Company Registration No. 2142673

The Carphone Warehouse Limited

Report and Financial Statements

For the 53 weeks ended 4 April 2009

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The Carphone Warehouse Limited

Report and financial statements 2009

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Officers and professional advisers

Directors

C W Dunstone	(resigned 25 January 2010)
R W Taylor	(resigned 25 January 2010)
A J Harrison	
R J Collier	
F McHugh	(resigned 30 April 2008)
J P Durkan	(resigned 23 April 2008)
A K Hoult	(resigned 30 June 2009)
N Willcox	
L Weedal	(appointed 23 April 2008)
A Brem	(appointed 12 May 2009)
P Davis	(appointed 27 July 2009)

Secretary

T S Morris

Registered office

1 Portal Way
London
W3 6RS

Bankers

Deutsche Bank AG
1 Great Winchester Street
London
EC2N 2DB

Auditors

Deloitte LLP
Chartered Accountants
London

The Carphone Warehouse Limited

Directors' Report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the 53 weeks ended 4 April 2009.

Business review and principal activities

The principal activity of the company during the year remained the provision of wireless technology products and services in the UK. The company incurred £7m of consultancy and salary costs in respect of the extension of its existing business to encompass larger format consumer electronic stores intended to sell a larger range of consumer electrical and electronic products, the first of which is expected to open in the spring of 2010.

On 8 May 2008 the parent company, The Carphone Warehouse Group PLC, announced that it had agreed to form a new venture with Best Buy Co., Inc. The assets of the new venture comprise The Carphone Warehouse Group PLC's existing retail and distribution business, which includes the company, and its existing relationship with Best Buy. As a result, The Carphone Warehouse Group PLC sold its investment in the company to Best Buy Europe Distributions Limited, a company incorporated in Great Britain, on 20 June 2008. Best Buy Co., Inc and The Carphone Warehouse Group PLC each own 50% of Best Buy Europe Distributions Limited, with Best Buy Co., Inc having the controlling interest in Best Buy Europe Distributions Limited.

During the period there were net openings of a further 11 retail branches increasing the store portfolio to 819 stores. We continue to add and evolve our store portfolio, and this now includes four new Wireless World store formats which embrace gaming and an extended laptop offer, as well as Geek Squad technology support. We have also broadened the offer in our smaller stores to include laptops and mobile broadband connections.

Best Buy Europe Distributions Ltd 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 and a description of the principal risks and uncertainties, which includes the company, is discussed in the group's Annual Report, which does not form part of this Report.

Since the sign off of the Best Buy Europe Distributions Ltd Annual Report trading in the UK has remained strong. Revenues have increased year on year on a like-for-like basis and market share has remained high, particularly within the high-end smart phone category.

In July 2009 a new credit facility was arranged for The Carphone Warehouse Ltd. This 'Confidential invoice discounting facility' of £350m replaces a facility of similar size available to the immediate parent company, Best Buy Europe Distributions Limited, held within The Carphone Warehouse Group PLC.

During the period, responsibility for the development of the "Carphone Warehouse" brand transferred from the company to a subsidiary of The Carphone Warehouse Group PLC. The company continues to be responsible for all other marketing activity.

Dividends

Dividends of £30m for the period were paid on 20 March 2009 (2008: £35m).

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.

The Carphone Warehouse Limited

Directors' Report (continued)

Risk Management (continued)

Credit risk
The Company's principal financial assets are bank balances and trade receivables.
The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of provisions for doubtful debts. A provision for doubtful debts is made where, based on previous experience, the full receivable may not be recovered.

The Company's bank balances and cash are centrally pooled with other subsidiaries of Best Buy Europe Distributions Ltd. 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 Best Buy Europe Distributions Ltd, including The Carphone Warehouse Ltd is arranged centrally.

In order to ensure that sufficient funds are available for ongoing operations and future developments, the Best Buy Europe Distributions Group have a committed facility from The Carphone Warehouse Group PLC of £130m and a facility from Barclays Bank PLC of £350m. The Barclays facility is secured on certain receivables balances of the Group.

