

**Company Registration No. 03827277**

**The Carphone Warehouse UK  
Limited**

**Report and Financial Statements  
For the 53 weeks ended 4 April 2009**

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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	(resigned 31 July 2009)
F McHugh	(resigned 30 April 2008)
R J Collier	(resigned 3 March 2010)
R Taylor	(appointed 30 April 2008, resigned 31 July 2009)
I Kenyon	(appointed 3 March 2010)

#### **Secretary**

T S Morris	(resigned 8 March 2010)
F Bembridge	(appointed 8 March 2010)

#### **Registered office**

1 Portal Way  
London  
W3 6RS

#### **Bankers**

Deutsche Bank AG  
1 Great Winchester Street  
London  
EC2N 2DB

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
London, 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 53 weeks ended 4 April 2009

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

The principal activity of the company is the management of commercial property. All turnover is generated within the group comprising Best Buy Europe Distributions Limited and its subsidiaries.

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 comprised 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 Best Buy Europe Distributions Limited 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 loss for the financial period was £1,495,000 (2008 – profit of £6,265,000)

### **Dividends**

An interim dividend of £70,200,000 was paid on 19 June 2008 (2008 – £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 Best Buy Europe Distributions Limited, 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.

### **Going concern basis**

After making enquiries, the directors have formed a judgement, that at the time of approving the financial statements, that there is 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.

### **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 (2008 - £nil)

# **The Carphone Warehouse UK Limited**

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

### **Environment**

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

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

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

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

### **Auditors**

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



I Kenyon  
Director  
30 March 2010

# **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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed,
- 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 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 53 weeks ended 4 April 2009 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, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 4 April 2009 and of its loss 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 LLP', is written over the third bullet point of the opinion section.

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
30 March 2010



## The Carphone Warehouse UK Limited

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

		53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
	Note		
Turnover	2	6,526	7,742
Cost of sales		(6,215)	(7,373)
<b>Gross profit</b>		<u>311</u>	<u>369</u>
Administrative expenses		(139)	(214)
<b>Profit before interest and taxation</b>	3	<u>172</u>	<u>155</u>
Interest receivable and similar income	6	<u>1,323</u>	<u>6,110</u>
<b>Profit on ordinary activities before taxation</b>	3	<u>1,495</u>	<u>6,265</u>
Tax on profit on ordinary activities	7	-	-
<b>Profit for the financial year</b>	11	<u><u>1,495</u></u>	<u><u>6,265</u></u>

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

All results for both periods arise from continuing activities

## The Carphone Warehouse UK Limited

### Balance sheet As at 4 April 2009

	Note	4 April 2009 £'000	29 March 2008 Re-stated £'000
<b>Current assets</b>			
Debtors	9	6,707	75,412
<b>Net assets</b>		<u>6,707</u>	<u>75,412</u>
<b>Capital and reserves</b>			
Called-up share capital	10	5,000	5,000
Profit and loss account	11	1,707	70,412
<b>Total shareholder's funds</b>	12	<u>6,707</u>	<u>75,412</u>

The financial statements of The Carphone Warehouse UK Limited, registered number 03827277, were approved by the Board of directors and authorised for issue on 30 March 2010



I Kenyon  
Director

# **The Carphone Warehouse UK Limited**

## **Notes to the accounts**

### **For the 53 weeks ended 4 April 2009**

#### **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 "Cash Flow Statements" to prepare a cash flow statement as it is a wholly owned subsidiary of Best Buy Europe Distribution Ltd, which prepares consolidated accounts that include a consolidated cash flow statement, including the results of the company for the period, that are publicly available.

##### **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 that 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.

##### **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 contracts.

##### **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.

# The Carphone Warehouse UK Limited

## Notes to the accounts (continued) For the 53 weeks ended 4 April 2009

### 1 Accounting policies (continued)

#### 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

### 3 Profit on ordinary activities before taxation

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

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	2	3
Rentals under operating leases – land and buildings	3,849	4,114
Rents receivable	(130)	(75)
	<u>          </u>	<u>          </u>

### 4 Directors' remuneration

None of the directors received any remuneration in respect of their services to the company for the 53 weeks ended 4 April 2009 (2008– £nil)

### 5 Employee costs

There were no employees during the current or prior period

### 6. Interest receivable and similar income

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
Interest receivable from group undertakings	<u>1,323</u>	<u>6,110</u>

# The Carphone Warehouse UK Limited

## Notes to the accounts (continued) For the 53 weeks ended 4 April 2009

### 7. Tax on (loss)/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 (2008- £nil) and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	53 weeks ended 4 April 2009 £'000	52 weeks ended 29 March 2008 £'000
<b>Profit on ordinary activities before tax</b>	<u>1,495</u>	<u>6,265</u>
Profit on ordinary activities before tax at standard UK corporation tax rate of 28% (2008- 30%)	419	1,880
Effects of - tax losses utilised within the group	<u>(419)</u>	<u>(1,880)</u>
<b>Current tax</b>	<u>-</u>	<u>-</u>

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

### 8. Dividends

Amounts recognised as distributions to equity holders in the period

	4 April 2009 £'000	29 March 2008 £'000
Interim dividend for the year ended 4 April 2009 of 14 04p (2007 nil) per ordinary share	<u>70,200</u>	<u>-</u>
	<u>70,200</u>	<u>-</u>

# The Carphone Warehouse UK Limited

## Notes to the accounts (continued) For the 53 weeks ended 4 April 2009

### 9. Debtors

	4 April 2009 £'000	29 March 2008 Restated £'000
Amounts owed by group undertakings	6,707	75,412

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

### 10. Share capital

	4 April 2009 £'000	29 March 2008 £'000
<b>Authorised:</b>		
10,000,000 ordinary shares of £1 each	10,000	10,000
<b>Called-up, allotted and fully-paid:</b>		
5,000,000 ordinary shares of £1 each	5,000	5,000

### 11. Correction of fundamental error

The profit recorded by the company in relation to the disposal of previous CPW UK Limited trade and assets on 1 November 2004 was over-stated by £39,700,000. These financial statements have been re-stated to correct for this error. The impact of the re-statement on the comparative period is to reduce the previously reported debtor and profit and loss reserve balance at both March 2008, March 2007, March 2006 and March 2005 by £39,700,000.

# The Carphone Warehouse UK Limited

## Notes to the accounts (continued) For the 53 weeks ended 4 April 2009

### 12. Reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 30 March 2008 (as previously reported)	5,000	110,112	115,112
Prior year adjustment	-	(39,700)	(39,700)
At 30 March 2008 (re-stated)	5,000	70,412	75,412
Profit for the financial year	-	1,495	1,495
Dividends	-	(70,200)	(70,200)
At 4 April 2009	5,000	1,707	6,707

### 13. Reconciliation of movements in shareholder's funds

	4 April 2009 £'000	29 March 2008 £'000
Profit for the financial year	1,495	6,265
Dividends	(70,200)	-
Net movement in shareholder's funds	(68,705)	6,265
Opening shareholder's funds (re-stated)	75,412	69,147
Closing shareholder's funds	6,707	75,412

### 14. Financial commitments

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

	4 April 2009 £'000	29 March 2008 £'000
Operating leases which expire		
- within one year	132	154
- between one and five years	1,868	302
- after five years	1,785	3,532
	3,785	3,988

# **The Carphone Warehouse UK Limited**

## **Notes to the accounts (continued) For the 53 weeks ended 4 April 2009**

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

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

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

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

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

### **16. 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 immediate parent company, Best Buy Europe Distributions Limited, has prepared consolidated accounts, which include the results of the company for the period and are available to the public