this resulted in a reduction of future forecast profitability.

The recoverable amount of the mobile business 'Cash Generating Unit' (CGU) was determined based on calculating its value in use (VIU) which was calculated by applying discounted cash flow modelling to management's own risk adjusted projections using five year strategic plans which have regard to the relative performance of competitors and knowledge of the current market together with management's views on the future achievable growth in market share and impact of the committed initiatives. In forming the five year projections, management draws on past experience as a measure to forecast future performance and key assumptions used in determining the projections that comprise the growth in sales and costs over this period.

Cash flows beyond the five year period were extrapolated using a long term growth rate equivalent to forecast Gross Domestic Product (GDP) and the VIU was then compared to the carrying amount in order to determine whether impairment has occurred.

Key assumptions used in calculating value in use were management's five year projections; the growth rate beyond five years; and the pre-tax adjusted discount rate. The growth rate beyond five years was based on the forecast GDP for the UK. The pre-tax discount rates applied to the forecast cash flows reflect current market assessments of the time value of money and the risks specific to the CGU.

The values attributed to these assumptions were a growth rate beyond five years of 1.4% in all cases and a pre-tax discount rate of 7.8%.

This reassessment resulted in a material non-cash impairment charge of £43.9m which has been recognised as follows:

- £2.3m of intangible assets, relating to capitalised software development costs
- £5.2m of related plant, property and equipment (note 7)
- £36.4m of right-of-use assets (note 8)

The recoverable amount of the mobile business CGU as at 2 May 2020 was £266m (2018/19: £317m) based on its VIU.

Included within the Company's net assets are certain corporate assets that are used by other companies within the Currys group. Where assets are not considered allocable on a reasonable or consistent basis, they are tested for impairment by comparing the combined recoverable amount of the UK&I electricals business CGU and UK&I mobile business CGU with the combined carrying value of assets of these respective groups of CGUs including the corporate assets.

These impairment tests are prepared using the methodology required by IAS 36 and using the same assumptions as outlined above. The recoverable amount, based on value in use shows headroom of £730m above the carrying amount of UK&I electricals business and UK&I mobile combined group of CGUs. No impairment has been recognised over the corporate assets held within the Company. Within the value in use model growth in sales and growth in costs assumptions drive the operating profit forecasts in line with the Company and Group's strategic plan. The key assumption within the value in use model is therefore the operating profit forecast in the final year of the five year strategic plan which is underpinned by the recovery from the impact of Covid-19 and the delivery of key strategic initiatives.

In accordance with IAS 36, the Company performed sensitivity analysis on the estimates of recoverable amounts and found that the excess of recoverable amount over the carrying amount of the UK&I electricals business and UK&I mobiles business combined group of CGUs would be reduced to nil as a result of a reasonably possible change in the key assumption. The recoverable amount would equal the carrying value if operating profit was reduced by 20% within the value in use model in FY24, and then extrapolated for the remainder of the forecast period including the period beyond the strategic plan. The Directors do not consider that the relevant change in this assumption would have a consequential effect on other key assumptions.

7. Property, plant & equipment

	Short leasehold land and buildings £m	Motor Vehicles £m	Fixtures, fittings and equipment £m	Total £m
Cost				
At 2 May 2020	116.5	2.5	206.3	325.3
Reclassification	(1.4)	-	0.4	(1.0)
At 1 May 2021	**115.1**	**2.5**	**206.7**	**324.3**
Accumulated depreciation and impairment				
At 2 May 2020	108.7	2.5	204.7	315.9
Charge for the year	1.2	-	1.0	2.2
At 1 May 2021	**109.9**	**2.5**	**205.7**	**318.1**
Net book value at 1 May 2021	**5.2**	**-**	**1.0**	**6.2**
Net book value at 2 May 2020	7.8	-	1.6	9.4

There are £0.3m assets under construction included in net book value of fixtures, fittings and equipment (2019/20: £1.4m within short leasehold land and buildings).

8. Right-of-use assets

	1 May 2021 £m	2 May 2020 £m
Right-of-use assets:		
Land and buildings	**37.0**	39.1
	37.0	39.1

Additions to the right-of-use assets for the year were £nil (2019/20: £1.9m).

Total cash outflow for leases amount to £33.1m (2019/20: £43.0m).