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 Best Buy Europe Distributions Limited 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.

Donations
The company made charitable donations of £185,000 during the period (2008 - £220,000). The company made no political donations during the period (2008 - £nil).

The Carphone Warehouse Limited

Directors' Report (continued)

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

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte 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

P Davis
Director
29 January 2010

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 53 weeks ended 4 April 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 28. 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 4 April 2009 and of its loss for the 53 week 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
29 January 2010

The Carphone Warehouse Limited

Profit and loss account
For the 53 weeks ended 4 April 2009

	Note	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Turnover	2	1,642,914	1,439,615
Cost of sales		(1,194,016)	(976,846)
Gross profit		448,898	462,769
Administrative expenses		(461,699)	(451,805)
Divisionalisation expenses	3	(3,842)	-
Store closure and stock provision	3	(17,580)	-
Reorganisation expenses	3	(6,221)	-
Impairment of investment	15	(9,238)	-
Operating (loss) / profit		(49,682)	10,964
Profit on sale of property	3	9,853	-
Loss on disposal of goodwill	13	(31,594)	-
Profit on sale of investments	15	30,961	-
Income from investments	4	-	461
Net interest (payable) / receivable and similar charges	5	(2,899)	5,734
(Loss) / profit on ordinary activities before taxation	6	(43,361)	17,159
Tax credit / (charge) on profit on ordinary activities	11	6,614	(7,196)
(Loss) / profit on ordinary activities after taxation	22	(36,747)	9,963

All results for both periods arise from continuing activities.

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

The Carphone Warehouse Limited

Balance Sheet
As at 4 April 2009

	Note	4 April 2009 £'000	29 March 2008 £'000
Fixed assets			
Intangible assets	13	14,972	128,838
Tangible assets	14	84,923	94,733
Investments	15	50,151	59,325
		150,046	282,896
Current assets			
Stock	16	112,226	110,782
Debtors	17	746,330	531,851
Cash at bank and in hand		245	455
		858,801	643,088
Creditors: amounts falling due within one year	18	(599,086)	(442,163)
Net current assets		259,715	200,925
Total assets less current liabilities		409,761	483,821
Provisions for liabilities	19	(41,701)	(51,707)
Net assets		368,060	432,114
Capital and reserves			
Called-up share capital	22	150,000	150,000
Capital redemption reserve	22	30	30
Profit and loss account	22	218,030	282,084
Total shareholder's funds	23	368,060	432,114

The financial statements of The Carphone Warehouse Limited, registered number 2142673, were approved by the board of directors and authorised for issue on 29 January 2010

P Davis

Director

The Carphone Warehouse Limited

Notes to the accounts (continued)

1. **Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and 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 Best Buy Europe Distributions Ltd 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. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2-4.

Going concern

The Company has amounts owed to group undertakings who share common directors with the Company, totalling £225m. As such, the Directors are satisfied that the other group companies, with whom these debts are held, would not demand repayment of the intercompany balance of £225m within 12 months, as to do so would result in the Company being unable to meet it's liabilities as they fall due.

The Directors, in their consideration of going concern, have reviewed the Company's future cash forecasts and revenue projections, which they believe are based on prudent market data, and past experience. The Directors are of the opinion that the Company's forecast and projections, which both reflect the current uncertain economic outlook and take account of reasonably possible changes in trading performance, show that the Company should be able to operate within its current facilities. In arriving at their conclusion that the Company has adequate financial resources, the Directors were mindful that the Company has a robust policy towards liquidity and cash flow management and that it is financed through facilities committed from Best Buy Europe Distributions Limited. The Company's operations are financed by committed facilities, retained profits and equity.

Based on the above the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and consequently the Directors continue to adopt the going concern basis in the preparation of the financial statements.

