Company Registration No. 2142673

The Carphone Warehouse Limited

Annual Report and Financial Statements

For the 57 weeks ended 2 May 2015

The Carphone Warehouse Limited

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Report and financial statements 2015

Officers and professional advisers

Directors

L Weedall	(resigned 9th June 2015)
G Smith	(resigned 11th September 2014)
P Davis	
M Eastham	(resigned 28th March 2015)
P Grafton	(resigned 9th June 2015)
S Tyrer	(resigned 9th June 2015)
A Harrison	
C Edwards	(resigned 9th June 2015)
G Stapleton	
P Bell Brown	(appointed 9th June 2015)
K Bickerstaffe	(appointed 9th June 2015)
S Hyndman	(appointed 9th June 2015)
A Ritchie	(appointed 9th June 2015)

Company Secretaries

J Begon	(resigned 20th March 2015)
A Sunderland	
K Atterbury	(appointed 20th March 2015)

Registered Office

1 Portal Way
London
W3 6RS
United Kingdom

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

The Carphone Warehouse Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review and principal activities

Business description

The principal activities of the Company during the period remained the provision of mobile handsets and connections, smartphones, mobile broadband, tablets, accessories and insurance products (covering loss, theft or damage to mobile handsets, tablets and laptops).

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

Performance in 2014/15

The UK has grown its market share in the postpay segment, partly helped by the exit of Phones 4U and successful product launches. During the period all the major networks have moved the majority of their customers onto 4G tariffs, which have helped to drive a better customer experience and higher data usage.

Revenue increased by 15% to £2,056m (2014: £1,784m) including the benefit of the additional five weeks of trading, together with the creation of 244 'Store within a Store'(SWAS) and 'Store in Store'(SIS) to date, being Carphone Warehouse retail units within PC World and Currys stores, which have driven strong revenue growth on existing floor space.

Profit on ordinary activities before tax dropped 15% to £77m (2014: £91m) though there are £11m of exceptional items relating to the closure of the repairs and distribution centre that was announced on the 28th April 2015.

Principal risks and uncertainties

The key risks facing the Company, and the ways the Company seeks to mitigate them, are summarised below:

- the Company holds a substantial amount of customer and business sensitive data. The Company has invested heavily in information security safeguards.
- the Company has in place business continuity and crisis management plans so that the business continuity plans are in place in the event of a critical business incident.
- the Company has a dedicated team responsible for Health and Safety, so as to ensure all risks are understood, controlled and monitored.
- the Company has key relationships with certain mobile network operators and suppliers. The Company has previously moved towards commercial arrangements that provide a closer alignment of interests with network operators and has focused on post pay and smartphone sales to drive economic value for the networks.
- the Company operates in a highly competitive market. In order to differentiate itself from its competitors the Company has focused on innovative propositions, high quality customer service and reliable supply of key products.
- the Company is subject to FCA regulation in a number of areas and has built appropriate internal control structures to manage these requirements.
- the Company's operations are dependent on key IT systems provided by another company within the Dixons Carphone plc group of companies. The Company continues to support investment in the IT infrastructure of the business.

The Carphone Warehouse Limited

Strategic report (continued)

Future outlook

The UK market remains challenging and highly competitive, however, the Company is expected to continue to gain market share through the new SIS and SWAS store roll out. Despite market pressures, the longer term outlook for the Company continues to be positive, through sustainable profit.

P Davis
Director

28th August 2015

The Carphone Warehouse Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the 57 weeks ended 2 May 2015. The Company has changed its year end to be the Saturday closest to 30 April. The current period therefore comprises the 57 weeks to 2 May 2015 for the Carphone Warehouse business with a comparative period of the 52 weeks ended 29 March 2014 in line with previously reported results. Details of future developments can be found in the Strategic Report (pages 2-3) and form part of this report by cross reference.

On 6 August 2014 an all-share merger of Carphone Warehouse Group plc, the ultimate parent company, and Dixons Retail plc ('Dixons Retail') ('the Merger') took place. Carphone Warehouse Group plc changed its name to Dixons Carphone plc. As a result the Company is now a wholly owned subsidiary of Dixons Carphone plc, which is the ultimate parent company.

Results and financial position

The Company's continuing operations generated an operating profit of £68m (2014: £86m). The total profit after taxation for the financial period was £55m (2014: £85m). The prior year result also includes profit on closure of the Best Buy UK business, the results of discontinued operations, interest and tax.

