Company Registration No. 2792167

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED

Annual Report and Financial Statements

52 weeks ended 28 April 2012

CONTENTS

The directors present their annual report and the audited financial statements for the 52 weeks ended 28 April 2012. Comparative figures are for the 52 weeks ended 30 April 2011

PRINCIPAL ACTIVITY

The principal activity of the Company is treasury management and funding to other companies in the Dixons Retail plc group of companies The directors anticipate that this activity and the financial position of the Company will be maintained

BUSINESS REVIEW AND RESULTS

Services provided
The Company carries out the treasury functions of the Dixons Retail plc (Dixons) group of companies Part of this activity consists of holding assets and liabilities in foreign currencies and the principal risks of the Company arise from this activity During the period profits were made arising mainly from movements in foreign exchange rates, particularly the Norwegian krone and the euro The Company continues to carry out its activities and it is anticipated that it will do so for the foreseeable future

Objective and strategy
The objective of the Company is to deliver value to its shareholder

Principal risks to achieving the Company's objective
Risk is present in all businesses The Board reviews regularly the risks faced by the Company The directors consider that the major risks to achieving the Company's objective are those set out below The Board however recognises that the profile of risks changes constantly and additional risks not presently known or that are currently deemed immaterial may also impact on attainment of the Company's business objective

(i) Dependence on the undertakings of other members of the Dixons Retail plc group

The Company is dependent on the requirements of other members of the Dixons Retail plc group of companies

(ii) Treasury risks and policies

Treasury operations are managed centrally within policies approved by the Board of Dixons Retail plc and are subject to periodic independent internal and external reviews Dixons Retail plc Group Treasury reports regularly to the Audit and the Tax & Treasury Committees of Dixons Retail plc The major treasury risks to which Dixons Retail plc group companies are exposed relate to market risks (movements in foreign exchange and interest rates), liquidity risk and credit risk Areas where risks are most likely to occur are evaluated regularly The Dixons Retail plc group uses financial instruments and derivatives to manage these risks in accordance with defined policies All such financial instruments applicable to UK companies in the Dixons Retail plc group, excluding forward foreign exchange contracts applicable to DSG Retail Limited, are made through the Company Throughout the period under review, in accordance with Dixons Retail plc policy, no speculative use of derivatives or other instruments was permitted

Exchange rate risk

The Company is exposed to exchange movements on intercompany balances and translated values of foreign currency assets and liabilities The Company's principal translation currency exposures are the euro and Norwegian krone Taking into account the cost of hedging, the Company's policy is to match, in whole or in part, currency assets with currency liabilities through the use of appropriate hedging instruments

The Company is also exposed to certain transactional currency exposures arising from transactions made by other members of the Dixons Retail plc group of companies Such exposures arise from purchases in currencies other than in the functional currency of the entity The Company's principal such exposures are the US dollar and euro It is Dixons Retail plc policy to minimise the currency exposures on such purchases through the use of appropriate hedging instruments such as forward exchange contracts, however, such eliminations do not arise at the Company's level owing to the hedging instruments being held in the Company and many of the underlying transactions arising in other Dixons Retail plc group companies Such contracts are designed to cover exposures ranging from one month to one year

Interest rate risk

The principal interest rate risks of the Company arise in respect of sterling cash, hedged internal Norwegian krone liabilities and euro borrowings of Dixons Retail plc's subsidiary companies Potential exposure to interest rate movements is mitigated by Dixons Retail plc's policy to match to the extent possible the profile of interest payments with that of its interest receipts Such exposures do however still exist at the Company's level

Credit risk

The Company's exposure to credit risk on cash and derivative financial instruments arises from the risk of non-performance of counterparties, with a maximum exposure equal to the fair value of these assets The Company limits its exposure to credit risk through application of Dixons Retail plc treasury policy which restricts counterparties to those with a minimum Moody's long term credit rating of A1, bank financial strength rating of C and short-term credit rating of P1 The Company also has policies that limit the financial exposure to any single financial institution The Company continuously reviews the credit quality of counterparties, the limits placed on individual credit exposures and categories of investments

Results and financial position

The results of the Company are shown on page 7 and mainly comprise gains and losses on translation of assets and liabilities held in foreign currency, together with interest on loans to and from subsidiary companies The assets of the Company comprise mainly intra-group debtors The financial position of the Company at the period end was satisfactory

DIVIDENDS

The directors recommend that no dividend be paid (2010/11 £nil)

DIRECTORS

The directors of the Company during the period were

	Date of resignation
N T Cadbury	1 September 2011
H C Grantham	
E J C Leigh	
D M E Page	
H S M Singer	

