Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with UK law and applicable accounting standards. Two new UK financial reporting standards have been adopted during the period: FRS 17 "Retirement benefits" and FRS 19 "Deferred tax". FRS 17 is being adopted in line with the transitional timetable laid down by the standard. FRS 19 has been adopted in full with effect from 29 April 2001 and prior period comparatives have been restated where appropriate.

The principal accounting policies are set out below:

1.1 Accounting convention and basis of consolidation
The consolidated financial statements are prepared under the historical cost convention. The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries and associated undertakings. The results of subsidiaries are included from the date on which control passes. The net assets of subsidiaries acquired are recorded at their fair values, reflecting their condition at that date. The results of subsidiaries disposed of are included up to the effective date of disposal.

1.2 Turnover
Turnover comprises sales of goods, services and property 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 Group has assumed under these contracts.

1.4 Goodwill
On acquisition of a subsidiary or associated undertaking, the fair value of the consideration is allocated between the identifiable net tangible and intangible assets/liabilities on a fair value basis, with any excess consideration representing goodwill. Goodwill in respect of subsidiaries is included within intangible fixed assets. Goodwill relating to associated undertakings is included within the carrying value of the associated undertaking.

Goodwill arising on acquisitions is capitalised as an asset on the balance sheet. Where goodwill is regarded as having a limited estimated useful economic life, it is amortised on a systematic basis over its life up to a maximum of 20 years. Where goodwill is regarded as having an indefinite life it is not amortised. The estimated useful economic life is regarded as indefinite where goodwill is capable of continued measurement and the durability of the acquired business can be demonstrated. Where goodwill is not amortised, an annual impairment review is performed and any impairment is charged to the profit and loss account. As permitted by FRS 10 "Goodwill and intangible assets", this represents a departure, for the purposes of giving a true and fair view, from the requirements of paragraph 21, Schedule 4 to the Companies Act 1985, which requires goodwill to be amortised.

In estimating the useful economic life of goodwill arising, account is taken of the nature of the business acquired, the stability of the industry, the extent of continuing barriers to market entry and the expected future impact of competition.

Goodwill arising on acquisitions prior to 2 May 1999 remains eliminated against reserves. This goodwill will be charged in the profit and loss account as appropriate on the subsequent disposal of the business to which it relates.

1.5 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
Freehold and long leasehold buildings	– between $1\frac{2}{3}$% and $2\frac{1}{2}$% per annum
Fixtures, fittings and equipment	– between 10% and $33\frac{1}{3}$% per annum

No depreciation is provided on freehold and long leasehold land or on assets in the course of construction.

1.6 Investments
Investments held as fixed assets are stated at cost, less any provision for impairment in value.

In the consolidated financial statements, shares in associated undertakings are accounted for using the net equity method. The consolidated profit and loss account includes the Group's share of the operating profits, net interest and attributable taxation of the associated undertaking. In the consolidated balance sheet, the investment in associated undertakings is shown as the Group's share of the net assets/liabilities of the associated undertakings.

Short term investments are stated at the lower of cost and net realisable value with the exception of assets held to maturity, which are stated at cost net of amortised premium or discount.

1 Accounting policies (continued)

1.7 Stocks
Stocks are stated at the lower of cost and net realisable value. The cost of properties held for development includes the net development outgoings attributable to such properties and interest incurred during development on those projects where it is expected, on commencement, that the period will exceed one year's duration.

1.8 Deferred taxation
Deferred tax is provided for in full on all timing differences which have not reversed at the balance sheet date. No provision is made for tax which would become payable on the distribution of retained profits of overseas subsidiaries or associated undertakings, unless the distribution of such earnings has been accrued in the balance sheet. Deferred tax assets are only recognised to the extent that they are regarded as recoverable. Deferred tax balances are not discounted.

1.9 Translation of foreign currencies
The results of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the period. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences resulting from the translation of the results and balance sheets of overseas subsidiary undertakings and related foreign currency borrowings are charged or credited to reserves.

Other exchange differences arising from foreign currency transactions are included in profit on ordinary activities before taxation.

1.10 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.

1.11 Post retirement benefits
The Group operates a number of funded defined benefit pension schemes for eligible employees. The expected cost of providing pensions, as calculated periodically by qualified actuaries, is charged to the profit and loss account so as to spread the pension cost over the normal expected service lives of members in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

The Group also operates defined contribution pension schemes and contributes to state pension schemes for certain overseas employees. The costs are charged to the profit and loss account on an accruals basis as contributions become payable.

1.12 Derivative financial instruments ("derivatives")
The Group holds derivatives to manage the interest rate and currency exposure of borrowings, investments, future transactions and overseas subsidiary undertakings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract. Foreign currency borrowings, investments and foreign exchange gains or losses on derivatives held to hedge net assets are carried in the balance sheet at the rates at the balance sheet date. Gains or losses in respect of hedging of overseas subsidiaries or associated undertakings and investments denominated in foreign currencies are taken to reserves. Gains or losses in respect of hedging of future transactions are deferred and recognised as appropriate when the hedged transaction occurs.

2 Segmental analysis

(a) Turnover and operating profit

	52 weeks ended 27 April 2002			52 weeks ended 28 April 2001 (restated)		
	Turnover £million	**Underlying operating profit £million**	**Operating profit £million**	Turnover £million	Underlying operating profit £million	Operating profit £million
Continuing operations:						
UK Retail	**4,121.8**	**253.6**	**253.6**	3,979.4	244.8	215.8
International Retail	**688.4**	**11.4**	**11.4**	601.6	22.3	12.0
European Property	**78.0**	**16.0**	**16.0**	62.4	14.9	14.9
	4,888.2	**281.0**	**281.0**	4,643.4	282.0	242.7
Associated undertakings	**–**	**3.8**	**3.8**	–	–	–
	4,888.2	**284.8**	**284.8**	4,643.4	282.0	242.7
Discontinued operations – Freeserve	**–**	**–**	**–**	44.8	–	(38.9)
Total	**4,888.2**	**284.8**	**284.8**	4,688.2	282.0	203.8

UK Retail underlying operating profit is stated after recognising net profits of £9.5 million (2000/01 £nil) on disposal of fixed assets.

