

**NEC Unified Solutions UK Limited (formerly NEC
Philips Unified Solutions UK Limited)**

**Directors' report and financial
statements**

Registered number 05602520
For the year ended 31 March 2010



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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2010

Principal activities

The principal activity of the Company is the direct provision of IT and Communications solutions and system integration services to enterprise customers, providing these organisations with customised productivity solutions integrated into their business processes

Business review

The Company commenced trading in April 2006 as the wholly-owned UK operating subsidiary of NEC Unified Solutions BV (formerly NEC Philips Unified Solutions BV) immediately following the joint venture between NEC Corporation of Japan and Royal Philips Electronics of the Netherlands

The Company was spun out of Philips Electronics (UK) Limited and previously traded as an operating division, known as Philips Business Communications. Consequently, the Company has a long track record in the industry and supports a large number of customers across some 1,000 sites in the UK – a number of these on a 24x7 basis. These customers have communication solutions built with a range of different applications and platforms – all of which are supported by the Company's experienced staff based across the UK. Customers operate in a range of vertical markets including local and central government, healthcare, education, manufacturing, distribution, retail, services and finance.

During the year ended 31 December 2007, the Company acquired the entire share capital of Telamon Systems Limited, a software infrastructure company based in the UK. Subsequently, during the 15 month period ended 31 March 2009 the trade and assets of Telamon were merged entirely into the Company, enhancing its ability to deliver IT solutions to medium-to-large enterprises.

Sales and profitability over the twelve month trading period have continued to be impacted negatively by the global economic crisis although the Company has continued to manage its operations carefully and continues to be profitable. The Company has refocused its activities towards higher margin activities with an increasing emphasis towards services, resulting in improved margins. During the year no further restructuring activities were required.

The Company continues to focus on and develop the provision of enterprise IT and communications solutions and systems integration services.

Change of Company name

On 1 April 2010, the Company changed its name to NEC Unified Solutions UK Limited.

Principal risks and uncertainties

The convergence of all communications on IP networks and open software platforms is allowing a new paradigm for unified communications and is changing how individuals, groups and organisations communicate.

The Company continues to make investments as the business changes, particularly in the development of skills in a number of new technologies. However, the Directors believe that this investment will allow the Company to position itself strongly against competitors during the coming year to win new opportunities arising out of these fast-moving and evolving market conditions.

Future developments

The Directors believe that the Company is well positioned to serve its customers, exploiting the full width of IT and communications solutions. In parallel with this, the Company continues to explore synergies with other companies in the NEC group of companies, and will develop its systems integration activities using technologies and components from within the group. At the same time this will create more opportunities for the Company's employees in developing the customer base and adding new skills and services.

Directors' report *(continued)*

Key Performance Indicators

If the current year turnover is compared to the business for 12 months of the 15 month prior period there have been no major fluctuations

The gross margin percentage has increased from 65% to 69% which is a reflection on the change in nature of business in the period. Administrative costs are lower this year due to restructuring that was carried out in the period ended 31 March 2009 amounting to £479,000

Shareholders fund have improved this year due mainly to profits made within the current financial year

Proposed dividend

The directors do not recommend the payment of a dividend (2009 £nil)

Directors

The directors who held office during the period were as follows

C A de Silva

S Hillyard

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2009 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



C A de Silva
Managing Director

Date 15/12/2010

1000
IQ Cambridge
Beach Drive
Waterbeach
Cambridge
CB25 9PD

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Independent auditors' report to the members of NEC Unified Solutions UK Limited

We have audited the financial statements of NEC Unified Solutions UK Limited for the year ended 31 March 2010 set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 NEC Unified Solutions UK Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

CHW le Strange Meakin

Charles le Strange Meakin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Date 15th December 2010

Profit and loss account
for the year ended 31 March 2010

	<i>Note</i>	12 months ended 31 March 2010	15 months ended 31 March 2009
		£000	£000
Turnover		10,900	14,211
Cost of sales		(3,383)	(4,965)
Gross profit		7,517	9,246
Selling and distribution costs		(142)	(178)
Administrative expenses - including non recurring costs of £10k (2009 £479k)	4	(6,727)	(9,777)
Operating profit/(loss)	2	648	(709)
Income from shares in group undertakings	9	151	-
Interest receivable	5	4	59
Amounts written off investments	9	(151)	-
Interest payable	6	-	(3)
Profit/(loss) on ordinary activities before taxation		652	(653)
Tax on profit/(loss) on ordinary activities	7	(273)	166
Profit/(loss) for the financial year		379	(487)

All of the above results relate to continuing operations

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 11 to 21 form part of these financial statements

Balance sheet
at 31 March 2010

	<i>Note</i>	2010	2009
		£000	£000
Fixed assets			
Intangible assets	8	626	617
Investments	9	-	151
Tangible assets	10	1,111	1,157
		<u>1,737</u>	<u>1,925</u>
Current assets			
Stocks	11	397	541
Debtors	12	2,922	3,094
Cash at bank and in hand		647	284
		<u>3,966</u>	<u>3,919</u>
Creditors amounts falling due within one year	13	<u>(4,950)</u>	<u>(5,453)</u>
Net current liabilities		<u>(984)</u>	<u>(1,534)</u>
Total assets less current liabilities		<u>753</u>	<u>391</u>
Provisions for liabilities	14	<u>(185)</u>	<u>(202)</u>
Net assets		<u>568</u>	<u>189</u>
Capital and reserves			
Called up share capital	15	276	276
Profit and loss account	16	292	(87)
Shareholders' funds		<u>568</u>	<u>189</u>