Unless otherwise indicated, the directors served throughout the period

AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

Deloitte LLP are willing to continue in office as auditor of the Company and pursuant to section 487 of the Companies Act 2006, their term of office is deemed to continue

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the directors at the date of approval of this report confirms that, to the best of their knowledge and belief, and having made appropriate enquiries of other officers of the Company

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

By Order of the Board

DSG Corporate Services Limited
Corporate Company Secretary

Secretary

6 July 2012

Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG
Company Registration No 2792167

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the directors' 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 and under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS issued by the International Accounting Standards Board

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 and loss of the Company for the period In preparing those financial statements, the directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance

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 and the financial statements have been prepared on the going concern basis

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud or any other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006 The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the member of DSG international Treasury Management Limited

We have audited the financial statements of DSG international Treasury Management Limited for the 52 weeks ended 28 April 2012 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's member, 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 member 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 member, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on 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 If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinions

Financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 April 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

IFRSs issued by the IASB

As explained in note 1 1 the Company, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB) In our opinion the financial statements comply with IFRSs as issued by the IASB

Other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report upon in respect of the following

Under the Companies Act 2006 we are required to report to you if in our opinion

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

Claire Faulkner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
9 July 2012

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
INCOME STATEMENT
For the 52 weeks ended 28 April 2012

	Note	2011/12 Underlying results £'000	2011/12 Non-underlying* items £'000	2011/12 Total £'000	2010/11 Underlying results £'000	2010/11 Non-underlying* items £'000	2010/11 Total £'000
Operating profit for the period	2	**10,318**	**1,567**	**11,885**	6,023	10,709	16,732
Finance income	5	**48,299**	**-**	**48,299**	48,685	-	48,685
Finance costs	5	**(58,578)**	**-**	**(58,578)**	(51,285)	-	(51,285)
Net finance costs		**(10,279)**	**-**	**(10,279)**	(2,600)	-	(2,600)
Profit before tax		**39**	**1,567**	**1,606**	3,423	10,709	14,132
Income tax expense	6	**(80)**	**-**	**(80)**	(7,422)	-	(7,422)
Profit / (loss) for the period		**(41)**	**1,567**	**1,526**	(3,999)	10,709	6,710

All operating profit is derived from continuing operations in the UK

There are no other items of comprehensive income or expense other than the result for the current and preceding periods

* Non-underlying items comprise business impairment credits and fair value remeasurements of financial instruments Further information on such items is shown in note 3

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
BALANCE SHEET
As at 28 April 2012

	Note	2012 £'000	2011 £'000	2010 £'000
Non-current assets				
Trade and other receivables	7	-	20,938	24,959
Deferred tax asset	6	336	416	7,838
		336	21,354	32,797
Current assets				
Trade and other receivables	7	1,377,877	1,255,657	1,317,259
Cash and cash equivalents		129,145	79,541	508
		1,507,022	1,335,198	1,317,767
Total assets		1,507,358	1,356,552	1,350,564
Current liabilities				
Bank overdraft	8	(68,001)	-	(34,295)
Trade and other payables	9	(1,695,953)	(1,517,517)	(1,481,360)
		(1,763,954)	(1,517,517)	(1,515,655)
Net current liabilities		(256,932)	(182,319)	(197,888)
Non-current liabilities				
Trade and other payables	9	-	(97,157)	(99,741)
		-	(97,157)	(99,741)
Total liabilities		(1,763,954)	(1,614,674)	(1,615,396)
Net liabilities		(256,596)	(258,122)	(264,832)
Capital and reserves				
Called up share capital	11	-	-	-
Retained earnings		(256,596)	(258,122)	(264,832)
Total equity		(256,596)	(258,122)	(264,832)

These financial statements were approved by the directors on 5 July 2012 and signed on their behalf by

D M E Page

Director

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
CASH FLOW STATEMENT
For the 52 weeks ended 28 April 2012

		Note	2011/12 £'000	2010/11 £'000
Operating activities				
Cash (utilised by) / generated from operations		12	**(8,648)**	116,693
Net cash flows from operating activities			**(8,648)**	116,693
Investing activities				
Interest received			**48,597**	48,426
Net cash flows from investing activities			**48,597**	48,426
Financing activities				
Interest paid			**(58,346)**	(51,791)
Net cash flows from financing activities			**(58,346)**	(51,791)
(Decrease) / increase in cash and cash equivalents	*		**(18,397)**	113,328
Cash and cash equivalents at beginning of period	*	12	**79,541**	(33,787)
Cash and cash equivalents at end of period	*	12	**61,144**	79,541

