

**Company Registration No. 7135355**

**CPW BRANDS 2 LIMITED**

**Annual Report and Financial Statements**

***For the year ended 2 May 2020***

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**CPW BRANDS 2 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2020**

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## **CPW BRANDS 2 LIMITED DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Company, together with the unaudited financial statements for the year ended 2 May 2020. Comparative figures are presented for the year ended 27 April 2019.

This report is prepared in accordance with the provisions applicable to companies entitled to the small companies exemption Section 415(a) of the Companies Act 2006. The exemption available from the requirements to prepare a strategic report has been taken in line with Section 414B of the Companies Act 2006.

### **PRINCIPAL ACTIVITIES**

The Company did not trade during the year ended 2 May 2020 ("the year") following the mutual termination of the licence agreement and final date of trading being 27 April 2019.

For the comparative periods, the principal activity of the Company was to manage, develop and exploit the trademark under a licence agreement with The Carphone Warehouse Limited.

### **REVIEW OF THE BUSINESS**

The profit after taxation for the financial year was £33,000 (2018/19: loss of £13,284,000, including an impairment of intangible assets of £19,614,000).

As at 2 May 2020 the Company has net assets of £1 (2018/19: £22,859,000).

### **DIVIDENDS**

On 14 April 2020 the directors declared and paid an ordinary dividend of £22,892,446.44 per ordinary share (2018/19: £nil).

### **GOING CONCERN BASIS**

Following the agreement to terminate the brand licence arrangement with Carphone Warehouse Limited with effect from 27 April 2019, cessation of trade, wind down of operations and dividend payment during the period, the Company is expected to be closed to any future transactions. As such, the financial statements continue to be prepared on a basis other than a going concern.

### **DIRECTORS**

The directors who served throughout the year and subsequently are as follows:

	<b>Appointed</b>	<b>Resigned</b>
A Gibson		30 January 2020
K Jamieson	30 January 2020	
L Smith		30 January 2020
K Uqaili	30 January 2020	

The Company Secretary throughout the year and subsequently was S Thomas.

**CPW BRANDS 2 LIMITED**  
**DIRECTORS' REPORT**

**Audit Exemption**

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

Directors' responsibilities:

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

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



**K Jamieson**  
Director  
19 January 2021  
Registered Office:  
1 Portal Way  
London  
W3 6RS

Registered number: 7135355

## **CPW BRANDS 2 LIMITED**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**CPW BRANDS 2 LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 2 May 2020**

		<b>Year ended 2 May 2020 £'000</b>	<b>Year ended 27 April 2019 £'000</b>
	<b>Note</b>		
<b>Turnover</b>	2	-	8,138
<b>Operating expenses</b>	4	-	(21,448)
		<hr/>	<hr/>
<b>Operating profit / (loss)</b>		-	(13,310)
<b>Finance Income</b>	3	<b>33</b>	26
		<hr/>	<hr/>
<b>Profit / (loss) on ordinary activities before taxation</b>	4	<b>33</b>	(13,284)
<b>Tax on profit / (loss) on ordinary activities</b>	6	-	-
		<hr/>	<hr/>
<b>Profit / (loss) after taxation for the period</b>		<b>33</b>	(13,284)
		<hr/>	<hr/>

All operating profits / (losses) are derived from discontinued operations in the United Kingdom.

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

**CPW BRANDS 2 LIMITED**  
**BALANCE SHEET**  
**As at 2 May 2020**

		<b>Year ended 2 May 2020 £'000</b>	<b>Year ended 27 April 2019 £'000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Intangible assets	7	-	-
		<hr/>	<hr/>
<b>Current assets</b>			
Cash and cash equivalents		-	-
Debtors	8	-	22,859
		<hr/>	<hr/>
<b>Net current assets</b>		-	22,859
		<hr/>	<hr/>
<b>Net assets</b>		-	22,859
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called-up share capital	9	-	-
Profit and loss account		-	22,859
		<hr/>	<hr/>
<b>Shareholders' funds</b>		-	22,859
		<hr/>	<hr/>

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:

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

These financial statements were approved by the directors on 19 January 2021 and signed on their behalf by:



**K Jamieson**  
 Director  
 Registered Office:  
 1 Portal Way  
 London  
 W3 6RS

Registered number: 7135355

**CPW BRANDS 2 LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 2 May 2020

	Share capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
At 28 April 2018	-	36,143	36,143
Loss for the year	-	(13,284)	(13,284)
Total comprehensive income and expense for the year	-	(13,284)	(13,284)
At 27 April 2019	-	22,859	22,859
Profit for the year	-	33	33
Total comprehensive income and expense for the year	-	33	33
Equity dividends	-	(22,892)	(22,892)
<b>At 2 April 2020</b>	-	-	-



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

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

CPW Brands 2 Limited ("the Company") is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Portal Way, London W3 6RS. The nature of the Company's operations and its principal activities are set out in the Directors' 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, and is exempt from the obligation to prepare and deliver group accounts. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, incorporating the Amendments to FRS 101 issued by the Financial Reporting Council.