The Company's net assets increased by £61m to £1,025m (2014: increase of £89m to £964m).

Dividend

No dividends were paid during the period (2014: £nil).

Going concern

After making enquiries, the Directors have formed a judgement that, at the time of approving the financial statements, and having considered the Company's forecasts and projections, there is a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements. Going concern is discussed further in note 1 to the financial statements.

Risk management

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

Credit risk

The Company's principal financial assets are bank balances and trade 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 Dixons Carphone plc. The credit risk on these centrally pooled bank and cash balances is limited as the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

Funding for all subsidiaries of Dixons Carphone plc, including the Company, is arranged centrally.

In order to ensure that sufficient funds are available for ongoing operations and future developments, Dixons Carphone plc has £875 million of committed borrowing facilities comprising: i) a £625 million multi-currency term and revolving credit facility, and ii) a £250 million revolving credit facility, both of which mature in April 2017.

The Company's insurance business is regulated by the Financial Conduct Authority

Directors' report (continued)

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 intranet.

It is the Company's policy to assist the employment of disabled people, their training and career development, having regard to particular aptitudes and abilities. Every 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 Dixons Carphone plc Group operates is described in the Group's Annual Report, which does not form part of this Report. As a subsidiary entity, the Company 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 no charitable donations of during the period (2014: £nil). The Company made no political donations during the period (2014: £nil).

Statement regarding the disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

i. so far as they are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Directors' report (continued)

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by

P Davis
Director
28th August 2015

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). 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.

The Carphone Warehouse Limited

Independent Auditor's report to the members of The Carphone Warehouse Limited

We have audited the financial statements of The Carphone Warehouse Limited for the 57 weeks ended 2 May 2015 which comprise the profit and loss account, the balance sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 May 2015 and of its profit for the 57 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin Thompson

Kevin Thompson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
28 August 2015

The Carphone Warehouse Limited

Profit and loss account for the 57 weeks ended 2 May 2015

	Notes	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Turnover	2		
Continuing operations		2,056,123	1,783,557
Discontinued operations	3	-	39
		2,056,123	1,783,596
Cost of sales		(1,475,208)	(1,299,106)
Gross Profit		580,915	484,490
Administrative Expenses			
Exceptional Items	5	(11,085)	-
Other		(501,459)	(398,274)
Total Administrative Expenses		(512,544)	(398,274)
Operating Profit		68,371	86,216
Continuing operations		68,371	85,721
Discontinued operations	3	-	495
		68,371	86,216
Profit on closure of discontinued operations	4	-	2,504
Net interest receivable and similar income	6	8,775	2,266
Profit on ordinary activities before taxation	7	77,146	90,986
Tax charge on ordinary activities	12	(21,870)	(6,066)
Profit on ordinary activities after taxation	22	55,276	84,920

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

Balance sheet
As at 2 May 2015

	Notes	2 May 2015 £'000	29 March 2014 £'000
Fixed assets			
Intangible assets	13	17,141	8,363
Tangible assets	14	109,889	62,814
Investments	15	131,356	131,356
		258,386	202,533
Current assets			
Stock	16	152,467	124,839
Debtors			
- due within one year	17	521,846	580,564
- due after one year	17	262,407	106,079
Cash at bank and in hand		242,830	502,393
		1,179,550	1,313,875
Creditors: amounts falling due within one year	18	(397,779)	(543,765)
Net current assets		781,771	770,110
Total assets less current liabilities		1,040,157	972,643
Provisions for liabilities and charges	19	(15,446)	(8,502)
Net assets		1,024,711	964,141
Capital and reserves			
Called-up share capital	21	450,000	450,000
Capital redemption reserve	22	30	30
Profit and loss account	22	574,681	514,111
Total shareholder's funds	23	1,024,711	964,141

The financial statements of The Carphone Warehouse Limited registered number 2142673 were approved by the Board of Directors and authorised for issue on 28th August 2015

P Davis

Director

Notes to the financial statements
57 weeks ended 2 May 2015

1. Accounting policies

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

Basis of accounting

The financial statements 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 400 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly owned subsidiary of Dixons Carphone plc which prepares consolidated financial statements 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 Strategic Report on pages 2-3.

Going concern

The Company's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2-3. The Directors' Report further describes the financial position of the Company; its cash flows, its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The Company has significant cash reserves which are held on deposit within the Dixons Carphone Group plc cash pooling mechanism (see note 18). The Company also has access to borrow under the Dixons Carphone plc. committed borrowing facility of £875m, which is committed to April 2017.

