

Intervoice Limited

Report and Financial Statements

31 December 2011



Intervoice Limited

Registered No 2601740

Directors

W Barclay

T Rohrer

S Eveleigh (appointed October 2011)

J Shap (appointed October 2011)

I Fox (resigned September 2011)

Secretary

A G Secretarial Limited

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester M3 2EY

Bankers

Bank of Scotland

19/21 Spring Gardens

Manchester M2 1FH

Registered Office

50 Park Road

Gatley

Cheshire SK8 4HZ

Directors' report

The Directors present their report and financial statements of the group for the year ended 31 December 2011

Principal activities and business review

Intervoice is a world leader in unified communications, providing scalable, switch-independent software and professional services that power standards-based voice portals, multi-channel IP contact centres, and next-generation mobile-enhanced services, more recently adding intelligence to all its offerings through the provision of a Dynamic Decisioning engine (DDS). Since 1983, Intervoice solutions have been used by many of the world's leading banks, communications companies, healthcare institutions, utilities and government entities. With more than 5,000 customers in 75 countries, Intervoice helps enterprises and network operators stay competitive by offering their customers 'best-in-class' services. Intervoice's Media Exchange platform, IP contact centre software, IMS-enabled messaging products, and custom-built and packaged applications are available on-premise and, selectively, as managed or hosted services by Intervoice. For more information, visit www.convergys.com

As the #1 market share leader in interactive voice response solutions, Intervoice systems have been proven in more than 30,000 managed ports worldwide at companies across a variety of industries. A Microsoft Certified Partner and Certified Partner for Learning Solutions, Intervoice is headquartered in Cincinnati, USA with offices in Europe, the Middle East, South America, Africa and Asia-Pacific. With more than 1.5 million ports shipped around the globe and 100+ US patents awarded or pending, Intervoice is a world leader in converged voice and data solutions.

The company's parent company Intervoice, Inc. was acquired by Convergys Corp, another US company on 3rd September 2008. The resulting company stands as one of the largest and most innovative providers of voice self-service systems in terms of customer deployments and one of the biggest players in the multi-channel, customer contact centre industry. With Convergys as its parent, Intervoice now has both the scale and global reach required in an expanding international business.

The Directors feel that the company is well positioned to be a leading force in both the service provider and customer contact centre areas and is well equipped to adapt to rapidly changing customer demands and economic environments. The introduction in 2009 of an Intelligent Interactions solution to all of the service offerings, further enhanced the value to its customers and their customers.

The company's global customer portfolio and presence in two distinct markets (Telco and Enterprise) provides economic diversity to its operations.

Intervoice has received numerous awards and broad-based industry recognition over the past 25 years. This recognition includes the company's technology and market share leadership from such well-respected analyst firms as Gartner Group, Frost and Sullivan, and In-Stat/MDR, amongst others. Gartner positioned Intervoice in the Leader Quadrant of its 2005 IVR and Enterprise Voice Portal Report.

Since 1983, Intervoice has evolved, expanding through acquisition, growing in influence, serving new markets and even changing names. It has also changed the way people and information connect. From the earliest days of Interactive Voice Response, to the integration of speech into portal, payment and messaging applications, Intervoice has earned and maintained a reputation for technology leadership. Yet for Intervoice and its employees, one thing has remained constant, the unwavering commitment to remaining at the forefront of technology and market leadership.

Intervoice mission:

Vision statement

People everywhere easily accessing information and services via any channel or device they prefer, and through the most natural interface in the world, their voices.

Directors' report (continued)

Mission Statement

Intervoice is a global leader shaping the future of converged communications at every touch point. We deliver measurable results to our customers and optimize their customers' experience through personalized, consistent, and integrated voice and data solutions. These solutions are adaptable and effective in meeting user desires and market demands, everywhere, every time.

Our values

INTER connected linked global personal

V - Value creation for our employees, customers, partners, and shareholders

O - Optimism and a positive, forward-looking attitude in our thinking and work

I - Integrity, honesty and respect in all aspects of our business and relationships

C - Collaboration and teamwork with customers, partners and each other

E - Excellence, innovation and leadership across everything we do

Intervoice Limited's key financial and other performance indicators during the year were as follows

	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>
Group turnover	13,793	19,477
Loss after tax	(3,600)	(20)
Shareholders' funds	8,886	12,430
Current assets as % of current liabilities	326%	354%
Average number of employees	148	148

The group continues to invest substantially in the development of new products and technologies to maintain its market leadership.