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

The financial statements have been presented in UK Sterling, the functional currency of the Company 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 Directors report on page 2 it was agreed to terminate the brand licence arrangement with Carphone Warehouse Limited with effect from 27 April 2019, the Company ceased trade from this date.

Following the agreement to terminate the brand licence arrangement, cessation of trade, wind down of operations and dividend payment during the period, the Company is expected to be closed to any future transactions. As such, the financial statements continue to be prepared on a basis other than a going concern.

**1.3 Intangible assets**

**Trademarks**

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

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

**1.4 Turnover**

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

**1.5 Taxation**

**Current taxation**

Current tax is provided at amounts expected to be paid or recovered using the prevailing tax rates and laws that have been enacted or substantively enacted by the balance sheet date and adjusted for any tax payable in respect of previous years.

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

**1 ACCOUNTING POLICIES continued**

***Deferred taxation***

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

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

Deferred tax is measured at the average tax rates that are expected to apply in the 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.

**1.6 Other financial assets**

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the investment. The Company's financial assets comprise those 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 (excluding derivative financial assets) are classified as subsequently measured at amortised cost.

***Trade and other receivables***

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

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

The Company will derecognise a financial asset when the contractual rights to the cash flows expire or the Company transfers the financial asset in a way that qualifies for derecognition in accordance with IFRS 9.

**1.7 Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

**2. TURNOVER**

The Company did not trade during the period. For the preceding period, turnover comprises income received under the licencing agreement and is wholly attributable to the principal activity of the Company, and originated in the United Kingdom.

**3. FINANCE INCOME**

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Bank account interest receivable	<u>33</u>	<u>26</u>

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

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

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Amortisation of intangible assets	-	1,810
Impairment of intangible assets	<u>-</u>	<u>19,613</u>

For the year ended 2 May 2020 the Company was entitled to exemption from audit under s.479A of the Companies Act 2006 relating to subsidiary companies. Therefore no remuneration was paid or accrued for audit services (2018/19: £nil). The Group's auditors received no fees for non-audit work in the current or prior period.

**5. DIRECTORS' REMUNERATION AND EMPLOYEES**

The Directors did not receive any remuneration in the year for services to the Company (2018/19: £nil). The Company had no employees during the year (2018/19: nil).

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

**6. TAX**

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

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
<b>Current tax</b>		
UK corporation tax at 19% (2018/19: 19%)	-	-
<b>Tax charge</b>	-	-

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

	Year ended 2 May 2020 £'000	Year ended 27 April 2019 £'000
Profit / (loss) before tax	33	(13,284)
Tax on profit at UK statutory rate of 19% (2018/19: 19%)	6	(2,524)
Tax losses claimed within the group for £nil consideration	(6)	(859)
Items attracting no tax relief or liability	-	3,383
<b>Income tax expense</b>	-	-

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%.

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

**7. INTANGIBLE FIXED ASSETS**

	Trademarks £'000
<b>Cost</b>	
At 27 April 2019 and 2 May 2020	51,600
<b>Amortisation</b>	
At 27 April 2019 and 2 May 2020	22,880
<b>Impairment</b>	
At 27 April 2019 and 2 May 2020	28,720
<b>Net book value</b>	
At 27 April 2019 and 2 May 2020	-

***Impairment testing***

At 27 April 2019, the Company assessed the recoverable value of its trademarks to determine whether circumstances existed that could conclude that the current net book value was no longer supportable. The recoverable amount was determined based on calculating the value in use (VIU) which was calculated by applying discounted cash flow modelling to management's own risk adjusted five-year projections. In forming the projections management draws on past experience as a measure to forecast future performance. Cash flows beyond the five-year projections are extrapolated using a long-term growth rate equivalent to long-term forecasts of Gross Domestic Product ('GDP') growth rates for the relevant market.

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

The pre-tax discount rate used was 9.6%. Based on the calculated VIU, an impairment charge of £19,614,000 was recognised.

**8. DEBTORS**

	2 May 2020 £'000	27 April 2019 £'000
Intercompany debtors	-	22,859
	-	22,859

**9. SHARE CAPITAL**

	2 May 2020 £	27 April 2019 £
<b>Called up, allotted and fully paid:</b>		
1 ordinary shares of £1 each	1	1

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

**10. PARENT UNDERTAKING AND CONTROLLING PARTY**

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

**11. 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.