Company Registration No. 2142673

The Carphone Warehouse Limited

Report and Financial Statements

For the 52 weeks ended 31 March 2007

The Carphone Warehouse Limited

Report and financial statements 2007

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The Carphone Warehouse Limited

Report and financial statements 2007

Officers and professional advisers

Directors

C W Dunstone	
R W Taylor	
R Walker	(resigned 25 May 2007)
A J Harrison	
R J Collier	
F McHugh	
R J Smelt	(appointed 27 April 2007, resigned 25 May 2007)
R I Bacon	(resigned 25 May 2007)
J P Durkan	(appointed 19 May 2006)
A K Hoult	(appointed 2 August 2006)
N Willcox	(appointed 25 April 2007)
J Dale	(Resigned 2 August 2006)
N Langstaff	(Resigned 2 August 2006)
C Murton	(Resigned 2 August 2006)
M Peers	(Resigned 2 August 2006)
S Post	(Resigned 2 August 2006)

Secretaries

T S Morris	
T O'Gorman	(resigned 22 December 2006)

Registered office

1 Portal Way
London
W3 6RS

Bankers

Deutsche Bank AG
1 Great Winchester Street
London
EC2N 2DB

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the 52 weeks ended 31 March 2007

Business review and principal activities

The company is a wholly owned subsidiary of The Carphone Warehouse Group PLC, and operates as part of the group's Distribution division

The principal activity of the company continues to be the provision of wireless technology products and services in the UK The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

During the period a further 100 retail branches were opened increasing the store portfolio to 769 stores New stores continue to generate an attractive return and the impact on existing outlets is considered minimal The directors see ample opportunity for further expansion and aim to open a further 40 stores in the current year

The directors believe that the consumer market for wireless technology products and services will continue to grow and drive the continued expansion of the business

The Carphone Warehouse Group PLC manages its operations on a divisional basis For this reason, the company's 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 the Distribution division, which includes the company, is discussed in the group's Annual Report, which does not form part of this Report

Risk management

Funding for all subsidiaries of The Carphone Warehouse Group PLC, including The Carphone Warehouse Limited is arranged centrally The company does not use derivatives to manage its financial risks Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the main financial risk the directors consider relevant to this company is credit risk This risk is mitigated by the company's credit control policies

The company's insurance business is regulated by the Financial Services Authority

Directors

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

Employees

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

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

Environment

A full analysis of the key regulatory and social risks of the industry in which The Carphone Warehouse Group PLC operates is described in the group's Annual Report, which does not form part of this Report As a subsidiary entity, The Carphone Warehouse Limited operates in accordance with group policies

Supplier payment policy

It is the company's policy to develop and maintain key business relationships with its suppliers to obtain mutually accepted payment terms Details of the average credit period taken on trade payables are provided in note 18 to the financial statements

The Carphone Warehouse Limited

Directors' report (continued)

Donations

The company made charitable donations of £117,000 during the period (2006 - £107,000) The company made no political donations during the period (2006 - £nil)

Statement regarding the disclosure of information to auditors

In accordance with s234ZA of the Companies Act 1985, each director confirms that

i so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and

ii the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

N Willcox
Director

4 September 2007

The Carphone Warehouse Limited

Statement of directors' responsibilities

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) The financial statements are required by law to 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, 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 proper accounting records that 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 1985 They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the members of The Carphone Warehouse Limited

We have audited the financial statements of The Carphone Warehouse Limited for the 52 weeks ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 26 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 auditors' 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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of The Carphone Warehouse Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
4 September 2007

The Carphone Warehouse Limited

Profit and loss account
As at 31 March 2007

	Note	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Turnover	2	1,306,382	1,109,608
Cost of sales		(902,392)	(776,886)
Gross profit		403,990	332,722
Administrative expenses		(373,642)	(305,822)
Operating profit		30,348	26,900
Exceptional items	3	241,800	-
Net income from investments	4	83,200	-
Net interest payable and similar charges	5	(9,214)	(5,302)
Profit on ordinary activities before taxation	6	346,134	21,598
Tax on profit on ordinary activities	11	17,395	(319)
Profit on ordinary activities after taxation		363,529	21,279
Equity dividends	12	(83,200)	(71,051)
Retained profit (loss) for the financial period	22	280,329	(49,772)

