

Company Registration No. 06576708

Best Buy Distributions Limited

Report and Financial Statements

26 February 2011

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Best Buy Distributions Limited

Report and financial statements 2011

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Best Buy Distributions Limited

Report and financial statements 2011

Officers and professional advisers

Directors

James L Muehlbauer (resigned 16 August 2010)
Brian J Dunn (resigned 16 August 2010)
Keith J Nelsen (appointed 16 August 2010)
Susan S Grafton (appointed 16 August 2010)

Secretary

Keith Nelson (resigned 16 August 2010)
Joseph M Joyce (appointed 16 August 2010)

Registered Office

100 New Bridge Street
London
EC4V 6JA

Auditor

Deloitte LLP
Chartered Accountants
London

Best Buy Distributions Limited

Directors' report

The directors present their annual report and the audited financial statements for the period from 28 February 2010 to 26 February 2011

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A) of the Companies Act 2006

Principal activities

Best Buy Distributions Limited is a wholly owned subsidiary of Best Buy, LLP. In 2008 Best Buy Distributions Limited was used to finance the acquisition of a 50% interest in Best Buy Europe Distributions Limited from a third party. Best Buy Distributions Limited received loans from BBCAN UK, LLP, Best Buy, LLP, and Best Buy China UK, LLP. These loans are still in place.

Business review

As the Company was incorporated in order to fund a related party transaction, operations primarily comprise inter-company activity with related parties (other Best Buy Co., Inc. entities).

The directors expect the general level of activity to remain consistent.

Post balance sheet event

On 7 November 2011 Best Buy Co., Inc. and The Carphone Warehouse Group PLC announced Best Buy Co., Inc.'s buy-out of a profit-sharing arrangement between Best Buy Mobile (a division of Best Buy based in the USA) and Best Buy Europe Distributions Limited. Under the terms of the arrangement, Best Buy Distributions Limited will acquire the 50% interest in the profit-sharing arrangement currently attributable to The Carphone Warehouse Group PLC. As a result of the transaction, Best Buy Distributions Limited expects to pay approximately £0.8 billion to The Carphone Warehouse Group PLC. The payment, which is subject to approval by The Carphone Warehouse Group PLC shareholders, will be financed by inter-company debt and equity contributions.

Results and dividends

The results of the Company for the period from 28 February 2010 to 26 February 2011 are set out in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2011: no dividend recommended).

Directors

The directors, who served throughout the period except as noted, are set out on page 1.

Financial risk management

The activities of Best Buy Distributions Limited do not expose it to material financial risk as all of the activity is inter-company related. The Company does not use derivative financial instruments.

Best Buy Distributions Limited

Directors' report

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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

Approved by the Board and signed on its behalf by



Susan S Grafton
Director

100 New Bridge Street
London
EC4V 6JA

21 November 2011

Best Buy Distributions 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Best Buy Distributions Limited

We have audited the financial statements of Best Buy Distributions Limited for the period 28 February 2010 to 26 February 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, 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 members 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 members as a body, 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 Directors' Responsibilities Statements, 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 Practice Board's Ethical Standards for Auditors.

Scope of the audit of 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.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 26 February 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

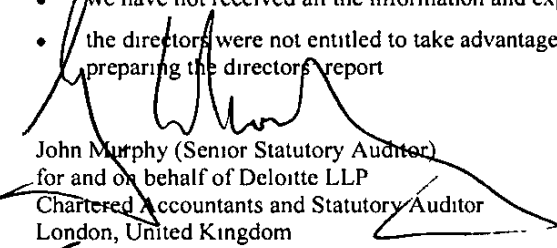
In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Best Buy Distributions Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



John Murphy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25 November 2011

Best Buy Distributions Limited

Profit and loss account

Period from 28 February 2010 to 26 February 2011

		Period from 28 February 2010 to 26 February 2011 £	Period from 1 March 2009 to 27 February 2010 £
Turnover	Note 1	2,868,083	1,843,642
Operating expenses		(3,088,025)	(1,707,076)
Operating (loss)/income		(219,942)	136,566
Interest expense	5	(66,711,695)	(66,524,600)
Loss on ordinary activities before taxation	2	(66,931,637)	(66,388,034)
Tax credit on loss on ordinary activities	4	10,456,992	1,492,027
Loss on ordinary activities after taxation		(56,474,645)	(64,896,007)

There have been no recognised gains or losses in the period other than above. Accordingly no statement of total recognised gains and losses is presented. All results arise from continuing activities.