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, net of any provision for promotional offers and network operator performance penalties. Commission includes ongoing revenue (share of customers airtime spend and customer revenue and retention bonuses) to the extent that it can be reliably measured and there are no ongoing service obligations.
- Volume bonuses are recognised when the conditions on which they are earned have been met.
- Other 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.
- Where the time value of money has a material impact, an appropriate discount is applied such that revenue is recognised at an amount equal to the present value of the future consideration received.

1. Accounting policies (continued)

Share-based payments

The Company issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant, and expensed on a straight line basis 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).

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.

1. Accounting policies (continued)

Leases

Rental payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives and rent-free periods are amortised through the income statement on a straight-line basis over the period of the lease.

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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

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

The Carphone Warehouse Limited

Notes to the accounts (continued)

3. Exceptional items

During the period there were a number of exceptional charges.

a) Divisionalisation program
The company conducted a comprehensive review of its central support structures, to achieve greater divisional autonomy and efficiency. This review resulted in a reorganisation programme. Redundancy and other reorganisation costs of £3.8m have arisen as a result of the programme. These costs are expected to attract tax relief of 28% and a tax credit of £1m has been recognised in the year.

b) Store closure and stock provision
The Group commenced the disposal of approximately 46 stores following the change in ownership of the company during the year. Costs of £11.9m have been recognised in the year in relation to the disposal programme, comprising fixed asset write downs of £3.7m and provision for disposal costs of £8.2m. Also, as a result of the transaction, the Group accelerated a shift in its range of retail stock away from mobile phones towards laptops and other non-mobile products. Losses of £5.7m have been incurred in disposing of the products that have been de-ranged. A tax credit of £1.6m has been recognised in respect of these charges.

c) Reorganisation costs
Further to the divisionalisation process detailed above, the company has undertaken a comprehensive review of its organisational structure and operations. This review, which is expected to yield annualised savings of approximately £37.8m per annum resulted in redundancy and other reorganisation costs of £6.2m, against which a tax credit of £1.7m has been recognised.

d) Profit on Sale of property
During the financial year, property was disposed of at a profit of £9.9m

4. Income from investments

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Dividends	-	461

5. Net interest (payable) / receivable and similar charges

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Bank interest receivable	-	50
Other interest payable	(41)	(6)
Interest receivable from group undertakings	5,353	6,662
Interest payable to group undertakings	(8,211)	(972)
	(2,899)	5,734

The Carphone Warehouse Limited

Notes to the accounts (continued)

6. (Loss) / Profit on ordinary activities before taxation

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

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Depreciation and amounts written off tangible fixed assets		
- owned assets	22,664	22,564
Amortisation of goodwill	2,845	8,759
Auditors' remuneration, including expenses:		
- Audit fees for the audit of the company's annual accounts	84	86
- Other services	9	4
Rental payments under operating leases:		
- land and buildings	60,654	56,781
Rents received	(1,694)	(1,420)

7. Employee costs

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

	53 weeks ended 4 April 2009 No.	52 weeks ended 29 March 2008 No.
Sales and customer management	6,703	6,734
Administration	532	784
	7,235	7,518

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	183,907	180,724
Social security costs	17,711	18,190
Other pension costs	730	778
	202,348	199,692
Share-based payments (see note 10)	2,693	2,392
	205,041	202,084

8. Directors' remuneration

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

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Total emoluments	892	781
Money purchase contributions	27	41
	919	822
Share-based payments	287	371
	1,206	1,193

Five directors (2008 – six) are members of money purchase pension schemes.

The remuneration of the highest paid director (excluding pension contributions) was £237,000 (2008 – £200,000). The company paid £11,850 (2008 – £10,000) in pension contributions on the director's behalf.

A J Harrison is also a director of the immediate parent company, Best Buy Europe Distributions Ltd. C W Dunstone and R W Taylor are also directors of The Carphone Warehouse Group PLC, who own 50% of the immediate parent company. 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 £730,000 (2008 – £778,000).

10. Share-based payments

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

a) Performance Share Plan:

In December 2006, the CPW Group made awards of nil cost options under a Performance Share Plan ("PSP"). 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.