The group retains branches in the Netherlands and Dubai.

The UK company has an investment in the German company Intervoice GmbH, being a wholly owned subsidiary. The Czech company Intervoice s r o was closed in the period ending December 2009.

Results and dividends

The group loss for the year, after taxation was £3,600,000 (Dec 2010 – loss of £20,000). The directors do not recommend the payment of a dividend for the year (Dec 2010 – £nil). Dividends of £1,318,635 (£1,500,000) were paid from Intervoice GmbH to Intervoice Limited during the year (Dec 2010 – £nil).

Future developments

The company is committed to continual development of its product offering. Investments are made via Convergy's Research and Development organisation in the US to ensure that the product offering satisfies the ever changing market needs.

We attend trade shows, exhibitions and liaise regularly with our customers to understand and allow us to react to customer and market changes.

Directors' report (continued)

Financial risk management

The group's financial instruments comprise cash and liquid resources, balances with group undertakings and various items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks associated with the group's financial assets and liabilities are set out below.

Credit risk

The group's objective is to reduce the risk of financial loss due to a customer's failure to honour its obligations. Standard payment terms quoted to customers for contracts include a down payment of at least 25% for Network orders and 30% for Enterprise orders, followed by a series of payments on delivery, installation and acceptance of the order, against the full contract value.

Customer credit limits are monitored to ensure that the group's exposure to bad debts is not significant. Credit control procedures are in place and management endeavours to ensure that orders are not accepted or shipments made to non credit worthy customers.

Foreign currency risk

The group has direct investments in operations outside the United Kingdom and also buys and sells goods and services denominated in currencies other than Sterling. As a result the value of the group's non Sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general, and in US Dollar and Euro rates in particular.

The group seeks to mitigate the effect of its currency exposure by holding cash reserves in both US Dollars and Euros. The group does not hedge against currency exposure as management considers that the risks are not significant.

Other risks

Management does not consider that the group has significant exposure to interest rate risk or liquidity risk as it makes no use of bank overdraft facilities or external borrowings.

Disabled employees

The group gives every consideration to applications for employment from disabled persons where a handicapped or disabled person may adequately cover the requirements of the job.

With regard to existing employees and those who have become disabled during the period, the group has continued to examine ways and means for providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee involvement

During the period the policy of providing employees with information about the group has been continued through staff meetings, and employees have been encouraged to present their suggestions and views on the group's performance.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' report (continued)

Political donations

The group made no political donations during the year (Dec 2010 - £nil)

Charitable donations

The group made no charitable donations during the year (Dec 2010 - £nil)

Directors

The directors who served during the year were as follows

W Barclay

T Rohrer

S Eveleigh (appointed October 2011)

J Shap (appointed October 2011)

I Fox (resigned September 2011)

The directors' interests in the shares of the ultimate parent company Convergys Corporation are as follows

Unexercised restricted stock units at the year end:

	<i>RSU price \$</i>	<i>At 1/1/11 No</i>	<i>Awarded during the year No</i>	<i>Lapsed during the year No</i>	<i>Exercised during the year No</i>	<i>Forfeited during the year No</i>	<i>At 31/12/11 No</i>
Performance Based	8 03	4,350	-	167	693	3,550	-
Time Based	8 03	800	-	-	-	-	800
Performance Based	12 41	2,280	-	-	-	1,560	720
Time Based	12 41	1,520	-	-	-	1,040	480
Performance Based	13 76	-	1,221	-	-	825	396
Time Based	13 76	-	2,479	-	-	1,675	804
Total		8,950	3,700	167	693	8,650	3,200

On behalf of the Board



Wayne Barclay
Director

12 October 2012

Directors' Responsibilities Statement

The directors are responsible for preparing the annual 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 the directors 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 group and the company and of the profit or loss of the group 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,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Intervoice Limited

We have audited the financial statements of Intervoice Limited for the year ended 31 December 2011 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets and the related notes 1 to 22. 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 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 7, 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 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 group's and the parent 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 annual report to identify material inconsistencies with the audited financial statements. 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 group's and of the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