Amounts recognised in profit and loss	1 May 2021 £m	2 May 2020 £m
Land and buildings Depreciation	**5.4**	22.0
Impairment of right-of-use assets	**0.7**	36.4
Interest expense on lease liabilities	**4.5**	8.0
Expense relating to short-term leases	**-**	4.9
Income from subleasing right-of-use assets	**0.2**	0.1

8. Right-of-use assets continued

In the year ended 2 May 2020 the Company recognised an impairment of £36.4m over right-of-use assets following the strategic decision to close all 531 standalone Carphone Warehouse stores.

9. Lease receivables

Under IFRS 16, an intermediate lessor accounts for the head lease and sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease. The Company's finance lease arrangements do not include variable payments.

	1 May 2021 £m	2 May 2020 £m
Net investment in the lease analysed as:		
Recoverable after 12 months	**0.5**	0.7
Recoverable within 12 months	**0.2**	0.2
	0.7	0.9

The Company applies the simplified model in accordance with IFRS 9 to recognise lifetime expected credit losses on lease receivables. The value of the expected credit loss on lease receivables is immaterial.

The Company is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in functional currency.

	1 May 2021 £m	2 May 2020 £m
Undiscounted amounts receivable under sub-leases classified as finance leases:		
Year 1	**0.2**	0.3
Year 2	**0.2**	0.2
Year 3	**0.2**	0.2
Year 4	**0.1**	0.2
Year 5	**0.1**	0.1
Onwards	-	-
Undiscounted lease payments	**0.8**	1.0
Unearned finance income	**(0.1)**	(0.1)
Net investment in the lease	**0.7**	0.9

10. Investments

	£m
Investments in subsidiary undertakings	
Cost	
At 2 May 2020 and 1 May 2021	131.4
Accumulated impairment	
As at 2 May 2020 and 1 May 2021	(53.0)
Net book value at 1 May 2021	**78.4**
Net book value at 2 May 2020	78.4

Please refer to note 22 for a list of investments held by the Company.

11. Inventories

	1 May 2021 £m	2 May 2020 £m
Finished goods and goods for resale	**44.9**	51.2

12. Trade and other receivables

	1 May 2021 £m	2 May 2020 £m
Trade receivables	**64.0**	138.9
Less expected credit loss allowance	**(7.5)**	(7.4)
	56.5	131.5
Amounts due from ultimate parent	**298.4**	2.3
Amounts due from subsidiary undertakings	**2.6**	2.6
Amounts due from fellow group subsidiaries	**18.1**	10.1
Prepayments	**9.1**	14.5
Other trade receivables	**28.2**	-
Accrued income	**7.8**	17.5
Contract assets	**83.0**	449.4
	503.7	627.9
Current	**443.3**	396.6
Non-current	**60.4**	231.3
	503.7	627.9

12. Trade and other receivables continued

The majority of trade and other receivables are non-interest bearing. Non-current receivables mainly comprise commission receivable on sales. Where there is a significant financing component, trade and other receivables are discounted at contract inception using a discount rates which that is at an arms length basis and which would be reflected in a separate financing transaction between the Company and the customer. The carrying amount of trade and other receivables approximates fair value. The Company does not hold any collateral as security over the receivables balance.

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.

Amounts due from ultimate parent company comprises an unsecured loan receivable repayable on demand with interest, charged at the relevant Bank of England base rate plus 135 basis points, capitalised on a monthly basis.

Amounts due from other group undertakings comprise operating expenses owed from other group companies as a result of intercompany trading; such balances are settled regularly in line with agreed terms of trade, do not bear interest and are payable within 60 days.

For the year ended 2 May 2020, other debtors includes £2.1m of government grants receivable. This related 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.

Contract assets

	1 May 2021 £m	2 May 2020 £m
Insurance commission contract assets	**9.4**	15.0
Network commission contract assets	**73.6**	434.4
	83.0	449.4

The Company recognises contract assets where the performance obligations have been met but the right to consideration from the customer is conditioned on something other than the passage of time. This occurs on both insurance commission revenue and network commission revenue as detailed in note 1.4.

The Company has considered the risk profile for amounts due from network and insurance 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 and adjusted the contract asset values at each reporting date to reflect the future expected value. Further information is disclosed in note 26 of the Currys plc 2020/21 Annual Report and Accounts, while additional information on the measurement of expected consideration is detailed below.