Best Buy Distributions Limited

Balance sheet 26 February 2011

	Notes	26 February 2011 £	28 February 2010 £
Fixed assets			
Investments	7	1,102,319,958	1,102,736,415
Current assets			
Cash at bank and in hand		69,455,877	318,894
Debtors			
– due within one year	6	7,130,481	1,443,920
		<u>76,586,358</u>	<u>1,762,814</u>
Creditors. Amounts falling due within one year	8	<u>(18,658,323)</u>	<u>-</u>
Net current assets		<u>57,928,035</u>	<u>1,762,814</u>
Total assets less current liabilities		<u>1,160,247,993</u>	<u>1,104,499,229</u>
Creditors. amounts falling due after more than one year	9	<u>(884,196,927)</u>	<u>(845,762,720)</u>
Net assets		<u>276,051,065</u>	<u>258,736,509</u>
Capital			
Called-up share capital	10, 11	438,789,201	365,000,000
Profit and loss account	10	<u>(162,738,136)</u>	<u>(106,263,491)</u>
Shareholder's funds		<u>276,051,065</u>	<u>258,736,509</u>

The financial statements of Best Buy Distributions Limited, (registered number 06576708), were approved by the board of directors and authorized for issue on 21 November 2011

They were signed on its behalf by



Susan S Grafton
Director

21 November 2011

Best Buy Distributions Limited

Notes to the accounts

Period from 28 February 2010 to 26 February 2011

1. Accounting policies

Basis of accounting

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

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Best Buy Co., Inc. which prepares consolidated accounts which are publicly available. The Company is also, on this basis, exempt from the requirements of FRS1 to present a cash flow statement.

Going concern

After making enquiries, the directors have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the current economic conditions and potential uncertainty over the level and timing of future revenues, having considered the Company's forecasts and projections the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing these accounts.

Turnover

Turnover represents fees charged for the provision of services to other Best Buy Co., Inc. companies, net of trade discounts, VAT and other sales-related taxes.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Best Buy Distributions Limited

Notes to the accounts

Period from 28 February 2010 to 26 February 2011

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging the following

	2011 £	2010 £
Auditor's remuneration	5,500	5,500

3. Employee costs and directors' remuneration

The average monthly number of employees during the financial year was

	2011 No.	2010 No
Number of administrative staff	8	8
The aggregate payroll costs of the above were	£	£
Wages and salaries	1,979,385	1,366,308
Social security costs	444,302	243,220
	2,423,687	1,609,528

None of the directors received any remuneration in respect of their services to the Company for the period (2011 £nil)

4 Taxation

	2011 £	2010 £
Loss on ordinary activities before taxation	(66,931,637)	(66,388,034)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2010 28%)	18,740,858	18,588,650
Effects of Items attracting no tax relief or liability	(8,283,866)	(17,096,623)
Current tax charge for the period	(10,456,992)	(1,492,027)

A deferred tax asset amounting to £35,643,264 (2010 £28,679,519) for ordinary losses has not been recognised because in the opinion of the directors there will be no suitable taxable gains available in the foreseeable future

In the June 2010 Budget it was announced that the UK statutory rate of corporation tax would decrease from 28% to 27% from 1 April 2011. In July 2010 the relevant legislation was substantively enacted and accordingly the deferred tax asset at 26 February 2011 takes account of this change. A further 2% reduction in the tax rate was announced although the deferred tax asset has not been adjusted as this was substantively enacted after the balance sheet date.

