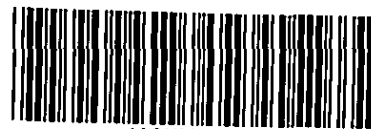


Intervoice Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

W Barclay (resigned 12th December 2012)

T Rohrer

S Eveleigh

C Christie (appointed 23rd January 2013)

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

Registered No 2601740

Directors' report

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

Results and dividends

The group profit for the year after taxation was £1,832,000 (2011 – loss of £3,600,000). The directors do not recommend the payment of a dividend for the year (2011 – £nil). Dividends of £nil (€nil) were paid from Intervoice GmbH to Intervoice Limited during the year (2011 – £1,318,635 (€1,500,000)).

Principal activities and review of the business

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).

Intervoice assists enterprises and network operators stay competitive by offering their customers best-in-class services. The introduction in 2009 of an Intelligent Interactions solution to all of the service offers further enhances the company's ability to offer value to our customers and their customers. For more information, visit www.convergys.com.

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+ U.S. patents awarded or pending, Intervoice is a world leader in converged voice and data solutions.

The company's parent undertaking Intervoice Inc. was acquired by Convergys Corporation, 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.

Intervoice Limited has an investment in the German company Intervoice GmbH, being a wholly owned subsidiary, and retains branches in Netherlands and Dubai.

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.

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.

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.

Intervoice mission:

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

Directors' report (continued)

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

	2012 £000	2011 £000
Group turnover	16,426	13,793
Profit after tax	1,832	(3,600)
Shareholders' funds	10,761	8,886
Current assets as % of current liabilities	322%	326%
Average number of employees	96	119

2012 was a successful year for Intervoice with both a significant increase in turnover compared to 2011 and a return to profitability reported

Intervoice has seen the benefit in 2012 of the cost savings associated with the staff right-sizing actions undertaken in previous years, despite higher year over year revenues. The company has also undertaken a small number of further actions in 2012 to drive fresh impetus into the business and further right-size the company's cost base, and has benefitted from lower travel expenses driven by a more targeted sales approach. The profit improvement compared to 2011 was also to a large extent due to the contract loss provision of £656,000 and associated asset write off of £1,279,000 made in 2011.

Intervoice's revenue growth compared to 2011 has been achieved across all geographies, but has been strongest in the African and Middle-East markets. The growth in this region has been driven by the company's ability to provide competitive solutions and innovative payment plans, supported by the company's strong cash position. Competition is often weaker in this marketplace as larger competitors are not prepared to operate in these often volatile countries, or will only do so at a significant premium. Intervoice's commitment to continuing to explore the growth opportunities in this region is underpinned by the Dubai branch, and the local knowledge of our sales force.

Future developments

Intervoice is committed to continual development of its product offering. Investments are made via Convergys Research and Development organisation in the US to ensure that the Enterprise product offerings satisfy the ever changing market needs. Locally Intervoice Limited has committed to developing a roadmap for our C-Mex and CSDL network products, so that our products remain market leading in the competitive networks market.

Most of the company's revenue growth in 2012 came from its' existing client base, the company is however committed to creating strategies to drive new customer growth, recognising that there is a limit to what can be sold to the existing customer base and that there is always a risk of churn given the competitiveness of the market.

The company has taken the decision to follow a channel sales strategy to maximise our market penetration and attends trade shows, exhibitions and liaise regularly with our customers to understand and allow us to react to customer and market changes.

In next year Intervoice is planning to close Intervoice GmbH, as the company remains focussed on ensuring that its' cost base is right-sized, and given that all the work currently undertaken by Intervoice GmbH is performed by Intervoice Limited.

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 endeavour to ensure that orders are not accepted or shipments made to non-creditworthy customers.

Intervice is however committed to using its' strong cash position to develop innovative payment plans, where necessary as a competitive advantage.

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 consider 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.

