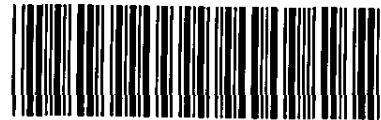


**Company Registration No. 03827277**

**The Carphone Warehouse UK  
Limited**

**Report and Financial Statements  
For the 52 weeks ended 29 March 2008**

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# **The Carphone Warehouse UK Limited**

## **Report and financial statements**

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# **The Carphone Warehouse UK Limited**

## **Report and financial statements**

### **Officers and professional advisers**

#### **Directors**

C W Dunstone

F McHugh

(resigned 30 April 2008)

R J Collier

R Taylor

(appointed 30 April 2008)

#### **Secretary**

T S Morris

#### **Registered office**

1 Portal Way

London

W3 6RS

#### **Bankers**

Deutsche Bank AG

1 Great Winchester Street

London

EC2N 2DB

#### **Auditors**

Deloitte & Touche LLP

Chartered Accountants

London, United Kingdom

# **The Carphone Warehouse UK Limited**

## **Directors' report**

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditors' report for the 52 weeks ended 29 March 2008.

### **Business review and principal activities**

The principal activity of the company is the management of commercial property. All turnover is generated within The Carphone Warehouse Group PLC.

The principal income for the company is intercompany rental income and the principal expense is costs associated with the maintenance of those rental properties.

On 8 May 2008 the parent company, The Carphone Warehouse Group PLC, announced that it had agreed to form a new joint venture with Best Buy Co., Inc. The assets of the new venture will comprise The Carphone Warehouse's existing retail business, which includes the company, and its existing relationship with Best Buy. As a result, The Carphone Warehouse Group PLC sold its investment in the company to Best Buy Europe Distributions Limited, a company incorporated in Great Britain, on 20 June 2008. From 30 June 2008, Best Buy Co., Inc. and The Carphone Warehouse Group PLC, directly and indirectly, own 50% of Best Buy Europe Distributions Limited.

The Carphone Warehouse Group PLC manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance, or position of the business. The performance of the Distribution division, which includes the company, is discussed in the Group's Annual Report, which does not form part of this Report.

### **Results**

The profit after taxation for the financial period was £6,265,000 (2007 - £2,784,000).

### **Dividends**

No dividend was paid during the period (2007 – £nil).

### **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 risk the directors consider relevant to this company is interest rate risk. Funding for all subsidiaries of The Carphone Warehouse Group PLC, including The Carphone Warehouse UK Limited, is arranged centrally. The group regularly monitors interest rate risk and does not trade or speculate in any financial instruments.

### **Directors**

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

### **Donations**

The company made no charitable or political donations during the period (2007 - £nil).

### **Environment**

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

# **The Carphone Warehouse UK Limited**

## **Directors' report (continued)**

### **Statement regarding the disclosure of information to auditors**

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

- i. so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- ii. the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

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

By order of the Board



R J Collier  
Director  
30 October 2008

# **The Carphone Warehouse UK Limited**

## **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of The Carphone Warehouse UK Limited for the 52 weeks ended 29 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

### **Basis of audit opinion**

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

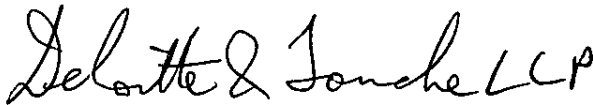
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 March 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

A handwritten signature in black ink, appearing to read 'Deloitte & Touche LLP', is written over the printed name of the firm.

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
30 October 2008



# The Carphone Warehouse UK Limited

## Profit and loss account

For the 52 weeks ended 29 March 2008

		52 weeks ended 29 March 2008 £'000	52 weeks ended 31 March 2007 £'000
	Note		
Turnover	2	7,742	8,462
Cost of sales		(7,373)	(8,059)
<b>Gross profit</b>		<b>369</b>	<b>403</b>
Administrative expenses		(214)	(251)
<b>Profit before interest and taxation</b>		<b>155</b>	<b>152</b>
Interest receivable and similar income	6	6,110	2,632
<b>Profit on ordinary activities before taxation</b>	3	<b>6,265</b>	<b>2,784</b>
Tax on profit on ordinary activities	7	-	-
<b>Profit for the financial year</b>	11	<b>6,265</b>	<b>2,784</b>

There are no recognised gains and losses in either year other than the loss for the year, accordingly no separate statement of total recognised gains and losses is presented. All results for both years arise from continuing activities.

