Company Registration No. 2142673

The Carphone Warehouse Limited

Report and Financial Statements

For the 52 weeks ended 29 March 2014

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The Carphone Warehouse Limited

Report and Financial Statements 2014

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Officers and professional advisers

Directors

L Weedall
G Smith
P Davis
M Eastham
P Grafton
S Tyrer
A Harrison
C Edwards
G Stapleton (appointed 24th July 2013)

Secretaries

F C Bembridge
A K Sunderland

Registered Office

1 Portal Way
London
W3 6RS

Auditor

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

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 year 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 2013/14

The UK has grown its market share in the postpay segment, supported through our investment in our assisted sales tool, Pinpoint. Launching Pinpoint enabled us to ensure our customers received a high quality and consistent service, therefore increasing our conversion of customer traffic.

The UK prepay market continued to weaken year on year. Market share increased in this category as we focused on good quality customers, alongside an increase in our sales in unconnected handsets and Sim Only contracts.

Principal risks and uncertainties

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

- There is an uncertain economic outlook and low levels of economic growth across the United Kingdom. The Company has continued to focus on maintaining an appropriate structure and strong cost control in order to ensure that it is well positioned to deal with this uncertainty.
- 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 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 Carphone Warehouse Group plc group of companies. The Company continues to support investment in the IT infrastructure of the business.

Future outlook

The UK economy remains challenging and the handset market is not expected to be immune from these pressures. However, the Company is expected to continue to gain market share with the growth in smartphones combined with continued rollout of the store transformation project. Store numbers are expected to remain static.

The Carphone Warehouse Limited

Strategic report

Despite market weaknesses, the longer term outlook for the Company continues to be positive, with profit growth expected.

P Davis
Director
31/7/14

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 52 weeks ended 29 March 2014

Results and financial position

The Company's continuing operations generated an operating profit of £86m (2013: £94m). The total profit after taxation for the financial period was £85m (2013: £82m). The total 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 £89m to £964m (2013: increase of £82m to £875m).

Dividends

No dividends were paid during the year (2013: £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, as disclosed further in note 1.

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 Carphone Warehouse Group 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 Carphone Warehouse Group plc, including the Company, is arranged centrally.

In order to ensure that sufficient funds are available for ongoing operations and future developments, Carphone Warehouse Group plc has a £650m multi-currency term and revolving credit facility which matures in April 2017.

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

Directors' report

Change in ultimate parent company

On 26 June 2013 the parent company New CPW Limited (BBED) carried out a capital reduction whereby the shares owned by the Best Buy Group were cancelled and in return BBED agreed to pay £500m. The consideration was settled through the payment of £370m of cash, funding of which was provided by Carphone Warehouse Group plc. Carphone Warehouse Group plc settled a further £80m of consideration on behalf of BBED, through issuing ordinary shares to the Best Buy Group. Deferred consideration of £50m is payable by BBED in two equal installments of £25m in June 2014 and June 2015. Upon completion of this transaction BBED, and consequently the Company, has become a wholly owned subsidiary of Carphone Warehouse Group plc. Additional funding for the cash consideration was provided through a new £250m Sterling term loan facility, provided by the core relationship banks of Carphone Warehouse Group plc.

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 endeavor 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 Carphone Warehouse Group plc operates is described in the group's Annual Report, which does not form part of this Report. As a subsidiary entity, the Company operates in accordance with group policies.

Donations

The Company made no charitable donations of during the period (2013: £24,200). The Company made no political donations during the period (2013: £nil).

The Carphone Warehouse Limited

Directors' report

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.

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
31/7/14

The Carphone Warehouse Limited

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

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 52 weeks ended 29 March 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 25. 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 Directors' Responsibilities Statement, 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 29 March 2014 and of its profit for the 52 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 Strategic Report and Directors' 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

31 July 2014

The Carphone Warehouse Limited

Profit and loss account
52 weeks ended 29 March 2014

	Notes	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Turnover	2		
Continuing operations		1,783,557	1,671,731
Discontinued operations	3	39	384
		1,783,596	1,672,115
Cost of sales		(1,299,106)	(1,188,189)
Gross profit		484,490	483,926
Administrative expenses		(398,274)	(392,026)
Operating profit		86,216	91,900
Continuing operations		85,721	94,206
Discontinued operations	3	495	(2,306)
		86,216	91,900
Profit on closure of discontinued operations	4	2,504	3,730
Net interest receivable and similar income	5	2,266	3,265
Profit/(loss) on ordinary activities before taxation	6	90,986	98,895
Tax (charge)/credit on ordinary activities	11	(6,066)	(17,210)
Profit/(loss) on ordinary activities after taxation	21	84,920	81,685