Directors

The directors who served the company during the year were as follows:

W Barclay (resigned December 12th 2012)

T Rohrer

S Eveleigh

Directors' report (continued)

Directors (continued)

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

Unexercised restricted stock units at the year end

	<i>RSU price</i>	<i>At 1 January 2012</i>	<i>Awarded during the year</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>Cancelled during the year</i>	<i>Forfeited during the year</i>	<i>At 31 Dec 2012</i>
	<i>\$</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>
Performance Based	8 03	-	-	-	-	-	-	-
Time Based	8 03	800	-	-	800	-	-	-
Performance Based	12 41	720	-	-	420	300	-	-
Time Based	12 41	480	-	-	-	480	-	-
Performance Based	13 76	396	-	-	-	396	-	-
Time Based	13 76	804	-	-	-	804	-	-
Performance Based	12 92	-	957	-	297	-	-	660
Time Based	12 92	-	1,943	-	301	302	-	1,340
Total		3,200	2,900	-	1,818	2,282	-	2,000

Political and charitable contributions

The group made no political donations during the year (2011 – £nil)

The group made no charitable donations during the year (2011 – £nil)

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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, 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 auditor is aware of that information

Directors' report (continued)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board



Cameron Christie
Director

Date 18/12/2013

Statement of directors' responsibilities

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 2012 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 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 auditor

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 undertaking'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 Directors' 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 the 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 undertaking's affairs as at 31 December 2012 and of the group's profit 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

to the members of Intervoice 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 parent undertaking, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent undertaking 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

Date 15 October 2013

Group profit and loss account

for the year ended 31 December 2012

	<i>Notes</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Turnover	2	16,426	13,793
Cost of sales		<u>(3,133)</u>	<u>(2,167)</u>
Gross Profit		13,293	11,626
Other operating expenses	3	<u>(11,250)</u>	<u>(14,713)</u>
Operating Income	4	2,043	(3,087)
Interest receivable and similar income	7	<u>91</u>	<u>187</u>
Profit on ordinary activities before taxation		2,134	(2,900)
Tax	8	<u>(302)</u>	<u>(700)</u>
(Loss) / Profit for the financial year	16	<u>1,832</u>	<u>(3,600)</u>

All amounts relate to continuing activities

Group statement of total recognised gains and losses

for the year ended 31 December 2012

	<i>Notes</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Profit attributable to shareholders for the year	17	1,832	(3,600)
Loss on foreign currency translation	17	<u>(43)</u>	<u>38</u>
Total recognised gains and losses relating to the year		<u>1,789</u>	<u>(3,562)</u>

Group balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	9	17	50
Current assets			
Stocks	11	2,118	1,432
Debtors	12	5,228	9,456
Cash at bank and in hand		9,284	2,869
		16,630	13,757
Creditors amounts falling due within one year	13	(5,167)	(4,219)
Net current assets		11,463	9,538
Total assets less current liabilities		11,480	9,590
Provisions for liabilities	14	(719)	(704)
Net assets		10,761	8,886
Capital and reserves			
Called up share capital	15	2,500	2,500
Contribution from parent	16	1,643	1,557
Profit and loss account	16	6,618	4,829
Shareholders' funds	17	10,761	8,886

These financial statements were approved by the board on 18th December 2013, and were signed on its' behalf by



Cameron Christie

Director

Date 18/12/2013

Company balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	9	17	49
Investments	10	17	17
		<u>34</u>	<u>66</u>
Current assets			
Stocks	11	2,118	1,432
Debtors	12	5,109	9,296
Cash at bank and in hand		<u>8,500</u>	<u>2,192</u>
		15,727	12,920
Creditors amounts falling due within one year	13	<u>(5,045)</u>	<u>(3,917)</u>
Net current assets		<u>10,682</u>	<u>9,003</u>
Total assets less current liabilities		10,716	9,068
Provisions for liabilities	14	<u>(719)</u>	<u>(704)</u>
Net assets		<u>9,997</u>	<u>8,364</u>
Capital and reserves			
Called up share capital	15	2,500	2,500
Contribution from parent	16	1,643	1,557
Profit and loss account	16	<u>5,854</u>	<u>4,307</u>
Shareholders' funds	17	<u>9,997</u>	<u>8,364</u>

These financial statements were approved by the board on 18th December 2103, and were signed on its' behalf by



Cameron Christie

Director

Date 18/12/2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

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

Group financial statements

The group financial statements consolidate the financial statements of Intervoice Limited and its subsidiary undertakings made up to 31 December 2012. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertaking are included in the group 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 profit for the year before dividends, determined in accordance with the Act, was £1,547,000 (2011 – loss of £2,467,000).

