

GN Netcom (UK) Limited

**Directors' report and financial
statements**

Registered number 2230550

31 December 2012



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Directors' report - GN Netcom (UK) Limited, registered number 2230550

The directors present their directors' report and financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the Company is the marketing, selling and distribution of telecommunication headsets

Business review

The company is a subsidiary of GN Netcom A/S which, through its Jabra brand, is a leading developer and supplier of headsets and other communications devices for contact centre, office and mobile applications. The ultimate parent company is GN Store Nord A/S which is listed on the Copenhagen stock exchange. The company markets and sells contact centre and office headsets within the UK and Republic of Ireland. The company's products are sold via a number of different channels including many telecommunications and IT distributors, resellers and voice and data carriers.

Key performance indicators (KPIs) for the business in current and preceding years are

	2012 £	2011 £
Revenue	10 815 106	10 696,151
Percentage increase from prior year	1.11%	6.58%
Gross Margin	3 655 251	3 764 163
As a percentage of revenue	34%	35%

Revenue increased by 1.1% in 2012 despite continued difficult market conditions and market share was gained once again in some key strategic distribution channels. Consistency of strategy in the contact centre and Unified Communications (UC) marketplaces coupled with some notable additions to our UC product portfolio enabled the company to compete successfully in our target markets. Continued investment in global marketing programmes and sales tools supported local sales execution by an increasingly experienced skilled salesforce. We continue to enjoy a leading position within product categories such as UC headsets and speakerphones. As expected gross margin declined to 34%. Operating expenses increased by 6.7% which resulted in an operating profit.

The company has net assets of £1,204,378 (2011: £1,025,142) and net current assets of £1,193,552 (2011: £1,006,220).

The directors do not consider that there are appropriate non-financial KPIs relevant to the understanding of the business and therefore none are disclosed.

Results and dividends

No dividend was paid during the year ended 31 December 2012 (2011: Nil). The profit after tax for the year was £179,236 (2011: £40,224).

Directors' report *(continued)*

Future prospects

Continued growth between 10-15% p a is expected globally in the addressable contact centre and office headset market in 2013. Beyond that compound annual growth rate of between 10% to 15% is expected through to 2017. Growth in the UK CC&O headset market will continue to be driven by accelerating UC deployment whilst we also have a significant opportunity to gain market share in contact centres and large enterprises.

The company has short term bank borrowing facilities which the directors anticipate will continue to be available as there is no renewal date. The directors recognise that the company depends on the GN Store Nord group for its supply of products and overall management of cash and liquidity on a group-wide basis. The directors have assessed the current position and expectations for trading over the next twelve months and consider that the company will have sufficient cash resources taking into account the normal terms of business with customers and suppliers.

Directors

The directors of the company during the year and subsequently were as follows:

A Doyle
M Elsberg

Certain directors benefited from third party indemnity provisions in place during the financial year and at the date of this report.

Donations

During the year to 31 December 2012 the Company made no political donations (2011: £nil). The Company made no charitable donations (2011: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has 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 auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Doyle
Director

Tamesis
The Glanty
Egham
Surrey
TW20 9AW

25 September 2013

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT
AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing 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. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent, 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GN NETCOM (UK) LIMITED

We have audited the financial statements of GN Netcom (UK) Limited for the year ended 31 December 2012 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.lrc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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 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.

Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

26 September 2013

15 Canada Square
London E14 5GL
United Kingdom

Profit and loss account*for the year ended 31 December 2012*

	<i>Note</i>	2012 £	2011 £
Turnover	2	10,815,106	10,696,151
Cost of sales		(7,159,855)	(6,931,988)
Gross profit		3,655,251	3,764,163
Selling and administrative expenses		(3,413,678)	(3,658,095)
Operating profit		241,573	106,068
Other interest receivable and similar income	6	20,876	7,940
Interest payable and similar charges	7	(9,981)	(38,810)
Profit on ordinary activities before			
Taxation	3	252,468	75,198
Tax charge on profit on ordinary activities	5	(73,232)	(34,974)
Profit for the financial year		179,236	40,224

The results for the year derive solely from continuing activities

There is no difference between the profit shown above and that calculated under historical cost accounting

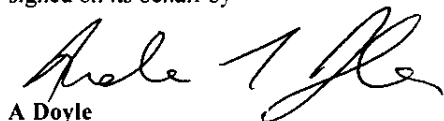
There are no recognised gains and losses for the current financial year and preceding financial year other than as shown above. Accordingly, no statement of total recognised gains and losses is presented.

The notes on pages 8 to 14 form an integral part of the financial statements.