The significant changes in the contract asset balances within the year occurred within the network commission contract assets.

Further detail and a full reconciliation of movements within the financial year have therefore been provided below.

Network commission contract assets and receivables

As described in note 1.4, the revenue earned by the Company for the acquisition of consumers on behalf of third-party network operators is subject to variable consideration. Some consideration is paid by the MNOs at the time of connection with the remainder paid over the duration of the consumer's contractual relationship with the MNO which is usually between 1 and 5 years. 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.

Under IFRS 15: 'Revenue from Contracts with Customers' the Group only recognises revenue to the extent that it is highly probable that there will not be a significant 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 1.17. In previous periods, the Group has estimated such revenue with a high level of accuracy, as evidenced and regularly monitored by the level of cash the Group receives from MNOs in the periods subsequent to acquiring consumers on their behalf.

12. Trade and other receivables continued

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 MNOs, 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 Company 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;
- spend beyond the initial contract period – period of time the consumer remains connected to the MNO after the initial contract term; and
- upgrade propensity – the percentage of consumers initially connected by the Group estimated to be subsequently upgraded by an MNO.

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 1 May 2021, the net revaluation recognised from performance obligations satisfied in previous periods was a decrease of £5.7m (2019/20 decrease of £37m).

		1 May 2021 £m	2 May 2020 £m
Gross network commission receivable and contract asset: Opening balance	(i)	**893.5**	1,165.3
Less: amounts received in advance		**(389.1)**	(497.7)
Net network commission receivable and contract asset: Opening balance	(ii)	**504.4**	667.6
Revenue recognised in respect of current year sales	(iii)	**274.1**	914.3
Revaluation of opening network commission contract asset	(iv)	**6.2**	(34.1)
Revenue reversed in respect of prior year sales not previously included in the estimation of revenue recognised	(v)	**(11.9)**	(2.9)
Revenue reversed in respect of prior year sales		**(5.7)**	(37.0)
Revenue recognised in the year		**268.4**	877.3
Cash received from network operators	(vi)	**(674.0)**	(1,050.1)
Movement due to the effect of discounting		**6.5**	9.6
Net network commission receivable and contract asset: closing balance	(vii)	**105.3**	504.4
Comprising:			
Net network commission receivable and contract asset in less than 1 year		**49.1**	279.2
Net network commission receivable and contract asset in more than 1 year		**56.2**	225.2
		105.3	504.4
Less: amount billed (network commission trade receivable)	(viii)	**(31.7)**	(70.0)
Net network commission contract asset	(ix)	**73.6**	434.4

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

12. Trade and other receivables continued

i. Net of discounting for the time value of money. The unwind of this discounting is recognised as finance income in the relevant year. The amount of related finance income within the year, as shown in the table above, was £6.5m (2019/20: £9.6m).

ii. Payment terms with the MNOs are based on a mix of cash received upon connection and future payments as the MNO receives monthly instalments from end consumers over the life of the consumer contract. This balance shows the net amounts receivable from the MNOs. Further information is included below to explain the classification split of this balance between trade receivables and contract assets.

iii. This relates to revenue recognised from connections made in the current year. This revenue is recognised at point of sale as explained within the accounting policies in note 1.4. This figure includes in-year adjustments to the carrying value of revenue recognised (net of constraints) where the estimated consideration has changed since point of recognition within the year. In response to the events highlighted in (iv) below and in consideration of other market headwinds, the level of constraint applied to revenue recognised in the current year has been increased.

iv. The Company continues to monitor the level of this revaluation as an indicator of estimation uncertainty in respect of previously recognised variable consideration. The current year reflects a positive revaluation of the prior period contract asset and is what the Company would expect as a result of the variable revenue constraint under IFRS 15. In the prior year the reversal of revenue was related to a number of events that were previously considered highly improbable in the recognition of variable revenue. These included the closure of all standalone Carphone Warehouse stores in the UK, Covid-19 assessment due to expected consumer behaviours, and Ofcom regulation changes. This revaluation of £6.2m (2019/20: £(34.1)m) discussed above is the figure that has historically been used by the company to monitor the accuracy of assumptions made in previous periods and is excluded from measuring the performance of the Company in our alternative performance measures as explained within the glossary to the Annual Report. This amount is also presented as the Group has received feedback from certain stakeholders that its separate presentation is helpful, in order to present more clearly the underlying performance in year.