All results for both periods arise from continuing activities

There are no recognised gains and losses in either period other than the profit (loss) for the period, accordingly no separate statement of total recognised gains and losses is presented

The Carphone Warehouse Limited

Balance sheet
As at 31 March 2007

	Note	31 March 2007 £'000	1 April 2006 £'000
Fixed assets			
Intangible assets	13	136,671	124,393
Tangible assets	14	83,207	73,216
Investments	15	55,468	5,505
		275,346	203,114
Current assets			
Stock	16	88,862	72,745
Debtors	17	636,168	337,314
Cash at bank and in hand		-	1,062
		725,030	411,121
Creditors amounts falling due within one year	18	(484,061)	(380,515)
Net current assets		240,969	30,606
Total assets less current liabilities		516,315	233,720
Provisions for liabilities and charges	19	(61,556)	(62,778)
Net assets		454,759	170,942
Capital and reserves			
Called-up share capital	21	150,000	150,000
Capital redemption reserve	22	30	30
Profit and loss account	22	304,729	20,912
Total shareholders' funds	23	454,759	170,942

These financial statements were approved by the Board of Directors on 4 September 2007 and signed on their behalf by

N Willcox

Director

4 September 2007

Notes to the accounts
For the 52 weeks ended 31 March 2007

1. **Accounting policies**

The principal accounting policies are summarised below They have all been applied consistently throughout the current and the preceding period

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The company has taken advantage of the exemption conferred by section 228 of the Companies Act 1985 not to produce consolidated financial statements as it is a wholly owned subsidiary of The Carphone Warehouse Group PLC which prepares consolidated accounts that are publicly available The company is also, on this basis, exempt from the requirement of FRS1 to prepare a cash flow statement

Turnover

Turnover is stated net of VAT and other sales related taxes

Turnover comprises revenue generated from the sale of mobile communication products and services, commission receivable on sales less provision for promotional offers and network operator performance penalties, ongoing revenue (share of customer airtime spend, and customer revenue and retention bonuses) and insurance premiums

- Commission receivable on sales, being commission which is contractually committed, and for which there are no ongoing performance criteria, is recognised when the sales to which the commission relates are made
- Volume bonuses are recognised when the conditions on which they are earned have been met
- Ongoing revenue is recognised as it is earned over the lives of the relevant customers
- Insurance premiums are typically paid quarterly in advance Initial administration fees, which are specified in the contract, are recognised at the point of sale Insurance premium income is recognised over the lives of the policies
- Wholesale turnover comprises revenue generated from the sale of mobile hardware products and is recognised when sales are made
- All other revenue is recognised when the relevant goods or services are provided

Share-based payments

The Company issues equity settled share-based payments to certain employees Equity settled share-based payments are measured at fair value at the date of grant, and expensed over the vesting period, based on the Company's estimate of the number of shares that will eventually vest

Fair value is measured by use of a Binomial model for share-based payments with internal performance criteria (such as Earnings Per Share targets) and a Monte Carlo model for those with external performance criteria (such as Total Shareholder Return targets)

The Carphone Warehouse Limited

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

1. Accounting policies (continued)

Share-based payments (continued)

For schemes with internal performance criteria, the number of options expected to vest is recalculated at each balance sheet date, based on expectations of performance against target and of leavers prior to vesting The movement in cumulative expenses since the previous balance sheet is recognised in the profit and loss account, with a corresponding entry in reserves

For schemes with external performance criteria, the number of options expected to vest is adjusted only for expectations of leavers prior to vesting The movement in cumulative expense since the previous balance sheet is recognised in the profit and loss account, with a corresponding entry in reserves

The Company has applied the requirements of FRS20 'Share-based Payment', which in accordance with the transitional provisions has been applied to all grants of equity instruments after 7 November 2002

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over 2-20 years, based on its useful economic life Provision is made for any impairment Deferred consideration is recognised to the extent that it is considered probable that it will be paid

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets once brought into use, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected life, as follows

Freehold property	50 years
Leasehold improvements	shorter of lease term or 10 years
Computer and office equipment	3-4 years
Fixtures and fittings	5 years
Motor vehicles	4 years