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 Corporation, 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.

Tangible fixed assets

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

at 31 December 2012

1. Accounting policies (continued)

Investments

Fixed asset investments are shown at cost

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

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

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 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

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

Foreign currencies

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. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. 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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Operating leases

The group enters into operating leases as described in note 20. Rentals under operating leases are charged on a straight-line basis over the lease term.

Pensions

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.

Warranty expense

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

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.

Notes to the financial statements

at 31 December 2012

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below

	2012 £000	2011 £000
United Kingdom	3,601	2,857
Other European countries	4,521	3,549
Rest of the world	8,304	7,387
	<u>16,426</u>	<u>13,793</u>

3. Other operating expenses

	2012 £000	2011 £000
Selling and marketing costs	4,345	5,848
Administrative expenses	1,336	881
Other operating charges	5,569	7,984
	<u>11,250</u>	<u>14,713</u>

4. Operating Income

This is stated after charging

	2012 £000	2011 £000
Auditors' remuneration – audit fees	75	61
– taxation services	(3)	11
Depreciation of tangible fixed assets	32	54
Operating lease rentals – plant and machinery	11	27
– land and buildings	308	285
Loss making contract provision (note 14)	-	656
Stock write down	-	1,279

The stock write down referred to above is in relation to the impairment of software licences during the year ended 31st December 2011

As discussed in note 14, a provision of £656,000 was recorded against a loss making contract arising in 2011

Notes to the financial statements

at 31 December 2012

5. Directors' remuneration

	2012 £000	2011 £000
Remuneration	347	230
Compensation for loss of office	61	30
	<u>408</u>	<u>260</u>
Company contributions paid to money purchase pension scheme	<u>21</u>	<u>13</u>
	<i>No</i>	<i>No</i>
Members of money purchase pension scheme	<u>2</u>	<u>3</u>
Directors who exercised share options	<u>1</u>	<u>1</u>

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

	2012 £000	2011 £000
Remuneration	257	79
Compensation for loss of office	-	30
	<u>257</u>	<u>106</u>
Company contributions paid to money purchase scheme	<u>15</u>	<u>5</u>

6 Staff costs

	2012 £000	2011 £000
Wages and salaries	5,994	6,798
Social security costs	605	718
Other pension costs (note 18)	306	350
Share based payments (note 19)	86	18
	<u>6,991</u>	<u>7,884</u>

The average monthly number of employees during the year was made up as follows

	<i>No</i>	<i>No</i>
Production and design	61	72
Sales and marketing	23	35
Administration	12	12
	<u>96</u>	<u>119</u>

Notes to the financial statements

at 31 December 2012

7. Interest receivable and similar income

Investment income comprises

	2012 £000	2011 £000
Other interest receivable and similar income	91	187

8. Tax

(a) Tax on Profit / (Loss) on ordinary activities

The tax charge is made up as follows

	2012 £000	2011 £000
Current tax		
UK corporation tax on the profit for the year	–	–
Overseas corporation tax charge	63	143
	63	143
Foreign tax expensed	260	643
Over provision in respect of prior years – UK tax	(45)	(123)
Current tax charge for year (note 8(b))	278	663
Deferred tax		
Deferred tax movements (note 8(c))	24	37
Total tax charge on Profit / (Loss) on ordinary activities	302	700

Notes to the financial statements

at 31 December 2012

8. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit / (Loss) on ordinary activities before tax	2,134	(2,900)
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	523	(769)
<i>Effects of</i>		
Expenses (not deductible) / deductible for tax purposes	(49)	290
Difference between capital allowances and depreciation	(37)	(53)
Other timing differences	(29)	(1)
Adjustments to tax charge in respect of previous years	(45)	(123)
Tax losses (utilised) / carried forwards	(345)	676
Foreign tax expensed	260	643
Current tax charge for year (note 8 (a))	278	663