v. These amounts were not previously recognised as revenue due to the application of the constraint (described above) and include a value of £5m (2019/20: £14m) relating to the uplift in the profit share the Company receives associated with RPI on commission receivable where the performance obligations were satisfied in prior years. These amounts also include other out of period amounts settled with MNOs in respect of prior period transactions of £(17)m (2019/20: £(16)m). As the Company does not recognise an estimate of these amounts within revenue at the point of sale, they are recognised in revenue within each financial year once the amounts for that period are known. Therefore, the RPI uplift and the other out of period amounts settled with MNOs are included within the Company's alternative performance measures as explained on pages 48 to 49.

vi. Cash received in the year. This includes the cash settlement of £189.5m received from EE on 1 April 2021 to settle the outstanding EE network debtor receivable. The majority of this payment was previously expected over the course of 2021/22 and 2022/23.

vii. Gross network receivable and contract asset balance of £270.8m, offset by amounts received in advance of £165.5m. This is in line with the explanation in (ii) above.

viii. Amounts that have been invoiced to the network operators and are no longer conditional on something other than the passage of time. These amounts are therefore classified as trade receivables.

ix. This is the contract asset element of the network commissions receivable. This is variable based on future consumer behaviour and hence conditional on something other than the passage of time therefore as per IFRS 15 this is classified as a contract asset.

13. Cash and cash equivalents

	1 May 2021 £m	2 May 2020 £m
Cash at bank	**13.4**	178.6
	13.4	178.6

Cash at bank earns interest at floating rates based either on daily bank deposit rates or central bank lending rates. The carrying amount of money market deposits approximates their fair value.

14. Lease liabilities

	1 May 2021 £m	2 May 2020 £m
Analysed as:		
Non-current	**49.6**	80.9
Current	**13.0**	35.6
	62.6	116.5

Total undiscounted future committed payments due are as follows:

	1 May 2021 £m	2 May 2020 £m
Amounts due:		
Year 1	**15.9**	40.9
Year 2	**13.1**	25.9
Year 3	**11.2**	19.2
Year 4	**10.0**	14.2
Year 5	**6.1**	11.0
Onwards	**17.1**	22.4
	73.4	133.6

The Company does not face a significant liquidity risk with regard to its lease liabilities.

The Company's lease liabilities are secured by the lessors' right over the leased assets disclosed in note 8.

15. Trade and other payables

	1 May 2021	2 May 2020
	Current	Current
	£m	£m
Trade payables	**82.7**	135.8
Amounts due to fellow group subsidiaries	**60.7**	57.1
Other taxation and social security	**41.6**	85.7
Other creditors	**-**	3.1
Accruals	**47.7**	43.1
	232.7	324.8

Trade payables disclosed as above are all current in nature.

Interest is not charged on balances arising between companies as a result of intercompany trading; such balances are settled regularly in line with agreed terms of trade, usually through the Company's netting system, within 30 to 60 days. Intercompany amounts are unsecured and are repayable on demand.

Included in trade payables for the prior year ended 2 May 2020 was £30.4m of amounts due where extended payment terms have been requested by the Company and agreed with the supplier. These payment terms are customary in the industry and in line with credit terms offered by our other suppliers of similar products. These terms are made available and administered under arrangements between the supplier and third party banks selected by the supplier. No such facility was in place as at 1 May 2021.

16. Provisions

	1 May 2021		2 May 2020	
	Current	**Non-current**	Current	Non-current
	£m	**£m**	£m	£m
Reorganisation	**1.7**	**-**	23.5	0.6
Property	**16.1**	**3.1**	15.0	28.3
Sales	**3.4**	**0.2**	4.1	0.1
Regulatory	**5.0**	**8.0**	24.9	-
Other	**-**	**-**	1.5	-
	26.2	**11.3**	69.0	29.0