Stock

Stock is stated at the lower of cost and net realisable value Cost includes all direct costs incurred in bringing stock to its present location and condition and represents finished goods and goods for resale

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

Investments

Fixed asset investments are stated at cost, less provision for impairment

Leases

Rentals under operating leases are charged on a straight line basis over the lease term

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis with the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pension costs and other post retirement benefits

The company operates a defined contribution pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Dividends

Dividends receivable from the Company's subsidiaries are recognised only when they are approved by shareholders, or in the case of interim dividends, when paid

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved by the Company's shareholders Interim dividends are recognised in the period in which they are paid

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate and all differences are dealt with in the profit and loss account

2 Turnover

Turnover which originates in the UK is wholly attributable to the principal activity of the company The difference between revenue by destination and revenue by origin is not material

3 Exceptional items

On 30 March 2007, the company sold "The Carphone Warehouse" brand to a fellow group undertaking for a gross consideration and profit on disposal of £236,975,000 During the period the company also sold a freehold building, resulting in a profit on disposal of £4,825,000

The Carphone Warehouse Limited

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

4 Net income from investments

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Dividends	83,200	-

5 Net interest payable and similar charges

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Bank interest receivable	10	34
Bank interest payable	(43)	(85)
Other interest receivable	24	21
Interest payable to group undertakings	(9,205)	(5,272)
	(9,214)	(5,302)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting) the following

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Depreciation and amounts written off tangible fixed assets		
- owned assets	20,795	18,338
Amortisation of goodwill	7,568	6,804
Auditors' remuneration, including expenses		
- audit fees	170	153
Rental payments under operating leases		
- land and buildings	43,322	37,630
Rents received	(1,935)	(2,320)

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

7. Employee costs

The average monthly number of employees (including executive directors) was

	52 weeks ended 31 March 2007 No	52 weeks ended 1 April 2006 No.
Sales and distribution	6,124	4,273
Administration	732	573
	6,856	4,846

Their aggregate remuneration comprised

	£'000	£'000
Wages and salaries	154,763	126,841
Social security costs	15,118	12,310
Other pension costs	704	568
	170,585	139,719
Share-based payments (see note 10)	3,488	4,021
	174,073	143,740

8. Directors' remuneration

The total amounts for directors' remuneration and other benefits were as follows

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Total emoluments	1,445	1,977
Money purchase contributions	41	36
	1,486	2,013
Share-based payments	633	686
	2,119	2,699

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

8. Directors' remuneration (continued)

Five directors (2006 – five) are members of money purchase pension schemes

The remuneration of the highest paid director (excluding pension contributions) was £418,000 (2006 – £562,000) The company paid £8,000 (2006 – £36,000) in pension contributions on the director's behalf

C W Dunstone, R W Taylor and A J Harrison are also directors of the ultimate holding company, The Carphone Warehouse Group PLC A number of other directors who perform group roles are charged to other group companies In the opinion of the directors, it is not practicable to apportion their emoluments between group companies

9 Pension scheme

The company operates a defined contribution scheme for which the charge for the period amounted to £704,000 (2006 – £568,000)

10 Share-based payments

The Carphone Warehouse Group PLC (the Group) issues equity settled share-based payments to certain employees, through the following schemes

a) Performance Share Plan.

In December 2006, the Group made awards of nil cost options under a Performance Share Plan These awards are subject to Total Shareholder Return ("TSR") performance targets measured over an initial performance period to 4 June 2010 and a subsequent performance period to 4 June 2011 The awards made under this plan in previous periods are subject to a mixture of Headline earnings per share and TSR performance targets measured over a three or four year performance period If the options remain unexercised after a period of ten years from the date of grant, the options expire Options are forfeited if the employee leaves the Group before the options vest Details of the performance targets are provided on pages 25 to 30 of The Carphone Warehouse Group PLC Annual Report 2007

The following table summarises the number and weighted average exercise prices ("WAEP") of share options for the scheme

		2007		2006
	Number 000's	**WAEP £**	Number 000's	WAEP £
Outstanding at the beginning of the period	5,324	-	4,680	-
Granted during the period	4,048	-	674	-
Forfeited during the period	(401)	-	(30)	-
Outstanding at the end of the period	8,971	-	5,324	-
Exercisable at the end of the period	-	-	-	-