Independent auditors' report (continued)

to the members of Intervoice Limited

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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Gary Harding (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

12 October 2012

Group profit and loss account

for the year ended 31 December 2011

Registered No 2601740

		12 months Dec 2011 £000	12 months Dec 2010 £000
	Note		
Turnover	2	13,793	19,477
Cost of sales		(2,167)	(2,875)
Gross profit		11,626	16,602
Other operating expenses	3	(14,713)	(16,417)
Operating (loss)/profit		(3,087)	185
Investment income	4	187	128
(Loss)/profit on ordinary activities before taxation	5	(2,900)	313
Tax on (loss)/profit on ordinary activities	8	(700)	(333)
Loss on ordinary activities after taxation	18	(3,600)	(20)

All operations are continuing

Group statement of total recognised gains and losses

for the year ended 31 December 2011

		Dec 2011 £000	Dec 2010 £000
	Note		
Loss attributable to shareholders for the year	18	(3,600)	(20)
Profit/(loss) on foreign currency translation	18	38	(116)
Total recognised losses relating to the year		(3,562)	(136)

Group balance sheet

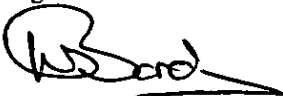
at 31 December 2011

Registered No 2601740

	<i>Note</i>	<i>Dec 2011 £000</i>	<i>Dec 2010 £000</i>
Fixed assets			
Tangible assets	9	52	101
Current assets			
Stocks	11	1,432	2,279
Debtors	12	9,456	5,774
Cash at bank and in hand		2,869	9,228
		13,757	17,281
Creditors' amounts falling due within one year	13	(4,219)	(4,874)
Net current assets		9,538	12,407
Total assets less current liabilities		9,590	12,508
Provisions for liabilities and charges	15	(704)	(78)
Net assets		8,886	12,430
Capital and reserves			
Called up share capital	16	2,500	2,500
Profit and loss account	17	4,829	8,391
Contribution from Parent	17	1,557	1,539
Shareholders' funds	18	8,886	12,430

These financial statements were approved and authorised by the Board of Directors on 2nd October 2012

Signed on behalf of the Board of Directors


Wayne Barclay
Director

12 October 2012

Company balance sheet

at 31 December 2011

	Note	Dec 2011 £000	Dec 2010 £000
Fixed assets			
Tangible assets	9	48	91
Investments	10	17	17
		<u>65</u>	<u>108</u>
Current assets			
Stocks	11	1,432	2,279
Debtors	12	9,296	5,251
Cash at bank and in hand		2,192	7,392
		<u>12,920</u>	<u>14,922</u>
Creditors amounts falling due within one year	13	(3,917)	(4,139)
		<u>9,003</u>	<u>10,783</u>
Net current assets			
		<u>9,068</u>	<u>10,891</u>
Total assets less current liabilities			
		<u>9,068</u>	<u>10,891</u>
Provisions for liabilities and charges	15	(704)	(78)
		<u>8,364</u>	<u>10,813</u>
Net assets			
		<u>8,364</u>	<u>10,813</u>
Capital and reserves			
Called up share capital	16	2,500	2,500
Profit and loss account	17	4,307	6,774
Contribution from Parent	17	1,557	1,539
		<u>8,364</u>	<u>10,813</u>
Shareholders' funds	18	8,364	10,813
		<u>8,364</u>	<u>10,813</u>

These financial statements were approved and authorised by the Board of Directors on 2nd October 2012

Signed on behalf of the Board of Directors



Wayne Barclay
Director

12 October 2012

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of Intervoice Limited and its subsidiary undertakings made up to 31 December 2011. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertaking are included in the consolidated profit and loss account from the date of acquisition.

In the company's financial statements, the investment in the subsidiary undertakings is stated at cost. Only dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for Intervoice Limited as provided by Section 408 of the Companies Act 2006. The company's loss for the year before dividends, determined in accordance with the Act, was £2,467,000 (year ended Dec 2010 – loss of £183,000).

Tangible fixed assets and depreciation

Tangible fixed assets are shown at original historical cost as set out in note 9, net of depreciation.

