

GN Netcom (UK) Limited

Report and financial statements

Registered number 2230550

31 December 2014



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Strategic Report

Pursuant to Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, GN Netcom (UK) Limited (the Company) and the Directors present a Strategic Report.

Principal activity

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

Business review

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

	2014	2013
	£	£
Revenue	14,210,979	13,877,945
Percentage increase from prior year	2.40%	28.32%
Gross Margin	5,374,729	4,494,739
As a percentage of revenue	38%	32%

Revenue increased by 2.4% in 2014 in improved market conditions and market share was gained once again in key areas. Our strategic alliances with key partners in the Unified Communications (UC) marketplace continued to strengthen our position and broaden our channels to market. Further investment in global marketing programmes and sales tools supported local sales execution by an experienced and skilled salesforce. We continue to enjoy a leading position within product categories such as UC headsets and speakerphones. Gross margin increased to 38% due to the product mix of our sales. Operating expenses increased by 21.5% due to the continued investment in sales resources which resulted in an operating profit.

The company has net assets of £1,168,907 (2013: £1,570,243) and net current assets of £1,167,212 (2013:£1,564,482).


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

Strategic Report *(continued)*

Principal risks and uncertainties

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.

By order of the board


N Dunn
Director

The Curve
Axis Business Park
Langley
Berks
SL3 8AG

5 November 2015

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2014.

Directors

The directors who held office during the year and subsequently were as follows:

N Dunn	(appointed 1 Jan 2014)
N Svenningsen	(appointed 1 Jan 2014, resigned 1 Jun 2015)
J Hamon	(appointed 1 Jun 2015)
V Schaidt	(appointed 1 Jun 2015)

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

Results and dividends

A dividend of £8 per share or a total of £800,000 was paid in respect of the year ended 31 December 2014 (2013:Nil). The profit after tax for the year was £398,664 (2013:£365,865)

Future prospects

Continued growth between 10-15% p.a. is expected globally in the addressable contact centre and office headset market in 2015. Beyond that general market conditions are more unpredictable but we are confident that with continued investment in market-leading technology and improved sales and marketing execution the company will continue to gain market share and is best placed to maximize the opportunities within the UK CC&O headset market, which will continue to be driven by accelerating UC deployment.

Donations

During the year to 31 December 2014 the Company made no political donations (2013: £nil).

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic Report on pages 1 and 2.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

In accordance with s. 485 of the Companies Act 2006, a resolution appointing Ernst & Young, Chartered Accountants as auditor of the Company was approved by the Board of Directors on 16 October 2014.

Events since the balance sheet date

On 27 February 2015 the Company signed a lease on part of the first floor of premises known as The Curve, Axis Business Park, Langley, Berks, SL3 8AG. The premises are sublet from Tech Data Limited on a lease ending on 3 January 2021 but with break points at the end of the third and fifth years.

The lease on the Company's former premises at Tamesis, The Glanty, Egham, Surrey, TW20 9AW was surrendered on 31 March 2015. Subsequently the building has been demolished and we have released all dilapidation provisions within the year ended 31 December 2014.

Directors' Report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this annual 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.

By order of the board



N Dunn
Director

The Curve
Axis Business Park
Langley
Berks
SL3 8AG

5 November 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 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 judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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 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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds and related notes 1 to 17. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

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 Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GN NETCOM (UK) 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's 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.

Ernst & Young LLP

Kevin Harkin (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

6/11/15

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	14,210,979	13,877,945
Cost of sales		(8,821,066)	(9,383,206)
		<hr/>	<hr/>
Gross profit		5,389,913	4,494,739
Selling and administrative expenses		(4,840,498)	(3,984,332)
		<hr/>	<hr/>
Operating profit		549,415	510,407
Other interest receivable and similar income	6	198	747
Interest payable and similar charges	7	(5,871)	(5,973)
		<hr/>	<hr/>
Profit on ordinary activities before			
Taxation	3	543,742	505,181
Tax charge on profit on ordinary activities	5	(145,078)	(139,316)
		<hr/>	<hr/>
Profit for the financial year		398,664	365,865
		<hr/> <hr/>	<hr/> <hr/>

The results for the year were derived 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 11 to 18 form an integral part of the financial statements.