The notes on pages 11 to 21 form part of these financial statements

These financial statements were approved by the board of directors on 15/12/2010

and were signed on



C A de Silva
 Director

Company registered number 5602520

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2010

	12 months ended 31 March 2010 £000	15 months ended 31 March 2009 £000
Opening shareholders funds	189	676
Profit/(loss) for the year	379	(487)
	<hr/>	<hr/>
Closing shareholders' funds	568	189
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation of financial statements

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

Cash flow exemption

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own consolidated financial statements

Going concern

The Company's business activities are set out in the Business Review section of the Directors' Report. The Company is reliant upon the continued financial support of its parent company, NEC Unified Solutions BV.

The directors, having assessed the responses of the directors of the Company's parent to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue with this current financial support.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of NEC Unified Solutions BV, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Revenue Recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

Rendering of services

Revenue from service contracts is recognised over the time of the contract period.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	50 years
Fixtures and fittings	-	between 2 and 7 years
Software	-	3 years

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

Net work in progress

This represents stock and third party contractor costs that have been received but haven't been charged to the customer relating to ongoing projects. Projects typically last 6 weeks

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction

Exchange gains and losses are recognised in the profit and loss account

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

2 Notes to the profit and loss account

	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting).</i>		
Amortisation of goodwill	42	36
Depreciation of tangible fixed assets		
- Owned by the company	159	191
Operating Lease Rentals		
- Motor vehicles	99	210
- Land and buildings	111	153
Differences on foreign exchange	(52)	239
	<hr/>	<hr/>
<i>Auditors remuneration</i>		
Audit of these financial statements	24	22
	<hr/>	<hr/>

3 Remuneration of directors

	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000
Directors' emoluments	200	354
Company contributions to money purchase pension schemes	12	12
	<hr/>	<hr/>
	212	366
	<hr/>	<hr/>

During the year retirement benefits were accruing to 2 directors (2009 2 directors) in respect of money purchase pension schemes During the period to 31 March 2009 an element of restructuring costs were included

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	12 month period ended 31 March 2010	15 month period ended 31 March 2009
	Number of employees	
Commercial sales	30	30
Support and services	62	63
	<u>92</u>	<u>93</u>

The aggregate payroll costs of these persons were as follows

	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000
Wages and salaries	4,233	5,693
Social security costs	470	632
Other pension costs	148	215
	<u>4,851</u>	<u>6,540</u>

Payroll costs included £10,000 (2009 £479,721) in relation to one-off redundancy payments

5 Other interest receivable and similar income

	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000
Receivable from group undertakings	-	37
Bank interest receivable	4	22
	<u>4</u>	<u>59</u>

Notes (continued)

6 Interest payable and similar charges

	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000
On bank loans and overdrafts	-	3

7 Taxation

Analysis of charge in period

	12 month period ended 31 March 2010 £000	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000	15 month period ended 31 March 2009 £000
<i>UK corporation tax</i>				
Current tax on income for the period		148		(133)
Adjustments in respect of prior periods		3		-
Total current tax charge/(credit)		151		(133)
<i>Deferred tax (see Note 14)</i>				
Origination/reversal of timing differences	58		(33)	
Adjustment in respect of prior periods	64		-	
Total deferred tax charge/(credit)		122		(33)
Tax on profit/(loss) on ordinary activities		273		(166)

Factors affecting the tax charge for the current period

The current tax charge/(credit) for the period is lower (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	12 month period ended 31 March 2010 £000	15 month period ended 31 March 2009 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	652	(653)
Current tax at 28% (2009 28 %)	183	(183)
<i>Effects of</i>		
Expenses not deductible for tax purposes	23	24
Capital allowances for period in excess of depreciation	1	(12)
Movement in short-term timing differences	(16)	21
R&D relief	-	(8)
Losses carried forward	-	25
Utilisation of tax losses	(43)	-
Adjustments to tax charge in respect of previous periods	3	-
Total current tax charge/(credit) (see above)	151	(133)

Notes (continued)

7 Taxation (continued)

Factors that may affect future current and total tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantially enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly.

8 Intangible fixed assets

	Telamon Goodwill £000	NECP Goodwill £000	Total £000
<i>Cost</i>			
At beginning of year	439	236	675
Additions	50	-	50
	<hr/>	<hr/>	<hr/>
At end of year	489	236	725
	<hr/>	<hr/>	<hr/>
<i>Amortisation and impairment</i>			
At beginning of year	21	36	57
Charged in year	31	11	42
	<hr/>	<hr/>	<hr/>
At end of year	52	47	99
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2010	437	189	626
	<hr/>	<hr/>	<hr/>
At 31 March 2009	417	200	617
	<hr/>	<hr/>	<hr/>

NECP goodwill arose on the acquisition of the trade and assets of Philips Business communication in April 2006. It is being amortised evenly over the directors' estimate of its useful economic life of 20 years.