## The Carphone Warehouse UK Limited

### Balance sheet As at 29 March 2008

	Note	29 March 2008 £'000	31 March 2007 £'000
<b>Current assets</b>			
Debtors	8	115,112	108,847
<b>Net assets</b>		<u>115,112</u>	<u>108,847</u>
<b>Capital and reserves</b>			
Called-up share capital	9	5,000	5,000
Profit and loss account	10	<u>110,112</u>	<u>103,847</u>
<b>Total shareholders' funds</b>	11	<u>115,112</u>	<u>108,847</u>

These financial statements were approved by the Board of Directors on 30 October 2008 and signed on its behalf by:



R J Collier  
Director

# **The Carphone Warehouse UK Limited**

## **Notes to the accounts For the 52 weeks ended 29 March 2008**

### **1. Accounting policies**

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

#### **Basis of accounting**

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

The company has taken advantage of the exemption from the requirement of FRS1 to prepare a cash flow statement as it is a wholly owned subsidiary of The Carphone Warehouse Group PLC which prepares consolidated accounts that include a consolidated cash flow statement, including the results of the company for the period, that are publicly available.

#### **Turnover**

Turnover is stated net of VAT and other sales related taxes, and comprises management of commercial property. All such revenue is recognised as it is earned over the life of the relevant customers.

#### **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.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies.

#### **Leases**

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

#### **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.

### **2. Turnover**

Turnover which originates in the UK is wholly attributable to the principal activity of the company.

# **The Carphone Warehouse UK Limited**

## **Notes to the accounts (continued) For the 52 weeks ended 29 March 2008**

### **3. Profit on ordinary activities before taxation**

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

	<b>52 weeks ended 29 March 2008 £'000</b>	<b>52 weeks ended 31 March 2007 £'000</b>
Auditors remuneration, audit fees	3	3
Rental payments under operating leases – land and buildings	4,114	4,666
Rents receivable	(75)	(75)
	<u>          </u>	<u>          </u>

### **4. Directors' remuneration**

None of the directors received any remuneration from the company for the 52 weeks ended 29 March 2008 (2007– £nil).

### **5. Employee costs**

There were no employees during the current or prior period.

### **6. Interest receivable and similar income**

	<b>52 weeks ended 29 March 2008 £'000</b>	<b>52 weeks ended 31 March 2007 £'000</b>
Interest receivable from group undertakings	6,110	2,632
	<u>          </u>	<u>          </u>

# The Carphone Warehouse UK Limited

## Notes to the accounts (continued) For the 52 weeks ended 29 March 2008

### 7. Tax on profit on ordinary activities

There was no current or deferred tax charge in either the current or preceding period.

The difference between the total current tax of £nil (2007- £nil) and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	52 weeks ended 29 March 2008 £'000	52 weeks ended 31 March 2007 £'000
<b>Profit on ordinary activities before tax</b>	<u>6,265</u>	<u>2,784</u>
Profit on ordinary activities before tax at standard UK corporation tax rate of 30% (2007- 30%)	1,880	835
Effects of:		
- tax losses utilised within the group	(1,880)	(835)
<b>Current tax</b>	<u>-</u>	<u>-</u>

No payment was made to the surrendering company for the losses claimed.

### 8. Debtors

	29 March 2008 £'000	31 March 2007 £'000
Amounts owed by group undertakings	<u>115,112</u>	<u>108,847</u>

The above debtors balance represents an intercompany deposit upon which interest is received at a rate of GBP-LIBOR less 0.50%.

### 9. Share capital

	29 March 2008 £'000	31 March 2007 £'000
<b>Authorised:</b>		
10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Called-up, allotted and fully-paid:</b>		
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

# The Carphone Warehouse UK Limited

## Notes to the accounts (continued) For the 52 weeks ended 29 March 2008

### 10. Reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2007	5,000	103,847	108,847
Profit for the financial year	-	6,265	6,265
At 29 March 2008	<u>5,000</u>	<u>110,112</u>	<u>115,112</u>

### 11. Reconciliation of movements in shareholders' funds

	29 March 2008 £'000	31 March 2007 £'000
Profit for the financial year	6,265	2,784
Net movement in shareholders' funds	6,265	2,784
Opening shareholders' funds	108,847	106,063
Closing shareholders' funds	<u>115,112</u>	<u>108,847</u>

### 12. Financial commitments

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

	29 March 2008 £'000	31 March 2007 £'000
Operating leases which expire		
- within one year	154	14
- between one and five years	302	1,698
- after five years	3,532	2,530
	<u>3,988</u>	<u>4,242</u>

## **The Carphone Warehouse UK Limited**

### **Notes to the accounts (continued) For the 52 weeks ended 29 March 2008**

#### **13. Parent undertaking and controlling party**

The immediate and ultimate parent company and controlling party is The Carphone Warehouse Group PLC, a company registered in England and Wales.

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

#### **14. Related party transactions**

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

#### **15. Post balance sheet event**

On 8 May 2008 the parent company, The Carphone Warehouse Group PLC, announced that it had agreed to form a new joint venture with Best Buy Co., Inc. The assets of the new venture will comprise The Carphone Warehouse's existing retail business, which includes the company, and its existing relationship with Best Buy. As a result, The Carphone Warehouse Group PLC sold its investment in the company to Best Buy Europe Distributions Limited, a company incorporated in Great Britain, on 20 June 2008. From 30 June 2008, Best Buy Co., Inc. and The Carphone Warehouse Group PLC, directly and indirectly, own 50% of Best Buy Europe Distributions Limited.