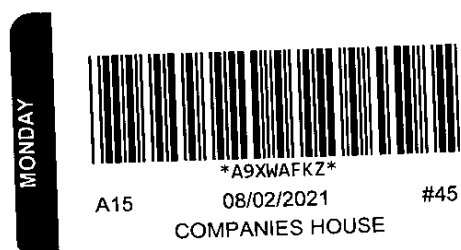


Company Registration No. 06095563

SIMPLIFY DIGITAL LIMITED

Annual Report and Financial Statements

For the year ended 2 May 2020



**SIMPLIFY DIGITAL LIMITED
REPORT AND FINANCIAL STATEMENTS 2020**

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**SIMPLIFY DIGITAL LIMITED
OFFICERS AND PROFESSIONAL ADVISORS**

DIRECTORS

R D Martin
J P Mason

COMPANY SECRETARY

S Thomas

REGISTERED OFFICE

1 Portal Way
London
W3 6RS
United Kingdom

BANKERS

HSBC
8 Canada Square
London
E14 5HQ

SIMPLIFY DIGITAL LIMITED STRATEGIC REPORT

The Directors present their annual report and unaudited financial statements for the year ended 2 May 2020. The Directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

In previous periods the principal activity of Simplify Digital Limited (the 'Company') was retailing the digital TV, broadband and home phone packages of the major suppliers in the UK. Following the sale of the trade and assets of the Simplify Digital business to a fellow group company, The Carphone Warehouse Limited, during the year ended 27 April 2019 the Company has ceased trading and is expected to become dormant in future periods.

BUSINESS REVIEW

The profit after tax for the financial year was £0.3 million (2019: loss after tax of £4.5 million). The profit after tax includes an exceptional credit of £0.1 million relating to the reversal of an impairment charge for other assets in the previous year. The loss after tax for the year ended 27 April 2019 included exceptional charges of £1.2 million (2019: £1.2 million) for impairment of assets, principally related to the Company's intangible development costs following a review of the long-term profitability of the associated projects.

Dixons Carphone plc manages its operations on a divisional basis. For this reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Dixons Carphone plc and a description of the principal risks and uncertainties, which includes the Company, are discussed in Dixons Carphone plc's annual report, which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The Company is a wholly-owned subsidiary of Dixons Carphone plc. From the perspective of the Directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Dixons Carphone plc and its subsidiaries, which provides a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, can be found on pages 20 to 23 of the Dixons Carphone plc Annual Report and Accounts 2019/20.

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

Liquidity risk

Funding for all subsidiaries of Dixons Carphone plc, including Simplify Digital Limited, is arranged centrally. The Company does not use derivatives to manage its financial risks. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the main financial risk the Directors consider relevant to the Company is liquidity risk. Liquidity risk is mitigated by multi-currency revolving credit facilities. This policy is further explained in Note 26d of Dixons Carphone plc's annual report.

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



J Mason
Director
1 February 2021

Registered office:
1 Portal Way
London
W3 6RS
Registered number: 06095563

SIMPLIFY DIGITAL LIMITED DIRECTORS' REPORT

The Directors present their report and the unaudited financial statements for the year ended 2 May 2020. Detail in relation to the future developments of the Company are provided in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £0.3 million (2019: loss after taxation of £4.5 million). The Directors recommend that no dividend be paid (2019: £nil).

GOING CONCERN

As discussed in the Strategic report on page 2, during the year ended 27 April 2019 the Company sold the trade and assets of the Simplify Digital business to a fellow group company, The Carphone Warehouse Limited, at their net book value. Following the sale of the trade and assets the Company is not expected to trade in the foreseeable future and is expected to become dormant in future periods. As a result the financial statements have been prepared on a basis other than the going concern basis. No material adjustments arose as a result of ceasing to apply the going concern basis of preparation.

DIRECTORS

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to Article 26 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. Appropriate directors' and officers' liability insurance cover has been purchased which in general terms indemnifies individual directors' and officers' personal legal liability and costs for claims arising out of actions taken in connection with the Company's business.