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 29 March 2014

	Notes	29 March 2014 £'000	30 March 2013 £'000
Fixed assets			
Intangible assets	12	8,363	9,679
Tangible assets	13	62,814	69,032
Investments	14	131,356	131,356
		202,533	210,067
Current assets			
Stock	15	124,839	116,174
Debtors			
- due within one year	16	580,564	559,475
- due after one year	16	106,079	109,276
Cash at bank and in hand		502,394	420,347
		1,313,876	1,205,272
Creditors: amounts falling due within one year	17	(543,765)	(529,869)
Net current assets		770,110	675,403
Total assets less current liabilities		972,643	885,470
Provisions for liabilities	18	(8,502)	(10,816)
Net assets		964,141	874,654
Capital and reserves			
Called-up share capital	20	450,000	450,000
Capital redemption reserve	21	30	30
Profit and loss account	21	514,110	424,624
Total shareholder's funds	22	964,141	874,654

The financial statements of The Carphone Warehouse Limited registered number 2142673 were approved by the Board of Directors and authorised for issue on 3/7/14

P Davis

Director

Notes to the financial statements
52 weeks ended 29 March 2014

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 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 Carphone Warehouse Group 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 Carphone Warehouse Group plc cash pooling mechanism (see note 17). The Company also has access to borrow under the Carphone Warehouse Group term and revolving credit facility of £650m, 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 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 Carphone Warehouse 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 2013.

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;

Notes to the financial statements
52 weeks ended 29 March 2014

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. Volume bonuses received from suppliers of products are recognised as an offset to product cost as the conditions on which they are earned are met, and are recognised within cost of sales when the products to which the volume bonuses relate have been sold;
- 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.

Discontinued operations

A discontinued operation is a separate major line of business or geographic area of operations that has either been disposed of, has been abandoned or meets the criteria for classification as held for sale. The comparative income statement is restated to show the operation as discontinued from the start of the comparative period. In the current and prior year discontinued items have solely arisen as a consequence of the closure of the Best Buy UK business.

Share-based payments

The Company's immediate parent, Carphone Warehouse Group plc 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 FRS 20 'Share-based Payment', which in accordance with the transitional provisions has been applied to all grants of equity instruments after 7 November 2002.

Notes to the financial statements
52 weeks ended 29 March 2014

1. Accounting policies (continued)

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:

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 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 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.

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.

Notes to the financial statements
52 weeks ended 29 March 2014

1. Accounting policies (continued)

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.

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 is 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 income statement. Changes of estimates, recognised as an increase to revenue during the year ended 29 March 2014, in relation to commission receivable after the initial contract term for sales originating in previous years totalled £18m (2013: £21m).Total ongoing revenue receivables in trade and other receivables are £462m (2013: £477m).

Notes to the financial statements
52 weeks ended 29 March 2014

1. Accounting policies (continued)

Use of critical accounting estimates and assumptions (continued)

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 assumed.

Provisions:

The Company's restructuring provisions are based on the best information available to management at the balance sheet date. However, the future costs assumed are only estimates, which may differ from those ultimately incurred.

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.

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.

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Turnover	39	384
Cost of sales	-	(7)
Gross profit	39	377
Administrative (expenses)/other income	456	(2,683)
Operating loss	495	(2,306)
Profit on closure of discontinued operations (see note 4)	2,504	3,730
Profit on ordinary activities before interest and taxation	2,999	1,424

Notes to the financial statements
52 weeks ended 29 March 2014

4. Profit on closure of discontinued operations

The Best Buy UK business ceased trading on 14 January 2012, final adjustments to this closure cost have been made in the current year

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Lease exit costs	468	4,068
Staff costs	1,874	(1,463)
Contract exit costs	162	1,439
Professional fees	-	(314)
Profit/(loss) before tax	2,504	3,730
Tax (charge)/credit on above	(576)	628
Profit/(loss) for year	1,928	4,358

