

DSG IRELAND LIMITED

REGISTERED NO. 240621

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 weeks ended 27 April 2002



DSG IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS

Directors' Report	1
Directors' Responsibilities for the Financial Statements	4
Independent Auditors' Report	5
Financial Statements	
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	6
Reconciliation of Movements in Shareholder's Funds	6
Balance Sheet	7
Notes to the Financial Statements	8

DSG IRELAND LIMITED
DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 27 April 2002. Comparative figures are for the 52 weeks ended 28 April 2001.

Principal activities

The Company specialises in the retail sale in the Republic of Ireland of high technology consumer electronics, personal computers, domestic appliances, photographic equipment, communications products and related services through stores trading as Dixons, Currys and PC World. During the period an additional two Dixons stores were opened.

On 27 April 2002, the trade and net assets of the Company were transferred to another Group undertaking. It is anticipated that this company will now become dormant.

Results

The results of the Company are shown on page 6.

Dividends

The directors recommend that no dividend be paid (2001/02 £nil).

Directors

The directors of the Company who served throughout the period unless otherwise shown were:

	<u>Date of Appointment</u>	<u>Date of Resignation</u>
G D Budd	21 February 2002	
J C Clare		
E Fagan		
I P Livingston		21 February 2002
D A Longbottom		
M R Meech		
M J Sidders	21 February 2002	

Directors' share interests

The directors' interests in the share capital of the ultimate parent company, Dixons Group plc, were:

Beneficial and family interests

	<u>Ordinary shares</u> <u>27 April 2002</u>		<u>Ordinary shares</u> <u>28 April 2001*</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
G D Budd	534,591	168,017	-	-
J C Clare	1,185,953	678,979	983,072	970,408
E Fagan	17,031	79,832	22,731	110,524
D A Longbottom	-	172,716	-	244,098
M R Meech	7,898	96,575	7,898	133,666
M J Sidders	67,670	143,249	-	-

* Date of appointment, if later

DSG IRELAND LIMITED
DIRECTORS' REPORT continued

Directors' share options

	At 29 April 2001*	Granted in period	Exercised in period	At 27 April 2002
G D Budd	499,304	75,757	-	575,061
J C Clare	2,791,505	221,125	(8,800)	3,003,830
E Fagan	230,963	62,771	-	293,734
D A Longbottom	558,826	86,580	(113,636)	531,770
M R Meech	357,157	77,922	(100,380)	334,699
M J Sidders	139,065	35,065	(22,724)	151,406

* Date of appointment, if later

No director had a beneficial interest in the shares of the Company or any other group undertaking except as disclosed above or in any contract or arrangement (apart from contracts of service) to which the Company or any other group undertaking was a party during or at the end of the financial period.

Each of the directors is technically interested as a potential beneficiary in 5,777,608 (28 April 2001 7,776,341) ordinary shares owned by Dixons TSR Trust Limited, the trustee of the Dixons Group plc share ownership plans. The particulars of the Trust are disclosed in the financial statements of Dixons Group plc.

Payment Policy

The Company has adopted the CBI Prompt Payment Code, information about which may be obtained from the CBI. It is Company policy that payments to suppliers are made in accordance with the terms agreed with suppliers under which business transactions are conducted, provided that the supplier has complied with all relevant terms and conditions.

There were no trade creditors at 27 April 2002 (28 April 2001 Trade creditors represented 20 days of annual purchases).

Equal opportunities

The Company aims to provide equal opportunities to all its employees regardless of their age, sex, colour, race, religion or ethnic origin and that disabled persons should enjoy the same employment opportunities, training and career development as others where they possess the necessary skills, experience and qualifications. Special consideration is given to the continuity in employment of any existing employee who becomes disabled and to the provision of alternative employment. A disability working group monitors compliance with legal obligations under the Disability Discrimination Act.

During the year the 'Respect for People' programme of training and education was rolled out across the UK increasing awareness amongst all employees of the Company's codes and standards in relation to all forms of discrimination and ensuring compliance with their own legal obligations.