Balance sheet
at 31 December 2014

	<i>Note</i>	2014	2013
		£	£
Fixed assets			
Tangible assets	8	1,695	5,761
Current assets			
Stocks	9	95,487	25,101
Debtors	10	5,096,910	3,586,331
Cash at bank and in hand		335,664	-
		<u>5,528,061</u>	<u>3,611,432</u>
Creditors: amounts falling due within one year	11	<u>(4,360,849)</u>	<u>(2,046,950)</u>
Net Current Assets		<u>1,167,212</u>	<u>1,564,482</u>
Total Assets less current liabilities		<u>1,168,907</u>	<u>1,570,243</u>
Net assets		<u>1,168,907</u>	<u>1,570,243</u>
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account	13	1,068,907	1,470,243
Shareholders' funds		<u>1,168,907</u>	<u>1,570,243</u>

These financial statements were approved by the board of directors on 5 November 2015 and were signed on its behalf by:


N Dunn
Director

Registered number: 2230550

Reconciliation of Movement in Shareholders' Funds
for the year ended 31 December 2014

	2014 £	2013 £
Profit for the financial year	398,664	365,865
Dividends on shares classified in shareholders' funds	(800,000)	-
	<hr/>	<hr/>
Net addition / (reduction) to shareholders' funds	(401,336)	365,865
 Opening shareholders' funds	 1,570,243	 1,204,378
	<hr/>	<hr/>
Closing shareholders' funds	1,168,907	1,570,243
	<hr/> <hr/>	<hr/> <hr/>

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 company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 1 to 2. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that any material uncertainty exists that may cast significant doubt about the ability or intention of the GN Store Nord to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

All tangible fixed assets are recoded at cost. 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.
- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 GN Netcom A/S, which is publicly available.

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

	2014	2013
	£	£
<i>Profit on ordinary activities is stated after charging:</i>		
Depreciation	4,066	5,065
Rentals under operating leases:		
- Land and buildings	60,575	54,450
- Other	60,242	39,491
Exchange loss	51,312	2,879
	<hr/>	<hr/>
<i>Auditors' remuneration:</i>		
	2014	2013
	£	£
- Audit of these financial statements	12,640	12,000
- Other services related to taxation	-	5,429
	<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	
	2014	2013
Sales and distribution	30	25
Administration	5	4
	<hr/>	<hr/>
	35	29
	<hr/>	<hr/>

Notes *(continued)*

4 Staff numbers and costs (continued)	2014	2013
	£	£
Wages and salaries	2,675,957	2,222,244
Social security costs	334,988	302,809
Other pension costs	171,020	117,821
	<u>3,181,965</u>	<u>2,642,874</u>

Total emoluments of all directors' are as follows:

	2014	2013
	£	£
Directors' emoluments	171,566	174,201
Company contributions to defined contribution pension schemes	-	12,830
	<u>171,566</u>	<u>187,031</u>

No retirement benefits are accruing to any director (2013: None) under money purchase schemes.

Notes (continued)

5 Tax on profit on ordinary activities

Analysis of charge in the year

	2014 £	2013 £
<i>Current tax</i>		
Current tax on income for the period	132,613	133,830
Adjustment in respect of prior years	6,997	1,359
	<hr/>	<hr/>
Total current tax credit	139,610	135,189
<i>Deferred tax</i>		
Origination of timing differences	5,468	4,127
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	145,078	139,316
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2013: *higher*) than the standard rate of corporation tax in the UK (21.5%, 2013: 23.25%). The differences are explained below.