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

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Interest receivable from group undertakings	1,769	1,706
Unwinding of discount on trade receivables	8,724	8,579
Interest receivable and similar income	10,493	10,285
Interest payable to group undertakings	(8,227)	(7,020)
Interest payable and similar charges	(8,227)	(7,020)
Net interest receivable and similar income	2,266	3,265

6. Profit on ordinary activities before taxation

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

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Depreciation and amounts written off tangible fixed assets		
- owned assets	17,323	18,120
Profit/Loss on disposal of fixed assets	1,385	-
Amortisation of goodwill	1,317	1,317
Auditor's remuneration, including expenses:		
- Audit fees for the audit of the Company's annual accounts	154	121
Rental payments under operating leases:		
- land and buildings	64,260	66,071
Share based payments	1,677	769
Rents received	(1,685)	(1,850)
Release of exceptional store closure provision	-	(2,295)

7. Employee costs

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

	52 weeks ended 29 March 2014 No.	52 weeks ended 30 March 2013 No.
Sales and customer management	6,450	7,128
Administration	378	413
	6,828	7,541

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	148,550	154,466
Social security costs	13,090	13,891
Other pension costs	1,542	1,134
	163,182	169,491
Share-based payments (see note 10)	1,677	769
	164,859	170,260

Notes to the financial statements
52 weeks ended 29 March 2014

8. Directors' remuneration

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

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Total emoluments	3,736	3,647
Money purchase contributions	63	86
Total	3,799	3,733

Seven Directors (2013: Ten) are members of money purchase pension schemes paid by the Company.

The remuneration of the highest paid Director (excluding pension contributions) was £1,499,828 (2013: £997,000). The Company paid £14,000 (2013: £12,000) in pension contributions on the Director's behalf.

A J Harrison is also a Director of the parent company, Carphone Warehouse Group 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.

9. Pension scheme

The Company operates a defined contribution scheme for which the charge for the period amounted to £1,542,000 (2013: £1,134,000).

10. Share-based payments

Value enhancement scheme (LTIP)

During the year, the Company's ultimate parent company Carphone Warehouse Group plc ("Carphone") introduced the Carphone Warehouse Share Plan which allows participants, which include certain senior employees of the Company, to share 10% of the incremental value created in Carphone (excluding its interest in Omer Telecom Limited) ("CPW") in excess of an opening value (assessed over a three month period prior to approval by shareholders in June 2013) 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 Carphone which held Carphone's interest in the core continuing operations of Best Buy Europe Distributions Limited ("CPW Europe"). 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 CPW in excess of the opening valuation together with the minimum return on invested capital. These shares will then be purchased by Carphone for cash and/or the Carphone's ordinary shares.

10. Share-based payments (continued)

During the year, Carphone also introduced the Carphone Warehouse Share Scheme which allows nil-priced options to be offered to senior employees who are not participants in the Carphone Warehouse 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.

Prior to Carphone's acquisition of Best Buy Co., Inc's ("Best Buy") interest in CPW Europe ("CPW Europe Acquisition"), certain senior employees of the Company participated in an incentive scheme under which participants received options over A shares in New CPW Limited and each of Best Buy and Carphone had an obligation to acquire 50% of these shares at a value based on the Headline PBT of CPW Europe over the vesting period. The pool was based on earnings in excess of minimum growth targets, against the earnings for the year ended 31 March 2009. In order to align the interests of participants with those of Carphone, the value of the A shares in New CPW Limited were assessed at defined points during the vesting period, and nil-priced options over shares in Carphone were granted to participants through the Participation Plan to match this value, so that participants benefited from any growth in the market capitalisation of Carphone during the vesting period. Further to the CPW Europe Acquisition the Remuneration Committee allowed the scheme to vest based on performance achieved to 31 March 2013.

During the year Carphone also introduced a Save As You Earn scheme 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 Carphone based on a discounted share price determined at the commencement of the scheme.

During the year the Company recognised a non-cash accounting charge in profit and loss of £1,677,000 (2013: £769,000) in respect of these schemes which is offset by an entry in reserves.