Employee involvement

The Company maintains a strong focus on effective performance management designed to identify and develop high performers and to make all employees more effective in their roles. Flexible working arrangements for all roles encourage the best people to apply, and remain, within the organisation. The Company seeks to engage all employees in both its short and long term goals. This is achieved through a variety of methods including senior management briefings, focus groups, videos, newsletters and, increasingly, through the use of the intranet.

The Chief Executive of Dixons Group plc chairs the Dixons Group European Forum, a body of independently elected employee representatives. There are also local forums of elected representatives from within individual businesses. Their meetings provide the framework for the Company's consultative process; representatives provide invaluable input on a wide range of issues including customer service, business efficiency and performance improvement.

Further employee feedback is obtained through staff surveys. Findings from these surveys are used to design bespoke reward and training programmes and to assist the development of employment policy.

The Company operates a number of share bonus, incentive and ownership schemes. These reinforce the philosophy of encouraging employees to contribute directly to the achievement of the Company's goals and of rewarding individual and collective success.

DSG IRELAND LIMITED
DIRECTORS' REPORT continued

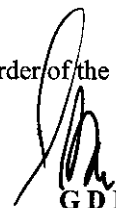
Auditors

Deloitte & Touche are willing to continue in office as auditors to the Company. A resolution for their reappointment and to authorise the directors to agree their remuneration will be proposed at the annual general meeting.

16 January 2003

Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

By Order of the Board



G D Budd
Secretary

DSG IRELAND LIMITED
DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis. The directors are also responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

DSG IRELAND LIMITED
INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of DSG Ireland Limited

We have audited the financial statements of DSG Ireland Limited for the period ended 27 April 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 27 April 2002 and of the profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

16 January 2003
London

Deloitte & Touche
Chartered Accountants
and Registered Auditors

DSG IRELAND LIMITED
PROFIT AND LOSS ACCOUNT
For the 52 weeks ended 27 April 2002

	<i>Note</i>	2001/02 £'000	2000/01 £'000
Turnover		55,611	44,695
Operating profit	2	1,127	933
Net interest	3	371	427
Profit on ordinary activities before taxation		1,498	1,360
Taxation on profit on ordinary activities	5	(493)	(621)
Retained profit after taxation for the period	13	1,005	739

All turnover and operating profits are derived from discontinued operations in the Republic of Ireland.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 weeks ended 27 April 2002

Profit for the period	1,005	739
Exchange Translation adjustments	(277)	(486)
Total gains recognised in the period	728	253

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
for the 52 weeks ended 27 April 2002

Opening shareholder's funds	14,921	14,668
Profit for the period	1,005	739
Translation adjustments	(277)	(486)
Net additions to shareholder's funds	728	253
Closing shareholder's funds	15,649	14,921

DSG IRELAND LIMITED
BALANCE SHEET
as at 27 April 2002

			2002		2001
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6	-	-		7,722
Investments	7		15,649		-
			<u>15,649</u>		<u>7,722</u>
Current assets					
Stocks	8	-		6,917	
Debtors	9	-		5,643	
Cash at bank and in hand		-		15	
				<u>12,575</u>	
Creditors – falling due within one year	10	-		<u>(4,735)</u>	
Net current assets			<u>-</u>		<u>7,840</u>
Total assets less current liabilities			<u>15,649</u>		<u>15,562</u>
Provisions for liabilities and charges	11	-	<u>-</u>		<u>(641)</u>
			<u>15,649</u>		<u>14,921</u>
Capital and reserves					
Called up share capital	12		5,559		5,559
Share premium account	13		11,000		11,000
Profit and loss account	13		(910)		(1,638)
Equity shareholder's funds			<u>15,649</u>		<u>14,921</u>

The financial statements were approved by the Board of Directors on 16 January 2003 and signed on its behalf by:


Director

DSG IRELAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and applicable accounting standards. The principal accounting policies are set out below. Two new UK financial reporting standards have been adopted in the 2001/02 financial statements: FRS 17 "Retirement benefits" and FRS19 "Deferred tax". FRS 19 has been adopted in full with effect from 29 April 2001. Neither FRS 17 nor FRS 19 has had any effect on the financial statements.

On 27 April 2002, the trade and net assets of the Company were transferred to another Group undertaking. Accordingly, all results shown derive from discontinued operations.