The options outstanding at 31 March 2007 had a weighted average remaining contractual life of 8 9 years (2006 - 8 9 years)

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

10 Share-based payments (continued)

b) Retail Share Option Scheme

The Group has a Retail Share Option Scheme, which is open to senior employees in the business The scheme provides for a grant price equal to the average quoted market price of the Company's shares on the date of grant Options granted are subject to performance criteria The vesting period is generally three years If the options remain unexercised after a period of ten years from the date of grant, the options expire Options are forfeited if the employee leaves the Group before the options vest

The following table summarises the number and WAEP of share options for the scheme

		2007		2006
	Number 000's	**WAEP £**	Number 000's	WAEP £
Outstanding at the beginning of the period	6,864	1 67	7,325	1 54
Granted during the period	150	3 10	906	2 51
Forfeited during the period	(1,231)	1 66	(1,367)	1 56
Exercised during the period	(1,720)	1 45	-	-
Outstanding at the end of the period	4,063	1 82	6,864	1 67
Exercisable at the end of the period	1,575	1 44	-	-

The options outstanding at 31 March 2007 had a weighted average remaining contractual life of 7 7 years (2006 – 8 4 years)

c) Other employee share option scheme·

The savings-related share option scheme permits the grant to employees of options linked to a bank save-as-you-earn contract for a term of three or five years with contributions from employees of between £5 and £250 per month Options may be exercised at the end of the three year period at a subscription price not less than 80% of the middle market quotation on the date of grant

In addition, options were granted to UK employees at the time of the Group's admission to the London Stock Exchange

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

10. Share-based payments (continued)

c) Other employee share option scheme (continued)

The following table summarises the number and WAEP of share options for the scheme

	2007 Number 000's	2007 WAEP £	2006 Number 000's	2006 WAEP £
Outstanding at the beginning of the period	8,944	1 09	7,795	1 91
Granted during the period	3,140	2 66	3,660	1 38
Forfeited during the period	(1,435)	1 76	(1,534)	1 12
Exercised during the period	(1,790)	0 78	(977)	0 67
Outstanding at the end of the period	8,859	1 60	8,944	1 09
Exercisable at the end of the period	712	0 87	710	0 87

The options outstanding at 31 March 2007 had a weighted average remaining contractual life of 2 2 years (2006 – 2 3 years) The options exercised during the period were exercised at a weighted average market price of £2 81 (2006 - £1 90) The summary above includes 1 1m (2006 – 1 5m) options that were granted before 7 November 2002 In accordance with FRS20, no cost has been recognised in respect of these options

d) Fair value models.

Nil cost options with internal performance targets are valued using the market price of a share at the date of grant, discounted for expected future dividends to the date of exercise The assumptions applied are as follows

	2007	2006
Expected volatility (%)	28 6	30 0
Risk free rate (%)	5 3	4 5
Dividend yield (%)	2 0	2 0

Expected volatility has been arrived at by using the historical volatility of the Group's share price, and the volatility of the share price of similar companies, whose shares have been listed for longer than those of the Group, over a period comparable with the expected lives of the options The assumptions made to incorporate the effects of expected early exercise have been included by assuming an expected option life based on historical exercise patterns for each option scheme

The fair values of options with external performance targets (Performance Share Plan) are estimated at the date of grant using a Monte Carlo model The model combines the market price of a share at the date of grant with the probability of meeting performance criteria, based on the historical performance of the Group's shares The historical performance period reflects a volatility of 27 4% A dividend yield of 2 0% has been assumed in the model

e) Charge in profit and loss account

During the period the company recognised a charge of £3 5m (2006 - £4 0m) representing the cost of share-based payments granted to employees whose costs are borne by the company

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

11 Tax on profit on ordinary activities

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
The tax charge comprises		
Current tax		
UK corporation tax	317	1,395
Adjustments in respect of prior years		
UK corporation tax	(4,572)	(774)
Total current tax	(4,255)	621
Deferred tax (see note 20)		
Origination and reversal of timing differences	(7,563)	(1,000)
Adjustments in respect of prior periods	(5,577)	698
	(13,140)	(302)
Total tax on profit on ordinary activities	(17,395)	319