Following the transaction with Best Buy, employees of the Company were deemed to have left The Carphone Warehouse Group PLC Group, and any unvested PSP share options were therefore forfeited under the rules of the scheme. At the discretion of The Carphone Warehouse Group PLC's Remuneration Committee, share options that were due to vest in July 2008 were not forfeited.

10. Share-based payments (continued)

b) Performance Share Plan (continued):

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

	2009 Number 000's	2009 WAEP £	2008 Number 000's	2008 WAEP £
Outstanding at the beginning of the period	8,199	-	8,971	-
Granted during the period	-	-	800	-
Forfeited during the period	(4,442)	-	(748)	-
Exercised during the period	(1,175)	-	(824)	-
Outstanding at the end of the period	2,582	-	8,199	-
Exercisable at the end of the period	2,582	-	1,580	-

The options outstanding at 4 April 2009 had a weighted average remaining contractual life of 6 years (2008 - 8 years). The options exercised during the period were exercised at a weighted average market price of £1.25 (2008 – £3.58). No options were exercised in the prior period.

c) Retail Share Option Scheme:

Prior to the transaction with Best Buy, The Carphone Warehouse Group PLC operated a Retail Share Option Scheme in which senior employees of the CPW Group participated. The scheme provides for a grant price equal to the average quoted market price of the The Carphone Warehouse Group PLC's shares on the date of grant. Options granted are subject to performance criteria and have a vesting period of 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:

	2009 Number 000's	2009 WAEP £	2008 Number 000's	2008 WAEP £
Outstanding at the beginning of the period	5,662	2.90	4,063	1.82
Granted during the period	-	-	3,288	3.56
Forfeited during the period	(3,633)	3.03	(193)	2.14
Exercised during the period	(141)	1.72	(1,496)	1.53
Outstanding at the end of the period	1,888	2.73	5,662	2.90
Exercisable at the end of the period	1,888	2.73	1,515	1.61

The options outstanding at 4 April 2009 had a weighted average remaining contractual life of 2 years (2008 – 8 years). The options exercised during the period were exercised at a weighted average market price of £2.40 (2008 - £3.07). Of the 1.9m options outstanding at 4 April 2009, there were 0.5m with an option price between £1.00 and £2.00; 0.5m between £2.01 and £3.00 and 0.9m above £3.01.

The Carphone Warehouse Limited

Notes to the accounts (continued)

10. Share-based payments (continued)

d) 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 CPW Group's admission to the London Stock Exchange.

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

	2009 Number 000's	**2009 WAEP £**	2008 Number 000's	2008 WAEP £
Outstanding at the beginning of the period	7,931	2.00	8,859	1.60
Granted during the period	750	0.88	3,098	2.59
Forfeited during the period	(4,232)	2.38	(1,688)	2.26
Transfer to other Group companies	(1,112)	2.37	-	-
Exercised during the period	(1,883)	1.24	(2,338)	1.07
Outstanding at the end of the period	1,454	1.02	7,931	2.00
Exercisable at the end of the period	557	0.88	575	0.88

The options outstanding at 4 April 2009 had a weighted average remaining contractual life of 6 years (2008 – 2 years). The options exercised during the period were exercised at a weighted average market price of £1.87 (2008 - £3.33). The summary above includes 0.6m (2008 – 0.6m) options that were granted before 7 November 2002. In accordance with FRS20, no cost has been recognised in respect of these options.

e) 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:

	2009	2008
Expected volatility (%)	35.0	29.2
Risk free rate (%)	2.0	5.8
Dividend yield (%)	2.0	2.0

Expected volatility has been arrived at by using the historical volatility of the share price of The Carphone Warehouse Group PLC and the volatility of the share price of similar companies, whose shares have a longer trading history, 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.

f) .Charge in profit and loss account:

During the period the company recognised a charge of £2,693,000 (2008 - £2,392,000) representing the cost of share-based payments granted to employees whose costs are borne by the Company.