(c) Deferred tax

£000

Group

At 1 January 2012 (note 12)	20
Profit and loss account movement – arising (note 8(a))	(24)
At 31 December 2012 (note 13)	(4)

Deferred taxation (liability)/asset comprises

	Group Recognised		Company Unrecognised	
	2012 £000	2011 £000	2012 £000	2011 £000
Excess of tax allowances over book depreciation	–	–	182	233
Tax losses carried forward	–	–	520	638
Timing differences	(4)	20	6	6
	(4)	20	708	877

Notes to the financial statements

at 31 December 2012

8. Tax (continued)

(d) Factors that may affect future tax charges

The company has a potential unrecognised deferred tax asset of £708,000 (2011 – £877,000) at the balance sheet date (notes 8(a) and 8(c))

A reduction to the main Corporation tax rate from 26% to 25% (effective from 1st April 2012) was enacted on 19th July 2011 as part of the Finance Act 2011. Subsequent to this, the Finance Act 2012 was enacted on 17th July further reducing the main rate of corporation tax to 24% from 1st April 2012 and to 23% from 1st April 2013. Deferred tax has been restated accordingly at the 23% rate effective from 1st April 2013, in these financial statements.

Legislation to reduce the main corporation tax rate to 21% from 1st April 2014 and to 20% from 1st April 2015 was included in the Finance Act 2013, which was substantially and fully enacted in July 2013. However, since these further reductions had not been enacted at the balance sheet date their effect is not included in these financial statements. The effect of these future reductions would be to reduce the unrecognised deferred tax asset by up to £92,000.

9. Tangible fixed assets

<i>Group</i>	<i>Leasehold improvements £000</i>	<i>Fixtures and fittings £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost				
At 1 January 2012	187	303	4,167	4,657
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange differences	-	(1)	-	-
At 31 December 2012	187	302	4,167	4,656
Depreciation				
At 1 January 2012	172	302	4,133	4,607
Charge for the year	8	-	24	32
Disposals	-	-	-	-
Exchange differences	-	-	-	-
At 31 December 2012	180	302	4,157	4,639
Net book value				
At 31 December 2012	7	-	10	17
At 1 January 2012	15	1	34	50

Notes to the financial statements

at 31 December 2012

9. Tangible fixed assets (continued)

<i>Company</i>	<i>Leasehold improvements £000</i>	<i>Fixtures and fittings £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost				
At 1 January 2012	187	294	4,167	4,648
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2012	187	294	4,167	4,648
Depreciation				
At 1 January 2012	172	294	4,133	4,599
Charge for the year	8	-	24	32
At 31 December 2012	180	294	4,157	4,631
Net book value				
At 31 December 2012	7	-	10	17
At 1 January 2012	15	-	34	49

10. Investments

<i>Company</i>	<i>2012 £000</i>	<i>2011 £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%

11. Stocks

The following are included in the net book value of stocks

	<i>2012 £000</i>	<i>Group 2011 £000</i>	<i>2012 £000</i>	<i>Company 2011 £000</i>
Raw materials and consumables	44	116	44	116
Work-in-progress (on long term contracts)	2,074	1,316	2,074	1,316
	2,118	1,432	2,118	1,432

Notes to the financial statements

at 31 December 2012

12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Amounts falling due within one year</i>				
Trade debtors	3,357	3,158	3,344	3,132
Amounts recoverable on contracts	585	526	585	526
Amounts owed by group undertakings	433	4,574	440	4,589
Prepayments and accrued income	677	806	565	677
Corporation tax	-	123	-	123
Deferred tax (note 8(c))	-	20	-	-
VAT	176	249	175	249
	<u>5,228</u>	<u>9,456</u>	<u>5,109</u>	<u>9,296</u>

13 Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,163	618	1,152	595
Amounts owed to group undertakings	1,357	757	1,357	757
Other taxes and social security	322	231	361	275
Accruals and deferred income	2,254	2,546	2,175	2,252
Deferred tax (note 8(c))	4	-	-	-
Corporation tax	67	67	-	38
	<u>5,167</u>	<u>4,219</u>	<u>5,045</u>	<u>3,917</u>