Notes to the financial statements
52 weeks ended 29 March 2014

11. Tax on profit on ordinary activities

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
The tax charge comprises:		
Current tax		
UK corporation tax	3,566	13,055
Adjustments in respect of prior periods	(736)	(385)
Total current tax charge	2,830	12,670
Deferred tax		
Origination and reversal of timing differences	998	5,127
Adjustments in respect of prior periods	2,238	(587)
Total deferred tax charge	3,236	4,540
Total tax charge on profit on ordinary activities	6,066	17,210

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/(loss) before tax is as follows:

	52 weeks ended 29 March 2014 £'000	52 weeks ended 30 March 2013 £'000
Profit on ordinary activities before tax	90,986	98,895
Tax on profit on ordinary activities before tax at standard UK corporation tax rate of 23% (2013: 24%)	20,927	23,735
Effects of:		
- utilisation of brought forward losses	-	(4,684)
- difference between capital allowances and depreciation	(257)	(613)
- other timing differences	(4,176)	(18)
- tax losses utilised within the group	(14,630)	(4,640)
- other items attracting no tax relief or liability	1,702	(725)
- adjustments to tax charge in respect of previous periods	(736)	(385)
Current tax charge for period	2,830	12,670

The Company's tax liability 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.

12. Intangible fixed assets

	Goodwill £'000
Cost	
At 30 March 2013 and 29 March 2014	18,515
Amortisation	
At 30 March 2013	8,836
Charge for the period	1,317
At 29 March 2014	10,153
Net book value	
At 29 March 2014	8,363
At 30 March 2013	9,679

13. Tangible fixed assets

	Leasehold improve-ments £'000	Computer and office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 30 March 2013	115,807	49,262	127,353	2,664	295,086
Additions	1,681	2,452	8,748	-	12,881
Disposals	(3,863)	(697)	(3,459)	-	(8,019)
At 29 March 2014	113,625	51,017	132,642	2,664	299,948
Depreciation					
At 30 March 2013	74,997	42,446	105,949	2,662	226,054
Charge for the period	7,680	2,044	7,597	2	17,323
Disposals	(2,424)	(671)	(3,148)	-	(6,243)
At 29 March 2014	80,253	43,819	110,398	2,664	237,134
Net book value					
At 29 March 2014	33,372	7,198	22,244	-	62,814
At 30 March 2013	40,810	6,816	21,404	2	69,032

Notes to the financial statements
52 weeks ended 29 March 2014

14. Investments

	Total £'000
At 30 March 2013	131,356
Impairment	-
At 29 March 2014	131,356

The Company's principal investments at 29 March 2014 include:

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

15. Stock

	29 March 2014 £'000	30 March 2013 £'000
Goods held for resale	124,839	116,174

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

16. Debtors

	29 March 2014 £'000	30 March 2013 £'000
Amounts falling due within one year		
Trade debtors	529,180	485,966
Amounts due from group undertakings	10,771	14,588
Intercompany cash deposits	3,317	16,366
Other debtors	12,668	10,475
Deferred tax asset (see note 19)	7,834	8,181
Corporation tax receivable	1,061	-
Prepayments and accrued income	15,733	23,899
	580,564	559,475
Amounts falling due after more than one year		
Trade debtors	106,079	109,276
	686,643	668,751

Intercompany deposits 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.

17. Creditors: amounts falling due within one year

	29 March 2014 £'000	30 March 2013 £'000
Loans and overdrafts	-	144
Trade creditors	318,735	335,069
Amounts due to group undertakings	38,902	22,871
Intercompany funding	4,479	661
Corporation tax	-	9,457
Other taxes and social security	107,320	91,351
Other creditors	13,755	12,242
Accruals and deferred income	60,574	58,074
	543,765	529,869

Interest on intercompany funding is calculated at a rate of 1m-LIBOR plus 3.75%. 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 3.75% for overdrafts and base rate with no margin for surplus cash balances.

17. Creditors: amounts falling due within one year (continued)

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 81 days (2013: 86 days).

18. Provisions for liabilities and charges

	Restructuring £'000	Sales £'000	Other £'000	Total £'000
At 30 March 2013	3,848	6,515	453	10,816
Charge to profit and loss account	532	19,906	-	20,438
Released in period	(1,333)	-	-	(1,333)
Utilised in period	(1,705)	(19,714)	-	(21,419)
At 29 March 2014	1,342	6,707	453	8,502

Restructuring:
Restructuring provisions relate to the Best Buy UK business closure, on-going group restructuring and store closure programmes. 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.

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. Other provisions are expected to be used within the following one to three years.