Depreciation is provided 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:

Leasehold improvements	over period of the lease
Fixtures and fittings	over three years straight line – 33% per annum
Plant and equipment	over three years straight line – 33% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating loss.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes indicate the carrying value may not be recoverable.

Stocks

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

Cost incurred in bringing each product to its present location and condition is based on purchase cost on a first-in, first-out basis for raw materials and work-in-progress.

Net realisable value is based on estimated normal 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.

Amounts recoverable on long-term contracts, which are included in trade debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred, net of amounts transferred to cost of sales, plus provision for contingencies and anticipated future losses on contracts are included as long-term contract balances in stock.

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Share based payments

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using the Black-Scholes pricing model. In valuing equity settled transactions, account is taken of market conditions linked to the share price of the company. No expense is recognised for awards that do not ultimately vest.

At each balance sheet date, the cumulative expense is calculated, taking into account the extent to which the vesting period has expired and managements' best estimates of the achievement of non-market conditions (including the number of equity instruments that will ultimately vest). The movement in the cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

The group has taken advantage of the transitional provisions of FRS 20 with respect to equity-settled awards, so as to apply FRS 20 only to those awards granted after 7 November 2002.

For awards granted before 7 November 2002, the group has not recognised the intrinsic value or cost of these awards as a potential expense.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred taxation 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 right to pay less or to receive more tax, with the following exceptions.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or 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.

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- 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 taxable profits from which the underlying timing differences can be deducted.

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

Deferred taxation (continued)

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

Pension costs

The group provides pensions to certain employees through a money purchase pension scheme. The amount charged to the profit and loss account represents the employer's contribution payable in the year

Foreign currency

In the financial statements of individual undertakings, transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end (or, where appropriate, at the rate of exchange in a related forward exchange contract). 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.

For the purposes of consolidation the closing rate method is used, under which transaction gains or losses are shown as a movement on reserves. The profit and loss account of the overseas subsidiary undertaking is translated at an average exchange rate for the year.

Turnover

Group turnover comprises the value of sales, excluding VAT and trade discounts, of goods and services provided in the normal course of business. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account, turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which effort expended bears to total expected effort for that contract.

Interest income and dividends

Interest income is recognised as interest accrues. Dividend income is recognised when the group's right to receive payment is established.

Leases

The group enters into operating leases as described in note 19. Rentals under operating leases are charged on a straight-line basis over the lease term.

Warranty expense

The group accrues an allowance for future warranty services, parts replacement and fault recognition during the warranty period.

Statement of cash flows

Under the provisions of the revised FRS 1 (Revised - 1996), the group has not prepared a statement of cash flows. Its ultimate parent undertaking, Convergys Inc., which is incorporated in the United States of America, has prepared group financial statements which include the results of the company, are available to the public and which include a group statement of cash flows.

Investments

Fixed asset investments are shown at cost.

Notes to the financial statements

For the year ended 31 December 2011

2. Turnover

Contributions to group turnover by geographical area were as follows

	<i>12 months Dec 2011 £000</i>	<i>12 months Dec 2010 £000</i>
United Kingdom	2,857	3,551
Other European countries	3,549	4,757
Rest of the world	7,387	11,169
	<u>13,793</u>	<u>19,477</u>

3. Other operating expenses

	<i>Dec 2011 £000</i>	<i>Dec 2010 £000</i>
Selling and marketing costs	5,848	7,009
Administrative expenses	881	1,327
Other operating charges	7,984	8,081
	<u>14,713</u>	<u>16,417</u>

4. Investment income

Investment income comprises

	<i>Dec 2011 £000</i>	<i>Dec 2010 £000</i>
Other interest receivable and similar income	187	128

5. Loss on ordinary activities before taxation

This is stated after charging

	<i>Dec 2011 £000</i>	<i>Dec 2010 £000</i>
Depreciation of tangible fixed assets	54	121
Loss making contract provision (note 15)	656	-
Stock write down	1,279	-
Operating lease rentals – plant and machinery	27	44
– land and buildings	285	470
Auditors' remuneration – audit fees	61	65
– taxation services	11	11

The stock write down referred to above is in relation to the impairment of software licences in the year

As discussed in note 15, a provision of £656k has been recorded against a loss making contract arising in the period