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 forecasts 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 for the foreseeable future. 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 the Dixons Carphone Group plc. The Company's operations are financed by these committed facilities, retained profits and equity and the overall strategy for managing capital remains unchanged from 2014.

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.

The following accounting policies are applied to the Group's revenue streams:

- revenue arising on the sale of mobile and other products and services is recognised when the relevant products or services are provided to the customer;
- revenue generated from the provision of mobile network services is recognised as it is earned over the period for which the services are provided;

1. **Accounting policies (continued)**

Turnover (continued)

- 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 – see 'Use of critical accounting estimates and assumptions' on page 15;
- volume bonuses receivable from network operators are recognised as the conditions on which they are expected to be earned are met.
- other ongoing revenue is recognised as it is earned in line with commercial terms;
- insurance premiums are typically paid either monthly or quarterly in advance. Sales commission paid by third parties is recognised when the insurance policies to which it relates are sold, to the extent that it can be reliably measured and there are no ongoing service obligations. Insurance premium income for the provision of ongoing insurance services is recognised over the lives of the relevant policies;
- all other revenue is recognised when the relevant goods or services are provided; and
- 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. The unwinding of the discount is recognised within finance income.

Share-based payments

The Company's immediate parent, Dixons Carphone plc 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 on a straight line basis over the vesting period, based on an estimate of the number of shares that will eventually vest.

Where share-based payments are subject only to service conditions or internal performance criteria (such as EPS targets), fair value is measured using either a Binomial model or a Black Scholes model. Where share-based payments have external performance criteria (such as TSR targets) a Monte Carlo model is used to measure fair value.

For all schemes, the number of options expected to vest is recalculated at each balance sheet date, based on expectations of leavers prior to vesting. For schemes with internal performance criteria, the number of options expected to vest is also adjusted based on expectations of performance against target. No adjustment is made for expected performance against external performance criteria. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in reserves.

If a share-based payment scheme is cancelled, any remaining part of the fair value of the scheme is expensed through the income statement. If a share-based payment scheme is forfeited, no further expense is recognised and any charges previously recognised through the income statement are reversed.

Charges also arise on loans that are provided to employees to fund the purchase of shares as part of long-term incentive plans. To the extent to which the loans are not, in certain circumstances, repayable, the cost of the relevant part of such loans is expensed over the course of the relevant incentive plans.

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.

1. Accounting policies (continued)

Other Intangibles

Other intangibles comprise customer relationships purchased and are capitalised and amortised over their useful economic lives on a straight line basis.

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:

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

Rental payments under operating leases are charged to the profit and loss account 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 lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

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. 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.

Use of critical accounting estimates and assumptions

Estimates and assumptions used in the preparation of the financial statements are continually reviewed and revised as necessary. Whilst every effort is made to ensure that such estimates and assumptions are reasonable, by their nature they are uncertain, and as such, changes in estimates and assumptions may have a material impact in the financial statements. The principal balances in the financial statements where changes in estimates and assumptions may have a material impact are as follows:

Recoverable amount of non-current assets:

All non-current assets, including goodwill and other intangible assets are reviewed for potential impairment using estimates of the future economic benefits attributable to them. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the assets.

1. **Accounting policies (continued)**

Use of critical accounting estimates and assumptions (continued)

Trade and other receivables:

Provisions for irrecoverable receivables are based on extensive historical evidence, and the best available information in relation to specific issues, but are nevertheless inherently uncertain.

Recognition of on-going revenue:

Commission receivable within the Company depends for certain transactions on customer behaviour after the point of sale. Assumptions are therefore required, particularly in relation to levels of customer default within the contract period, expected levels of customer spend and customer behaviour beyond the initial contract period. Such assumptions are based on extensive historical evidence, and provisions are made for the risk of potential changes in customer behaviour, but are nonetheless inherently uncertain. Changes in estimates may be made where, for example, more reliable information is available and any such changes are reported through the profit and loss account. Changes of estimates, recognised as an increase to revenue during the period ended 2 May 2015, in relation to commission receivable after the initial contract term for sales originating in previous years totalled £33m (2014: £18m). Total ongoing revenue receivables in trade and other receivables are £559m (2014: £462m).