(b) Net assets

	27 April 2002 £million	28 April 2001 (restated) £million
UK Retail	**201.7**	153.2
International Retail		
Base (excluding associated undertakings and intangible assets)	**177.9**	191.0
Associated undertakings (including attributable goodwill)	**69.9**	–
Intangible assets	**484.2**	432.7
European Property	**31.5**	35.3
Net operating assets	**965.2**	812.2
Net non-operating assets	**295.8**	463.5
Net funds	**355.7**	199.5
Net assets	**1,616.7**	1,475.2

During 2001/02, management and development responsibility for Internet Services, previously reported as a separate division, have been integrated with the appropriate retail division. Comparative figures have been restated to reflect this change in responsibility. Associated undertakings comprise UniEuro, which operates in Italy.

The International Retail division operates in the Nordic region, Spain, France, Ireland, Hungary, Italy and Greece. The European Property division operates mainly in Belgium, Luxembourg, France and Germany. There were no material exports from the locations in which the Group operates.

Net non-operating assets predominantly comprise the Group's investment in Wanadoo S.A. and dividends payable.

3 Operating profit

	52 weeks ended 27 April 2002 Continuing operations £million	52 weeks ended 28 April 2001 Continuing operations £million	Discontinued operations £million	Total £million
Turnover	**4,888.2**	4,643.4	44.8	4,688.2
Cost of sales:				
Underlying	**(4,303.1)**	(4,069.6)	(19.5)	(4,089.1)
Exceptional	**–**	(22.4)	–	(22.4)
	(4,303.1)	(4,092.0)	(19.5)	(4,111.5)
Gross profit	**585.1**	551.4	25.3	576.7
Distribution costs	**(118.9)**	(113.5)	(44.4)	(157.9)
Administrative expenses:				
Underlying	**(194.0)**	(177.6)	(11.7)	(189.3)
Exceptional	**–**	–	(0.4)	(0.4)
Goodwill amortisation	**(0.7)**	(0.7)	(2.3)	(3.0)
	(194.7)	(178.3)	(14.4)	(192.7)
Other operating income/(expenses):				
Underlying	**9.5**	–	–	–
Exceptional	**–**	(16.9)	–	(16.9)
	9.5	(16.9)	–	(16.9)
Share of operating profit/(loss) of associated undertakings	**3.8**	–	(5.4)	(5.4)
	284.8	242.7	(38.9)	203.8

		2001/02 £million	2000/01 £million
Operating profit is stated after charging:			
Depreciation		**104.0**	94.5
Auditors' remuneration	– audit services	**0.6**	0.5
Rentals paid under operating leases	– plant and machinery	**3.2**	2.2
	– other	**218.0**	196.9

Additional fees were paid to the auditors of £0.3 million (2000/01 £0.9 million) which are included within operating profit, and £nil (2000/01 £0.3 million) which are included within non-operating exceptional items (2000/01 non-operating items largely relating to the sale of Freeserve in 2000/01). Further fees of £0.5 million (2000/01 £nil) were paid predominantly in respect of acquisitions of subsidiary and associated undertakings and have been charged as part of the cost of these acquisitions.

4 Exceptional items

		52 weeks ended 27 April 2002 £million	52 weeks ended 28 April 2001 £million
Operating items:			
Restructuring	(i)	–	(19.9)
Impairment	(ii)	–	(19.4)
Expenses incurred on disposal of business	(iii)	–	(0.4)
		–	(39.7)
Non-operating items:			
Profit on sale of investment	(iv)	**15.1**	–
Freeserve including deemed disposals	(v)	–	471.8
		15.1	471.8
Amounts written off investments:			
Continuing	(vi)	**(30.0)**	(15.0)
Discontinued		–	(11.5)
		(30.0)	(26.5)

(i) Restructuring: 2001/02 £nil (2000/01 restructuring of the store portfolio and service operations, largely comprising the disposal costs of stores and redundancy costs of service engineers).

(ii) Impairment: 2001/02 £nil (2000/01 reassessment of the carrying value of investments in e-commerce assets and infrastructure).

(iii) Expenses incurred on disposal of business: 2001/02 £nil (2000/01 expenses incurred by Freeserve plc with respect to potential sale).

(iv) Profit on sale of investment: relates to the sale of 51.3 million shares in Wanadoo S.A. for consideration of £178.4 million.

(v) In 2000/01, the Group sold its majority shareholding in Freeserve plc to Wanadoo S.A. receiving 12.4% of the enlarged share capital of Wanadoo S.A. This gave rise to a net gain of £460.3 million after deducting costs. Further net gains arose in 2000/01 prior to the disposal of Freeserve on deemed disposals in respect of shares issued by Freeserve plc to Energis plc.

(vi) Amounts written off investments: 2001/02 relates to the Group's investment in P. Kotsovolos S.A. (2000/01 continuing operations relates principally to the Group's investment in gameplay plc).

5 Net interest

	52 weeks ended 27 April 2002 £million	52 weeks ended 28 April 2001 £million
Interest receivable and similar income	**46.5**	50.0
Interest payable:		
Bank loans and overdrafts	**(18.7)**	(37.4)
Other loans	**(15.8)**	(15.7)
	(34.5)	(53.1)
Interest capitalised	**0.4**	1.1
	12.4	(2.0)

6 Employees

	52 weeks ended 27 April 2002 £million	52 weeks ended 28 April 2001 £million
Staff costs for the period were:		
Wages and salaries	**490.0**	444.4
Social security costs	**46.1**	37.3
Other pension costs	**12.7**	14.7
	548.8	496.4

	Employees	Employees
The average number of employees, including part time employees, was:		
Continuing operations:		
UK Retail	**29,979**	27,592
International Retail	**3,545**	2,784
European Property	**33**	30
	33,557	30,406
Discontinued operations – Freeserve	**–**	214
	33,557	30,620

7 Directors

Details of directors' remuneration, pensions, share options and other entitlements, which form part of these financial statements, are given on pages 42 to 46.

8 Employee share ownership trust

Dixons TSR Trust ("the Trust") is an employee share ownership trust. The Trust holds shares in the Company which may subsequently be awarded to specified executive directors and senior employees under the deferred equity participation plan ("DEPP"). In addition, the Trust holds shares in the Company and in Wanadoo S.A. under bonus arrangements entered into following the disposal of Freeserve. Details of the DEPP and bonus arrangements are given on page 42.