Telamon was purchased in September 2007, and continued to trade until March 2008. On 1 April 2008 its trade and assets were hived up into NEC Philips Unified Solutions UK Limited, creating an intercompany balance of £150,609. The difference between the original cost of investment of £539,335 and the post hive-up balance sheet of Telamon has been reclassified as goodwill, being amortised evenly over 20 years.

9 Investments

	£000
At beginning of period	151
Amounts written off investments	(151)
	<hr/>
At end of period	-
	<hr/>

Investments brought forward comprised the remaining investment in Telamon held at 31 March 2009 (see Note 8). During the current period, Telamon paid the Company a final dividend of £150,609, and subsequently became dormant. Since no underlying value remains in Telamon, the remaining investment has been fully written off.

Notes (continued)

10 Tangible fixed assets

	Land and buildings £000	Furniture, fittings and equipment £000	Capitalised software £000	Total £000
Cost				
At beginning of year	350	1,131	74	1,555
Additions	-	31	82	113
	<u>350</u>	<u>1,162</u>	<u>156</u>	<u>1,668</u>
Depreciation				
At beginning of year	7	325	66	398
Charge for year	4	150	5	159
	<u>11</u>	<u>475</u>	<u>71</u>	<u>557</u>
Net book value				
At 31 March 2010	<u>339</u>	<u>687</u>	<u>85</u>	<u>1,111</u>
At 31 March 2009	<u>343</u>	<u>806</u>	<u>8</u>	<u>1,157</u>

Capitalised software includes £82,172 (2009 £nil) in relation to assets in the course of construction, for which depreciation has not been charged in the current year

The net book value of land and buildings comprises

	2010 £000	2009 £000
Finchampstead land	140	140
Finchampstead building	199	203
	<u>339</u>	<u>343</u>

The directors are not aware of any material change in value and therefore the valuations set out above have not been updated

Notes (continued)

11 Stocks

	2010 £000	2009 £000
Raw materials and consumables	209	245
Net work in progress	134	147
Goods in transit	54	149
	<u>397</u>	<u>541</u>

12 Debtors

	2010 £000	2009 £000
Trade debtors	2,369	2,220
Amounts owed by group undertakings	120	253
Corporation tax	11	158
Deferred tax assets (see Note 14)	-	58
Prepayments and accrued income	422	405
	<u>2,922</u>	<u>3,094</u>

13 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	496	623
Amounts owed to group undertakings	643	769
Taxation and social security	508	667
Accruals and deferred income	3,303	3,394
	<u>4,950</u>	<u>5,453</u>

Notes (continued)

14 Provisions for liabilities

	Deferred taxation	Losses on contracts provision	Warranty provision	Dilapidations provision	Waste electrical and electronic equipment provision	Total
	£000	£000	£000	£000	£000	£000
At beginning of year	-	27	27	87	61	202
Charge/(credit) to the profit and loss for the year	64	-	(20)	(63)	2	(17)
At end of year	64	27	7	24	63	185

Total movement in deferred tax (asset)/liability recognised

	£000
At beginning of year (see Note 12)	(58)
Charge to profit and loss account	122
At end of year	64

The elements of deferred taxation are as follows

	2010 £000	2009 £000
Trading losses	-	(25)
Depreciation in excess of capital allowances	81	(1)
Short-term timing differences	(17)	(32)
Deferred tax liability/(asset)	64	(58)

15 Share capital

	2010 £000	2009 £000
<i>Allotted, called up and fully paid</i> 276,000 ordinary shares of £1 each	276	276

Notes (continued)

16 Profit and loss account

	Profit and loss account £000
At beginning of year	(87)
Profit for the financial year	379
	<hr/>
At end of year	292
	<hr/>

17 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and buildings £000	2010 Other £000	2009 Land and buildings £000	2009 Other £000
Operating leases which expire More than five years	157	-	157	-
	<hr/>	<hr/>	<hr/>	<hr/>
	157	-	157	-
	<hr/>	<hr/>	<hr/>	<hr/>

Building leases are shown on the face of the balance sheet, and are all financial leases

18 Pension commitments

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £147,660 (2009 £215,054).

Contributions amounting to £19,739 (2009 £21,999) were payable to the scheme as at 31 March 2010 and are included in accruals.

19 Related party transactions

As the Company is a wholly owned subsidiary of NEC Unified Solutions BV, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

There were no other related party transactions.

Notes *(continued)*

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company's immediate parent undertaking is NEC Unified Solutions BV (formerly NEC Philips Unified Solutions BV), a company registered in The Netherlands. The Company's group financial statements are available from Anton Philipsweg 1, 1223 KZ, Hilversum, The Netherlands.

The Company's ultimate parent undertaking is NEC Corporation, a company registered in Japan. Copies of its group financial statements are available from 7-1, Shiba 5-chome, Minato-ku, Tokyo, 108-8001, Japan.