* For the purposes of this cash flow statement, cash and cash equivalents comprise those items disclosed as "cash and cash equivalents" on the face of the balance sheet, less overdrafts, which are classified within current liabilities on the face of the balance sheet A reconciliation to the balance sheet amounts is shown in note 12

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 28 April 2012

	Share capital £'000	Retained earnings £'000	Total £'000
As at 2 May 2010	-	(264,832)	(264,832)
Profit for the period	-	6,710	6,710
As at 30 April 2011	-	(258,122)	(258,122)
Profit for the period	-	**1,526**	**1,526**
At 28 April 2012	-	**(256,596)**	**(256,596)**

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS issued by the International Accounting Standards Board and those parts of the Companies Act 2006 applicable to those companies reporting under IFRS Accounting policies have been consistently applied throughout the current and preceding periods

After making due enquiry, on the basis of current financial projections and the continuing support of the parent company, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

The Company's income statement identifies separately underlying performance measures and non-underlying items Underlying performance measures reflect an adjustment to total performance measures to exclude the impact of non-underlying items Underlying performance measures comprise profits and losses incurred as part of the day-to-day ongoing activities of the Company The directors consider 'underlying' performance measures to be a more accurate reflection of the core activities of the Company and believe that these measures provide additional useful information for shareholders on the Company's performance and are consistent with how business performance is measured internally

Non-underlying items may comprise business impairment charges and other one off, non-recurring items, profit on sale of investments and fair value remeasurements of financial instruments Items excluded from underlying results can evolve from one financial year to the next depending on the nature of re-organisation or one-off type activities described above

The financial statements include the results of the Company for the 52 weeks ended 28 April 2012 Comparative figures are for the the 52 weeks ended 30 April 2011 The principal accounting policies are set out below

1.2 Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement

1.3 Financial assets

The Company's financial assets comprise cash and cash equivalents and those receivables which involve a contractual right to receive cash from external parties Financial assets include all items shown in note 7 Under the classifications stipulated by IAS 39 trade and other receivables (excluding derivative financial instruments) are classified as "loans and receivables" Cash and cash equivalents and derivative financial instruments which are further described in note 1 5 and 1 7 are classified as "loans and receivables" and "held for trading unless designated in a hedge relationship"

Other receivables

Other receivables (excluding derivative financial assets) are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments required to align cost to fair value Bad debts are written off when identified

1 ACCOUNTING POLICIES continued

1.4 Tax

Current tax

Current taxation is the expected tax payable on the taxable income for the period, using prevailing tax rates and adjusted for any tax payable in respect of previous periods

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Deferred tax is charged or credited in the income statement

Deferred tax is measured based on tax rates and laws that have been enacted, or substantially enacted by the balance sheet date Deferred tax balances are not discounted

1 5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts and short term highly liquid deposits with a maturity of three months or less and which are subject to an insignificant risk of changes in value Bank overdrafts, which form part of cash and cash equivalents for the purpose of the cash flow statement, are shown under current liabilities

1.6 Borrowings and other financial liabilities

The Company's financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date Financial liabilities comprise all items shown in notes 8 and 9 Under the classifications stipulated by IAS 39, trade and other payables are classified as "financial liabilities measured at amortised cost" Derivative financial instruments, which are described further in note 1 7 below, are classified as "held for trading unless designated in a hedge relationship"

Other payables

Other payables are recorded at cost

1.7 Derivative financial instruments

Derivative financial instruments held by the Company are initially recognised in the balance sheet at fair value within assets or liabilities as appropriate and then subsequently remeasured to fair value at each balance sheet date Gains and losses arising from revaluation at the balance sheet date are recognised in the income statement as the derivative financial instruments held by the Company do not qualify for hedge accounting as the hedged items are held by other companies within the Dixons Retail plc group of companies

Fair values are derived from market values The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date

Hedge accounting

The Company's activities expose it primarily to the financial risks associated with changes in interest rates and foreign currency exchange rates The Company uses derivative financial instruments such as interest rate swaps, options, cross currency swaps and forward currency contracts to hedge these risks The Company does not use derivative financial instruments for speculative purposes

1 ACCOUNTING POLICIES continued

1.7 Derivative financial instruments continued

Cash flow hedges

The Company uses foreign exchange forwards and swaps to hedge the foreign currency exposure on inventory ordered and purchased and certain sales of inventory It is Company policy to hedge between 80% and 100% of the committed purchase orders and sales of other Dixons Retail plc group companies At any point in time the Company also hedges up to 80% of the estimated foreign currency exposure in respect of forecast purchases and sales for the subsequent 12 months Orders and purchases as well as sales are each considered to be separately hedged transactions Gains and losses on derivative financial instruments are recorded in the income statement