	Reorganisation £m	Property £m	Sales £m	Regulatory £m	Other £m	Total £m
At 2 May 2020	24.1	43.3	4.2	24.9	1.5	98.0
Reclassification	**5.3**	**(5.3)**	**-**	**-**	**-**	**-**
Additions	**13.4**	**-**	**0.3**	**-**	**0.2**	**13.9**
Released	**(0.1)**	**(10.5)**	**-**	**(8.3)**	**-**	**(18.9)**
Utilisation	**(41.0)**	**(8.3)**	**(0.9)**	**(3.6)**	**(1.7)**	**(55.5)**
At 1 May 2021	**1.7**	**19.2**	**3.6**	**13.0**	**-**	**37.5**

16. Provisions continued

Reorganisation:
Reorganisation provisions of £1.7m relate principally to redundancy and functional transformation costs within central operations as the Company commits to setting a clear long-term direction for the business. Reorganisation provisions are only recognised when a detailed formal plan is in place and it has been communicated to those affected. As at 1 May 2021, all employees affected still retained employee status and will be departing between June – August 2021.

Additions of £8.8m in the year relate to the long-term strategic change programme mentioned above.

The Company reclassed £5.3m of property provision related to the closure of the previously announced standalone store closure programme to the redundancy programmes for those store colleagues affected by the closure with an additional £4.4m also being provided in the year. As at the 1 May 2021, the balance was fully utilised.

Property:
Following the previously announced store closure programmes, the Company has a number of present obligations related to its property portfolio that are explicitly excluded from the measurement of lease liabilities in accordance with IFRS 16. As such, the Company has onerous contracts for unavoidable store closure costs including service fees, legal costs and dilapidations of £19.2m relating to the Carphone Warehouse UK store closures.

Provisions for the costs described above are only recognised where there is a definitive business decision to exit a leased property, it is believed the unavoidable cost of meeting or exiting the obligations exceed the expected benefit to be received and after any impairment being recorded over right-of-use and store related assets in accordance with IAS 36.

The amounts of future expenditures for store closure costs are reviewed throughout the year and are based on readily available information at the reporting date as well as management's historical experience of similar transactions.

Of the £19.2m related to closure programmes announced in prior periods, utilisation is to be incurred in conjunction with the profile of the leases to which they relate. The longest lease will unwind over the next six years. Where appropriate and in the interests of the Company, management will proactively seek to exit any liabilities early. Where there is a substantive expectation that the unavoidable costs provided for will be reduced as a result of exit negotiations, the provision will be remeasured based on the best available information and an amount released, as seen in the period.

Sales:
Sales provisions relate to "cashback" and similar promotions, product and service warranties. The anticipated costs of these are assessed by reference to historical trends and any other information that is considered relevant. Management estimates the related provision for future related claims based on historical information, as well as recent trends that might suggest that past cost information might differ from future claims

Regulatory:
In the year ended 27 April 2019 the Company reported that it was subject to a £29m fine imposed by the FCA following the conclusion of an investigation into historical Geek Squad mobile phone insurance selling processes for a period prior to June 2015.

The Company subsequently received claims from a number of customers who believe they were mis-sold Geek Squad policies. All customer claims are carefully considered by the Company on a case by case basis with the majority of claims received being invalid and no new claims having been received during the period. Nevertheless, the volume and value of outstanding claims remains uncertain with utilisation of the provision expected to be incurred over the next two years as the Company continues to co-operate with the relative authorities. Management estimates the related provision based on historical claims information and applying this against any remaining potential claimants using an expected value approach. As such, the Company released £8.3m to the income statement during the period.

17. Share capital

Called up share capital

	1 May 2021 £m	2 May 2020 £m
Authorised, allotted, called-up and fully paid		
450,000,000 ordinary shares of £1 each	**450.0**	450.0

18. Share-based payments

Equity-settled

Share option plans
Save As You Earn (SAYE)

Currys 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 Currys plc based on a discounted share price determined at the commencement of the scheme.

Currys share option scheme

Currys plc offers discretionary awards under share option schemes which allows nil-priced options to be offered under the Long Term Incentive Plan (LTIP) to senior employees. 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.

For awards granted during the years ended 28 April 2018, 27 April 2019 and 2 May 2020, awards granted to executive directors and key management of Currys plc are subject to performance conditions as outlined below. For awards issued to other senior management, awards are not subject to performance conditions. For awards granted during the year ended 1 May 2021, awards issued to other senior management are also subject to performance conditions.