Balance sheet
at 31 December 2012

	<i>Note</i>	2012	2011
		£	£
Fixed assets			
Tangible assets	8	10,826	18,922
Current assets			
Stocks	9	1,051	366
Debtors	10	2,747,359	3,104,244
Cash at bank and in hand		246,930	27
		<u>2,995,340</u>	<u>3,104,637</u>
Creditors amounts falling due within one year	11	(1,801,788)	(2,098,417)
Net Current Assets		<u>1,193,552</u>	<u>1,006,220</u>
Total Assets less current liabilities		<u>1,204,378</u>	<u>1,025,142</u>
Net assets		<u>1,204,378</u>	<u>1,025,142</u>
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account	13	1,104,378	925,142
Shareholders' funds		<u>1,204,378</u>	<u>1,025,142</u>

These financial statements were approved by the board of directors on 25 September 2013 and were signed on its behalf by



A Doyle
Director

Registered number 2230550

Reconciliation of Movement in Shareholders' Funds
for the year ended 31 December 2012

	2012 £	2011 £
Profit for the financial year	179,236	40,224
Dividends on shares classified in shareholders' funds	-	-
Net addition to shareholders' funds	179,236	40,224
Opening shareholders' funds	1,025,142	984,918
Closing shareholders' funds	1,204,378	1,025,142

Notes*(forming part of the financial statements)***1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

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

The directors have assessed the current position and expectations for trading over the next twelve months and consider that the company will have sufficient cash resources, taking into account the normal terms of business with customers and suppliers. Accordingly the financial statements have been prepared on a going concern basis

Tangible fixed assets

Depreciation is provided to write off the cost in equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows

Fixtures and fittings	20% per annum
Computer equipment	50% per annum
Computer software	33% per annum
Office equipment	20% per annum

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain capital items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS19

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Translation differences are dealt with in the profit and loss account

Pension costs

The company pays into a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cashflow statement as it is wholly owned by GN Netcom A/S and its cashflows are included within the consolidated cash flow statement of the Group

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes (continued)**2 Turnover**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of Value Added Tax. Sales are recognised when the risks and rewards of ownership pass, normally upon delivery. The turnover and pre-tax profit is attributable to one activity, the sale of telecommunication headset equipment. Turnover is all attributable to sales in the United Kingdom and the Republic of Ireland.

3 Profit on ordinary activities before taxation

	2012 £	2011 £
<i>Profit on ordinary activities is stated after charging</i>		
Depreciation	8,096	11,948
Rentals under operating leases		
- Land and buildings	55,615	85,075
- Other	12,124	-
Exchange loss	11,880	29,739
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
	2012 £	2011 £
- Audit of these financial statements	12,034	33,131
- Other services related to taxation	12,760	4,000
	<hr/>	<hr/>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2012	2011
Sales and distribution	25	24
Administration	5	5
	<hr/>	<hr/>
	30	29
	<hr/>	<hr/>
	2012 £	2011 £
Wages and salaries	1,891,875	1,731,505
Social security costs	302,898	266,781
Other pension costs	86,135	65,231
	<hr/>	<hr/>
	2,280,908	2,063,517
	<hr/>	<hr/>

Notes (continued)**4 Staff numbers and costs (continued)**

Total emoluments of all directors' are as follows

	2012 £	2011 £
Directors' emoluments	147,017	222,761
Company contributions to defined contribution pension schemes	6,063	3,751
	<u>153,080</u>	<u>226,512</u>
Attributable to the highest paid director		
Directors' emoluments	147,017	222,761
Company contributions to defined contribution pension schemes	6,063	3,751
	<u>153,080</u>	<u>226,512</u>

No retirement benefits are accruing to any director (2011: None) under money purchase schemes

5 Tax on profit on ordinary activities*Analysis of charge in the year*

	2012 £	2011 £
UK corporation tax		
Current tax on income for the period	66,661	38,023
Adjustment in respect of prior years	(593)	(40,201)
Total current tax credit	<u>66,068</u>	<u>(2,178)</u>
Deferred tax		
Origination of timing differences	7,164	37,152
Tax charge on profit on ordinary activities	<u>73,232</u>	<u>34,974</u>

*Analysis of charge in the year**Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2011: higher) than the standard rate of corporation tax in the UK (24.5%, 2011: 26.5%). The differences are explained below