CAPITAL STRUCTURE

The Company's only class of share is ordinary shares. All ordinary shares are held by the Company's parent company, Dixons Carphone Holdings Limited. Details of the issued share capital during the year are provided in note 10 to the Financial Statements.

USE OF FINANCIAL INSTRUMENTS

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments. Information on the use of financial instruments can be found in the annual report and financial statements for Dixons Carphone plc. The Company does not manage its financial instruments through hedging.

SIMPLIFY DIGITAL LIMITED DIRECTORS' REPORT (CONTINUED)

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 risk the Directors consider relevant to the Company is liquidity risk, which has been detailed in the Strategic Report on page 2.

RESEARCH AND DEVELOPMENT

The Company incurred no development costs for the year ended 2 May 2020 (2019: £1.0 million) in relation to the development of internal software.

AUDIT EXEMPTION

For the year ended 2 May 2020, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities in respect of audit exemption:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

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



J Mason

Director
1 February 2021

Registered office:
1 Portal Way
London
W3 6RS
Registered number: 06095563

SIMPLIFY DIGITAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 judgments and accounting estimates that are reasonable and prudent;
- follow applicable UK Accounting Standards, 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 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.

SIMPLIFY DIGITAL LIMITED
INCOME STATEMENT
For the year ended 2 May 2020

	Note	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Turnover	2	-	27,589
Cost of sales		-	(29,022)
Gross loss		-	(1,433)
Marketing expenses		-	(84)
Technology and development expenses		-	(1,396)
Administrative expenses		(14)	(48)
Asset impairments	5	139	(1,212)
Loss before interest and tax		125	(4,173)
Finance income	4	17	9
Profit / (loss) before tax		142	(4,164)
Tax credit / (charge)	6	118	(354)
Profit / (loss) for the year attributable to equity shareholders of the company		260	(4,518)

There are no other items of comprehensive income or expense other than the profit / (loss) for the current and preceding periods and therefore no separate Statement of Comprehensive Income has been prepared. All activities derive from discontinued operations.

SIMPLIFY DIGITAL LIMITED
BALANCE SHEET
As at 2 May 2020

	Note	2 May 2020 £'000	27 April 2019 £'000
Current assets			
Trade and other receivables	7	551	5
Cash and cash equivalents	8	6,548	7,730
		<u>7,099</u>	<u>7,735</u>
Total assets		<u>7,099</u>	<u>7,735</u>
Current liabilities			
Trade and other payables	9	(6,871)	(7,767)
		<u>(6,871)</u>	<u>(7,767)</u>
Net current assets / (liabilities)		<u>228</u>	<u>(32)</u>
Total assets less current liabilities		<u>228</u>	<u>(32)</u>
Total liabilities		<u>(6,871)</u>	<u>(7,767)</u>
Net assets / (liabilities)		<u>228</u>	<u>(32)</u>
Capital and reserves			
Share capital	10	2	2
Share premium account		4,171	4,171
Retained earnings		(3,945)	(4,205)
Total equity		<u>228</u>	<u>(32)</u>

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements of Simplify Digital Limited (registered number 06095563) were approved and authorised for issue by the Board of directors on 1 February 2021 and signed on its behalf by:



J Mason
Director

Registered number: 06095563

SIMPLIFY DIGITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 2 May 2020

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 28 April 2018	2	4,171	313	4,486
Loss and total comprehensive income	-	-	(4,518)	(4,518)
At 27 April 2019	2	4,171	(4,205)	(32)
Profit and total comprehensive expense	-	-	260	260
At 2 May 2020	2	4,171	(3,945)	228

SIMPLIFY DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation and general information

Simplify Digital Limited ("the Company") is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The Company is domiciled in the United Kingdom and is 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 page 2.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, and related party transactions. Where relevant, equivalent disclosures have been given in the group financial statements of Dixons Carphone plc.