11. Tax on profit on ordinary activities

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
The tax charge comprises:		
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior years	(9,000)	(2,460)
Total current tax	(9,000)	(2,460)
Deferred tax		
Origination and reversal of timing differences	(539)	2,069
Adjustments in respect of prior periods	2,925	7,587
	2,386	9,656
Total tax on profit on ordinary activities	(6,614)	7,196

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:

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
(Loss) / Profit on ordinary activities before tax	(43,361)	17,159
(Loss) / Profit on ordinary activities before tax at standard UK corporation tax rate of 28% (2008 – 30%)	(12,141)	5,148
Effects of:		
- difference between capital allowances and depreciation	539	(1,774)
- other timing differences	-	(195)
- tax losses utilised within the group	(5,274)	4,104
- other items attracting no tax relief or liability	16,876	(7,283)
- adjustments to tax charge in respect of previous periods	(9,000)	(2,460)
Current tax charge for period	(9,000)	(2,460)

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.

12. Equity dividends

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Dividend paid March 2008 £0.23 per 'A' share and per 'B' share	-	35,000
Dividend paid March 2009 £0.20 per 'A' share and per 'B' share	30,000	-
Total dividend paid in the period	30,000	35,000

13. Intangible fixed assets

	Goodwill £'000
Cost	
At 30 March 2008	155,348
Acquisitions	11,169
Disposals	(148,002)
At 4 April 2009	18,515
Amortisation	
At 30 March 2008	26,510
Charge for the period	2,845
Disposals	(25,812)
At 4 April 2009	3,543
Net book value	
At 4 April 2009	14,972
At 30 March 2008	128,838

On 2 November 2008, the company acquired the customer base and net assets of Geek Squad UK Limited, a fellow group undertaking, for a gross cash consideration of £1 resulting in goodwill of £11.2m.

On 25 June 2008, the company sold the former trade and assets of The Carphone Warehouse UK Ltd to Best Buy UK CP Ltd, a fellow group undertaking, for a gross cash consideration of £37.7m. In addition, an agreement was reached such that £39.7m of deferred consideration outstanding on the acquisition of the trade of The Carphone Warehouse UK Limited on 1 November 2004 was no longer payable. The loss on disposal on this transaction was £14m.

On 25 June 2008, the company sold the former trade and assets of The Carphone Warehouse Services Ltd to Best Buy UK CP Ltd, a fellow group undertaking, for a gross cash consideration of £4.9m, resulting in a loss on disposal of £7.9m.

On 25 June 2008, the company sold the former trade and assets of One Stop Phone Shop Ltd and E2Save Ltd to Best Buy UK CP Ltd, a fellow group undertaking, for a gross cash consideration of £8.2m, resulting in a loss on disposal of £9.7m.

The total loss on disposal amounted to £31.6m.

14. Tangible fixed assets

	Freehold property £'000	Leasehold improve-ments £'000	Computer and office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 30 March 2008	6,013	75,227	36,991	81,098	2,630	201,959
Additions	-	7,308	1,901	10,475	360	20,044
Transfer between categories	399	(399)	-	-	-	-
Disposals	(6,412)	(3,567)	(1,062)	(3,276)	(142)	(14,459)
At 4 April 2009	-	78,569	37,830	88,297	2,848	207,544
Depreciation						
At 30 March 2008	372	28,221	25,827	50,965	1,841	107,226
Charge for the period	27	6,853	4,188	11,212	384	22,664
Disposals	(266)	(2,844)	(995)	(3,054)	(110)	(7,269)
Transfer between categories	(133)	133	-	-	-	-
At 4 April 2009	-	32,363	29,020	59,123	2,115	122,621
Net book value						
At 4 April 2009	-	46,206	8,810	29,174	733	84,923
At 30 March 2008	5,641	47,006	11,164	30,133	789	94,733

15. Investments

	£'000
At 30 March 2008	59,325
Additions	9,238
Disposals	(9,174)
Impairments	(9,238)
At 4 April 2009	50,151

On 30 April 2008, the company sold its investment in The Carphone Warehouse Resources Limited to The Carphone Warehouse PLC for a gross cash consideration of £0.5m, resulting in a profit on disposal of £0.4m

On 13 June 2008, the company sold its investment in Omer Telecom Limited to The Carphone Warehouse Group PLC for a gross cash consideration of £39.5m, resulting in a profit on disposal of £30.7m.

