

Nokia UK Holdings Limited
Annual report
for the year ended 31 December 2002

Registered Number 1500669



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for the year ended 31 December 2002
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Nokia UK Holdings Limited

Directors and advisers for the year ended 31 December 2002

Directors

H Mustonen
P B Heffernan
S K U Ranin
M Torkko

Secretary and registered office

D Gaskin
Headland House
Chord Business Park
London Road
Godmanchester
Cambridgeshire
PE29 2NX

Registered auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Solicitors

Orchard Solicitors
Snow Hill
London
EC1A 2AY

Bankers

National Westminster Bank plc
Wembley Park Branch
15 Bridge Road
Wembley Park
Middlesex
HA9 9AE

Nokia UK Holdings Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities, review of business and future developments

The principal activity of the company is to hold investments and act as a holding company. The directors consider that the activities of the company will continue at the same level in the future.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company who held office during the financial year and who remain in office as at 31 December 2002 are listed on page 3.

Directors' interests

According to the register required to be kept under Section 325 of the Companies Act, no director in office at 31 December 2002 had any interest in the shares of the company or any other group company during the year which is required to be notified to the company. For this purpose the directors are exempt from notifying the company of interests in shares in a body corporate incorporated outside Great Britain.

Statement of directors' responsibilities

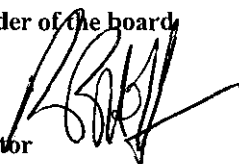
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Director



Nokia UK Holdings Limited

Independent auditors' report to the members of Nokia UK Holdings Limited

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

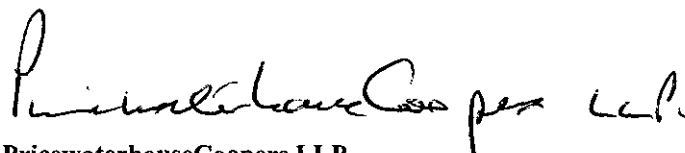
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge, 29 March 2003

Nokia UK Holdings Limited

Profit and loss account for the year ended 31 December 2002

	Notes	2002 £'000	2001 £'000
Net operating expenses	2	(79)	(28)
Operating loss		(79)	(28)
Income from shares in group undertakings		-	161,691
Interest payable and similar charges	5	(12)	-
(Loss)/profit on ordinary activities before taxation	6	(91)	161,663
Tax on (loss)/profit on ordinary activities	7	7	15
(Loss)/profit on ordinary activities after taxation		(84)	161,678
Dividends	8	-	(144,000)
(Loss)/retained profit for the financial year	13	(84)	17,678

All revenue and expenses included in the profit and loss account relate to continuing operations.

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Nokia UK Holdings Limited

Balance sheet as at 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	9	50,700	48,814
Current assets			
Debtors	10	8,325	9,379
Cash at bank and in hand		0	38
		8,325	9,417
Creditors: amounts falling due within one year	11	(879)	(8)
Bank overdraft		(7)	-
Net current assets		7,439	9,409
Total assets less current liabilities		58,139	58,223
Net assets		58,139	58,223
Capital and reserves			
Called up share capital	12	32,654	32,654
Profit and loss account	13	25,485	25,569
Equity shareholders' funds	14	58,139	58,223

The financial statements on pages 6 to 13 were approved by the board of directors on and were signed on its behalf by:

29 September 2003



Director

Nokia UK Holdings Limited

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, and which have been reviewed by the Board in accordance with Financial Reporting Standard ('FRS') 18 'Accounting Policies', is set out below.

The company adopted the provisions FRS 19 'Deferred Tax' during the year. This has not resulted in any restatement of the amounts recognised in the financial statements.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed asset investments

Fixed asset investments are stated at cost less any permanent diminution in value.

Deferred taxation

Provision is made for deferred taxation in accordance with FRS 19 'Deferred taxation' using the incremental liability method. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Operating and finance leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. In the opinion of the directors there are no assets held under finance leases.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in trading profit.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Group financial statements

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary undertaking of Nokia Corporation, a company incorporated in Finland, and its subsidiary undertakings are included by full consolidation in the consolidated accounts of that undertaking. Nokia Corporation prepares its financial statements, in all material respects, in accordance with the EC 7th Directive.

These financial statements represent information about the company as an individual undertaking and not about its group.

The consolidated financial statements of Nokia Corporation, in which the results of Nokia UK Holdings Limited and its subsidiaries are included, are available from the address given in note 17.

Cash flow statement

The company is a wholly-owned subsidiary of Nokia Corporation, a company incorporated in Finland, and the cash flows of the company are included in the consolidated cash flow statement of Nokia Corporation. Consequently the company has taken advantage of the exemption available under FRS 1 'Cash Flow Statements' from publishing a cash flow statement.