The financial statements have been presented in UK Sterling, the functional currency of the Company derived from the Company's primary economic environment, and on the historical cost basis.

There are no new accounting standards, amendments to standards or IFRIC interpretations which are effective for the Company for the first time during the current financial year ended 2 May 2020 which have had an impact on the Company's results or net assets. 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 Company or are not expected to have any material impact on the Company's net results or net assets.

The principal accounting policies are set out below.

1.2 Going concern

As discussed in the Strategic report on page 2, during the year ended 27 April 2019 the Company sold the trade and assets of the Simplify Digital business to a fellow group company, The Carphone Warehouse Limited, at their net book value. Following the sale of the trade and assets the Company is not expected to trade in the foreseeable future and is expected to become dormant in future periods. As a result the financial statements have been prepared on a basis other than the going concern basis. No material adjustments arose as a result of ceasing to apply the going concern basis of preparation.

1.3 Revenue recognition

Revenue represents the amount receivable for the performance of the Company's services and is stated net of value added tax ("VAT").

The Company previously provided retail services to domestic customers, which generated revenue for the Company in the form of commissions when these customers were connected to digital TV, broadband and home phone services provided by the digital TV, broadband and home phone supplier. Due to the elapsed time between the digital TV, broadband and home phone connection, the act of which triggered the Company's revenue, and receipt of the confirmation from the digital TV, broadband and home phone supplier, the Company estimated the unbilled revenue receivable and recorded this as accrued revenues at the balance sheet date.

Revenues for the company's 'Software as a Service' propositions were recognised over the licence period on a straight-line basis.

SIMPLIFY DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.4 Development costs – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense within technology and development costs in the period in which it is incurred.

The Company's price comparison technology and product database is amortised through cost of sales.

Developments costs are reviewed annually for impairment, or more frequently where there is an indication that such assets may be impaired. Impairment is assessed by measuring the future cash flows associated with the projects to which the development costs relate. Where the future discounted cashflows are less than the carrying value of the development costs an impairment charge is recognised in the income statement. If an impairment charge is identified it is immediately recognised and presented as an exceptional item in the income statement.

1.5 Taxation

The tax expense represents the sum of the currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible. The liability for the current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences that can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other asset and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

SIMPLIFY DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.6 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the investment. The Company's financial assets comprise cash and cash equivalents and receivables which involve a contractual right to receive cash from external parties. Under the classifications stipulated by IFRS 9, cash and cash equivalents and trade and other receivables are classified as 'loans and other receivables' and subsequently held at amortised cost.

Trade and other receivables

Trade and other receivables are classified as measured at amortised cost and subject to impairments driven by the expected credit loss (ECL) model. The Company has adopted the simplified approach to calculate lifetime expected credit losses for its trade and other receivables. Historical credit loss rates are applied consistently to groups of financial assets with similar risk characteristics. These are then adjusted for known changes in, or any forward-looking impacts on creditworthiness.

Receivable balances with other Group entities are reviewed for potential impairment based on the ability of the counterparty to meet its obligations. The net current asset / liability position of the entity is considered and where the amount due to the Company is not covered, the estimated cashflows of the counterparty and subsidiary companies with the ability to distribute cash to it are considered.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits with a maturity of three months or less and which are subject to an insignificant risk of changes in value.

1.7 Financial liabilities

The Company's financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date. Financial liabilities comprise all items shown in note 9.

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

Trade and other payables

Trade and other payables are recorded at cost.

1.8 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The Directors have considered whether there are any such sources of estimation or critical accounting judgements in forming the financial statements and do not determine there to be any for the purposes of disclosure.

1.9 Interest income and expense

Interest income and expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

SIMPLIFY DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. REVENUE

For the year ended 27 April 2019, the Company's revenues were derived from the provision of services to consumers which resulted in new customers for which the Company received a commission. Revenues were also derived from the provision of the Company's Software as a Service and Data & Analytics propositions.