Best Buy Distributions Limited

Notes to the accounts

Period from 28 February 2010 to 26 February 2011

5 Interest payable

	2011 £	2010 £
Intercompany interest payable and similar charges	<u>66,711,695</u>	<u>66,524,600</u>

6 Debtors

	2011 £	2010 £
Debtors due within one year		
Intercompany receivable	<u>7,130,481</u>	<u>1,443,920</u>
	<u>7,130,481</u>	<u>1,443,920</u>

7. Investments

	2011 £
At 28 February 2010	1,102,736,415
Adjustment	(416,457)
At 26 February 2011	<u>1,102,319,958</u>

On 30 June 2008, the Company acquired 50% of the issued share capital of Best Buy Europe Distributions Limited, a company incorporated in Great Britain, for £1,092,396,022

During the year ended 26 February 2010, the Company capitalised an intercompany loan receivable from Best Buy Europe Distributions Limited for £10,340,393

8 Creditors

	2011 £	2010 £
Amounts falling due within one year.		
Intercompany loan payables	18,583,401	-
Accruals	<u>74,922</u>	<u>-</u>
	<u>18,658,323</u>	<u>-</u>

Best Buy Distributions Limited

Notes to the accounts

Period from 28 February 2010 to 26 February 2011

9. Creditors

	2011 £	2010 £
Amounts falling due after one year		
Intercompany loan payables	727,332,540	736,908,847
Intercompany interest payable	156,864,387	108,853,873
	<u>884,196,927</u>	<u>845,762,720</u>

Intercompany loan payables represent payables to Best Buy China UK, LLP, BBCAN UK, LLP and BBCAN Financial Services, LP. Intercompany interest payable relates to the loan payable balances. The interest rate during the year was 8.5% annually, but has reduced to 6.25% from 27 February 2010 for intercompany loan payables to BBCAN Financial Services, LP.

10. Reserves

	Share capital £	Profit and loss account £	Total £
At 28 February 2010	365,000,000	(106,263,491)	258,736,509
Issue of share capital	73,789,201	-	73,789,201
Loss for the financial period	-	(56,474,645)	(56,474,645)
At 26 February 2011	<u>438,789,201</u>	<u>(162,738,136)</u>	<u>276,051,065</u>

11. Called-up share capital

	2011 £	2010 £
Authorised		
438,789,201 (2010: 365,000,000) ordinary shares of £1 each	<u>438,789,201</u>	<u>365,000,000</u>
Called-up, allotted and fully paid		
438,789,201 (2010: 365,000,000) ordinary shares of £1 each	<u>438,789,201</u>	<u>365,000,000</u>

Best Buy Distributions Limited

Notes to the accounts

Period from 28 February 2010 to 26 February 2011

12. Ultimate parent company and related party transactions

The Company is taking advantage of the exemption granted by paragraph 3c of FRS 8, Related Party Disclosures, not to disclose transactions with entities with the Best Buy Co , Inc Group which are related parties

During the period, the Company had the following disclosable transactions with Best Buy Europe Distributions Limited, a related party

	2011 £	2010 £
Consortium relief utilised within the group	10,456,992	1,492,027

At 26 February 2011, the following amounts were outstanding from Best Buy Europe Distributions Limited

	2011 £	2010 £
Intercompany receivable	7,446,206	750,000

At the balance sheet date, the Company's ultimate parent company and controlling party was Best Buy Co , Inc , a company incorporated in the United States of America The Company's immediate parent company and controlling entity is Best Buy, LLP, a Limited Liability Partnership incorporated in Great Britain

The parent company of the largest and smallest groups for which Group accounts are prepared of which this Company is a member is Best Buy Co , Inc , a company incorporated in the United States of America

Copies of the financial statements of Best Buy Co , Inc are available at www.bestbuy.com Copies of the financial statements of Best Buy, LLP can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ

13. Post balance sheet event

On 7 November 2011 Best Buy Co , Inc and The Carphone Warehouse Group PLC announced Best Buy Co , Inc 's buy-out of a profit-sharing arrangement between Best Buy Mobile (a division of Best Buy based in the USA) and Best Buy Europe Distributions Limited Under the terms of the arrangement, Best Buy Distributions Limited will acquire the 50% interest in the profit-sharing arrangement currently attributable to The Carphone Warehouse Group PLC As a result of the transaction, Best Buy Distributions Limited expects to pay approximately £0.8 billion to The Carphone Warehouse Group PLC The payment, which is subject to approval by The Carphone Warehouse Group PLC shareholders, will be financed by inter-company debt and equity contributions