The Company aims to hedge its liability under the DEPP and bonus arrangements by buying shares through the Trust to meet the anticipated future liability. The anticipated liability is regularly reassessed during the period and additional shares are purchased when required to meet an increase in this liability. The cost of funding and administering the Trust is charged to the profit and loss account in the period to which it relates. The cost of the shares is being amortised over the vesting period of the DEPP.

At 27 April 2002 the Trust held 5,777,608 shares in the Company (28 April 2001 7,776,341). Of these shares, 4,211,688 (28 April 2001 6,481,823) have been provisionally awarded to participants in the plans. The Trust has waived all dividends except for a total payment of 1 pence at the time each dividend is paid. The mid-market price of a share on 27 April 2002 was 224.5 pence. During the year, 2,041,110 shares in the Company and 1,798,000 shares in Wanadoo S.A. were released to employees under the terms of the bonus arrangements referred to above.

9 Taxation on profit on ordinary activities

	52 weeks ended 27 April 2002 £million	52 weeks ended 28 April 2001 (restated) £million
Current taxation:		
UK corporation tax at 30%	**54.7**	45.1
Overseas taxation – the Company and its subsidiaries	**9.3**	10.8
– associated undertakings	**1.3**	–
Adjustment in respect of earlier periods:		
Corporation tax	**(0.1)**	(0.9)
Overseas taxation	**0.5**	(0.1)
	65.7	54.9
Deferred taxation:		
Current period	**0.8**	(5.9)
Adjustment in respect of earlier periods	**(1.4)**	0.6
	(0.6)	(5.3)
Taxation on profit on ordinary activities	**65.1**	49.6

A reconciliation of the notional current tax charge to the actual current tax charge is set out below:

Profit on ordinary activities before exceptional items at UK statutory rate of 30%	**89.2**	72.5
Capital allowances for the period in excess of depreciation	**(4.8)**	(1.1)
Other timing differences	**4.0**	0.6
Differences in effective overseas taxation rates	**(21.5)**	(21.7)
Other	**(1.6)**	8.0
Adjustment in respect of earlier periods	**0.4**	(1.0)
Current taxation on profit on ordinary activities before exceptional items	**65.7**	57.3
Credit in respect of exceptional items	**–**	(2.4)
	65.7	54.9

The effective tax rate of the Group may rise marginally as the Group pursues its policy of expansion into Continental European markets.

10 Dividends

	per share	52 weeks ended 27 April 2002 £million	per share	52 weeks ended 28 April 2001 £million
Per ordinary share				
Interim	**1.375p**	**26.5**	1.250p	24.1
Proposed final	**4.675p**	**90.8**	4.250p	81.8
Ordinary dividends paid and proposed	**6.050p**	**117.3**	5.500p	105.9

11 Earnings per share

	52 weeks ended 27 April 2002 £million	52 weeks ended 28 April 2001 (restated) £million
Basic earnings	**211.2**	595.0
Diluted earnings	**211.2**	595.0
Discontinued operations – Freeserve results, net of taxation	**–**	41.2
– Freeserve minority interest	**–**	(9.8)
Exceptional items, net of taxation	**14.9**	(426.3)
Adjusted diluted earnings	**226.1**	200.1
	million	million
Basic weighted average number of shares	**1,925.9**	1,913.4
Employee share option and ownership schemes	**20.9**	27.7
Diluted weighted average number of shares	**1,946.8**	1,941.1
	pence	pence
Basic earnings per share	**11.0**	31.1
Diluted earnings per share	**10.8**	30.6
Discontinued operations – Freeserve results, net of taxation	**–**	2.1
– Freeserve minority interest	**–**	(0.5)
Exceptional items, net of taxation	**0.8**	(21.9)
Adjusted diluted earnings per share	**11.6**	10.3

Adjusted earnings per share, which exclude exceptional items and discontinued operations, are shown in order to disclose the impact of these items on underlying earnings.

12 Intangible fixed assets

	Group
	Goodwill £million
Cost	
At 29 April 2001	434.3
Acquisitions	**22.3**
Currency retranslation	**29.9**
At 27 April 2002	**486.5**
Amortisation	
At 29 April 2001	1.6
Charge for the period	**0.7**
Currency retranslation	**–**
At 27 April 2002	**2.3**
Net book value	
At 27 April 2002	**484.2**
At 28 April 2001	432.7

Goodwill arising on the acquisition of Elkjøp of £472.2 million is regarded as having an indefinite economic life and is therefore not amortised in the profit and loss account. Elkjøp is expected to continue to maintain its market share and profitability over the long term and it is not therefore possible to identify a finite useful economic life for this goodwill. It is considered that the barriers to entry which exist in Elkjøp's markets, which are anticipated to continue, will prove this goodwill to be durable. The application of an annual impairment test supports the value of this goodwill and, as a result, no charge for impairment is required at the balance sheet date. It is not possible to quantify the effect of this departure from the Companies Act 1985 because no finite life for goodwill can be identified.

Goodwill arising on other acquisitions is amortised over periods not exceeding 20 years.

13 Tangible fixed assets

	Group			Company
	Land and buildings £million	Fixtures, fittings and equipment £million	Total £million	Fixtures, fittings and equipment £million
Cost				
At 29 April 2001	185.1	841.1	1,026.2	2.9
Additions	**25.1**	**164.8**	**189.9**	**0.1**
Disposals	**(11.3)**	**(21.1)**	**(32.4)**	**(0.1)**
Currency retranslation	**0.2**	**0.9**	**1.1**	**–**
At 27 April 2002	**199.1**	**985.7**	**1,184.8**	**2.9**
Depreciation				
At 29 April 2001	8.0	483.2	491.2	2.6
Charge for the period	**1.9**	**102.1**	**104.0**	**0.1**
Disposals	**(0.3)**	**(17.9)**	**(18.2)**	**(0.1)**
Currency retranslation	**–**	**0.8**	**0.8**	**–**
At 27 April 2002	**9.6**	**568.2**	**577.8**	**2.6**
Net book value				
At 27 April 2002	**189.5**	**417.5**	**607.0**	**0.3**
At 28 April 2001	177.1	357.9	535.0	0.3

	Freehold £million	Long leasehold £million	Short leasehold £million	Total £million
Land and buildings at cost to the Group				
At 27 April 2002	**164.5**	**1.9**	**32.7**	**199.1**
At 28 April 2001	162.3	1.7	21.1	185.1

Land and buildings include £72.9 million of land not depreciated (28 April 2001 £75.7 million), and £8.1 million of assets in the course of construction (28 April 2001 £3.9 million).

