



ANDERSEN

Doro UK Limited

Annual report and financial statements
for the year ended 31 December 2001

Registered number: 1180330



Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2001.

Principal activity

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

Business review

Turnover for the year was £10,014,000 (2000 - £17,887,000) resulting in a loss on ordinary activities before taxation for the year of £1,168,000 (2000 - £324,000).

Results and dividends

	£'000
Retained loss at 31 December 2000	(27)
Loss for the year after taxation	<u>(1,168)</u>
Retained loss at 31 December 2001	<u>(1,195)</u>

The directors do not recommend payment of a dividend during the year (2000 - £1,000,000).

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) (resigned 9 October 2001)

The directors have no interest in the shares of the company requiring disclosure under section 324 of the Companies Act 1985.

Directors' report (continued)

Directors and their interests (continued)

The directors who held office at 31 December 2001 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			Held at 31 December 2001	Subscription price per share	Exercisable from	Expiry date
	Held at 1 January 2001	Granted during the year	Lapsed during the year				
Helen Anderson	5,000	-	5,000	-	110 SKr	20/01/2002	20/03/2002
	-	9,000	-	9,000	55 SKr	02/01/2004	02/03/2004
Ingvar Karlsson	25,000	-	25,000	-	110 SKr	20/01/2002	20/03/2002
	-	33,000	-	33,000	55 SKr	02/01/2004	02/03/2004

The beneficial interests of directors who held office at 31 December 2001 in the ordinary shares of Doro AB, were as follows:

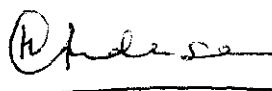
	2001 Number	2000 Number
Ingvar Karlsson	4,050	4,050
Lars-Olaf Hjalmar	<u>5,028</u>	<u>5,028</u>

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,



Helen Anderson

Secretary

25 January 2002

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 financial statements 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.



To the shareholders of Doro UK Limited

We have audited the financial statements of Doro UK Limited for the year ended 31 December 2001 which comprise the primary financial statements such as the Profit and loss account, Balance sheet, statement of accounting policies and the related notes numbered 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Arthur Andersen', is written in a cursive style.

Arthur Andersen

Chartered Accountants and Registered Auditors

Four Brindleyplace

Birmingham

B1 2HZ

25 January 2002

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Turnover	1	10,014	17,887
Cost of sales		(9,280)	(16,482)
Gross profit		734	1,405
Other operating expenses (net)	2	(1,857)	(2,254)
Operating loss		(1,123)	(849)
Income from shares in group undertakings		-	625
Interest payable and similar charges	5	(109)	(166)
Interest receivable		64	66
Loss on ordinary activities before taxation	3	(1,168)	(324)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(1,168)	(324)
Dividends paid and proposed	7	-	(1,000)
Retained loss for the year	15	(1,168)	(1,324)

There are no recognised gains or losses in either year other than the loss for the year.

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

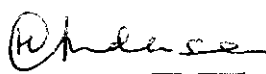
Balance sheet
31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	8	<u>145</u>	<u>214</u>
Current assets			
Stocks	10	810	4,561
Debtors	11	<u>2,974</u>	<u>2,572</u>
		3,784	7,133
Creditors: Amounts falling due within one year	12	<u>(2,114)</u>	<u>(4,364)</u>
Net current assets		<u>1,670</u>	<u>2,769</u>
Total assets less current liabilities		<u>1,815</u>	<u>2,983</u>
Net assets		<u>1,815</u>	<u>2,983</u>
Capital and reserves			
Called-up share capital	14	3,010	3,010
Profit and loss account (deficit)	15	<u>(1,195)</u>	<u>(27)</u>
Shareholders' funds - all equity	16	<u>1,815</u>	<u>2,983</u>

Signed on behalf of the Board

Helen Anderson

Director



25 January 2002

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

Statement of accounting policies

31 December 2001

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, with the exception to depreciation on motor vehicles, is set out below.

Basis of accounting

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

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Doro AB which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (revised) to present a cash flow statement.

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	25% (2000 – 20%) straight line
Plant and machinery	20 - 50% straight line
Fixtures, fittings & computer equipment	20% straight line
Short term leasehold property	33.3% straight line

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.

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.

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.

Statement of accounting policies (continued)

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.

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.

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.