For awards granted during the years ended 28 April 2018 and 27 April 2019, awards granted to executive directors and ley management of Currys plc are subject to performance conditions based on relative TSR performance against the constituents of the FTSE 51-150 at the start of the performance period and either EPS growth or cumulative free cash flow growth.

For awards granted during the year ended 2 May 2020 and 1 May 2021, performance conditions are based on a combination of relative TSR performance against a bespoke comparator group of 22 European Special Line Retailers and other comparable companies and cumulative free cash flow.

In February 2019 Currys 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 Currys plc.

2,112,680 share options (2019/20: 941,864) were exercised during the year, with a weighted average exercise price of £0.01 per share (2019/20: £nil).

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

		1 May 2021 £m	2 May 2020 £m
(i)	weighted average remaining contractual life for options outstanding	**8.0 years**	7.3 years
(ii)	range of exercise prices for options outstanding	**£nil - £3.77**	£nil - £3.77

19. Capital commitments

	1 May 2021 £m	2 May 2020 £m
Intangible assets	-	0.1
Property, plant and equipment	-	0.3
Committed purchase orders contracted for but not provided in the financial statements:	-	0.4

20. Operating lease commitments

The Company as a lessor

Under IFRS 16, an intermediate lessor is required to classify the sublease as finance lease or an operating lease by reference to the right-of-use asset arising from the head lease. As such, for the year ended 1 May 2021, operating leases in which the Company is a lessor relate to right-of-use assets subleased to external third parties. A maturity analysis of undiscounted lease payments to be received relating to these operating leases is shown below.

	1 May 2021 £m	2 May 2020 £m
Undiscounted amounts receivable under sub-leases classified as operating leases:		
Year 1	**0.2**	0.1
Year 2	**0.1**	0.1
Year 3	**0.1**	0.1
Year 4	**-**	-
Year 5	**-**	-
Onwards	**-**	-

21. Parent company

The Company's immediate parent and controlling entity is Carphone Warehouse Europe Limited, a company incorporated in Great Britain, which is a wholly owned subsidiary of Currys plc.

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

22. Subsidiary undertaking

The subsidiary undertakings at 2 May 2020 and 1 May 2021 are listed below:

Name	Class of Shares	Country of incorporation or registration	Nature of business
CPW Technology Services Limited (formerly Honeybee Digital Solutions Limited)	Ordinary	United Kingdom	IT Services

On 4 May 2018 the Company agreed to sell the Honeybee business through an asset sale. Notice of change of name by means provided within the articles was filed on 30 May 2018 to change the name of the subsidiary undertaking to CPW Technology Services Limited.

Unless otherwise indicated all subsidiary undertakings are wholly-owned, are incorporated and operate in Great Britain and are registered in England and Wales, with its registered office at 1 Portal Way, London, W3 6RS.
Consolidated Financial statements have not been prepared as the Company is a wholly owned subsidiary of a company registered in England and Wales. The Company's financial statements present information about it as an individual undertaking and not as a group.

In the opinion of the directors the aggregate value of the shares in and amounts due from the Company's subsidiary undertakings are not less than the aggregate of the amounts at which these assets are included in the Company's balance sheet.

23. Subsequent events

Following the balance sheet date, the Company settled an ongoing legal matter following a contractual dispute with the counterparty that caused damage to the Company. As a result of the settlement confirming the Company's position, a credit of £28.2m has been recognised and is included within trade and other receivables at the reporting date.

On 15 September the Company's ultimate parent and controlling entity changed its name from Dixons Carphone plc to Currys plc.

Currys Retail Limited
Alternative Performance Measures (APMs)

ALTERNATIVE PERFORMANCE MEASURES (APMs) (unaudited)

In the reporting of financial information, and as set out in the Strategic Report, the Company uses certain measures that are not required under FRS 101. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"). We consider that these additional measures (commonly referred to as 'alternative performance measures') provide additional information on the performance of the business and trends to shareholders. These measures are consistent with those used internally and are considered critical to understanding the financial performance and financial health of the Company. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for non-recurring or items considered to be distortive on trading performance which may affect FRS 101 measures, to aid the user in understanding the Company's performance. These alternative performance measures may not be directly comparable with other similarly titled measures or 'adjusted' revenue or profit measures used by other companies, and are not intended to be a substitute for, or superior to, FRS 101 measures.

