



Doro UK Limited
(formerly Doro Audioline Limited)

Accounts for the year ended 31 December 2000
together with directors' and auditors' reports

Registered number: 1180330



Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2000.

Principal activity

The company's principal activity continues to be the wholesale of telephones and telephone answering machines.

Change of name

On 29 December 2000, the company changed its name from Doro Audioline Limited to Doro UK Limited.

Business review

Turnover for the year was £17,887,000 (1999 - £28,025,000) resulting in a loss on ordinary activities before taxation for the year of £324,000 (1999 - £1,345,000 profit).

Results and dividends

	£'000
Retained profit at 1 January 2000	1,297
Loss for the year after taxation	(324)
Dividends paid	(1,000)
Retained loss at 31 December 2000	<u>(27)</u>

Directors and their interests

The directors who served during the year, and subsequently, are as follows:

Helen Anderson

Lars-Olof Hjalmar - Non-executive (Swedish)

Ingvar Karlsson – Non-executive (Swedish)

Anders Barring – Non-executive (Swedish) (appointed 28 November 2000)

Claes Bühler - Non-executive Chairman (Swedish) (resigned 28 October 2000)

Robert Moran (resigned 29 November 2000)

The directors have no interest in the shares of the company requiring disclosure under Schedule 7 of the Companies Act 1985.

Directors' report (continued)

Directors and their interests (continued)

The directors who held office at 31 December 2000 had the following share options in respect of the ordinary shares of DORO AB, the immediate and ultimate parent company:

Name of director	Number of options			Subscription price per share	Exercisable from	Expiry date
	Held at 1 January 2000	Granted during year	Held at 31 December 2000			
Helen Anderson	5,000	-	5,000	110 SKr	20/01/2002	20/03/2002
Ingvar Karlsson	25,000	-	25,000	110 SKr	20/01/2002	20/03/2002

The beneficial interests of directors who held office at 31 December 2000 in the ordinary shares of DORO AB, were as follows:

	2000 Number	1999 Number
Ingvar Karlsson	4,050	-

Lars-Olof Hjalmar is a director of the parent company and his interest in the shares of that company are disclosed in the accounts of that company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

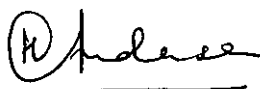
Directors' report (continued)

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

22 Walkers Road
North Moons Moat Industrial Estate
Redditch
Worcestershire
B98 9HE

By order of the Board,

A handwritten signature in dark ink, appearing to read 'H. Anderson', written over a horizontal line.

Helen Anderson

Secretary

2 March 2001

To the Shareholders of Doro UK Limited (formerly Doro Audioline Limited):

We have audited the accounts on pages 5 to 16, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

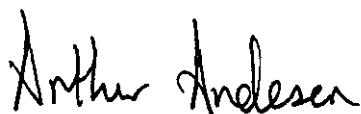
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Victoria Square
Birmingham
B1 1BD

2 March 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	2	17,887	28,025
Cost of sales		(16,482)	(23,374)
Gross profit		1,405	4,651
Other operating expenses (net)	3	(2,254)	(3,097)
Operating (loss)/profit		(849)	1,554
Income from shares in group undertakings		625	-
Interest payable and similar charges	6	(166)	(223)
Interest receivable		66	14
(Loss)/profit on ordinary activities before taxation	4	(324)	1,345
Tax on loss on ordinary activities	7	-	-
(Loss)/profit on ordinary activities after taxation		(324)	1,345
Dividends paid and proposed	8	(1,000)	(3,000)
Retained loss for the year	17	(1,324)	(1,655)

All activity arises from continuing operations.

There are no recognised gains or losses in either year other than the (loss) profit for the year, which has been calculated on a historical cost basis.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 2000

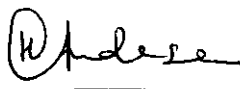
	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	214	314
Investments	10	-	-
		<u>214</u>	<u>314</u>
Current assets			
Stocks	11	4,561	4,001
Debtors	12	2,572	3,592
Cash at bank and in hand		-	84
		<u>7,133</u>	<u>7,677</u>
Creditors: Amounts falling due within one year	13	<u>(4,364)</u>	<u>(3,677)</u>
Net current assets		<u>2,769</u>	<u>4,000</u>
Total assets less current liabilities		<u>2,983</u>	<u>4,314</u>
Creditors: Amounts falling due after more than one year	14	<u>-</u>	<u>(7)</u>
Net assets		<u>2,983</u>	<u>4,307</u>
Capital and reserves			
Called-up share capital	16	3,010	3,010
Profit and loss account (deficit)	17	(27)	1,297
Shareholders' funds - all equity	18	<u>2,983</u>	<u>4,307</u>

The accompanying notes are an integral part of this balance sheet.