Fair value hedges

The Company uses interest rate swaps to hedge the exposure to changes in the fair value of recognised assets and liabilities held by other Dixons Retail plc group companies Gains and losses on derivative financial instruments are recorded in the income statement

Net investment hedges

The Company uses currency forward contracts and currency swaps to hedge the Dixons Retail plc group's currency risk on the translation of net investments in foreign entities held by other companies in the Dixons Retail plc group Gains and losses on derivative financial instruments are recorded in the income statement

1.8 Estimates, judgements and critical accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements This relates to the recoverability of other receivables as set out below

Recoverability of other receivables

Other receivables are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments to align cost to fair value Provision for bad and doubtful debts is made for specific receivables when there is objective evidence that the Company will not be able to collect all the amounts due In assessing the evidence available the directors may be required to make judgements regarding the expected recoverability of amounts due The directors draw upon experience in making these judgements

2. OPERATING PROFIT

			2011/12			2010/11
	Underlying £'000	Non-underlying £'000	Total £'000	Underlying £'000	Non-underlying £'000	Total £'000
Administrative (expenses) / credits	(267)	-	(267)	(247)	10,508	10,261
Other operating income	10,585	1,567	12,152	6,270	201	6,471
Operating profit	10,318	1,567	11,885	6,023	10,709	16,732

Other operating income comprises the gains and losses on translation of assets and liabilities held in foreign currencies, and gains and losses on derivative financial instruments

Non-underlying items comprise business impairment credits / (charges) and fair value remeasurements of financial instruments Such items are described further in note 3

	2011/12 £'000	2010/11 £'000
Operating profit is stated after charging		
Net foreign exchange gains	15,832	2,321
Auditor's remuneration – audit services	22	22

3 NON-UNDERLYING ITEMS

	Note	2011/12 £'000	2010/11 £'000
Included in operating profit :			
Reversal of prior period write offs of intercompany debtors	(i)	-	10,508
Included in net finance costs :			
Fair value remeasurement gains on financial instruments	(ii)	15,122	10,876
Fair value remeasurement losses on financial instruments	(ii)	(13,555)	(10,675)
Total impact on profit / (loss) before tax		1,567	10,709

(i) 2010/11 As part of the wind-down of the closed Markantalo operations, a contribution was provided to Markantalo by another group company to enable it to settle its outstanding liabilities, including the balance payable to the Company As a result, £9,802,000 of the amount owing to the Company written off in 2009/10 was reversed

Also during 2010/11, a fellow Dixons Retail plc subsidiary company, PC City (France) SNC, succeeded in recovering amounts contingently owed to it and therefore not previously recorded Furthermore, certain provisions and accruals in PC City (France) SNC were deemed surplus and accordingly released These two items resulted in an equivalent portion of the Company's intercompany receivable with PC City (France) SNC, which was written off in 2009/10, being written back owing to its subsequent recoverability

3 NON-UNDERLYING ITEMS continued

(ii) Net fair value remeasurement gains and losses on revaluation of financial instruments These represent the gains and losses arising from the revaluation of derivative financial instruments under methodologies stipulated by IAS 39 compared with those on an accruals basis (the basis upon which all other items in the financial statements is prepared) Such a treatment is a form of revaluation gain or loss created by an assumption that the derivatives will be settled before their maturity

Such gains and losses are unrealised and in the directors' view also conflict with both the commercial reasons for entering into such arrangements as well as Dixons Retail plc Treasury policy whereby early settlement in the majority of cases would amount to speculative use of derivatives

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2010/11 none) The directors received no remuneration for services to the Company during the period (2010/11 £nil)

5. NET FINANCE COSTS

	2011/12 £'000	2010/011 £'000
Interest on loans to group undertakings	48,200	48,548
Bank and other interest receivable	99	137
Finance income	48,299	48,685
Interest on loans from group undertakings	(58,550)	(51,269)
Bank loans, overdrafts and other interest payable – other	(28)	(16)
Finance costs	(58,578)	(51,285)
Total net finance costs	(10,279)	(2,600)

6. TAX

(a) Income tax expense

	2011/12 £'000	2010/11 £'000
Current tax		
UK corporation tax at 25 85% (2010/11 27 83%)	-	-
	-	-
Deferred tax		
Current period	52	8,076
Charge in respect of tax rate change	28	80
Adjustment in respect of earlier periods	-	(734)
	80	7,422
Income tax expense	80	7,422