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	543,742	505,181
	<hr/>	<hr/>
Current tax charge at 21.5% (2013 : 23.25%)	116,887	117,448
<i>Effects of:</i>		
Entertaining, promotions and legal expenses	23,680	16,938
Capital allowances for period in excess of depreciation	(2,745)	(3,102)
Provisions tax adjustment (other)	(5,209)	2,546
Adjustments to tax charge in previous years	6,997	1,359
Tax loss carried forward	-	-
	<hr/>	<hr/>
Total current tax charge (see above)	139,610	135,189
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

5 Tax on profit on ordinary activities (continued)

The main rate of UK corporation tax reduced from 23% to 21% with effect from 1 April 2014. Legislation to further reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was enacted in the Finance Act 2013. This tax change became substantively enacted on 17 July 2013 and the effect of the change on the deferred tax balances has been included in the figures above.

6 Other Interest receivable and similar income

	2014 £	2013 £
Receivable from group undertakings	-	-
Interest on corporation tax receivable	130	668
Bank interest	68	79
	<hr/> 198	<hr/> 747
	<hr/> <hr/>	<hr/> <hr/>

7 Interest payable and similar charges

	2014 £	2013 £
Bank loans and overdrafts	5,871	4,695
Other financial expenses	-	1,278
	<hr/> 5,871	<hr/> 5,973
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Computer Software £	Office Equipment £	Total £
Cost					
At 1 January 2014	81,092	7,761	104,495	83,421	276,769
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2014	81,092	7,761	104,495	83,421	276,769
Depreciation					
At 1 January 2014	75,331	7,761	104,495	83,421	271,008
Charge for year	4,066	-	-	-	4,066
Disposals	-	-	-	-	-
At 31 December 2014	79,397	7,761	104,495	83,421	275,074
Net book value					
At 31 December 2014	1,695	-	-	-	1,695
At 31 December 2013	5,761	-	-	-	5,761

9 Stocks

	2014 £	2013 £
Finished goods and products for resale	95,487	25,101

10 Debtors

	2014 £	2013 £
Trade debtors	4,880,217	2,627,079
Prepayments and accrued income	57,658	96,187
Deferred tax	18,360	23,828
Other debtors	140,675	-
Amounts owed by group undertakings	-	839,237
	5,096,910	3,586,331

Notes (continued)

10 Debtors (continued)

Debtors include deferred tax of £18,360 (2013: £23,828) due after more than one year, detailed below.

The deferred tax asset is comprised of:

Accelerated capital allowances	14,997	15,619
Other timing differences	3,363	8,209
Corporation tax loss carried forward	-	-
	<u>18,360</u>	<u>23,828</u>

Deferred tax assets are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been substantively enacted at the balance sheet date and therefore these have been measured at 20%.

11 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	-	190,002
Trade creditors	635,167	357,877
Amounts owed to group undertakings	1,523,963	8,133
Corporation tax payable	132,613	129,685
Other taxes and social security	80,131	61,722
VAT	579,641	301,789
Accruals	1,409,334	997,742
	<u>4,360,849</u>	<u>2,046,950</u>

12 Called up share capital

	2014 £	2013 £
<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	1,470,243
Profit for the year	398,664
Dividend	(800,000)
	<u>1,068,907</u>
At end of year	<u>1,068,907</u>

Notes (continued)

14 Operating lease commitments

Annual commitments under operating leases are as follows:

	2014 £	2013 £
<i>Operating leases which expire:</i>		
In the first year		
- Land and buildings	24,009	-
- Other	21,872	-
In the second to fifth years inclusive		
- Land and buildings	-	60,575
- Other	32,980	39,863
In the first to fifth years inclusive	<u>78,861</u>	<u>100,438</u>

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 £171,020 (2013: £117,821). Contributions amounting to £15,850 (2013: £10,157) 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

18 Dividends

On 31 October 2014, a final dividend of £8 per ordinary share in respect of the year ended 31 December 2014, being £800,000 (2013: nil) was proposed by the Board of Directors. Dividends paid in 2014 amounted to £800,000 (2013: nil).