Adjusting items

Included within our APMs we report adjusted revenue, adjusted PBT and adjusted EBIT. These measures exclude items which are significant in size or volatility or by nature are non-trading or highly infrequent. Adjusted performance measures reflect adjustments to total performance measures. The directors consider 'adjusted' performance measures to be an informative additional measure of the ongoing trading performance of the Company.

Adjusted results are stated before any adjusting items. Adjusting items are those considered to be so material that they distort underlying performance (such as reorganisation costs, impairment charges and property rationalisation costs, out of period mobile network debtor revaluations and other non-recurring charges). There are no adjustments made to exclude the impact of Covid-19.

Impact of IFRS 16: 'Leases'

The Group adopted IFRS 16: 'Leases' using the modified retrospective method in the prior year. In order to aid comparability with prior year measures, the impact of IFRS 16 was included within adjusting items and adjusted results were reported under IAS 17.

Following the adoption, and ability to report comparatives under IFRS 16, the impact of such is no longer considered to be an adjusting item. The adjusted results and adjusting items for the comparative reporting period ended 2 May 2020 have subsequently been restated to reflect this.

Definitions and reconciliations

In line with the Guidelines on Alternative Performance Measures issues by the European Securities and Markets Authority ('ESMA'), we have provided additional information on the APMs used by the Company below, including full reconciliations back to the closest equivalent statutory measure.

Alternative performance measure	Closest equivalent GAAP measure	Reconciliation to FRS 101 measure	Definition and purpose
Revenue measures			
Adjusted revenue	Revenue	See note A1	Adjusted revenues are adjusted to remove out of period mobile network debtor revaluations.
Profit measures			
Adjusted profit / (loss) before tax, EBIT	Profit / (loss) before tax, Profit / (loss) before interest and tax.	See note A1 and A2	As discussed above, the Company uses adjusted profit measures in order to provide a useful measure of the ongoing performance of the Company. These are adjusted from total measures to remove adjusting items, the nature of which are disclosed above.
EBIT	Profit / (loss) before interest and tax	No reconciling items	Earnings before interest and tax (EBIT) is directly comparable to profit / (loss) before tax. The terminology used is consistent with that used historically and in external communications.

Alternative performance measure	Closest equivalent GAAP measure	Reconciliation to FRS 101 measure	Definition and purpose
Other earnings measures			

Currys Retail Limited
Alternative Performance Measures (APMs)

Alternative performance measure	Closest equivalent GAAP measure	Reconciliation to FRS 101 measure	Definition and purpose
Adjusted income tax expense / (credit)	Income tax expense / (credit)	See note A2 and A3	Adjusted income tax expense / (credit) represents the income tax on adjusted earnings. Income tax expense / (credit) on adjusting items represents the tax on items classified as 'adjusted', either in the current year, or the current year effect of prior year tax adjustments on items previously classified as adjusted. We consider the adjusted income tax measures represent a useful measure of the ongoing tax charge / credit of the Company.

A1 Reconciliation from Statutory profit before interest and tax to adjusted EBIT and adjusted PBT

	Year ended 1 May 2021			Year ended 2 May 2020		
	Statutory £m	**Adjusting Items £m**	**Adjusted £m**	Statutory £m	Adjusting Items (restated)* £m	Adjusted (restated) * £m
Revenue	**666.1**	**(6.2)**	**659.9**	1,527.5	34.2	1,561.7
Cost of sales	**(606.0)**	**-**	**(606.0)**	(1,338.4)	-	(1,338.4)
Gross profit	**60.1**	**(6.2)**	**53.9**	189.1	34.2	223.3
Administrative expenses	**(163.3)**	**(31.0)**	**(194.3)**	(459.8)	113.6	(346.2)
Operating (loss) / profit	**(103.2)**	**(37.2)**	**(140.4)**	(270.7)	147.8	(122.9)
Finance income	**6.5**	**-**	**6.5**	10.0	-	10.0
Finance costs	**(4.9)**	**-**	**(4.9)**	(8.7)	-	(8.7)
Net finance income	**1.6**	**-**	**1.6**	1.3	-	1.3
(Loss) / profit before tax	**(101.6)**	**(37.2)**	**(138.8)**	(269.4)	147.8	(121.6)

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

A2 Further information on the adjusting items between statutory profit to adjusted profit measures noted above