Current taxation:

The complex nature of tax legislation across the tax jurisdictions in which the Company operates necessitates the use of many estimates and assumptions, where the outcome may differ from that assume

Sales provisions are based on historical patterns of redemption of promotions, product return rates for returns and warranties and penalty rates from network operators. The Company has extensive data in all areas; however, if the historical patterns on which the provisions are based change significantly in the future, then the financial statements may be materially impacted.

Provisions relating to the disposal of excess property necessitate assumptions in respect of the period to disposal and exit costs, which may differ from the ultimate cost of disposal. Refer to note 19 for details of the Company's provisions.

Supplier Funding:

The Company's agreements with suppliers contain a price for units purchased as well as other rebates and discounts. We have summarised the Company's main supplier funding areas below:

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

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

Notes to the financial statements
57 weeks ended 2 May 2015

1. Accounting policies (continued)

Marketing income:
This income is received in relation to marketing activities that are performed on behalf of suppliers. Judgement is required to ensure that income is only recognised when all performance obligations within the contract have been fulfilled and the income is expected to be collected.

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

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.

3. Discontinued operations

Best Buy UK

The closure of the Best Buy UK business was announced on 7 November 2011 and the last Best Buy UK store was closed on 14 January 2012 and the business has been classified as a discontinued operation. The results of the discontinued operation, which have been included in the profit and loss account, were as follows.

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Turnover	-	39
Cost of sales	-	-
Gross profit	-	39
Administrative (expenses)/other income	-	456
Operating profit	-	495
Profit on closure of discontinued operations (see note 4)	-	2,504
Profit on ordinary activities before interest and taxation	-	2,999

4. Profit on closure of discontinued operations

The Best Buy UK business ceased trading on 14 January 2012, final adjustments to this closure cost were made in the prior year.

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Staff costs	-	1,874
Contract exit costs	-	162
Lease exit costs	-	468
Profit before tax	-	2,504
Tax charge	-	(576)
Profit for period/year	-	1,928

5. Exceptional Items

These costs relate to the closure of the repairs and distribution centre that was announced on the 28th April 2015.

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Staff redundancy costs	(6,425)	-
Lease exit costs	(4,660)	-
Loss before tax	(11,085)	-

Notes to the financial statements
57 weeks ended 2 May 2015

6. Net interest receivable and similar income

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Interest receivable from group undertakings	-	1,769
Interest income on cash and cash equivalents	2,484	-
Unwinding of discount on trade receivables	14,864	8,724
Interest receivable and similar income	17,348	10,493
Interest expense on bank loan and overdraft	(8,206)	-
Interest payable to group undertakings	(367)	(8,227)
Interest payable and similar charges	(8,573)	(8,227)
Net interest receivable and similar income	8,775	2,266

Notes to the financial statements
57 weeks ended 2 May 2015

7. Profit on ordinary activities before taxation

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

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Depreciation and amounts written off tangible fixed assets		
- owned assets	24,545	17,323
Loss on disposal of fixed assets	490	1,385
Amortisation of goodwill	1,427	1,317
Auditor's remuneration, including expenses:		
- Audit fees for the audit of the Company's financial statements	158	154
Rental payments under operating leases:		
- land and buildings	70,371	64,260
Rents received	(1,985)	(1,685)

8. Employee costs

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

	57 weeks ended 2 May 2015 Number	52 weeks ended 29 March 2014 Number
Sales and customer management	6,577	6,450
Administration	381	378
	6,958	6,828

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	181,400	148,550
Social security costs	14,796	13,090
Other pension costs	2,032	1,542
	198,228	163,182
Share-based payments (see note 11)	1,355	1,677
	199,583	164,859

9. Directors' remuneration

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

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Total emoluments	2,714	3,736
Money purchase contributions	62	63
Total	2,776	3,799

Six Directors (2014: Seven) are members of money purchase pension schemes paid by the Company.

The remuneration of the highest paid Director (excluding pension contributions) was £891,000 (2014: £1,499,828). The Company paid £23,000 (2014: £14,000) in pension contributions on the Director's behalf.

A Harrison is also a Director of the parent company, Dixons Carphone plc. A number of other Directors who perform group roles are partially charged to other group companies. In the opinion of the Directors, it is not practicable to apportion their emoluments between group companies.

10. Pension scheme

The Company operates a defined contribution scheme for which the charge for the period amounted to £2,032,000 (2014: £1,542,000).