14. Provisions for liabilities

<i>Group</i>	<i>Loss making contract provision</i>	<i>Warranty provision</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2012	656	48	704
Arising	-	63	63
Utilised	-	(48)	(48)
At 31 December 2012	<u>656</u>	<u>63</u>	<u>719</u>
<i>Company</i>			
At 1 January 2012	656	48	704
Arising	-	63	63
Utilised	-	(48)	(48)
At 31 December 2012	<u>656</u>	<u>63</u>	<u>719</u>

Notes to the financial statements

at 31 December 2012

14. Provisions for liabilities (continued)

Loss making contract provision

This is a provision for future losses in relation to a customer contract. The losses will arise on completion of the contract.

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.

15. Issued share capital

<i>Authorised, allotted, called up and fully paid</i>	<i>No</i>	<i>2012</i>	<i>No</i>	<i>2011</i>
		<i>£000</i>		<i>£000</i>
Ordinary shares of £1 each	2,500,000	<u>2,500</u>	2,500,000	<u>2,500</u>

16. Movement on reserves

The movements on reserves during the year were as follows

<i>Group</i>	<i>Contribution from parent £000</i>	<i>Profit and loss account £000</i>
At 1 January 2012	1,557	4,829
Movement on shareholders' funds (note 17)	86	1,789
At 31 December 2012	<u>1,643</u>	<u>6,618</u>
<i>Company</i>		
At 1 January 2012	1,557	4,307
Movement on shareholders' funds (note 17)	86	1,547
At 31 December 2012	<u>1,643</u>	<u>5,854</u>

All reserves are distributable

17 Reconciliation of shareholders' funds

	<i>2012 £000</i>	<i>Group 2011 £000</i>	<i>2012 £000</i>	<i>Company 2011 £000</i>
Profit for the year	1,832	(3,600)	1,547	(2,467)
Other recognised Losses relating to the year	(43)	38	-	-
Contribution from parent	86	18	86	18
Net movement in shareholders' funds	1,875	(3,544)	1,633	(2,449)
Opening shareholders' funds	8,886	12,430	8,364	10,813
Closing shareholders' funds	<u>10,761</u>	<u>8,886</u>	<u>9,997</u>	<u>8,364</u>

Notes to the financial statements

at 31 December 2012

18. Pensions

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:

<i>Age</i>	<i>Employee contribution</i>	<i>Employer contribution</i>
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 £306,000 (2011 – £350,000). Unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 13) are £21,000 (2011 – £22,000).

19. Share-based payments

Restricted stock units

The expense recognised for equity settled share based payments in respect of employee services received during the year to 31 December 2012 was for group and company £86,000 (2011 – £18,000). 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 undertaking 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 January 2012</i>	<i>Awarded during the year</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>Cancelled during the year</i>	<i>Forfeited during the year</i>	<i>At 31 Dec 2012</i>
	<i>\$</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>
Performance Based	8.03	-	-	-	-	-	-	-
Time Based	8.03	2,965	-	-	2,965	-	-	-
Performance Based	12.41	4,410	-	17	2,956	1,437	-	-
Time Based	12.41	2,940	-	-	-	1,740	-	1,200
Performance Based	13.76	1,221	-	-	-	1,221	-	-
Time Based	13.76	2,479	-	-	-	2,479	-	-
Performance Based	12.92	-	2,855	-	1,122	330	-	1,403
Time Based	12.92	-	5,796	-	1,138	1,810	-	2,848
Total		14,015	8,651	17	8,181	9,017	-	5,451

All restricted stock units were awarded on 2nd February 2012 (2011 – 4th February 2011).

Notes to the financial statements

at 31 December 2012

20. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

<i>Group and company</i>	<i>2012</i>		<i>2011</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire				
Within one year	17	6	92	6
In two to five years	290	-	250	-
	<u>307</u>	<u>6</u>	<u>342</u>	<u>6</u>

21. 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

22. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Brite Voice Systems Inc. The ultimate parent undertaking and controlling party 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 group financial statements of this group are available to the public and may be obtained from the above address.