On 13 June 2008, the company sold its investments in Switchdigital (London) Limited & Switchdigital (Scotland) Limited to CPW (Digital) Ltd, a fellow group undertaking, for a gross cash consideration of £0.1m, resulting in a loss on disposal of £0.1m.

The net profit on disposal of investments was £31.0m.

One of the company's subsidiaries, The Carphone Warehouse Business Solutions Limited, was placed into liquidation during the period. Prior to this The Carphone Warehouse Business Solutions Limited was re-capitalised by £9.2m in order to repay an intercompany loan. An impairment of £9.2m has been recorded against the investment.

15. Investments (continued)

The company's principal investments at 4 April 2009 include:

Name	Country of incorporation or registration	Nature of business	Proportion
Ise-Net Solutions Limited	Great Britain	IT services	100%

16. Stock

	4 April 2009 £'000	29 March 2008 £'000
Goods held for resale	112,226	110,782

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

17. Debtors

	4 April 2009 £'000	29 March 2008 £'000
Trade debtors	497,278	380,799
Amounts due from group undertakings	222,855	115,146
Other debtors	2,943	7,956
Deferred tax debtor (see note 20)	1,084	3,470
Prepayments and accrued income	22,170	24,480
	746,330	531,851

18. Creditors: amounts falling due within one year

	4 April 2009 £'000	29 March 2008 £'000
Loans and overdrafts	13,306	8,389
Trade creditors	219,451	223,912
Amounts due to group undertakings	224,849	54,048
Corporation tax	370	9,585
Other taxes and social security	69,846	62,573
Other creditors	11,559	8,157
Accruals and deferred income	59,705	75,499
	599,086	442,163

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 58 days (2008 – 70 days).

19. Provisions for liabilities and charges

	Restructuring £'000	Sales related provisions £'000	Other provisions £'000	Total £'000
At 30 March 2008	2,630	48,549	528	51,707
Charge to profit and loss account	16,296	53,104	1,647	71,047
Utilised in period	(2,115)	(78,938)	-	(81,053)
At 4 April 2009	16,811	22,715	2,175	41,701

Restructuring:
Restructuring provisions relate to ongoing group restructuring programmes. The increase in the provision during the current period relates primarily to group reorganisations resulting in store closures and redundancies. The reorganisation and redundancy provisions are expected to be utilised within one year, with store closure provisions being fully utilised over remaining lease periods.

Sales:
Sales provisions relate to "cash-back" and similar promotions, product warranties, product returns, and network operator performance penalties. Sales provisions are expected to be used within the following one to two years.

Other:
Other provisions relate to dilapidations and similar property costs, unresolved tax issues and legal disputes, and costs associated with onerous contracts.

20. Deferred taxation

The deferred tax asset is analysed as follows:

	Timing difference in respect of capital allowances and depreciation £'000s	Other timing differences £'000s	Total £'000
At 30 March 2008	1,408	2,062	3,470
Charged to profit and loss account - current year	539	-	539
Charged to profit and loss account - prior year	(863)	(2,062)	(2,925)
At 4 April 2009	1,084	-	1,084

Notes to the accounts (continued)

21. Share capital

	4 April 2009 £'000	29 March 2008 £'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 29 March 2008	150,000	30	282,084	432,114
Cost of share based payments	-	-	2,693	2,693
Dividends	-	-	(30,000)	(30,000)
Loss for the financial period	-	-	(36,747)	(36,747)
At 4 April 2009	150,000	30	218,030	368,060