Notes to the financial statements

For the year ended 31 December 2011

6. Staff costs

Particulars of employees (including executive directors) are as shown below

Employee costs during the year amounted to

	<i>12 months Dec 2011 £000</i>	<i>12 months Dec 2010 £000</i>
Wages and salaries	6,798	8,370
Social security costs	718	907
Other pension costs (see note 19)	350	434
Share based payments (see note 22)	18	70
	<u>7,884</u>	<u>9,781</u>

The average monthly number of persons employed by the group during the year was as follows

	<i>Dec 2011 No</i>	<i>Dec 2010 No</i>
Production and design	96	96
Sales and marketing	39	39
Administration	13	13
	<u>148</u>	<u>148</u>

7. Directors' remuneration

	<i>Dec 2011 £000</i>	<i>Dec 2010 £000</i>
Emoluments	230	320
Compensation for loss of office	30	333
	<u>260</u>	<u>653</u>
Company contributions paid to money purchase pension scheme	<u>13</u>	<u>9</u>
	<u>273</u>	<u>662</u>
	<i>Dec 2010 No</i>	<i>Dec 2010 No</i>
Members of money purchase pension scheme	<u>3</u>	<u>3</u>
Directors who exercised share options	<u>1</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2011

7. Directors' remuneration (continued)

The amounts in respect of the highest paid director are as follows

	<i>12 months Dec 2011 £000</i>	<i>12 months Dec 2010 £000</i>
Emoluments	79	176
Compensation for loss of office	30	-
	<u>106</u>	<u>176</u>
Company contributions paid to money purchase scheme	5	-
	<u>5</u>	<u>-</u>

8. Tax on loss on ordinary activities

a) The tax charge comprises

	<i>Dec 2011 £000</i>	<i>Dec 2010 £000</i>
UK corporation tax charge/(credit)	-	-
Overseas corporation tax charge/(credit)	143	(79)
	<u>143</u>	<u>(79)</u>
Tax debits carried forward	-	26
Foreign tax expensed	643	440
Over provision in respect of prior years - UK tax	(123)	-
Over provision in respect of prior years - overseas tax	-	(182)
	<u>663</u>	<u>205</u>
Current tax charge for period (note 8(b))	663	205
Deferred tax movements (note 14)	37	128
	<u>700</u>	<u>333</u>
Total tax charge on (loss)/profit on ordinary activities	700	333

Notes to the financial statements

For the year ended 31 December 2011

8. Tax on loss on ordinary activities (continued)

- b) The tax assessed for the year is more than the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

	12 months Dec 2011 £000	12 months Dec 2010 £000
(Loss)/profit on ordinary activities before tax	(2,900)	313
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	(769)	87
<i>Effects of</i>		
Expenses not deductible/ (deductible) for tax purposes	290	(110)
Difference between capital allowances and depreciation	(53)	(64)
Other timing differences	(1)	(63)
Adjustments to tax charge in respect of previous years	(123)	(245)
Tax losses carried forward	676	134
Foreign tax expensed	643	440
Tax debits carried forward	-	26
Current tax charge for period (note 8 (a))	663	205

- c) Factors that may affect the future tax charges

The company has a potential unrecognised deferred tax asset of £877,000 (2010 – £677,000) at the balance sheet date (see notes 8(a) and 14)

In his budget of 21 March 2012, the Chancellor of the Exchequer announced certain tax changes which will have a significant effect on the Company's future tax position. The proposals include phased reductions in the corporation tax rate to 22% from 1 April 2014.

In the budget of 23 March 2011 phased reductions in the corporation tax rate to 23% were announced with reductions to 26% from 1 April 2011 and to 25% from 1 April 2012 being included within Finance Act 2011 and subsequent reductions expected within future Finance Acts. The budget of 21 March 2012 has now accelerated the reduction in the rate to 24% to take effect from 1 April 2012.

As at 31 December 2011, only the reduction in the rate to 25% had been 'substantively enacted' and this has been reflected in the Company's/Group's financial statements as at 31 December 2011.