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

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Profit on ordinary activities before tax	346,134	21,598
Profit on ordinary activities before tax at standard UK corporation tax rate of 30% (2006 – 30%)	103,840	6,479
Effects of		
- difference between capital allowances and depreciation	6,565	(13)
- other timing differences	997	1,014
- tax losses utilised within the group	(5,745)	(7,067)
- other items attracting no tax relief or liability	(105,340)	982
- adjustments to tax charge in respect of previous periods	(4,572)	(774)
Current tax charge for period	(4,255)	621

The company's tax charge has been partially offset by the surrender of tax losses from other group companies There was no payment made to the surrendering companies

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

12. Equity dividends

	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
Dividend paid July 2005 £36 93 per 'A' share and per 'B' share	-	21,051
Dividend paid March 2006 £0 33 per 'A' share and per 'B' share	-	50,000
Dividend paid March 2007 £0 55 per 'A' share and per 'B' share	83,200	-
Total dividend paid in the period	83,200	71,051

13. Intangible fixed assets

	Goodwill £'000
Cost	
At 2 April 2006	134,576
Acquisitions	19,846
At 31 March 2007	154,422
Amortisation	
At 2 April 2006	10,183
Charge for the period	7,568
At 31 March 2007	17,751
Net book value	
At 31 March 2007	136,671
At 1 April 2006	124,393

On 30 September 2006, the company acquired the trade and assets of Hugh Symons Communications Limited, a fellow group undertaking, for a gross cash consideration of £5 2m resulting in goodwill of £4 4m

On 28 February 2007, the company acquired the trade and assets of One Stop Phone Shop Limited, a fellow group undertaking, for a gross cash consideration of £14 3m resulting in goodwill of £14 4m

The Carphone Warehouse Limited

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

14 Tangible fixed assets

	Freehold property £'000	Leasehold improvements £'000	Computer and office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 2 April 2006	12,320	49,541	28,217	52,963	2,139	145,180
Additions	-	12,460	5,174	20,262	1,285	39,181
Transfer between categories	(1,590)	1,590	-	-	-	-
Disposals	(5,839)	(2,403)	(248)	(2,582)	(5)	(11,077)
Acquisition of business	-	-	-	24	-	24
At 31 March 2007	4,891	61,188	33,143	70,667	3,419	173,308
Depreciation						
At 2 April 2006	488	18,966	18,736	32,515	1,259	71,964
Charge for the period	245	5,224	3,836	10,846	644	20,795
Disposals	(527)	(615)	(192)	(1,323)	(1)	(2,658)
At 31 March 2007	206	23,575	22,380	42,038	1,902	90,101
Net book value						
At 31 March 2007	4,685	37,613	10,763	28,629	1,517	83,207
At 1 April 2006	11,832	30,575	9,481	20,448	880	73,216

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

15 Investments

	£'000
At 2 Apnl 2006	5,505
Additions	49,963
At 31 March 2007	55,468

Durnng the penod, the company introduced additional share capital into ISE-Net Solutions Lmited of £45 0m and Omer Telecom Limited of £4 8m The related fees were also capitalised The company has investments in the following companies

Name	Country of incorporation or registration	Nature of business	Proportion
Ise-Net Solutions Limited	Great Bntain	IT services	100%
The Carphone Warehouse Resources Limited	Isle of Man	Holding company	100%
Omer Telecom Limited	Great Bntain	MVNO	48%
Hugh Symons Communications Limited	Great Bntain	Holding company	100%
Switchdigital (London) Limited	Great Bntain	Radio and television activities	9 5%
TalkTalk UK Communication Services Limited	Great Bntain	Telecommunications	100%

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

16 Stock

	31 March 2007 £'000	1 April 2006 £'000
Goods held for resale	88,862	72,745

There is no material difference between the book value of stock and its replacement cost

17 Debtors

	31 March 2007 £'000	1 April 2006 £'000
Trade debtors	361,464	245,531
Amounts due from group undertakings	229,617	61,510
Other debtors*	24,602	9,740
Prepayments and accrued income	20,485	20,533
	636,168	337,314

*Included within other debtors is a deferred tax asset of £13,126,000 (2006 - £nil) (see note 20)