1.1 Accounting convention

The financial statements are prepared in accordance with the historical cost convention. The financial statements are for the 52 week period ended 27 April 2002. Comparative figures are for the 52 weeks ended 28 April 2001.

1.2 Turnover

Turnover comprises sales of goods and services excluding value added tax and similar sales taxes.

1.3 Extended warranty and service contracts

Extended warranty and service contracts are included in turnover in the period in which they are sold. Full provision is made for liabilities for repair costs which the Company has assumed under these contracts.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and, where appropriate, provision for impairment or estimated loss on disposal. Depreciation is provided to write off the cost of the assets by equal instalments over their estimated useful lives. The rates used are:

Short leasehold property - over the term of the lease
Fixtures, fittings and equipment - between 10% and 33 1/3% per annum.

No depreciation is provided on assets in the course of construction.

1.5 Investments

Investments in subsidiaries are stated at cost less provisions for any impairment in value.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.7 Deferred taxation

Deferred tax is provided for in full on all timing differences which have not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable in the short term. Deferred tax balances are not discounted.

1.8 Operating Leases

Rentals payable under property leases are charged to the profit and loss account in equal instalments up to each market rent review date, throughout the lease term. Rentals payable under leases for plant and machinery are charged to the profit and loss account in equal instalments over the total lease term.

1.9 Post retirement benefits

The Company operates a defined contribution pension scheme for employees in the Republic of Ireland. Costs are charged to the profit and loss account on an accruals basis as contributions become payable.

1.10 Foreign currency translation

Results denominated in foreign currencies are translated into sterling at the average rates of exchange during the period and the balance sheet at the rate of exchange at the balance sheet date. Exchange differences arising from the translation of the results and balance sheet are treated in accordance with the Statement of Standard Accounting Practice 20, 'Foreign Currency Translation'.

1.11 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly owned subsidiary and consolidated financial statements in which the Company is included are publicly available.

DSG IRELAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	2001/02 £'000	2000/01 £'000
2 OPERATING PROFIT		
Turnover	55,611	44,695
Cost of sales	(51,319)	(41,175)
Gross profit	4,292	3,520
Distribution costs	(1,209)	(988)
Administrative expenses	(1,956)	(1,599)
Operating profit	1,127	933
Operating profit is stated after charging:		
Depreciation	1,389	1,105
Auditors' remuneration - audit fees	6	6
Rentals paid under operating leases - other	2,420	1,580
3 NET INTEREST		
Interest receivable and similar income from group undertakings	346	497
Interest receivable from / (payable to) third parties	25	(70)
	371	427
4 EMPLOYEES AND DIRECTORS		
Staff costs for the period were:		
Wages and salaries	4,767	4,064
Social security costs	488	402
Other pension costs	65	45
	5,320	4,511
	Employees	Employees
The average monthly number of employees, including directors, was:	462	437
	£'000	£'000
The remuneration of the directors was:		
Emoluments	-	72
	Number	Number
The number of directors who exercised share options during the period was:	4	2
The number of directors accruing benefits under defined benefit pension schemes was:	-	-

Three directors (2000/01: four) received Ordinary shares in Dixons Group plc under the Deferred Equity Participation Plan, further details of which are included in the Dixons Group plc annual report.
The directors received no remuneration for services to the Company during the period (2000/01: £72,000)

DSG IRELAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	2001/02 £'000	2000/01 £'000
5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax at 30%	607	418
Deferred taxation	103	203
	<u>710</u>	<u>621</u>
Adjustment in respect of earlier periods:		
Group relief	(62)	-
Deferred taxation	(155)	-
	<u>493</u>	<u>621</u>

	Leasehold Property £'000	Fixtures Fittings And Equipment £'000	Total £'000
6 TANGIBLE FIXED ASSETS			
Cost			
At 29 April 2001	808	9,723	10,531
Foreign exchange differences	(6)	(224)	(230)
Additions	49	1,602	1,651
Transfer to other Group company	(851)	(11,101)	(11,952)
At 27 April 2002	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 29 April 2001	130	2,679	2,809
Foreign exchange differences	(2)	(37)	(39)
Charge for the period	39	1,350	1,389
Transfer to other Group company	(167)	(3,992)	(4,159)
At 27 April 2002	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 27 April 2002	-	-	-
At 28 April 2001	<u>678</u>	<u>7,044</u>	<u>7,722</u>

	Subsidiary undertakings £'000
7 FIXED ASSET INVESTMENTS	
Cost and net book value	
At 29 April 2001	-
Additions	15,649
At 27 April 2002	<u>15,649</u>

Details of the Company's principal subsidiary undertaking are given at note 20.