Notes to the financial statements

For the year ended 31 December 2011

9. Tangible fixed assets

Group

	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Plant and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost				
At 1 January 2011	187	336	4,224	4,747
Additions	-	-	10	10
Disposals	-	(39)	(52)	(91)
Exchange differences	-	-	(12)	(12)
At 31 December 2011	187	297	4,170	4,654
Depreciation				
At 1 January 2011	165	331	4,150	4,646
Charge for the year	8	1	45	54
Disposals	-	(37)	(49)	(86)
Exchange differences	-	-	(12)	(12)
At 31 December 2011	173	295	4,134	4,602
Net book value				
At 31 December 2011	14	2	36	52
At 1 January 2011	22	5	74	101

Notes to the financial statements

For the year ended 31 December 2011

9. Tangible fixed assets (continued)

Company

	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Plant and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost				
At 1 January 2011	187	294	4,157	4,638
Additions	-	-	9	9
Disposals	-	-	-	-
At 31 December 2011	187	294	4,166	4,647
Depreciation				
At 1 January 2011	165	294	4,088	4,547
Charge for the year	8	-	44	52
At 31 December 2011	173	294	4,132	4,599
Net book value				
At 31 December 2011	14	-	34	48
At 1 January 2011	22	-	69	91

10. Fixed asset investments

Company

	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>
Investment in subsidiary undertakings at cost	17	17

The company has an investment in the following subsidiary undertaking

	<i>Country of incorporation</i>	<i>Principal activity and country of operation</i>	<i>Description and proportion of shares held by the company</i>
Intervoice GmbH	Germany	Sale of Intervoice products in Germany	50,000 ordinary shares, 100%

Notes to the financial statements

For the year ended 31 December 2011

11. Stocks

The following are included in the net book value of stocks

	<i>Group</i>		<i>Company</i>	
	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials and consumables	116	1,280	116	1,280
Work-in-progress (on long term contracts)	1,316	999	1,316	999
	<u>1,432</u>	<u>2,279</u>	<u>1,432</u>	<u>2,279</u>

12. Debtors

Amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	3,158	2,820	3,132	2,697
Amounts recoverable on contracts	526	1,268	526	995
Amounts owed by group undertakings	4,574	765	4,589	877
Prepayments and accrued income	806	740	677	559
Corporation tax	123	-	123	-
Deferred tax (note 14)	20	57	-	-
VAT	249	124	249	123
	<u>9,456</u>	<u>5,774</u>	<u>9,296</u>	<u>5,251</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	618	1,381	595	1,367
Amounts owed to group undertakings	757	384	757	384
Other taxes and social security	231	363	275	363
Accruals and deferred income	2,546	2,625	2,252	2,020
Corporation tax	67	121	38	5
	<u>4,219</u>	<u>4,874</u>	<u>3,917</u>	<u>4,139</u>

Notes to the financial statements

For the year ended 31 December 2011

14. Deferred taxation asset/(liability)

Movement in deferred taxation asset/(liability)

	£000
<i>Group</i>	
At 1 January 2011 (note 12)	57
Profit and loss account movement – arising (note 8a)	(37)
	<u>20</u>
At 31 December 2011 (note 12)	<u>20</u>

Deferred taxation asset/(liability) comprises

	<i>Group</i>		<i>Company</i>	
	<i>Recognised</i>		<i>Unrecognised</i>	
	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Excess of tax allowances over book depreciation	-	-	233	306
Tax losses carried forward	-	-	638	134
Timing differences	20	57	6	-
	<u>20</u>	<u>57</u>	<u>877</u>	<u>440</u>

15. Provisions for liabilities

	<i>Loss making</i>	<i>Warranty</i>	
	<i>contract provision</i>	<i>provision</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Group</i>			
At 1 January 2011	-	78	78
Arising	656	47	703
Utilised	-	(77)	(77)
	<u>656</u>	<u>48</u>	<u>704</u>
At 31 December 2011	<u>656</u>	<u>48</u>	<u>704</u>
<i>Company</i>			
At 1 January 2011	-	78	78
Arising	656	47	703
Utilised	-	(77)	(77)
	<u>656</u>	<u>48</u>	<u>704</u>
At 31 December 2011	<u>656</u>	<u>48</u>	<u>704</u>

Loss making contract provision

This is a provision for future losses in relation to a customer contract. The losses will arise evenly and the provision is expected to be fully utilised within four years of the balance sheet date.

Warranty provision

A provision is recognised for expected warranty claims on products sold during the last 12 months. It is expected that this provision will be fully utilised within twelve months of the balance sheet date.