14 Fixed asset investments

Group

	Investment in associated undertakings £million	Own shares £million	Investments £million	Total £million
At 29 April 2001	–	2.3	623.4	625.7
Additions – net liabilities acquired	(13.7)	–	–	(13.7)
Disposals	–	–	(168.0)	(168.0)
Goodwill	81.2	–	–	81.2
Amortisation of own shares	–	(0.3)	–	(0.3)
Share of retained profits	2.5	–	–	2.5
Provision for impairment	–	–	(30.0)	(30.0)
Currency retranslation	(0.1)	–	(18.3)	(18.4)
At 27 April 2002	69.9	2.0	407.1	479.0

Investment in associated undertakings represents the Group's 24.3 per cent share of the ordinary share capital of UniEuro S.p.A., an electrical retailer incorporated in Italy, for which consideration of £67.5 million was paid comprising €103 million (£64 million) plus attributable costs. The Group has an option, exercisable before 2 July 2003, to acquire the balance of the issued share capital for €425 million, of which €25 million would not be payable until July 2004. Goodwill arising on this investment is regarded as having an indefinite economic life owing to the business's established market position, market leading profitability and the expectation that this will continue in the long term. Accordingly, there is no amortisation charge in the profit and loss account. It is not possible to quantify the effect of this departure from the Companies Act 1985 because no finite life for goodwill can be identified.

In accordance with FRS 11 "Impairment of fixed assets and goodwill", the carrying value of the Group's investment in P. Kotsovolos S.A., which is incorporated and listed on a recognised investment exchange in Greece, has been compared with its recoverable amount, represented by its value in use to the Group. The value in use has been derived from discounted cash flow projections using a discount rate of 10.8 per cent. As a result of the impairment review, a provision for impairment of £30.0 million has been made to reflect the reduction in recoverable amount.

Own shares held by the Group represent the shares in the Company held by Dixons TSR Trust Limited, further details of which are given in note 8. These shares had a market value at 27 April 2002 of £13.0 million (28 April 2001 £19.1 million) and their nominal value was £0.1 million (28 April 2001 £0.1 million).

Company

	Subsidiary undertakings £million	Own shares £million	Investments £million	Total £million
Cost and net book value				
At 29 April 2001	1,203.0	2.3	569.7	1,775.0
Disposals	–	–	(161.4)	(161.4)
Amortisation of own shares	–	(0.3)	–	(0.3)
Currency retranslation	–	–	(12.0)	(12.0)
At 27 April 2002	1,203.0	2.0	396.3	1,601.3

Investments held by the Group include the following listed investments:

	Relevant exchange	Net book value £million	Market value at 27 April 2002 £million
Wanadoo S.A.			
Group Companies	Paris	390.1	475.1
Dixons TSR Trust Limited	Paris	–	8.3
P. Kotsovolos S.A.	Athens	13.4	6.9
Sense Communications A.S.A.	Oslo	2.2	3.5
		405.7	493.8

On 3 May 2001, the Group issued a €260 million 1% Exchangeable Bond due 2004, exchangeable into ordinary shares in Wanadoo S.A. The bond is exchangeable, at the option of the bondholder, into approximately 144 shares for each €1,000 principal amount of the bonds at a price of €6.94 per share up to 24 June 2004. Unless previously redeemed or purchased and cancelled, it will be redeemed on 5 July 2004.

15 Stocks

	Group 2002 £million	2001 £million
Finished goods and goods for resale	**615.7**	541.2
Properties held for development or resale	**34.3**	39.5
	650.0	580.7
Properties held for development or resale include interest of	**2.7**	2.6

16 Debtors

	Group		Company	
	2002 £million	2001 £million	**2002 £million**	2001 £million
Falling due within one year				
Trade debtors	**207.5**	184.6	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**690.6**	155.4
Corporation tax recoverable	**0.2**	2.7	**–**	–
Overseas taxation recoverable	**0.2**	0.2	**–**	–
Other debtors	**10.5**	15.2	**–**	–
Prepayments and accrued income	**119.2**	109.5	**2.3**	1.3
	337.6	312.2	**692.9**	156.7
Falling due after more than one year				
Other debtors	**2.1**	1.6	**–**	–
Prepayments and accrued income	**83.1**	70.1	**–**	–
	85.2	71.7	**–**	–
	422.8	383.9	**692.9**	156.7

17 Short-term investments

	Group 2002 £million	2001 £million
Listed	**351.5**	312.1
Unlisted	**462.4**	480.9
	813.9	793.0

Listed investments mainly comprise floating rate notes. Unlisted investments mainly comprise money market deposits.

18 Creditors – falling due within one year

	Group 2002 £million	Group 2001 £million	Company 2002 £million	Company 2001 £million
Borrowings				
7¾% Guaranteed Bond 2001	**–**	99.9	**–**	–
Bank overdrafts	**4.3**	6.2	**20.1**	–
Other borrowings	**189.5**	89.7	**166.0**	–
	193.8	195.8	**186.1**	–
Other creditors				
Trade creditors	**472.9**	415.6	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**1,246.4**	966.8
Corporation tax	**77.0**	54.1	**1.8**	–
Overseas taxation	**11.7**	9.1	**–**	–
Other taxation and social security payable	**30.7**	45.8	**–**	–
Extended warranty and service contract liabilities	**94.0**	74.3	**–**	–
Other creditors	**79.2**	35.1	**–**	–
Accruals and deferred income	**204.8**	213.9	**6.5**	10.1
Dividends payable	**91.0**	81.8	**91.0**	81.8
	1,061.3	929.7	**1,345.7**	1,058.7
	1,255.1	1,125.5	**1,531.8**	1,058.7

Borrowings include £nil (28 April 2001 £7.8 million) secured by legal charges over properties held for development or resale by the European Property division and £0.6 million (28 April 2001 £0.7 million) secured by legal charges over properties held within the Retail divisions.

The 7¾% Guaranteed Bond 2001 was redeemed at par on 19 December 2001.