The UK corporation tax rate for the period was 26% for the period up to 31 March 2012 and 24% thereafter (2010/11 28% for the period up to 31 March 2011 and 26% thereafter)

6. TAX continued

A reconciliation of the notional to the actual taxation expense is set out below

	2011/12	2010/11
	£'000	£'000
Profit before tax	**1,606**	14,132
Tax on profit at UK corporation tax rate of 25 85% (2010/11 27 83%)	**415**	3,933
Group relief surrendered / (received) free of charge	**2,493**	(1,594)
Permanent differences	**(2,856)**	5,737
Adjustment to deferred tax in respect of tax rate change	**28**	80
Adjustment in respect of earlier periods	**-**	(734)
Income tax expense	**80**	7,422

(b) Deferred tax

	Losses carried forward	**Other timing differences**	**Total**
	£'000	**£'000**	**£'000**
At 2 May 2010	7,334	504	7,838
Charged to the income statement	(7,334)	(88)	(7,422)
At 30 April 2011	-	416	416
Charged to the income statement	-	**(80)**	**(80)**
At 28 April 2012	-	**336**	**336**

7. TRADE AND OTHER RECEIVABLES

	2012 Current	**2012 Non-Current**	2011 Current	2011 Non-Current	2010 Current	2010 Non-Current
	£'000	**£'000**	£'000	£'000	£'000	£'000
Amounts due from ultimate parent	**350,951**	-	234,244	-	431,275	-
Amounts due from group undertakings	**1,013,623**	-	1,015,607	-	876,635	-
Derivative financial instruments	**13,303**	-	5,806	20,938	9,349	24,959
	1,377,877	-	1,255,657	20,938	1,317,259	24,959

All trade and other receivables are classified as financial assets The carrying amount of trade and other receivables approximates fair value There are no past-due or impaired receivable balances (2011 and 2010 £nil)

8 BORROWINGS

	2012	2011	2010
	£'000	£'000	£'000
Bank overdrafts	**68,001**	-	34,295

Bank overdrafts are repayable on demand

9. TRADE AND OTHER PAYABLES

	2012 Current £'000	2012 Non-Current £'000	2011 Current £'000	2011 Non-Current £'000	2010 Current £'000	2010 Non-Current £'000
Amounts due to group undertakings	**1,611,340**	**-**	1,510,500	-	1,472,248	-
Derivative financial instruments	**84,613**	**-**	7,017	97,157	9,112	99,741
	1,695,953	**-**	1,517,517	97,157	1,481,360	99,741

The carrying amount of trade and other payables approximates their fair value

10. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Dixons Retail plc treasury function provides services to the Company It monitors and manages the treasury risks to which the Company, and the Dixons Retail plc group of companies, is exposed to including market risks (including foreign exchange and interest rates), liquidity risk and credit risk Areas where risks are most likely to occur are evaluated regularly The Company enters into derivative contracts for both itself and other companies in the Dixons Retail plc group to hedge the risks identified above

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued share capital and retained earnings

(b) Fair values of financial assets and liabilities

For receivables and payables classified as financial assets and liabilities in accordance with IAS 32, fair value is estimated to be equivalent to book value These values are shown in notes 7, 8 and 9 The categories of financial assets and liabilities and their related accounting policy are set out in notes 1 3 and 1 6

For those financial assets and liabilities which bear either a floating rate of interest or no interest, fair value is estimated to be equivalent to book value These values are shown in note (f) below

Fair value of derivatives is predominantly determined using observable market data such as interest rates and foreign exchange rates As such, derivatives are classified as "Level 2" under the requirements of IFRS 7 "Financial Instruments - Disclosures"

Fair values of derivatives by designation

	Trade and other receivables		Trade and other payables		2012
	Current £'000	Non-current £'000	Current £'000	Non-current £'000	£'000
Hedge fair value interest rate risk	8,972	-	(8,972)	-	-
Manage the currency exposure of					
Net investments in overseas subsidiaries	-	-	(69,275)	-	(69,275)
Financial assets and liabilities	1,539	-	(3,574)	-	(2,035)
Future transactions occurring within one year	2,792	-	(2,792)	-	-
	13,303	-	(84,613)	-	(71,310)

10. FINANCIAL INSTRUMENTS continued

(b) Fair values of financial assets and liabilities continued

	Trade and other receivables Current	Trade and other receivables Non-current	Trade and other payables Current	Trade and other payables Non-current	2011
	£'000	£'000	£'000	£'000	£'000
Hedge fair value interest rate risk	-	18,287	-	(18,287)	-
Manage the currency exposure of					
Net investments in overseas subsidiaries	-	2,651	-	(78,870)	(76,219)
Financial assets and liabilities	580	-	(1,476)	-	(896)
Future transactions occurring within one year	5,226	-	(5,541)	-	(315)
	5,806	20,938	(7,017)	(97,157)	(77,430)