Signed on behalf of the Board

Helen Anderson

Director



2 March 2001

Notes to accounts

31 December 2000

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Motor vehicles	20% straight line
Tooling	50% straight line
Plant and machinery	20% straight line
Fixtures, fittings & computer equipment	20% straight line
Short term leasehold property	33.3% straight line

c) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

e) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to accounts (continued)

1 Accounting policies (continued)

f) Leases

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future finance lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

g) Pension costs

The company operates defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

h) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

i) Cash flow statement

Under the provision of Financial Reporting Standard 1 (Revised), the company has not prepared a cash flow statement because its ultimate parent undertaking has prepared consolidated accounts which include the results of the company.

2 Segment information

All turnover originates in the United Kingdom and arises from the company's principal activity.

An analysis of turnover by geographical market is given below:

	2000 £'000	1999 £'000
United Kingdom	15,756	24,272
Other European Countries	1,960	3,262
Other	171	491
	<hr/> 17,887	<hr/> 28,025

Notes to accounts (continued)

3 Other operating expenses (net)

	2000 £'000	1999 £'000
Distribution costs	657	766
Administrative expenses	1,597	2,331
	<u>2,254</u>	<u>3,097</u>

4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Depreciation		
- owned	126	361
- held under finance leases and hire purchase contracts	7	14
Operating lease rentals	60	52
Auditors' remuneration		
- audit fees	15	15
- other	14	14
	<u>14</u>	<u>14</u>

5 Staff costs

The average monthly number of employees (including executive directors) was:

	2000 Number	1999 Number
Administration	13	14
Selling and distribution	7	7
Service	4	4
Quality control	5	5
	<u>29</u>	<u>30</u>

Notes to accounts (continued)

5 Staff costs (continued)

Their aggregate remuneration comprised:

	2000 £'000	1999 £'000
Wages and salaries	856	1,066
Social security costs	100	90
Pension costs	66	84
	<u>1,022</u>	<u>1,240</u>

Directors' remuneration

The remuneration of the directors was as follows:

	2000 £'000	1999 £'000
Emoluments	155	279
Pensions to former directors	-	3
Company contributions to personal pension schemes	23	38
Compensation for loss of office	72	77
	<u>250</u>	<u>397</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £'000	1999 £'000
Emoluments	77	166
Compensation for loss of office	72	77
Company contributions to personal pension schemes	12	15
	<u>161</u>	<u>258</u>

Notes to accounts (continued)

6 Interest payable and similar charges

Interest payable and similar charges arose as follows:

	2000 £'000	1999 £'000
Bank loans and overdrafts	131	21
Group loan	14	165
Hire purchase interest	21	9
Other interest payable	-	28
	<u>166</u>	<u>223</u>

7 Tax on loss on ordinary activities

There is no tax charge for the current year or the prior year due to the tax loss for the year and the availability of brought forward tax losses.

8 Dividends paid and proposed

	2000 £'000	1999 £'000
Interim paid of 99.75 pence (1999 – 99.50 pence) per 'A' ordinary share	1,000	2,000
Final proposed of nil pence (1999 – 49.75 pence) per 'A' ordinary share	-	1,000
	<u>1,000</u>	<u>3,000</u>

The interim dividend was declared with reference to the company's management accounts which indicated that sufficient distributable reserves were available from where to make this interim payment.

Notes to accounts (continued)

9 Tangible fixed assets

	Short term leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost					
At 1 January 2000	120	887	178	470	1,655
Additions	-	-	61	27	88
Disposals	-	-	(93)	-	(93)
At 31 December 2000	120	887	146	497	1,650
Depreciation					
At 1 January 2000	40	855	40	406	1,341
Charge	40	32	37	24	133
Disposals	-	-	(38)	-	(38)
At 31 December 2000	80	887	39	430	1,436
Net book value					
At 31 December 2000	40	-	107	67	214
At 1 January 2000	80	32	138	64	314

The net book value of motor vehicles above includes an amount of £14,583 (1999 - £29,488) in respect of assets held under finance leases.