19 Creditors – falling due after more than one year

	Group 2002 £million	Group 2001 £million	Company 2002 £million	Company 2001 £million
Borrowings				
7¾% Guaranteed Bond 2004	**99.8**	99.7	**–**	–
1% Exchangeable Bond 2004	**160.6**	–	**–**	–
Loans repayable:				
In more than one year but not more than two years	**16.5**	81.2	**4.3**	–
In more than two years but not more than five years	**25.1**	278.5	**20.5**	–
In more than five years	**1.0**	2.7	**–**	–
	303.0	462.1	**24.8**	–
Other creditors				
Extended warranty and service contract liabilities	**189.0**	205.8	**–**	–
Other creditors	**50.8**	59.1	**–**	–
	239.8	264.9	**–**	–
	542.8	727.0	**24.8**	–

Borrowings include £11.1 million (28 April 2001 £11.4 million) secured by legal charges over properties held for development or resale by the European Property Division and £4.1 million (28 April 2001 £5.1 million) secured by legal charges over properties held within the Retail divisions.

The 7¾% Guaranteed Bond 2004, which is unsecured, is guaranteed by the Company and is listed on the London Stock Exchange. Unless previously redeemed or purchased and cancelled it will be redeemed at par on 16 February 2004. The 1% Exchangeable Bond 2004, which is listed on the Luxembourg Stock Exchange, is euro denominated at €260 million and is exchangeable into ordinary shares in Wanadoo S.A. up to 24 June 2004. Further details are included in note 14.

20 Borrowing facilities

	Group 2002 £million	Group 2001 £million
The Group had available the following undrawn committed borrowing facilities at the period end:		
Expiry date:		
Within one year	**2.1**	3.2
In more than one year, but not more than two years	**8.4**	0.6
In more than two years	**129.5**	235.0
	140.0	238.8

21 Financial instruments

A statement of the Group's objectives, policies and strategies with regard to financial instruments is contained in the Financial Review on pages 30 and 31. Short-term debtors and creditors have been excluded from these disclosures as permitted by FRS 13 "Derivatives and other financial instruments: disclosures". Additional information on fixed asset investments is included in note 14.

(a) Interest rate and currency profile of financial assets and financial liabilities

After taking into account the various interest rate and currency swaps entered into by the Group, the currency and interest rate exposure of its financial assets and liabilities was:

2002

	Sterling £million	**Norwegian Kroner £million**	**Euro £million**	**Other currencies £million**	**Total £million**
Cash and short-term investments:					
Floating rate	**813.1**	**5.3**	**32.3**	**0.9**	**851.6**
Fixed rate	**0.9**	**–**	**–**	**–**	**0.9**
	814.0	**5.3**	**32.3**	**0.9**	**852.5**
Borrowings:					
Floating rate	**(16.0)**	**(4.1)**	**(206.6)**	**(3.4)**	**(230.1)**
Fixed rate	**(99.8)**	**–**	**(160.6)**	**(6.3)**	**(266.7)**
	(115.8)	**(4.1)**	**(367.2)**	**(9.7)**	**(496.8)**
Net funds/(debt) at period end	**698.2**	**1.2**	**(334.9)**	**(8.8)**	**355.7**
Fixed asset investments	**16.8**	**2.2**	**460.0**	**–**	**479.0**
Extended warranty and service contract liabilities:					
Falling due within one year	**(94.0)**	**–**	**–**	**–**	**(94.0)**
Falling due after more than one year	**(189.0)**	**–**	**–**	**–**	**(189.0)**
	(283.0)	**–**	**–**	**–**	**(283.0)**

2001

	Sterling £million	Norwegian Kroner £million	Euro £million	Other currencies £million	Total £million
Cash and short term investments:					
Floating rate	822.4	6.9	23.4	3.8	856.5
Fixed rate	0.9	–	–	–	0.9
	823.3	6.9	23.4	3.8	857.4
Borrowings:					
Floating rate	–	(250.8)	(24.8)	(30.3)	(305.9)
Fixed rate	(199.6)	(152.4)	–	–	(352.0)
	(199.6)	(403.2)	(24.8)	(30.3)	(657.9)
Net funds/(debt) at period end	623.7	(396.3)	(1.4)	(26.5)	199.5
Fixed asset investments	47.0	2.1	569.7	6.9	625.7
Extended warranty and service contract liabilities:					
Falling due within one year	(74.3)	–	–	–	(74.3)
Falling due after more than one year	(205.8)	–	–	–	(205.8)
	(280.1)	–	–	–	(280.1)

Net free funds, excluding amounts held under trust to fund extended warranty and service contract liabilities, totalled £55.7 million (28 April 2001 net borrowings of £85.1 million).

The principal sterling interest rate risks of the Group arise in respect of the Group's net cash and investments, and the provision of consumer credit. Each is based on floating interest rates and the two elements provide a natural hedge against each other. Sterling cash and investments include £300.0 million (28 April 2001 £284.6 million) held under trust to fund extended warranty and service contract liabilities. Floating rate assets consist of money market deposits and floating rate notes bearing rates fixed in advance ranging from overnight to six months. The average period until the next refixing is 37 days (2000/01 38 days). Floating rate sterling borrowings comprise bank borrowings and overdrafts that bear interest at rates based on LIBOR. Fixed rate sterling borrowing at 27 April 2002 comprises the 7¾% Guaranteed Bonds 2004. The weighted average period for which the rate is fixed is 1.8 years (2000/01 1.7 years).

Floating rate euro borrowings represent bank borrowings, based on EURIBOR, to provide a hedge against euro denominated fixed asset investments and to finance European Property stock held for development or resale. Fixed rate euro borrowings comprise the 1% Exchangeable Bond 2004 which also provides a hedge against euro denominated fixed asset investments. Borrowings in other currencies largely represent Nordic working capital facilities within the Elkjøp group.

All currency investments are short term money market deposits with maturities of less than one month. Fixed asset investments are non-interest bearing. Additional information is included in note 14.