All revenues were earned within the Company's domestic market, the United Kingdom.

3. EMPLOYEES AND DIRECTORS

Employment costs, including directors comprised:

	2020 £'000	2019 £'000
Wages and salaries	-	1,433
Social security costs	-	175
Pension costs	-	35
	<u>-</u>	<u>1,643</u>

Monthly average number of employees during the year was as follows:

	2020 Number	2019 Number
Directors	2	2
Marketing and technology	-	20
Selling	-	19
	<u>-</u>	<u>41</u>

The directors do not receive any emoluments in respect of services to the Company (2019: £nil). Directors are not remunerated for qualifying services provided to the Company. All Directors' emoluments are borne by a fellow Group company and have not been recharged.

4. FINANCE INCOME

	2020 £'000	2019 £'000
Bank interest	17	9
Finance income	<u>17</u>	<u>9</u>

SIMPLIFY DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. LOSS BEFORE TAX

	2020 £'000	2019 £'000
The loss before tax is stated after (crediting) / charging:		
Staff costs	-	1,643
Hire of premises	-	200
Development costs – expensed	-	972
Impairment of other assets	(139)	240
	<u>(139)</u>	<u>240</u>

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

The impairment in the year relates to the reversal of impairment of other assets deemed not to be recoverable.

For the year ended 27 April 2019 the Company recognised costs for the development of internal software (£972,000) and the impairment of other assets deemed not to be recoverable following the transfer of the Simplify Digital business to a fellow group company, The Carphone Warehouse Limited (£240,000).

6. TAX

	2020 £'000	2019 £'000
Current tax:		
Adjustments in respect of prior periods	(118)	509
Total current tax (credit) / charge	<u>(118)</u>	<u>509</u>
Deferred tax:		
Adjustments in respect of prior periods	-	(155)
Total deferred tax (credit) / charge	<u>(118)</u>	<u>(155)</u>
Total tax (credit) / charge	<u>(118)</u>	<u>354</u>

Finance (No.2) Act 2016 reduced the corporation tax rate from 1 April 2020 to 17% from 19%. However, the Finance Act 2020, which was substantively enacted on 17 March 2020, removed the planned reduction. The rate applicable from 1 April 2020 now remains at 19% therefore the UK corporation tax rate for the 12 months ended 2 May 2020 and 27 April 2019 was 19%.

SIMPLIFY DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAX continued

A reconciliation of notional to actual income tax (credit) / expense is set out below:

	2020 £'000	2019 £'000
Profit / (loss) before tax	142	(4,164)
Profit / (loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	27	(791)
Effects of:		
Group relief (received) / surrendered free of charge	(1)	560
Other items attracting no tax relief or liability	(26)	231
Adjustments in respect of prior periods	(118)	354
Tax (credit) / charge for the period	(118)	354

7. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Amounts due from fellow group subsidiaries	551	-
Other debtors	-	5
	551	5

Amounts due from fellow group subsidiaries above are repayable within 30 – 60 days and do not bear interest.

8. CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash at bank	6,548	7,730

9. TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000
Amount due to fellow group subsidiaries	6,871	7,767
	6,871	7,767

Amounts due to fellow group subsidiaries above are payable within 30 – 60 days and do not bear interest.

SIMPLIFY DIGITAL LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

10. SHARE CAPITAL

Share capital

	2020	2019
	£'000	£'000
Allotted and fully paid		
2,415,548 ordinary shares of £0.001 each	2	2

All shares carry equal voting rights.

11. ULTIMATE CONTROLLING ENTITY

The Company's immediate parent and controlling entity is Dixons Carphone Holdings Limited, a company incorporated in the United Kingdom.

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

12. SUBSEQUENT EVENTS

Following the impact of the Covid-19 pandemic the Company has monitored internal actions, external factors likely to affect future developments and the trading performance, financial position and cash flows of the Company from the reporting date up until the date of signing. No adjustments to key estimates and judgements that impact the balance sheet as at 2 May 2020 have been identified.