

Company Registration No. 3966947

The Carphone Warehouse (Digital) Limited

Report and Financial Statements

For the year ended 31 March 2007

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The Carphone Warehouse (Digital) Limited

Report and financial statements 2007

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The Carphone Warehouse (Digital) Limited

Report and financial statements 2007

Officers and professional advisers

Directors

C Cox
R P Clarkson
T S Morris

Secretary

T O'Gorman (resigned 22 December 2006)
S Kazeneh (appointed 22 December 2006)

Registered office

1 Portal Way
London
W3 6RS

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

The Carphone Warehouse (Digital) Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2007

Principal activity

The principal activity of the company is that of an investment holding company. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Results and business review

The retained loss for the financial year was £10,632 (2006 – £8,694)

Given the principal activity of the company, the directors do not consider there to be any key performance indicators.

Dividends

The directors do not recommend the payment of a dividend (2006 - £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 only financial risk the directors consider relevant to this company is interest rate risk. Funding for all subsidiaries of the Carphone Warehouse Group PLC, including The Carphone Warehouse (Digital) Limited is arranged centrally. The Group regularly monitors interest rate risk and does not trade or speculate in any financial instruments.

Donations

The company did not make any charitable or political donations in the period (2006 - £nil)

Statement regarding the disclosure of information to auditors

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

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

Auditors

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

Approved by the Board of Directors
and signed on their behalf by



T S Morris
Director
14 August 2007

The Carphone Warehouse (Digital) Limited

Statement of directors' responsibilities

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

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

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

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

Independent auditors' report to the members of The Carphone Warehouse (Digital) Limited

We have audited the financial statements of The Carphone Warehouse (Digital) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

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

We read in 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 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.

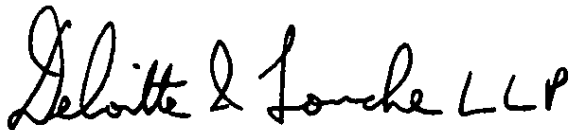
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**Independent auditors' report to the members of
The Carphone Warehouse (Digital) 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 31 March 2007 and of its loss for the year 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 that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
14 August 2007

The Carphone Warehouse (Digital) Limited

Profit and loss account For the year ended 31 March 2007

	Note	2007 £	2006 £
Other operating expenses		<u>(7,000)</u>	<u>(7,000)</u>
Operating loss		<u>(7,000)</u>	<u>(7,000)</u>
Interest payable and similar charges	2	<u>(3,632)</u>	<u>(1,694)</u>
Loss on ordinary activities before taxation	3	<u>(10,632)</u>	<u>(8,694)</u>
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Retained loss for the year	10	<u><u>(10,632)</u></u>	<u><u>(8,694)</u></u>

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

The Carphone Warehouse (Digital) Limited

Balance sheet As at 31 March 2007

	Note	2007 £	2006 £
Fixed assets			
Investments	6	49,724	49,724
Debtors	7	3	3
Creditors amounts falling due within one year	8	(73,484)	(62,852)
Net liabilities		<u>(23,757)</u>	<u>(13,125)</u>
Capital and reserves			
Called-up share capital	9	3	3
Profit and loss account	10	(23,760)	(13,128)
Shareholders' deficit	11	<u>(23,757)</u>	<u>(13,125)</u>

These financial statements were approved by the Board of Directors and signed on their behalf by



T S Morris
Director
14 August 2007

The Carphone Warehouse (Digital) Limited

Notes to the accounts

For the year ended 31 March 2007

1. Accounting policies

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

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 available under FRS1 not to present a cash flow statement, on the grounds that it is a wholly owned subsidiary of The Carphone Warehouse Group PLC, a company registered in Great Britain that prepares consolidated financial statements that are publicly available.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

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. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

2. Interest payable and similar charges

	2007 £	2006 £
Intercompany interest payable	3,632	1,694

Interest on intercompany loans is charged at GBP-LIBOR + 1.0%

The Carphone Warehouse (Digital) Limited

Notes to the accounts (continued) For the year ended 31 March 2007

3 Loss on ordinary activities before taxation

Loss on ordinary before taxation is stated after charging £3,000 in relation to audit fees (2006 - £3,000) The company does not have any employees (2006 - nil)

4. Directors' remuneration and employees

The directors did not receive any remuneration from the company during the year (2006 - £nil) The company has no employees

5. Tax on loss on ordinary activities

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

The difference between the current tax of £nil (2006 - £nil) and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2007 £	2006 £
Loss on ordinary activities before tax	(10,632)	(8,694)
Loss on ordinary activities before tax at standard UK corporation tax rate of 30% (2006 – 30%)	(3,190)	(2,608)
Effects of - tax losses surrendered within the group	3,190	2,608
Current tax	-	-

The company's tax losses in the current and prior period have been offset by the surrender of losses to other group companies There was no payment from the claimant company

6. Investments

	£
Cost and net book value	
At 31 March 2006 and 31 March 2007	49,724

7. Debtors

	2007 £	2006 £
Called-up share capital not paid	3	3

The Carphone Warehouse (Digital) Limited

Notes to the accounts (continued) For the year ended 31 March 2007

8. Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertaking	73,484	62,852

9. Share capital

	2007 £	2006 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, issued and called-up</i>		
3 ordinary shares of £1 each	3	3

10. Profit and loss account

	£
At 31 March 2006	(13,128)
Retained loss for the year	(10,632)
At 31 March 2007	(23,760)

11. Reconciliation of movements in shareholders' deficit

	2007 £	2006 £
Loss for the financial year	(10,632)	(8,694)
Opening shareholders' deficit	(13,125)	(4,431)
Closing shareholders' deficit	(23,757)	(13,125)

12. Parent undertaking and controlling party

The immediate and ultimate parent company and controlling party is The Carphone Warehouse Group PLC, a company registered in Great Britain

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

The Carphone Warehouse (Digital) Limited

Notes to the accounts (continued) For the year ended 31 March 2007

13. Related party transactions

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