	Trade and other receivables Current	Trade and other receivables Non-current	Trade and other payables Current	Trade and other payables Non-current	2010
	£'000	£'000	£'000	£'000	£'000
Hedge fair value interest rate risk	-	24,959	-	(24,959)	-
Manage the currency exposure of					
Net investments in overseas subsidiaries	-	-	-	(74,782)	(74,782)
Financial assets and liabilities	237	-	-	-	237
Future transactions occurring within one year	9,112	-	(9,112)	-	-
	9,349	24,959	(9,112)	(99,741)	(74,545)

Included in derivative financial instruments are forward foreign currency contracts, options, interest rate swaps and currency swaps

(c) Hedging activities

The Company manages exposures for both itself and other companies within the Dixons Retail plc group It manages exposures that arise on purchases and sales denominated in foreign currencies by entering predominantly into forward foreign currency exchange contracts It also uses swaps and options to manage its interest rate and foreign exchange translation exposure Where the Company enters into a hedge on behalf of another company within the Dixons Retail plc group, it will enter an equal and opposite trade with the company which holds the ultimate exposure.

Cash flow hedges

At 28 April 2012 the Company had forward foreign currency exchange contracts in place with counterparties external to the Dixons Retail plc group and within the Dixons Retail plc group with a notional value of £391,833,000 (2011 £392,263,000 and 2010 £129,028,000) that did not qualify for hedge accounting because the hedged item is held in another Dixons Retail plc group company Accordingly all gains and losses on these contracts have been recorded in the income statement

10. FINANCIAL INSTRUMENTS continued

(c) Hedging activities continued

Fair value hedges

At 28 April 2012 the Company had interest rate swaps in place with a notional amount of £250 million (2011 £250 million and 2010 £250 million) with counterparties external to the Dixons Retail plc group and within the Dixons Retail plc group The Company pays and receives a fixed interest rate of 6 125% and pays and receives a floating rate of 3 month LIBOR plus a margin which ranged from 1 76% to 2 37% (2010/11 1 59% to 2 03%) Swaps with a notional amount of £125 million (2011 £125 million and 2010 £250 million) are used to hedge the exposure to changes in the fair value of the 6 125% Guaranteed Bonds which are held in Dixons Retail plc and have the same critical terms Swaps with a notional amount of £125 million (2011 £125 million and 2010 £nil) act as a hedge for the 2015 notes which are held by Dixons Retail plc until August 2012 The fair value of interest rate swaps are an equal and opposite asset and liability of £8,972,000 (2011 £18,287,000 and 2010 £24,959,000)

The above hedges did not qualify for hedge accounting because the hedged item is held in another Dixons Retail plc group company Accordingly all gains and losses on these contracts have been recorded in the income statement

Hedge of net investments in foreign operations

At 28 April 2012 the Company had forward foreign exchange contracts and cross currency swaps in place with a notional value of €100 million (2011 €312 million and 2010 €312 million) which have been designated as a hedge of the net investments in foreign operations in the consolidated group accounts The above hedges do not qualify for hedge accounting in the accounts of the Company, and all gains and losses on these contracts have been recorded in the income statement The fair value of currency derivatives entered into as net investment hedges is a £69,275,000 loss (2011 loss of £76,219,000 and 2010 loss of £74,782,000)

(d) Interest rate profile of financial assets and liabilities by currency

The following table sets out the interest rate exposure of the financial assets and liabilities of the Company The financial instruments not included in the table are non-interest bearing and are therefore not subject to interest rate risk

	Sterling £'000	**Other £'000**	**2012 Total £'000**
Cash and cash equivalents			
Floating rate	**128,508**	**637**	**129,145**
Borrowings			
Floating rate	**-**	**(68,001)**	**(68,001)**
Net borrowings	**128,508**	**(67,364)**	**(61,144)**

	Sterling £'000	Other £'000	2011 Total £'000
Cash and cash equivalents			
Floating rate	79,309	232	79,541
Net funds	79,309	232	79,541

	Sterling £'000	Other £'000	2010 Total £'000
Cash and cash equivalents			
Floating rate	-	508	508
Borrowings			
Floating rate	(28,142)	(6,153)	(34,295)
Net funds	(28,142)	(5,645)	(33,787)

The weighted average effective interest rate on bank overdrafts approximated 1 5% (2010/11 1 5% and 2009/10 1 5%)