Notes to the financial statements
52 weeks ended 29 March 2014

19. 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 2013	7,627	554	8,181
Charged to profit and loss account - current year	(257)	-	(257)
Charged to profit and loss account - change in tax rate	(738)	(3)	(741)
Charged to reserves	-	2,889	2,889
Charged to profit and loss account - prior year	(1,710)	(528)	(2,238)
At 29 March 2014	4,922	2,912	7,834

The standard rate of corporation tax reduced from 24% to 23% from 1 April 2013 in accordance with the Finance Act 2012. The Finance Act 2013 was substantively enacted on 2 July 2013 and reduced the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014, and then to further reduce it to 20% from 1 April 2015. The reduced rates have been reflected in the calculation of deferred tax.

20. Share capital

	29 March 2014 £'000	30 March 2013 £'000
Called-up, allotted and fully paid		
Ordinary shares of £1 each	450,000	450,000
	450,000	450,000

Notes to the financial statements
52 weeks ended 29 March 2014

21. Reserves

	Share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 30 March 2013	450,000	30	424,624	874,654
	-	-		
Tax on items recognised directly in reserves			2,889	2,889
Equity Settled Share based payments	-	-	1,677	1,677
	-	-		
Profit for the financial period			84,920	84,920
At 29 March 2014	450,000	30	514,110	964,141

22. Reconciliation of movements in shareholder's funds

	29 March 2014 £'000	30 March 2013 £'000
Profit for the financial period	84,920	81,685
Tax on items recognised directly in reserves	2,889	-
Equity Settled Share based payments (note 10)	1,677	769
Net movement in shareholder's funds	89,486	82,454
Opening shareholder's funds	874,654	792,200
Closing shareholder's funds	964,141	874,654

23. Financial commitments

(a) Lease commitments

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

Notes to the financial statements
52 weeks ended 29 March 2014

	29 March 2014 £'000	30 March 2013 £'000
Operating leases which expire:		
- within one year	2,966	2,012
- between one and five years	32,395	28,630
- after five years	26,369	30,083
	61,730	60,725

(b) Capital commitments

At 29 March 2014, there was no expenditure contracted, but not provided for in the financial statements (2013: £nil).

24. Parent undertaking and controlling party

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

On 26 June 2013, New CPW Limited carried out a capital reduction whereby the shares owned by the Best Buy Group were cancelled and in return New CPW Limited agreed to pay £500m. Upon this transaction New CPW Limited and consequently the Company became a wholly owned subsidiary of Carphone Warehouse Group plc which is now the ultimate parent undertaking. Prior to this acquisition the parent company of the largest group to consolidate these financial statements was Best Buy Co., Inc. copies of which are available at www.bestbuy.com.

As at 29 March 2014 the ultimate parent company of the Company and the smallest group to consolidate these financial statements is Carphone Warehouse Group 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 Carphone Warehouse Group plc, of which the Company was a member, are available to the public and are available at www.cpwplc.com or may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

25. 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 Carphone Warehouse Group plc or any subsidiaries of Carphone Warehouse Group plc where at least 100% of the voting rights are controlled within the Carphone Warehouse Group plc. The Company is also exempt from disclosing transactions with Directors who are also Directors of Carphone Warehouse Group plc.

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

Notes to the financial statements
52 weeks ended 29 March 2014

	29 March 2014			30 March 2013		
	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
Income for services provided	2,213	-	9,332	3,033	-	5,398
Expense for services received	(2,989)	-	(666)	(8,242)	-	1,376
Purchases of stock	-	(434)	-	-	(89)	-

Services provided by the Company relate primarily to sales commissions, information technology services and trademark development spend.

Services received by the Company relate primarily to royalty payments in respect of trademarks, provision of shared-service functions, share-based payments and occupancy costs.

All products and services were charged at market rates.

	29 March 2014	30 March 2013		
	TalkTalk Group £'000	Carphone Warehouse Group plc £'000	Best Buy Co., Inc £'000	TalkTalk Group £'000
Trade receivables	1,291	52	-	7,768
Trade payables	(52)	(1,079)	(121)	(1,558)

The Company procured services from a company controlled by a relative of a member of the key management team totalling £238,000 (2013: £285,000) during the period, with £14,400(2013: £68,500) owed to this company at 29 March 2014.