21 Financial instruments (continued)

(b) Fair values of financial assets and financial liabilities	Book value 2002 £million	Fair value 2002 £million	Book value 2001 £million	Fair value 2001 £million
Fixed asset investments (excluding associated undertakings)	**409.1**	**500.0**	625.7	777.5
Cash and investments				
Cash at bank and in hand	**38.6**	**38.6**	64.4	64.4
Short term investments	**813.9**	**814.1**	793.0	793.5
	852.5	**852.7**	857.4	857.9
Borrowings due:				
In one year or less or on demand	**(193.8)**	**(193.8)**	(195.8)	(194.6)
In more than one year but not more than two years	**(116.3)**	**(120.1)**	(81.2)	(81.2)
In more than two years but not more than five years	**(185.7)**	**(207.2)**	(378.2)	(373.0)
In more than five years	**(1.0)**	**(1.0)**	(2.7)	(2.7)
	(496.8)	**(522.1)**	(657.9)	(651.5)
Extended warranty and service contract liabilities:				
Falling due within one year	**(94.0)**	**(94.0)**	(74.3)	(74.3)
Falling due after more than one year	**(189.0)**	**(189.0)**	(205.8)	(205.8)
	(283.0)	**(283.0)**	(280.1)	(280.1)
Derivatives held to:				
Manage the interest rate of borrowings	**–**	**0.6**	–	0.9
Manage the currency exposure of borrowings	**–**	**1.1**	–	(0.2)
Hedge net assets	**–**	**0.8**	(2.0)	(2.1)
Hedge future transactions				
– expected to occur within one year	**–**	**3.5**	–	(1.0)
– expected to occur after more than one year	**–**	**(1.5)**	–	0.7

Assets and liabilities are held at floating rates and therefore the fair value is close to the book value with the exception of the fixed rate 7¾% Guaranteed Bond 2004 and the 1% Exchangeable Bond 2004 where there is a premium to book value due to the coupon rate and exchange rights, respectively. Fair values are derived from market values.

(c) Gains and losses on instruments used for hedging
The Group enters into forward foreign exchange currency contracts to manage exposures that arise on purchases and sales denominated in foreign currencies. It also uses swaps to manage its interest rate and foreign exchange translation exposures.

Unrecognised net gains and losses on hedges at the period end are as follows:

	Gains £million	Losses £million	Net total £million
On hedges at 29 April 2001	2.1	(3.8)	(1.7)
Arising in previous periods recognised in 2001/02	(1.7)	3.9	2.2
Arising in previous periods not recognised in 2001/02	0.4	0.1	0.5
Arising in 2001/02 not recognised in 2001/02	6.6	(2.6)	4.0
On hedges at 27 April 2002	**7.0**	**(2.5)**	**4.5**
Of which:			
Expected to be recognised within one year	5.5	(1.4)	4.1
Expected to be recognised after more than one year	1.5	(1.1)	0.4

(d) Currency risk
The Group's policy is to hedge all significant transaction exposures on monetary assets and liabilities and consequently there are no material currency exposures that would give rise to gains and losses in the profit and loss account in the functional currencies of the operating businesses.

22 Provisions for liabilities and charges

	Deferred taxation £million	Restructuring costs £million	Other £million	Total £million
Group				
At 29 April 2001 (restated)	70.1	11.1	6.5	87.7
Credit in the period	**(0.6)**	**–**	**(0.2)**	**(0.8)**
Utilised	**–**	**(4.4)**	**(1.0)**	**(5.4)**
Reclassification	**–**	**–**	**(0.3)**	**(0.3)**
Exchange translation adjustments	**(0.3)**	**–**	**–**	**(0.3)**
At 27 April 2002	**69.2**	**6.7**	**5.0**	**80.9**
Company				
At 29 April 2001	–	–	5.8	5.8
Utilised	**–**	**–**	**(1.0)**	**(1.0)**
At 27 April 2002	**–**	**–**	**4.8**	**4.8**

	Group 2002 £million	Group 2001 (restated) £million
The net provision for deferred taxation comprises:		
Accelerated capital allowances	**22.1**	17.8
Other timing differences	**47.1**	52.3
	69.2	70.1

As a result of share disposals, allowable losses have been incurred which are available for offset against certain future chargeable gains. A deferred tax asset has not been recognised in respect of these losses as it is not considered that there is sufficient evidence that chargeable gains will arise. The deferred tax asset not recognised, measured at the standard rate of 30%, is not less than £220 million.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and associated undertakings. Owing to the earnings being continually reinvested by the Group, no tax is expected to be payable on these earnings in the foreseeable future.

23 Shareholders' funds and share capital

Group

(a) Shareholders' funds	Share capital £million	Share premium account £million	Capital reserve £million	Merger reserve £million	Capital redemption reserve £million	Profit and loss account £million	Total £million
At 29 April 2001 as previously reported	48.2	94.4	395.5	(386.1)	425.5	917.5	1,495.0
Prior period adjustment (note 1)	–	–	–	–	–	(48.7)	(48.7)
At 29 April 2001 as restated	**48.2**	**94.4**	**395.5**	**(386.1)**	**425.5**	**868.8**	**1,446.3**
Retained profit	–	–	–	–	–	**93.9**	**93.9**
Translation adjustments	–	–	–	–	–	**18.2**	**18.2**
Disposal of Freeserve	–	–	**(105.5)**	–	–	**105.5**	–
Ordinary shares issued:							
Share options – employees	**0.4**	**22.3**	–	–	–	–	**22.7**
– employee trusts	–	**18.8**	–	–	–	**(18.8)**	–
At 27 April 2002	**48.6**	**135.5**	**290.0**	**(386.1)**	**425.5**	**1,067.6**	**1,581.1**

Company

	Share capital £million	Share premium account £million	Capital reserve £million	Merger reserve £million	Capital redemption reserve £million	Profit and loss account £million	Total £million
At 29 April 2001	48.2	94.4	–	–	425.5	309.2	877.3
Retained loss	–	–	–	–	–	**(137.2)**	**(137.2)**
Ordinary shares issued:							
Share options – employees	**0.4**	**22.3**	–	–	–	–	**22.7**
– employee trusts	–	**18.8**	–	–	–	–	**18.8**
At 27 April 2002	**48.6**	**135.5**	–	–	**425.5**	**172.0**	**781.6**

As permitted by section 230 of the Companies Act 1985, no profit and loss account for the Company is included in these financial statements.

The transfer from the capital reserve to the profit and loss account represents the attributable profit in respect of Wanadoo S.A. shares (exchanged for the Group's holding in Freeserve in 2000/01) that were released from lock-up arrangements in the period.

The cumulative amount of goodwill written off directly against reserves at the start and end of the period in respect of undertakings still within the Group is £127.9 million.