Cash comprises cash at bank and earns interest at floating rates based either on daily bank deposit rates or central bank lending rates Interest on financial instruments classified as floating rate is repriced at intervals of less than one year

(e) Sensitivity analysis

The following analysis, required by IFRS 7, shows the sensitivity of the profit before tax and total equity to changes in specified market variables on monetary assets and liabilities and derivative financial instruments as listed below As a consequence, the sensitivity reflects the position as at 28 April 2012 and 30 April 2011 and is not necessarily representative of actual or future outcomes

Changes in exchange rates affect the Company's profit before tax due to changes in the value of monetary assets and liabilities and derivative financial instruments The Company's sensitivity to a reasonably possible change in the Company's key foreign currency, the euro, with other variables held constant, is presented below A 10% decrease would have an equal and opposite effect A 10% increase in exchange rates would have a positive effect on profit before tax and equity of £1 3 million (2010/11 negative effect on profit before tax and equity of £14 4 million)

Changes in interest rates affect the Company's profit before tax, mainly due to the impact of floating rate borrowings and cash The Company's principal floating rate interest rate exposures are based on LIBOR The sensitivity to a reasonably possible change in interest rates (uniform across all currencies), with other variables held constant, is presented below A 1% decrease would have an equal and opposite effect A 1% increase in interest rates would have a negative effect on profit before tax and equity of £2 5 million (2010/11 negative effect on profit before tax and equity of £1 8 million)

The following assumptions were made in calculating the sensitivity analysis

- the balance of borrowings, investments and the derivative portfolio are all held constant for the whole year
- all net investment, fair value and cash flow hedges are assumed to be highly effective
- changes in the carrying value of derivative financial instruments that are not in hedging relationships arising from movements in interest rates and exchange rates only affect the income statement to the extent that they are not offset by changes in an underlying transaction

10. FINANCIAL INSTRUMENTS continued

(f) Liquidity risk

The Company manages liquidity risk via Dixons Retail plc's treasury operations using sources of financing from other Dixons Retail plc group entities and investing excess liquidity The Company maintains adequate reserves by continuously monitoring forecast and actual cash flows against the maturity profiles of financial assets and liabilities

The table below analyses the Company's contractual undiscounted cash flows payable under financial liabilities into their maturity groupings The table includes both principal and interest flows

2012

	Within one year £'000	In more than one year but not more than five years £'000	Total £'000	Carrying value £'000
Non-derivative financial liabilities				
Trade and other payables	(1,611,340)	-	(1,611,340)	(1,611,340)
Bank overdrafts	(68,001)	-	(68,001)	(68,001)
	(1,679,341)	-	(1,679,341)	(1,679,341)
Derivatives				
Derivative contracts - inflows	2,179,045	-	2,179,045	2,171,412
- outflows	(2,251,000)	-	(2,251,000)	(2,242,722)
	(72,055)	-	(72,055)	(71,310)

2011

	Within one year £'000	In more than one year but not more than five years £'000	Total £'000	Carrying value £'000
Non-derivative financial liabilities				
Trade and other payables	(1,510,500)	-	(1,510,500)	(1,510,500)
Derivatives				
Derivative contracts - inflows	592,217	378,562	970,779	970,716
- outflows	(596,943)	(454,601)	(1,051,544)	(1,048,146)
	(4,726)	(76,039)	(80,765)	(77,430)

2010

	Within one year £'000	In more than one year but not more than five years £'000	Total £'000	Carrying value £'000
Non-derivative financial liabilities				
Trade and other payables	(1,472,248)	-	(1,472,248)	(1,472,248)
Bank overdrafts	(34,295)	-	(34,295)	(34,295)
	(1,506,543)	-	(1,506,543)	(1,506,543)
Derivatives				
Derivative contracts - inflows	1,210,474	258,090	1,468,564	1,470,435
- outflows	(1,211,479)	(332,525)	(1,544,004)	(1,544,980)
	(1,005)	(74,435)	(75,440)	(74,545)

10. FINANCIAL INSTRUMENTS continued

(g) Credit risk

The Company's exposure to credit risk on cash & cash equivalents and trade & other receivables arises from the non-performance of counterparties, with a maximum exposure equal to the book value of these assets

Dixons Retail plc's treasury operations limits the Company's exposure to credit risk through application of Dixons Retail plc treasury policy which restricts counterparties to those with specific ratings and limits the amount of credit exposure to any single financial institution They monitor continuously the credit quality of counterparties and the limits place on individual credit exposures The Company does not anticipate the non-performance of counterparties and believes it is not subject to material concentration of credit risk given the policies in place