	2012 £	2011 £
Current tax reconciliation		
Profit on ordinary activities before tax	252,468	75,198
Current tax charge at 24.5% (2011: 26.5%)	<u>61,848</u>	<u>19,928</u>
Effects of		
Entertaining, promotions and legal expenses	11,136	18,525
Capital allowances for period in excess of depreciation	(3,700)	(4,691)
Provisions tax adjustment (other)	(2,623)	4,261
Adjustments to tax charge in previous years	(593)	(40,201)
Tax loss carried forward	-	-
Total current tax charge/(credit) (see above)	<u>66,068</u>	<u>(2,178)</u>

Notes *(continued)***5 Tax on profit on ordinary activities (continued)**

The main rate of UK corporation tax reduced from 26% to 24% with effect from 1 April 2012. Legislation to further reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was enacted in the Finance Act 2012. This tax change became substantively enacted on 17 July 2012 and the effect of the change on the deferred tax balances has been included in the figures above.

The Chancellor announced in the Autumn Statement 2012 a further reduction to the main rate of corporation tax to 21% from 1 April 2014 and in the Budget 2013 a reduction to 20% from 1 April 2015. These changes have not been substantively enacted and are not reflected in the figures above. The effect of the further reductions from 23% to 20%, if these applied to the deferred tax balance at 31 December 2012, would be to further reduce the deferred tax asset.

6 Other Interest receivable and similar income

	2012 £	2011 £
Receivable from group undertakings	18,932	7,813
Bank interest	1,944	127
	<u>20,876</u>	<u>7,940</u>

7 Interest payable and similar charges

	2012 £	2011 £
Payable to group undertakings	-	-
Bank loans and overdrafts	9,981	7,792
Other financial expenses	-	31,018
	<u>9,981</u>	<u>38,810</u>

Notes (continued)**8 Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Computer Software £	Office Equipment £	Total £
<i>Cost</i>					
At 1 January 2012	81,092	7,761	104,495	83,421	276,769
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2012	81,092	7,761	104,495	83,421	276,769
<i>Depreciation</i>					
At 1 January 2012	67,148	7,761	104,495	78,443	257,847
Charge for year	4,105	-	-	3,991	8,096
Disposals	-	-	-	-	-
At 31 December 2012	71,253	7,761	104,495	82,434	265,943
<i>Net book value</i>					
At 31 December 2012	9,839	-	-	987	10,826
At 31 December 2011	13,944	-	-	4,978	18,922

9 Stocks

	2012 £	2011 £
Finished goods and products for resale	1,051	366

10 Debtors

	2012 £	2011 £
Trade debtors	2,506,753	2,789,969
Prepayments and accrued income	70,648	66,505
Deferred tax	27,955	35,119
Corporation tax recoverable	-	200,572
Other debtors	24,954	6,348
Amounts owed by group undertakings	117,049	5,731
	2,747,359	3,104,244

Notes (continued)**10 Debtors (continued)**

Debtors include deferred tax of £27,955 (2011 £35,119) due after more than one year, detailed below

The deferred tax asset is comprised of

Accelerated capital allowances	21,034	24,920
Other timing differences	6,921	10,199
Corporation tax loss carried forward	-	-
	<u>27,955</u>	<u>35,119</u>

The deferred tax asset has been created using a corporation tax rate of 23% (2011 25%)

11 Creditors, amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	-	411,003
Trade creditors	335,337	178,327
Amounts owed to group undertakings	-	100,624
Corporation tax payable	43,516	-
Other taxes and social security	62,313	59,926
VAT	440,408	493,382
Accruals	920,214	855,155
	<u>1,801,788</u>	<u>2,098,417</u>

12 Called up share capital

	2012 £	2011 £
<i>Authorised, allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

13 Reconciliation of reserves

	Profit and loss account £
At beginning of year	925,142
Profit for the year	<u>179,236</u>
At end of year	<u>1,104,378</u>

Notes *(continued)***14 Operating lease commitments**

Annual commitments under operating leases are as follows

	2012 £	2011 £
<i>Operating leases which expire</i>		
In the second to fifth years inclusive	97,012	85,075

15 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £86,135 (2011 £65,231). Contributions amounting to £9,586 (2011 £7,748) were payable to the fund and are included in creditors.

16 Related party transactions

The company is wholly owned within the GN Great Nordic group of companies so is exempt under Financial Reporting Standard 8 from disclosing transactions with other companies wholly owned within the group.

17 Immediate and ultimate parent companies

The immediate parent company of the undertaking is GN Netcom A/S, a company registered in Denmark.

The ultimate parent undertaking of the group for which accounts are drawn up of which the company is a member is GN Store Nord A/S, incorporated in Denmark.

Copies of the group accounts can be obtained from Lautrupbjerg 7, P.O. Box 99, DK-2750 Ballerup, Denmark.