Notes to the financial statements

For the year ended 31 December 2011

16. Issued share capital

	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>
<i>Authorised, allotted, called-up and fully paid</i>		
2,500,000 ordinary shares of £1 each	2,500	2,500

17. Reserves

The movements on reserves during the year were as follows

	<i>Profit and loss account</i>	<i>Contribution from parent</i>
<i>Group</i>	<i>£000</i>	<i>£000</i>
At 1 January 2011	8,391	1,539
Movement on shareholders' funds (note 18)	(3,562)	18
At 31 December 2011	4,829	1,557
<i>Company</i>		
At 1 January 2011	6,774	1,539
Movement on shareholders' funds (note 18)	(2,467)	18
At 31 December 2011	4,307	1,557

All reserves are distributable

18. Reconciliation of movements in shareholders' funds

	<i>Group</i>		<i>Company</i>	
	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2011</i>	<i>Dec 2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(Loss) for the year	(3,600)	(20)	(2,467)	(183)
Other recognised (loss) relating to the year	38	(116)	-	-
Contribution from parent	18	70	18	70
Net movement in shareholders' funds	(3,544)	(66)	(2,449)	(113)
Opening shareholders' funds	12,430	12,496	10,813	10,926
Closing shareholders' funds	8,886	12,430	8,364	10,813

Notes to the financial statements

For the year ended 31 December 2011

19. Guarantees and other financial commitments

Lease commitments

The annual commitments under non-cancellable operating leases are as follows

Group and company

	Dec 2011		Dec 2010	
	Land and	Other	Land and	Other
	buildings		buildings	
	£000	£000	£000	£000
<i>Expiry date</i>				
- within one year	92	6	85	8
- between two and five years	250	-	400	6
	<u>342</u>	<u>6</u>	<u>485</u>	<u>14</u>

Pension commitments

The group maintains a money purchase pension scheme whereby employee and employer contributions are determined by the employee's age. Contributions required under this plan are as follows

Age	Employee contribution	Employer contribution
20 to 34	4%	5%
35 to 44	5%	6%
Over 44	6%	9%

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year was £350,000 (Dec 2010: £434,000). Unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 13) are £33,000 (Dec 2010: £25,000).

20. Related party transactions

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings.

There were no other related party transactions.

21. Ultimate parent company

The immediate parent of the company is Brite Voice Systems LLC. The ultimate parent company is Convergys Corporation, incorporated in the United States of America.

The smallest and largest group of which Intervoice Limited is a member and for which group financial statements are drawn up is that headed by Convergys Corporation, whose principal place of business is at 201 East Fourth Street, Cincinnati, Ohio 45202, USA. The consolidated financial statements of this group are available to the public and may be obtained from the above address.

Notes to the financial statements

For the year ended 31 December 2011

22. Share-based payments

Restricted stock units

The expense recognised for equity settled share based payments in respect of employee services received during the period to 31 December 2011 was for group and company £17,879 (December 2010 – £70,819) This balance relates to restricted stock units

Restricted stock units are awarded to incentivise certain key employees or directors and are subject to either time based vesting only or performance and time based vesting. Performance conditions are based on the financial performance of the Company. Vested restricted stock units give the employee the right to acquire shares in the ultimate parent company for nil cost and the fair value is equal to the share price at the date of grant.

Unexercised restricted stock units at the year end:

	<i>RSU price</i>	<i>At 1/1/11</i>	<i>Awarded during the year</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>Forefeited during the year</i>	<i>At 31/12/11</i>
	<i>\$</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>
Performance Based	8.03	8,805	-	704	4,551	3,550	-
Time Based	8.03	2,965	-	-	-	-	2,965
Performance Based	12.41	6,870	-	900	-	1,560	4,410
Time Based	12.41	4,580	-	600	-	1,040	2,940
Performance Based	13.76	-	2,046	-	-	825	1,221
Time Based	13.76	-	4,154	-	-	1,675	2,479
Total		<u>23,220</u>	<u>6,200</u>	<u>2,204</u>	<u>4,551</u>	<u>8,650</u>	<u>14,015</u>

All restricted stock units were awarded on 4 February 2011 (2010: 31 March 2010)