DSG IRELAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	2002 £'000	2001 £'000
8 STOCKS		
Finished goods and goods for resale	-	6,917
	-	-
	2002 £'000	2001 £'000
9 DEBTORS		
Trade debtors	-	784
Amounts due from group undertakings	-	4,105
Other debtors	-	38
Prepayments and accrued income	-	716
	-	5,643
	-	-
10 CREDITORS – falling due within one year		
Borrowings		
Bank overdrafts	-	1,622
Other creditors		
Trade creditors	-	189
Corporation tax	-	418
Other taxation and social security payable	-	1,583
Other creditors	-	92
Accruals and deferred income	-	831
	-	3,113
	-	4,735
	-	-
11 PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation		
At 29 April 2001	641	
Charge for the period	103	
Adjustment in respect to earlier periods	(155)	
Exchange differences	(26)	
Transfer to other Group company	(563)	
At 27 April 2002	-	
	2002 £'000	2001 £'000
The net provision for deferred taxation comprises:		
Accelerated capital allowances	-	641

DSG IRELAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	2002 £'000	2001 £'000
12 CALLED UP SHARE CAPITAL		
Authorised		
24,000,000 Ordinary shares of £1 each	24,000	24,000
Allotted and fully paid		
5,558,858 Ordinary shares of £1 each	5,559	5,559

	Share premium account £'000	Profit and loss account £'000
13 SHARE PREMIUM AND PROFIT AND LOSS ACCOUNT		
At 29 April 2001	11,000	(1,638)
Retained profit for the period	-	1,005
Translation adjustment	-	(277)
At 27 April 2002	11,000	(910)

	2002		2001	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
14 OPERATING LEASE COMMITMENTS				
At 27 April 2002 the Company was committed to the following payments during 2002/03 in respect of operating leases which expire:				
- Within 1 year	-	-	-	7
- Between 2 and 5 years	-	-	-	54
- After 5 years	-	-	2,405	-
	-	-	2,405	61

DSG IRELAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15 POST RETIREMENT BENEFITS

Subject to certain criteria, the Company's permanent employees in Ireland are eligible to join a defined contribution pension scheme. The assets for this scheme are held by a separate trust.

The pension charge in respect of the scheme was £65,209 (2000/01: £45,000).

16 CAPITAL COMMITMENTS

Contracted for but not provided in the accounts

2002	2001
£'000	£'000
<u>-</u>	<u>737</u>

17 CONTINGENT LIABILITIES

The Company has given guarantees in respect of certain group undertakings' bank facilities. At 27 April 2002 £195 million (28 April 2001 £415 million) was drawn against these facilities.

18 RELATED PARTY DISCLOSURE

The Company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other undertakings which are members of the Dixons Group.

19 PARENT COMPANY

The Company's immediate parent is Dixons Group Holdings Limited.

The Company's ultimate parent and controlling entity is Dixons Group plc, a company incorporated in Great Britain and registered in England and Wales. Dixons Group plc is the parent of the largest and smallest group which includes the Company and for which group financial statements are prepared. Copies of the group financial statements for Dixons Group plc are available from their registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TG.

20 PRINCIPAL SUBSIDIARY UNDERTAKING

The principal subsidiary undertaking at 27 April 2002 is DSG Retail Ireland Limited which is wholly owned, incorporated and registered in Ireland.

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary undertaking of a company registered in England and Wales. The Company's financial statements present information about it as an individual undertaking and not as a group.

In the opinion of the directors, the aggregate value of the shares in and amounts due from the Company's subsidiary undertaking are not less than the aggregate of the amounts at which assets are included in the Company's balance sheet.