11. Share-based payments

Value enhancement scheme (LTIP)

The Company's ultimate parent company Dixons Carphone plc has in place the Share Plan which allows participants, which include certain senior employees of the Company, to share 10% of the incremental value created in the Group in excess of an opening value (assessed on the value of the Group over a three month period prior to approval of the plan by shareholders in June 2013 and, for new entrants during the 13 months ended 2 May 2015, assessed on the aggregated value of Carphone and Dixons over a three month period prior to the announcement of preliminary merger discussions in February 2014) and beyond an annual rate of return of 7% on invested capital. The plan is underpinned by a minimum annual compound TSR growth of 5% and outperformance of the median TSR of the FTSE 250. Participants acquired at market value participation shares in a subsidiary company of Dixons Carphone which holds investments in the core continuing operations of the Group. Dixons Carphone granted loans to participants at a commercial rate of interest to acquire the shares. Loans are ordinarily repayable in full if performance conditions are met. The performance of the scheme will ordinarily be measured in or around June 2017, when 60% of the shares vest, with 40% deferred for a further year. When the awards vest, the value of the shares held by participants will be based on the incremental value (if any) of the Group in excess of the opening valuation together with the minimum return on invested capital. These shares will then be purchased by Dixons Carphone for cash and/or Dixons Carphone's ordinary shares.

Notes to the financial statements
57 weeks ended 2 May 2015

11. Share-based payments (continued)

The Group has a share option scheme which allows nil-priced options to be offered to senior employees who are not participants in the Share Plan. Options were first granted under the scheme in January 2014. The options are subject to continuing employment and are subject to performance conditions based on a combination of absolute TSR performance and relative TSR performance against the FTSE 250 or FTSE 350.

The Group also has Save As You Earn schemes which allows participants, including employees of the Company, to save up to £250 per month for either three or five years. At the end of the savings period participants can purchase shares in Dixons Carphone based on a discounted share price determined at the commencement of the scheme.

During the period the Company recognised a non-cash accounting charge in profit and loss of £1,355,000 (2014: £1,677,000) in respect of these schemes which is offset by an entry in reserves.

12. Tax charge on profit on ordinary activities

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
The tax charge comprises:		
Current tax		
UK corporation tax	18,218	3,566
Adjustments in respect of prior periods	5,951	(736)
Total current tax charge	24,169	2,830
Deferred tax		
Origination and reversal of timing differences	(861)	998
Adjustments in respect of prior periods	(1,438)	2,238
Total deferred tax (credit)/charge	(2,299)	3,236
Total tax charge on profit on ordinary activities	21,870	6,066

Notes to the financial statements
57 weeks ended 2 May 2015

12. Tax charge on profit on ordinary activities (continued)

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:

	57 weeks ended 2 May 2015 £'000	52 weeks ended 29 March 2014 £'000
Profit on ordinary activities before tax	77,146	90,986
Tax on profit on ordinary activities before tax at standard UK corporation tax rate of 20.92% (2014: 22.84%)	16,138	20,927
- difference between capital allowances and depreciation	(18)	(257)
- other timing differences	920	(4,176)
- tax losses utilised within the group	-	(14,630)
- other items attracting no tax relief or liability	1,178	1,702
- adjustments to tax charge in respect of previous periods	5,951	(736)
Current tax charge for period/year	24,169	2,830

The Company's tax liability in the prior year has been offset by the surrender of losses from other group companies under the group relief provisions. No payment has been made to the surrendering companies.

13. Intangible fixed assets

	Goodwill £'000	Other Intangibles £'000	Total £'000
Cost			
At 29 March 2014	18,516	-	18,516
Additions	-	10,205	10,205
At 2 May 2015	18,516	10,205	28,721
Amortisation			
At 29 March 2014	10,153	-	10,153
Charge for the period	1,427	-	1,427
At 2 May 2015	11,580	-	11,580
Net book value			
At 2 May 2015	6,936	10,205	17,141
At 29 March 2014	8,363	-	8,363

Notes to the financial statements
57 weeks ended 2 May 2015

14. Tangible fixed assets

	Leasehold improvements £'000	Computer and office equipment £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
At 29 March 2014	113,625	51,017	132,642	2,664	299,948
Additions	3,040	49,107	20,562	-	72,709
Disposals	(2,107)	(865)	(1,934)	-	(4,906)
At 2 May 2015	114,558	99,259	151,270	2,664	367,751
Depreciation					
At 29 March 2014	80,253	43,819	110,398	2,664	237,134
Charge for the period	6,782	7,882	9,881	-	24,545
Disposals	(1,805)	(220)	(1,792)	-	(3,817)
At 2 May 2015	85,230	51,481	118,487	2,664	257,862
Net book value					
At 2 May 2015	29,328	47,778	32,783	-	109,889
At 29 March 2014	33,372	7,198	22,244	-	62,814