23. Reconciliation of movements in shareholders' funds

	4 April 2009 £'000	29 March 2008 £'000
Profit for the financial period	(36,747)	9,963
Dividends	(30,000)	(35,000)
Net cost of share-based payments	2,693	2,392
Net movement in shareholders' funds	(64,054)	(22,645)
Opening shareholder's funds	432,114	454,759
Closing shareholder's funds	368,060	432,114

24. Financial commitments

(a) Lease commitments

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

	4 April 2009 £'000	29 March 2008 £'000
Operating leases which expire:		
- within one year	1,915	819
- between one and five years	13,507	9,103
- after five years	53,874	40,086
	69,296	50,008

(b) Capital commitments

At 4 April 2009, there was no expenditure contracted, but not provided for in the financial statements (2008 – £nil).

25. Parent undertaking and controlling party

Until 30 June 2008 the immediate and ultimate parent company and controlling party was The Carphone Warehouse Group PLC.

On 30 June 2008 a group restructuring took place whereby The Carphone Warehouse Group PLC transferred all direct subsidiaries of its retail and distribution business, including this company to a new holding company under its ownership, Best Buy Europe Distributions Ltd. On the same date The Carphone Warehouse Group PLC sold 50% of the issued share capital of Best Buy Europe Distributions Ltd to Best Buy Distributions Ltd, part of the Best Buy Co., Inc Group.

Until 30 June 2008 the parent company of the smallest and largest group to consolidate these financial statements was The Carphone Warehouse Group PLC.

From 30 June 2008 the parent company of smallest group to consolidate these financial statements was Best Buy Europe Distributions Ltd and the parent company of the largest group to consolidate these financial statements was Best Buy Co., Inc.

Notes to the accounts (continued)

26. Related party transactions

The company has taken advantage of the exemption available to it under FRS 8 "Related Party Disclosures" to not disclose related party transactions with Best Buy Europe Distributions Limited or any subsidiaries of Best Buy Europe Distributions Limited where at least 90% of the voting rights are controlled within the Best Buy Europe Distributions Limited group. The company is also exempt from disclosing transactions with directors who are also directors of Best Buy Europe Distributions Limited.

During the period, The Carphone Warehouse Ltd had the following disclosable transactions with related parties:

	The Carphone Warehouse Group Plc 2009 £'000	Other related parties 2009 £'000
Revenue for services provided	34,462	-
Expense for services received	(15,466)	-

All products and services were provided at market rates. Amounts recharged to The Carphone Warehouse relate primarily to sales commissions and information technology services at market rates.

Amounts recharged from The Carphone Warehouse include royalty payments in respect of brands and recharges in respect of shared-service functions, shared-based payments and occupancy costs.

	The Carphone Warehouse Group Plc 2009 £'000	Other related parties 2009 £'000
Trade receivables	13,933	-
Trade payables	(4,118)	-

27. Geek Squad Acquisition

The customer base and net assets of the Geek Squad UK Ltd business were acquired by The Carphone Warehouse Ltd on 2 November 2008. The net liabilities were transferred to the company for a value of £1. The balance sheet as at time of acquisition was as follows;

Geek Squad UK Limited	**£000's**
Fixed assets	204
Debtors	178
Creditors	(2,442)
Cash	85
VAT	50
Inter-company – Best Buy Europe Distributions Ltd	(9,244)
	(11,169)
Share capital	125
Reserves	(11,294)
	(11,169)
Consideration	-
Goodwill	11,169

Geek Squad UK Limited earned a profit after taxation of £7.28m in the 53 week period ended 4 April 2009 (52 week period ended 29 March 2008 – loss of £6.94m). In the period prior to acquisition, Geek Squad UK Limited incurred a loss of £3.88m.

28. Post balance sheet event

Subsequent to the year end date a new credit facility has been arranged for The Carphone Warehouse Ltd. This 'Confidential invoice discounting facility' of £350m replaces a facility of similar size available to the immediate parent company, Best Buy Europe Distributions Limited, held within the Carphone Warehouse Group PLC.