18. Creditors: amounts falling due within one year

	31 March 2007 £'000	1 April 2006 £'000
Loans and overdrafts	8,644	14,066
Trade creditors	212,449	86,161
Amounts due to group undertakings	118,025	172,478
Corporation tax	11,745	14,988
Other taxes and social security	61,819	46,717
Other creditors	8,900	5,986
Accruals and deferred income	62,479	40,119
	484,061	380,515

Interest on intercompany loans is charged at sterling LIBOR +1% Amounts owed to group undertakings are repayable on demand

The average credit period taken on trade payables, calculated by reference to the amounts owed at the period end as a proportion of the amounts invoiced by suppliers in the period was 69 days (2006 – 32 days)

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

19. Provisions for liabilities and charges

	Restructuring £'000	Deferred tax £'000	Sales related provisions £'000	Other provisions £'000	Total £'000
At 1 April 2006	1,737	14	60,661	366	62,778
Charge to profit and loss account	-	(14)	115,790	512	116,288
Utilised in period	(20)	-	(117,490)	-	(117,510)
At 31 March 2007	1,717	-	58,961	878	61,556

Restructuring

Utilisation in the period relates to the disposal of excess stores

Deferred tax

Details of movements on the deferred tax provision are given in note 20

Sales related provisions

Sales related provisions are principally the anticipated costs of 'cash-back' and similar promotions, product warranties, product returns and network operator performance penalties

Other provisions

Other provisions include dilapidations, similar property costs and the anticipated costs of unresolved legal disputes

20 Deferred taxation

The deferred tax asset (provision) is analysed as follows

	31 March 2007 £'000	1 April 2006 £'000
Accelerated capital allowances	10,481	(1,546)
Other timing differences	2,645	1,532
	13,126	(14)

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

21 Called-up share capital

	31 March 2007 £'000	1 April 2006 £'000
Authorised·		
199,500,000 'A' ordinary shares of £1 each	199,500	199,500
500,000 'B' ordinary shares of £1 each	500	500
	200,000	200,000
Called-up, allotted and fully paid		
149,729,900 'A' ordinary shares of £1 each	149,730	149,730
270,100 'B' ordinary shares of £1 each	270	270
	150,000	150,000

'A' ordinary and 'B' ordinary shares rank pari-passu

22 Reserves

	Share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2006	150,000	30	20,912	170,942
Cost of share based payments	-	-	3,488	3,488
Retained profit for the financial period	-	-	280,329	280,329
At 31 March 2007	150,000	30	304,729	454,759

Included within retained profit for the year is £236,975,000 which is not considered distributable, as qualifying contribution was not received

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

23 Reconciliation of movements in shareholders' funds

	31 March 2007 £'000	1 April 2006 £'000
Profit for the financial period	363,529	21,279
Dividends	(83,200)	(71,051)
Issue of share capital	-	149,430
Net cost of share-based payments*	3,488	1,199
Net movement in shareholders' funds	283,817	100,857
Opening shareholders' funds	170,942	70,085
Closing shareholders' funds	454,759	170,942

* The credit to reserves in the prior period of £4 0m for share-based payments is offset by a charge to reserves of £2 8m for the cost of options exercised in the period

24 Financial commitments

(a) Lease commitments

Annual commitments under non-cancellable operating leases all of which relate to land and buildings are as follows

	31 March 2007 £'000	1 April 2006 £'000
Operating leases which expire		
- within one year	983	929
- between one and five years	6,457	6,860
- after five years	32,308	28,550
	39,748	36,339

(b) Capital commitments

At 31 March 2007, there was no expenditure contracted, but not provided for in the financial statements (2006 – £408,000)

25 Parent undertaking and controlling party

The immediate and ultimate parent company and controlling party is The Carphone Warehouse Group PLC, a company incorporated in Great Britain

The only group of which The Carphone Warehouse Limited is a member and for which group financial statements are drawn up is that headed by The Carphone Warehouse Group PLC, whose principal place of business is at 1 Portal Way, London, W3 6RS The consolidated accounts of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ

Notes to the accounts (continued)
For the 52 weeks ended 31 March 2007

26 Related party transactions

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" for related party transactions with other group companies and with directors who are also group directors, as more than 90% of the voting rights are controlled within the group The ultimate parent company, The Carphone Warehouse Group PLC, has prepared consolidated accounts which include the results of the company for the period and are available to the public