15. Investments

	Total £'000
At 29 March 2014 and 2 May 2015	131,356

The Company's investments at 2 May 2015 comprise:

Name	Country of incorporation or registration	Principal Activity	Holding	Proportion
Ise-Net Solutions Limited	United Kingdom	IT services	Ordinary	100%

16. Stock

	2 May 2015 £'000	29 March 2014 £'000
Goods held for resale	152,467	124,839

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

17. Debtors

	2 May 2015 £'000	29 March 2014 £'000
Amounts falling due within one year		
Trade debtors	431,967	529,180
Amounts due from group undertakings	7,016	10,771
Intercompany cash deposits	4,355	3,317
Other debtors	24,620	12,668
Deferred tax asset (see note 20)	14,072	7,834
Corporation tax receivable	-	1,061
Prepayments and accrued income	39,816	15,733
	521,846	580,564
Amounts falling due after more than one year		
Trade debtors	262,407	106,079
	784,253	686,643

Intercompany deposits and Amounts due from group undertakings receive interest at a rate of 1m-LIBOR with no margin. Interest is either paid or accrued monthly as appropriate. Where they exist, currency balances are calculated at similar rates.

Notes to the financial statements
57 weeks ended 2 May 2015

18. Creditors: amounts falling due within one year

	2 May 2015 £'000	29 March 2014 £'000
Trade creditors	196,329	318,735
Amounts due to group undertakings	45,511	38,902
Intercompany funding	4,948	4,479
Corporation tax payable	8,092	-
Other taxes and social security	59,489	107,320
Other creditors	7,942	13,755
Accruals and deferred income	75,468	60,574
	397,779	543,765

Interest on intercompany funding is calculated at a rate of 1m-LIBOR plus 2.25%. Interest is either paid or accrued monthly as appropriate. Where they exist, currency balances are calculated at similar rates.

Certain bank accounts are part of a notional pooling mechanism whereby each bank only monitors net aggregate borrowings against group overdraft limits thus allowing subsidiary companies to borrow on overdraft or to deposit surplus cash via their own bank accounts. Interest is charged on overdrawn balances and paid on surplus cash at intercompany rates of LIBOR plus 2.25% for overdrafts and base rate with no margin for surplus cash balances.

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

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 68 days (2014: 81 days).

19. Provisions for liabilities and charges

	Restructuring £'000	Sales £'000	Other £'000	Total £'000
At 29 March 2014	1,342	6,707	453	8,502
Charge to profit and loss account	11,110	28,780	-	39,890
Utilised in period	(1,426)	(31,520)	-	(32,946)
At 2 May 2015	11,026	3,967	453	15,446

Restructuring:
Restructuring provisions relate to the Best Buy UK business closure, on-going group restructuring and warehouse and store closure programmes (see Note 5). The reorganisation and redundancy provisions are expected to be utilised within the next financial year, with store closure provisions being fully utilised over remaining lease periods.

Notes to the financial statements
57 weeks ended 2 May 2015

19. Provisions for liabilities and charges (continued)

Sales:
Sales provisions relate to "cashback" 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, and costs associated with onerous contracts. Other provisions are expected to be used within the following one to three years.

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 29 March 2014	4,922	2,912	7,834
Credited/(charged) to profit and loss account - current period	(18)	879	861
Credited/(charged) to reserves	-	3,939	3,939
Credited/(charged) to profit and loss account - prior year	1,020	418	1,438
At 2 May 2015	5,924	8,148	14,072

The amount credited through reserves relates to deferred tax on share based payments.

On 8 July 2015 it was announced that the main rate of UK corporation tax reduced to 19 per cent with effect from 1 April 2017and to 18 per cent from 1 April 2020. This change has not been substantively enacted, and has not therefore been included in the figures above. The impact of the future rate reductions will be accounted for to the extent that they enacted at the balance sheet date, however it is estimated that this will not have a material effect on the Company.