The Company's receivable balances mainly consist of amounts due from group undertakings Further information on the Company's exposure to significant concentration of credit risk on receivables from group undertakings is detailed in note 14

11 CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Authorised		
100,000,000 ordinary shares of £1 each	**100,000**	100,000
Allotted and fully paid	**£**	£
2 ordinary shares of £1 each	**2**	2

12. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash flows from operating activities

	2011/12 £'000	2010/11 £'000
Operating profit	**11,885**	16,732
Movements in working capital		
(Increase) / decrease in trade and other receivables	**(101,580)**	68,834
Increase in trade and other payables	**81,047**	31,127
	(20,533)	99,961
Cash (utilised by) / generated from operations	**(8,648)**	116,693

12. NOTES TO THE CASH FLOW STATEMENT continued

(b) Analysis of net funds / (debt)

		1 May 2011 £'000	Cash flow £'000	28 April 2012 £'000
Cash and cash equivalents	*	79,541	**49,604**	**129,145**
Bank overdrafts		-	**(68,001)**	**(68,001)**
Net funds		79,541	**(18,397)**	**61,144**

		2 May 2010 £'000	Cash flow £'000	30 April 2011 £'000
Cash and cash equivalents	*	508	79,033	79,541
Bank overdrafts		(34,295)	34,295	-
Net (debt) / funds		(33,787)	113,328	79,541

* Cash and cash equivalents are represented as a single class of assets on the face of the balance sheet For the purposes of the cash flow, cash and cash equivalents comprise those amounts represented on the balance sheet as cash and cash equivalents, less bank overdrafts (which are disclosed separately on the balance sheet and as disclosed in note 8)

13. CONTINGENT LIABILITIES

	2012 £'000	2011 £'000	2010 £'000
Guarantees in respect of ultimate parent company borrowings			
8 75% Guaranteed Notes 2015	**150,000**	150,000	-
Drawings on £360 million Facility (2011 £360 million Facility, 2010 £400 million Facility)	-	130,000	95,000
	150,000	280,000	95,000

The ultimate parent company and the Company itself, together with certain other Dixons Retail plc subsidiary companies, are parties to a £360 million revolving credit facility agreement (the £360 million Facility) The Company acts as a guarantor under this facility The Company was previously a guarantor under the ultimate parent company's £400 million revolving credit facility agreement which was cancelled on 9 July 2010 when the £360 million Facility came into effect

On 24 May 2012, an amendment and restatement agreement implementing a revised revolving credit facility for £300 million (the New Facility) was entered into whereby the Company also acts as guarantor Further information on the New Facility is shown in note 16

14. RELATED PARTIES

	2011/12 £'000	2010/11 £'000
Ultimate parent company		
Recharge of costs	**(211)**	(235)
Net interest receivable	**7,817**	6,881
Other group undertakings		
Net interest payable	**(18,167)**	(9,602)

Recharge of costs with related parties comprise management charges for services provided by the ultimate parent

Amounts due from the ultimate parent (see note 7), have a maturity of 28 days (2010/11 28 days) and bears interest at 4 25% (2010/11 4 25%) Amounts due from other group undertakings include amounts of £1,013,623,000 (2011 £941,136,000 and 2010 £821,239,000) with maturity between 14 to 36 days (2010/11 23 to 43 days) and bear interest between 4 25% and 5 7% (2010/11 4 6% and 6 2%)

Amounts due to other group undertakings include £1,411,001,000 (2011 £1,310,182,000 and 2010 £1,415,106,000) with maturity between 4 to 213 days (2010/11 6 to 180 days) and bear interest between 3 8% and 5 0% (2010/11 4 3% and 5 9%)

The Company also has loans of £200,339,000 (2011 £200,318,000 and 2010 £57,142,000) which have no maturity date and bear no interest

15. PARENT COMPANY

The Company's immediate parent is DSG international Holdings Limited

The Company's ultimate parent and controlling entity is Dixons Retail plc, which is incorporated in Great Britain and is registered in England and Wales Dixons Retail plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared Copies of its financial statements may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TG

16. POST BALANCE SHEET EVENT

On 24 May 2012, the ultimate parent company and the Company itself, together with certain other Dixons Retail plc group companies, signed an amendment and restatement agreement implementing a revised revolving credit facility agreement (the New Facility) for £300 million The Company acts as a guarantor under this facility The New Facility, which has a maturity date of 30 June 2015, replaces the £360 million Facility and the terms and covenants attaching to the New Facility are substantially the same as that for the £360 million Facility, although some small relaxation to the financial covenants has been incorporated The New Facility will reduce in size over its life to £200 million by September 2014