Notes to financial statements

31 December 2001

1 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:

	2001 £'000	2000 £'000
United Kingdom	8,773	15,756
Other European Countries	1,222	1,960
Other	19	171
	<u>10,014</u>	<u>17,887</u>

2 Other operating expenses (net)

	2001 £'000	2000 £'000
Distribution costs	504	657
Administrative expenses	1,353	1,597
	<u>1,857</u>	<u>2,254</u>

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2001 £'000	2000 £'000
Depreciation		
- owned	105	126
- held under finance leases and hire purchase contracts	9	7
Operating lease rentals	46	60
Auditors' remuneration		
- audit fees	15	15
- other	14	14
	<u>189</u>	<u>222</u>

Notes to financial statements (continued)

4 Staff costs

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

	2001 Number	2000 Number
Administration	11	13
Selling and distribution	6	7
Service	3	4
Quality control	5	5
	<u>25</u>	<u>29</u>

Their aggregate remuneration comprised:

	2001 £'000	2000 £'000
Wages and salaries	720	856
Social security costs	72	100
Pension costs	39	66
	<u>831</u>	<u>1,022</u>

Directors' remuneration

The remuneration of the directors was as follows:

	2001 £'000	2000 £'000
Emoluments	84	155
Compensation for loss of office	-	72
Company contributions to personal pension schemes	12	23
	<u>96</u>	<u>250</u>

Notes to financial statements (continued)

4 Staff costs (continued)

Highest paid director

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

	2001 £'000	2000 £'000
Emoluments	80	77
Compensation for loss of office	-	72
Company contributions to personal pension schemes	12	12
	<u>92</u>	<u>161</u>

5 Interest payable and similar charges

Interest payable and similar charges arose as follows:

	2001 £'000	2000 £'000
Bank loans and overdrafts	108	131
Group loan	-	14
Hire purchase interest	1	21
	<u>109</u>	<u>166</u>

6 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.

7 Dividends paid

	2001 £'000	2000 £'000
Interim paid - £nil (2000 - 99.75 pence) per 'A' ordinary share	-	1,000
	<u>-</u>	<u>1,000</u>

Notes to financial statements (continued)

8 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 31 December 2000	120	887	146	497	1,650
Additions	-	-	13	32	45
Disposals	-	(520)	-	(178)	(698)
At 31 December 2001	120	367	159	351	997
Depreciation					
At 31 December 2000	80	887	39	430	1,436
Charge	40	-	49	25	114
Disposals	-	(520)	-	(178)	(698)
At 31 December 2001	120	367	88	277	852
Net book value					
At 31 December 2001	-	-	71	74	145
At 1 December 2000	40	-	107	67	214

The net book value of motor vehicles above includes an amount of £nil (2000 - £14,583) in respect of assets held under finance leases.

9 Investments

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.

10 Stocks

	2001 £'000	2000 £'000
Finished goods and goods for resale	810	4,561

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

Notes to financial statements (continued)

11 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Trade debtors	615	2,556
Amounts owed by parent undertaking	2,171	-
Amounts owed by other group undertakings	62	-
Other debtors	109	8
Prepayments and accrued income	17	8
	<u>2,974</u>	<u>2,572</u>

12 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Obligations under finance leases	-	8
Bank loans and overdraft	476	1,405
Trade creditors	1,034	2,149
Amounts owed to parent company	-	146
Amounts owed to other group undertakings	-	2
Corporation tax	9	9
Other taxation and social security	200	245
Other creditors	21	24
Accruals	374	376
	<u>2,114</u>	<u>4,364</u>

13 Provisions for liabilities and charges

Deferred taxation provided and not provided is as follows:

	Provided		Not provided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Accelerated capital allowances	-	-	(239)	(296)
Other short term timing differences	-	-	(1)	(87)
Tax losses available	-	-	(1,205)	(720)
Net asset	<u>-</u>	<u>-</u>	<u>(1,445)</u>	<u>(1,103)</u>

The deferred tax asset of £1,445,000 has not been recognised.

Notes to financial statements (continued)

14 Share capital

	2001 £'000	2000 £'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.

15 Profit and loss account

The movement on the profit and loss account during the year is as follows:

	£'000
At 31 December 2000	(27)
Retained loss for the year	<u>(1,168)</u>
At 31 December 2001	<u>(1,195)</u>

16 Reconciliation of movement in shareholders' funds

	2001 £'000	2000 £'000
Loss for the year	(1,168)	(1,324)
Opening shareholders' funds	<u>2,983</u>	<u>4,307</u>
Closing shareholders' funds	<u>1,815</u>	<u>2,983</u>

Notes to financial statements (continued)

17 Guarantees and other financial commitments

Operating leases

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

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	-	7	39	-
- within one to two years	-	1	-	14
- within two to five years	30	-	-	-
	<u>30</u>	<u>8</u>	<u>39</u>	<u>14</u>

18 Pension arrangements

The company operates defined contribution schemes for certain employees. The pension cost charge for the year amounted to £39,000 (2000 - £66,000).

19 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 financial statements are publicly available.

20 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 financial statements, copies of which are available from its registered office: Skiffervägen 80, S-224 78 Lund, Sweden.