(b) Reconciliation of movements in shareholders' funds	2002 £million	2001 £million
Opening shareholders' funds as previously reported	**1,495.0**	977.0
Prior period adjustment (note 1)	**(48.7)**	(41.1)
Opening shareholders' funds as restated	**1,446.3**	935.9
Profit for the period	**211.2**	595.0
Dividends	**(117.3)**	(105.9)
	93.9	489.1
Other recognised gains and losses relating to the period	**18.2**	0.9
Ordinary shares issued:		
Share option and ownership schemes	**22.7**	20.4
Net additions to shareholders' funds	**134.8**	510.4
Closing shareholders' funds	**1,581.1**	1,446.3

The above prior period adjustment, which arises from the adoption of FRS 19, has had the effect of reducing prior period profit by £7.6 million. The effect of the adoption of FRS 19 on the current period's profits is not significantly different to this amount.

(c) Called up share capital	2002 £million	2001 £million
Authorised		
4,980,252,496 (28 April 2001 4,980,252,496) ordinary shares of 2.5p each	**124.5**	124.5
Allotted and fully paid		
1,945,120,052 (28 April 2001 1,926,939,899) ordinary shares of 2.5p each	**48.6**	48.2

During the period, 18,180,153 shares were issued in respect of options exercised under employee share option schemes.

24 Employee share option schemes

During the period the following options were granted to employees:

Sharesave			Discretionary		
Number of employees	Exercise price pence	Number	Number of employees	Exercise price pence	Number
6,061	177.00	**7,993,700**	11,478	231.00	**15,276,739**
			45	228.00	**48,470**
		7,993,700			**15,325,209**

At 27 April 2002 directors and employees held options to subscribe for a total of 72,860,502 shares (28 April 2001 73,821,573) as follows:

Sharesave			Discretionary		
Date of grant	Exercise price pence	Number	Date of grant	Exercise price pence	Number
25.02.97	98.00	**1,070,852**	22.02.93	54.50	**384,928**
20.02.98	99.00	**3,669,321**	11.08.94	50.75	**19,000**
04.08.98	97.50	**15,236**	04.08.95	73.25	**130,672**
17.02.99	199.50	**396,452**	05.08.96	122.75	**1,200,276**
02.06.00	218.00	**5,145,599**	04.02.97	124.25	**12,000**
12.03.01	215.00	**4,360,020**	04.08.97	145.50	**2,863,164**
07.03.02	177.00	**7,987,277**	20.02.98	135.00	**18,000**
			17.08.98	132.00	**5,822,658**
			12.10.98	140.00	**176,980**
			17.02.99	256.75	**200,000**
			19.07.99	334.75	**13,867,221**
			31.01.00	278.25	**46,720**
			17.07.00	273.00	**10,601,497**
			05.02.01	269.00	**177,003**
			23.07.01	231.00	**14,648,356**
			15.02.02	228.00	**47,270**
		22,644,757			**50,215,745**

Options granted under the Sharesave Schemes are exercisable in the six month period following the date of maturity of a three year or five year savings contract. Other options are exercisable between three and ten years from the date of grant. Exercise of discretionary options is conditional upon a defined minimum increase in the market price of a share and, in certain cases, to the attainment of a specified rate of growth in the Company's adjusted earnings per share. All options may be exercised earlier in certain circumstances.

25 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities	2001/02 £million	2000/01 £million
Operating profit	**284.8**	203.8
Depreciation	**104.0**	94.5
Amortisation of goodwill and own shares	**1.0**	3.4
Share of (profit)/loss of associated undertakings	**(3.8)**	5.4
(Profit)/loss on disposal of fixed assets	**(9.5)**	17.5
Net (utilisation of)/additions to provisions	**(5.4)**	22.0
Increase in stocks	**(59.5)**	(60.4)
Increase in debtors	**(31.8)**	(46.4)
Increase in creditors	**60.5**	92.3
	340.3	332.1

(b) Analysis of cash flows for headings netted in the cash flow statement	2001/02 £million	2000/01 £million
Net increase in current asset investments		
Money market and other fixed rate deposits	**19.4**	(85.1)
Floating rate notes	**(40.3)**	82.0
	(20.9)	(3.1)
Net (decrease)/increase in debt due within one year		
7¾% Guaranteed Bond 2001	**(99.9)**	99.9
Secured borrowings	**(7.9)**	0.2
Other short term borrowings	**107.3**	33.2
	(0.5)	133.3
Net (decrease)/increase in debt due after more than one year		
7¾% Guaranteed Bond 2001	**–**	(99.9)
1% Exchangeable Bond 2004	**160.6**	–
Secured borrowings	**(1.3)**	1.3
Other borrowings	**(313.9)**	(18.7)
	(154.6)	(117.3)

(c) Analysis of net funds	29 April 2001 £million	Cash flow £million	Exchange movements £million	27 April 2002 £million
Cash at bank and in hand	64.4	**(26.2)**	**0.4**	**38.6**
Overdraft	(6.2)	**1.9**	**–**	**(4.3)**
	58.2	**(24.3)**	**0.4**	**34.3**
Short term investments	793.0	**20.9**	**–**	**813.9**
Debt due within one year	(189.6)	**0.5**	**(0.4)**	**(189.5)**
Debt due after more than one year	(462.1)	**154.6**	**4.5**	**(303.0)**
	199.5	**151.7**	**4.5**	**355.7**

26 Post retirement benefits

The Group operates a number of defined contribution and defined benefit pension schemes. The principal scheme operates in the UK where the Group maintains a funded defined benefit pension scheme for its employees with assets held in a separate trustee administered fund. Contributions are assessed in accordance with the advice of independent qualified actuaries so as to spread the pension cost over the normal expected service lives of members. The scheme is valued by a qualified actuary at least every three years.

The Group has announced that with effect from 1 September 2002, no further entrants will be permitted to the UK scheme and, instead, membership of a defined contribution pension scheme will be offered.

In the Nordic region, the Group operates secured defined benefit pension schemes with assets held in a life insurance company and an unsecured pension arrangement. In addition, it makes contributions to a state pension scheme. The effect of these schemes on the Group's results is not significant.