Notes to the financial statements
57 weeks ended 2 May 2015

21. Called-up share capital

	2 May 2015 £'000	29 March 2014 £'000
Called-up, allotted and fully paid		
450,000,000 Ordinary shares of £1 each	450,000	450,000
	450,000	450,000

22. Reserves

	Called-up Share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 29 March 2014	450,000	30	514,111	964,141
Equity settled Share Based Payments	-	-	1,355	1,355
Tax on items recognised directly in reserves	-	-	3,939	3,939
Profit for the financial period	-	-	55,276	55,276
At 2 May 2015	450,000	30	574,681	1,024,711

23. Reconciliation of movements in shareholder's funds

	2 May 2015 £'000	29 March 2014 £'000
Profit for the financial period/year	55,276	84,920
Tax on items recognised directly in reserves	3,939	2,889
Equity Settled Share based payments (note 11)	1,355	1,677
Net movement in shareholder's funds	60,570	89,486
Opening shareholder's funds	964,141	874,655
Closing shareholder's funds	1,024,711	964,141

24. Financial commitments

(a) Lease commitments

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

	2 May 2015 £'000	29 March 2014 £'000
Operating leases which expire:		
- within one year	2,884	2,966
- between one and five years	31,656	32,395
- after five years	26,075	26,369
	60,615	61,730

(b) Capital commitments

At 2 May 2015, there was £7.6m (2014: £nil) contracted, but not provided for in the financial statements.

25. Parent undertaking and controlling party

The immediate parent undertaking of the Company is Carphone Warehouse Europe Limited which is a wholly owned subsidiary of Dixons Carphone plc.

On 6 August 2014, an all-share merger of Carphone Warehouse Group plc and Dixons Retail took place. Carphone Warehouse Group plc changed its name to Dixons Carphone plc. As a result the Company is now a wholly owned subsidiary of Dixons Carphone plc, which is the ultimate parent company.

As at 2 May 2015 the ultimate parent company of the Company and the smallest group to consolidate these financial statements is Dixons Carphone plc, a company registered in Great Britain, whose principal place of business is at 1 Portal Way, London, W3 6RS. The consolidated accounts of the group headed by Dixons Carphone plc, of which the Company was a member, are available to the public and are available at www.dixonscarphone.com or may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Notes to the financial statements
57 weeks ended 2 May 2015

26. Related party transactions

The Company has taken advantage of the exemption available to it under FRS 8 "Related Party Disclosures" not to disclose related party transactions with Dixons Carphone plc or any subsidiaries of Dixons Carphone plc where at least 100% of the voting rights are controlled within the Dixons Carphone Group plc.

The company's related parties include Talk Talk Group, as a result of a director of the ultimate parent company Dixons Carphone plc being a significant shareholder and, until 26 June 2013, Best Buy Co Inc, as a result of Best Buy's 50% shareholding in the company's parent company until that date. On 26 June 2013, New CPW Limited (BBED) carried out a capital reduction whereby the shares owned by the Best Buy Group were cancelled and consequently the Company became a wholly owned subsidiary of Carphone Warehouse Group plc and Best Buy Co transactions no longer needed to be disclosed as related party transactions from this date. Subsequently from this date, Carphone Warehouse plc transactions were covered by the exemption under FRS 8.

During the period, the Company had the following disclosable transactions with related parties:

	2 May 2015			29 March 2014		
	Carphone Warehouse Group plc £'000	Best Buy Co., Inc £'000	TalkTalk Group £'000	Carphone Warehouse Group plc £'000	Best Buy Co., Inc £'000	Talk Talk Group £'000
Revenue for services provided	-	-	26,028	2,213	-	9,332
Expense for services received	-	-	(6,981)	(2,989)	-	(666)
Purchases of stock	-	-	-	-	(434)	-

All products and services were transacted at market rates. Amounts recharged to the Company relate primarily to sales commissions and information technology services at market rates.

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

	2 May 2015			29 March 2014		
	Carphone Warehouse Group plc £'000	Best Buy Co., Inc £'000	TalkTalk Group £'000	Carphone Warehouse Group plc £'000	Best Buy Co., Inc £'000	TalkTalk Group £'000
Trade receivables	-	-	3,875	-	-	1,291
Trade payables	-	-	(880)	-	-	(52)

The Company procured services from a company controlled by a relative of a member of the key management team totalling £321,700 (2014: £238,000) during the period, with £24,600 (2014: £14,400) owed to this company at 2 May 2015.