Nokia UK Holdings Limited

Related party transactions

The company has taken advantage of the exemption within FRS 8 'Related party transactions' not to disclose transactions with other group companies.

2 Operating expenses

	2002 £'000	2001 £'000
Administration expenses	79	28
Net operating expenses	79	28

3 Directors' emoluments

There were no emoluments paid or payable to any of the directors during the year in respect of qualifying services to the company (2001: £Nil).

4 Employee information

There were no employees during the year (2001: Nil).

5 Interest payable and similar charges

	2002 £'000	2001 £'000
Interest payable on loan notes	12	-

6 (Loss)/profit on ordinary activities before taxation

	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Operating lease charges - other	17	15

The audit fee for the year has been borne by the ultimate parent company Nokia Corporation.

Nokia UK Holdings Limited

7 Taxation

a) Analysis of (credit) for the year

	2002 £'000	2001 £'000
United Kingdom taxation based on (loss)/profits for the year:		
Current tax:		
Current corporation tax on (loss)/ profits for the year	(9)	(11)
Under/(over) provision in respect of prior years	2	(4)
Tax (credit) on (loss)/profit on ordinary activities	(7)	(15)

b) Factors affecting tax (credit) for the year

The tax assessed for the period differs from the standard rate in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before tax	(91)	161,663
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30% (2001: 30%)	(27)	48,499
Effects of:		
Expenses not deductible for tax purposes and similar tax adjustments	18	(3)
Income not chargeable to tax	-	(48,507)
Adjustments to tax charge in respect of previous years	2	(4)
Current tax (credit) for the year (note 7a)	(7)	(15)

8 Dividends

	2002 £'000	2001 £'000
Equity – ordinary		
Interim paid: Nil (2000: 441p) per £1 share	-	144,000

Nokia UK Holdings Limited

9 Fixed asset investments

	£'000
Cost	
At 1 January 2002	53,668
Additions in the year	1,886
At 31 December 2002	55,554
Provision against carrying value	
At 1 January 1 2002 and 31 December 2002	4,854
Net book value	
At 1 January 2002	48,814
At 31 December 2002	50,700

The additions in the year relate to the increased stake in Aircom International Limited, which is held as a fixed asset investment.

Interests in group undertakings

Name and activity of undertaking	Country of incorporation or registration	Description of shares held	Proportion of voting rights and nominal value of issued shares held %
Subsidiary undertakings			
Nokia UK Limited (Telecommunications systems and equipment)	England and Wales	£1 ordinary shares	100
Technophone Limited (formerly Nokia Mobile Phones Sales (UK) Limited) (Dormant)	England and Wales	£1 ordinary shares	100
Nokia R&D (UK) Limited (Intermediate holding company)	England and Wales	£1 ordinary shares	100
Fixed asset investments			
Aircom International Limited (Telecommunications software and consultancy)	England and Wales	£0.50 'A' shares	<9.9
		£0.50 'B' shares	100
		£0.01 'C' shares	100

Nokia Multimedia Network Terminals Limited, a dormant wholly 100% subsidiary of Nokia UK Holdings Limited, was dissolved during the year.

The financial statements of Aircom International Limited for the year ended 30 June 2002 show the following information:

	2002 £'000
Profit for the financial year	3,765
Aggregate capital and reserves at 30 June 2002	8,060

Nokia UK Holdings Limited

10 Debtors

	2002 £'000	2001 £'000
Amounts falling due within one year:		
Other debtors	79	68
Amounts owed by group undertakings	8,246	9,311
	8,325	9,379

11 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Bank overdraft	7	-
Amounts owed to fixed asset investments	869	-
Accruals and deferred income	10	8
	886	8

12 Called up share capital

	2002 £'000	2001 £'000
Authorised		
50,000,000 (2000: 50,000,000) ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
32,653,500 (2000: 32,653,500) ordinary shares of £1 each	32,654	32,654

13 Reserves

	Profit and loss account £'000
At 1 January 2002	25,569
(Loss) for the financial year	(84)
At 31 December 2002	25,485

Nokia UK Holdings Limited

14 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
(Loss)/profit for the financial year	(84)	161,678
Dividends	-	(144,000)
Net (decrease)/increase in shareholders' funds	(84)	17,678
Opening shareholders' funds	58,223	40,545
Closing shareholders' funds	58,139	58,223

15 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002		2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases expiring:				
Within one year	-	-	15	-
In the second to fifth years	17	-	-	-
	17	-	15	-

16 Related party transactions

The directors do not consider that the company or its subsidiaries entered into any transactions during the period with related parties which require disclosure under FRS 8. The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other group companies.

17 Ultimate parent company

The immediate and ultimate parent company and ultimate controlling party is Nokia Corporation, a company incorporated in Finland.

Copies of the financial statements of Nokia Corporation can be obtained from PO Box 226, FIN-00045 NOKIA GROUP, Helsinki, Finland.