	Note	Year ended 1 May 2021 £m	Year ended 2 May 2020 (restated)* £m
Included in revenue			
Mobile network debtor revaluation	(i)	**(6.2)**	34.2
Included in loss before interest and tax:			
Mobile network debtor revaluation	(i)	**(6.2)**	34.2
Strategic change programmes	(ii)	**4.3**	102.4
Regulatory costs	(iii)	**(8.3)**	-
Impairment losses and onerous leases	(iv)	**-**	8.7
Other (income) / costs	(v)	**(27.0)**	2.5
		(37.2)	147.8
Total impact on loss before tax		**(37.2)**	147.8
Tax expense / (credit) on other adjusting items		**1.4**	(17.0)
Total impact on loss after tax for the year		**(35.8)**	130.8

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

(i) Mobile network debtor revaluation:

In the current period, changes in consumer behaviour on previously recognised transactions have led to positive revaluations of network receivables of £6.2m. For the comparative period, the Company recognised negative revaluations totalling £34.2m as legislative impacts, changing consumer taste and the closure of the Carphone Warehouse standalone stores drove a reduction in the expected value of variable revenue previously recognised. Further information can be found in footnote (iv) of the network commission receivables and contract assets reconciliation table within note 12 to the Company financial statements.

(ii) Strategic change programmes:

During the year, a further £12.6m (2019/20: £35.9m) of costs have been incurred as the Company continues to deliver its long-term strategic plan by becoming clearer, simpler and faster in order to improve the overall customer experience. The costs incurred relate to the follow:

- £8.2m (2019/20: £8.7m) in relation to restructuring and redundancy costs for central operations organisational design; and

- £4.4m (2019/20: £27.2m) in relation to redundancy costs for store colleagues affected by the Carphone Warehouse standalone store closures announced in the prior period.

Currys Retail Limited
Alternative Performance Measures (APMs)

A2 Further information on the adjusting items between statutory profit to adjusted profit measures noted above continued

Property rationalisation:

Included within strategic change is a credit of £8.3m (2019/20: £8.9m) that primarily relates to the release of excess property provisions following successful early exit negotiations on the closed standalone stores.

During the year ended 2 May 2020, further property rationalisation costs related to this strategic decision to close the store estate have been recorded as follows:

- An additional £31.6m property closure and dilapidation provisions related to the closure of the Carphone Warehouse standalone stores;
- £36.4m of right-of-use asset impairment related to the Carphone Warehouse store estate; and
- £7.4m of asset impairments, primarily relating to software developments and store assets.

(iii) Regulatory costs:

During the year ended 27 April 2019, based on the information available, the Company provided £37.5m for redress relates to the mis-selling of Geek Squad mobile phone insurance policies following the FCA investigation for periods prior to June 2015. All customer claims are carefully considered by the Company on a case-by-case basis with the majority of claims received being invalid.

While the volume and value of outstanding claims remains uncertain no new claims have been received during the period. This has led to the Group reducing the provision in relation to redress by £8.3m.

(iv) Impairment losses and onerous leases

For the year ended 2 May 2020 the Company assessed the recoverability of receivables due from fellow group companies following the cessation of trade resulting in an impairment of £6.2m being recognised. The Company also recognised a non-cash impairment charge of £2.5m of its subsidiary investment as detailed in note 10.

No impairments were recognised in the current period.

(v) Other costs

In May 2021 the Company settled an ongoing legal matter following a contractual dispute with the counterparty that caused damage to the Company. As a result of the settlement confirming the Company's position, a credit of £28.2m has been recognised for the year ended 1 May 2021 and is included within trade and other receivables at the reporting date.

This has marginally been offset by £1.2m of costs primarily related to legal fees in challenging the position.

A3 Adjusted tax expense

		Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Current tax			
UK corporation tax at 19% (2019/20: 19%)	– Adjusted	-	-
	– Adjusting	1.0	-
Adjustments in respect of earlier periods	– Adjusted	-	-
	– Adjusting	0.4	(17.0)
		1.4	(17.0)
Deferred tax			
Current year – Adjusted		-	-
Current year –Adjusting		-	-
Adjustment in respect of earlier periods		-	32.3
		-	32.3
Income tax expense		1.4	15.3
Adjusted income tax expense / (credit)		1.4	(17.0)