10 Investments

	2000 £	1999 £
Subsidiary undertakings	-	350

The company holds 100% of the ordinary share capital of Gima Electronics Limited, a company which is registered in England and Wales. This company is dormant.

During the year, Conway Car Accessories Limited, Moss Security Limited, Claypride Limited, Woodpier Limited and HMI Leasing Limited, which were all dormant subsidiaries in the prior year were struck off.

Notes to accounts (continued)

11 Stocks

	2000 £'000	1999 £'000
Finished goods and goods for resale	<u>4,561</u>	<u>4,001</u>

The directors are of the opinion that the replacement cost of stocks is not materially different from the balance sheet value.

12 Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	2,556	2,683
Amounts owed by parent undertaking	-	856
Amounts owed by other group undertakings	-	14
Other debtors	8	-
Prepayments and accrued income	8	39
	<u>2,572</u>	<u>3,592</u>

13 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Obligations under finance leases	8	32
Bank loans and overdraft	1,405	-
Trade creditors	2,149	1,167
Amounts owed to parent company	146	-
Amounts owed to other group undertakings	2	639
Corporation tax	9	8
Other taxation and social security	245	495
Other creditors	24	112
Accruals	376	224
Proposed dividends	-	1,000
	<u>4,364</u>	<u>3,677</u>

Notes to accounts (continued)

14 Creditors: Amounts falling due after more than one year

	2000 £'000	1999 £'000
Obligations under finance leases	-	7

Borrowings are repayable as follows:

	2000 £'000	1999 £'000
Finance Lease Obligations		
On demand or within one year	8	32
Between one and two years	-	7
	<u>8</u>	<u>39</u>

15 Provisions for liabilities and charges

Deferred taxation provided and not provided is as follows:

	Provided		Not provided	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Accelerated capital allowances	-	-	(296)	(379)
Other short term timing differences	-	-	(87)	(450)
Tax losses available	-	-	(720)	-
Net (asset) liability	<u>-</u>	<u>-</u>	<u>(1,103)</u>	<u>(829)</u>

Notes to accounts (continued)

16 Share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
2,010,000 'A' ordinary shares of £1 each	2,010	2,010
100,000 'B' ordinary shares of 1p each	-	-
1,000,000 'C' ordinary shares of £1 each	1,000	1,000
	<u>3,010</u>	<u>3,010</u>
<i>Allotted, called-up and fully paid</i>		
2,010,000 'A' ordinary shares of £1 each	2,010	2,010
3,400 'B' ordinary shares of 1p each	-	-
1,000,000 'C' ordinary shares of £1 each	1,000	1,000
	<u>3,010</u>	<u>3,010</u>

All three classes of share constitute different classes of share. They shall confer upon the respective shareholders the same rights and rank *pari passu* in all respects except that neither the 'A' shares nor the 'C' shares shall entitle their holders to receive notice of or attend, speak or vote at any general meeting of the company.

17 Profit and loss account

The movement on the profit and loss account reserves (deficit) during the year is as follows:

	£'000
At 1 January 2000	1,297
Retained loss for the year	<u>(1,324)</u>
At 31 December 2000	<u>(27)</u>

18 Reconciliation of movement in shareholders' funds

	2000 £'000	1999 £'000
Loss for the year	(1,324)	(1,655)
Opening shareholders' funds	<u>4,307</u>	<u>5,962</u>
Closing shareholders' funds	<u>2,983</u>	<u>4,307</u>

Notes to accounts (continued)

19 Guarantees and other financial commitments

Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	39	-	-	17
- within one to two years	-	14	39	-
	<u>39</u>	<u>14</u>	<u>39</u>	<u>17</u>

20 Pension arrangements

The company operates defined contribution schemes for certain employees. The pension cost charge for the year amounted to £66,000 (1999 - £84,000).

21 Related party transactions

In accordance with Financial Reporting Standard 8, related party transactions with group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated accounts are publicly available.

22 Ultimate parent company

The immediate and ultimate parent undertaking is DORO AB which is incorporated in Sweden. It has included the company in its Group accounts, copies of which are available from its registered office: Skiffervägen 80, S-224 78 Lund, Sweden.