(a) Regular pension costs – SSAP 24

Pension costs are accounted for in accordance with SSAP 24 "Accounting for pension costs". The Group paid contributions during the period of £16.2 million (2000/01 £14.4 million). The pension charge amounted to £12.2 million (2000/01 £14.2 million). This comprised the regular pension cost of £16.5 million (2000/01 £15.2 million) net of the amortisation of pension surpluses over the average remaining service lives of current employees on a straight line basis. In addition, the pension charge in respect of defined contribution schemes was £0.4 million (2000/01 £0.4 million). A further £0.1 million (2000/01 £0.1 million) provision was made in respect of the unsecured pension arrangement.

The last actuarial valuation of the UK scheme was carried out as at 5 April 2001 using the projected unit method and has been used to determine the level of funding to the scheme. The contribution rate, agreed in consultation with the actuaries, for both the year ended 27 April 2002 and future years is 9.9 per cent.

The principal actuarial assumptions used for accounting purposes were:

Rate of increase in pensionable salaries	4.25% per annum
Rate of increase to pensions – Guaranteed Minimum Pension	3.0% per annum
– Pension in excess of Guaranteed Minimum Pension	2.5% per annum
Discount rate for accrued benefits	6.5% per annum
Inflation assumption	2.5% per annum
Investment return for future service benefits	6.75% per annum

At 5 April 2001, the market value of the scheme's investments was £388.2 million and, based on the above assumptions, the value of the assets was sufficient to cover 106 per cent of the benefits accrued to members after allowing for expected future increases in earnings. This amounted to a surplus of assets over liabilities of £25 million.

(b) FRS 17 disclosures

A new financial reporting standard, FRS 17 "Retirement benefits", will introduce new accounting policies in respect of pension arrangements. Full adoption of FRS 17 is not immediately mandatory, but requires additional information to be disclosed in the intervening period on pension assets and liabilities (with effect from 2001/02), as set out below, and pension expense (with effect from 2002/03), based on methodologies set out in the standard which are different from those used by the scheme actuaries in determining funding arrangements.

Assumptions at 27 April 2002:

Rate of increase in pensionable salaries	4.25% per annum
Rate of increase in pensions in payment/deferred pensions	2.5% per annum
Discount rate	6.0% per annum
Inflation assumption	2.5% per annum

Valuation at 27 April 2002:

	Long term expected rate of return	£million
Equities	**8.0%**	**347.6**
Bonds	**5.2%**	**30.4**
Cash	**4.5%**	**14.8**
Market value of assets		**392.8**
Present value of liabilities		**(468.9)**
Deficit in the plan		**(76.1)**
Related deferred tax asset		**22.8**
Net pension liability		**(53.3)**

The deficit under FRS 17 reflects the different basis for valuing assets and liabilities compared with SSAP 24. The net position is sensitive to market conditions at the assessment date of 27 April 2002, particularly the movement of equity prices relative to corporate bond prices.

If the full provisions of FRS 17 were reflected in the financial statements for the year ended 27 April 2002, the Group's profit and loss account reserve of £1,067.6 million and the Group's net assets of £1,616.7 million would be reduced, by £58.6 million, including the elimination of the SSAP 24 pension prepayment, to £1,009.0 million and £1,558.1 million, respectively.

27 Capital commitments

	2002 £million	2001 £million
	Group	
Contracted for but not provided for in the accounts	**21.5**	15.0

28 Contingent liabilities

	2002 £million	2001 £million
	Company	
Commitments in respect of properties in the course of development	**–**	6.2
Guarantee of 7¾% Guaranteed Bond 2001	**–**	100.0
Guarantee of 7¾% Guaranteed Bond 2004	**100.0**	100.0
Guarantee of notes issued under 1% Exchangeable Bond 2004	**160.6**	–
Guarantee of borrowings of subsidiaries	**194.9**	415.2
Other guarantees	**14.3**	12.8

In the normal course of business, the Group has contingent liabilities in respect of lease covenants relating to premises assigned or sublet to third parties.

29 Operating lease commitments

	2002 £million	2001 £million
	Group	
At 27 April 2002 the Group was committed to the following payments during the next 53 week period in respect of operating leases for land and buildings which expire:		
Within one year	**4.6**	3.6
Between two and five years	**13.2**	19.5
After five years	**214.1**	179.8
	231.9	202.9

At 27 April 2002 the Group was committed to payments during 2002/03 of £0.3 million (28 April 2001 £0.1 million) in respect of other operating leases which expire between two and five years.

30 Related party transactions

The Company has granted Dixons TSR Trust Limited, the employee share ownership trust, loan facilities of £50 million.

The Company made charitable donations of £875,000 to The Dixons Foundation, the Group's registered charitable trust. The Company is the sole benefactor of the Foundation, the principal beneficiaries of which are concerned with education, business ethics, community affairs, medicine, heritage and the environment.

31 Post balance sheet event

On 7 May 2002 the Group acquired Direct Telephone Services Limited (trading as Genesis Communications) for consideration of up to £31 million. The initial consideration was satisfied by £27 million in loan notes and £1 million in cash. Additional consideration of up to £1 million is payable in cash and up to £2 million in loan notes is to be paid dependent on the achievement of earnings targets.

32 Principal subsidiary undertakings

The principal subsidiary undertakings at 27 April 2002 were as follows:

UK Retail
Coverplan Insurance Services Limited
Dixons Insurance Services Limited – Isle of Man
DSG Card Handling Services Limited
DSG Retail Limited
Mastercare Service and Distribution Limited
The Link Stores Limited (60%)

International Retail
Elkjøp ASA – Norway
Elkjøp Norge AS – Norway
El-Giganten AB – Sweden
El-Giganten Køkkenland AS – Denmark
Gigantti OY – Finland
DSG Ireland Limited
PC City Spain SL – Spain
PC City (France) SA – France

European Property
Codic International SA – Belgium (96%)
Codic Belgique SA – Belgium (96%)
Codic Luxembourg SA – Luxembourg (96%)
Codic SA – France (96%)
Codic GmbH – Germany

Other
Dixagon SA – Switzerland
Dixons Group Holdings Limited*
Dixons Group Treasury plc
Dixons Overseas Investments Limited
Dixons European Investments Limited

*Direct subsidiary of Dixons Group plc.

Unless otherwise indicated, principal subsidiary undertakings are wholly-owned and incorporated in Great Britain.

All Group undertakings operate in their country of incorporation, with the exception of DSG Ireland Limited which operates in Ireland.