

Nokia UK Holdings Limited
(formerly Nokia (UK) Limited)
Annual report
for the year ended 31 December 1999



A08
COMPANIES HOUSE

AKUD6U2H

0299
26/10/00

Nokia UK Holdings Limited
(formerly Nokia (UK) Limited)

Annual report
for the year ended 31 December 1999

	Pages
Directors and advisers	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 14

Nokia UK Holdings Limited (formerly Nokia (UK) Limited)

1

Directors and advisers

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
PE18 8NX

Registered Auditors

PricewaterhouseCoopers
Abacus House
Castle Park
Cambridge
CB3 0AN

Solicitors

Halliwell Landau
75 King William Street
London
EC4N 7EA

Bankers

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

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities, review of business and future developments

The principal activity of the company is to hold investments and act as a holding company.

Following the decision to merge all Nokia trading activities in the UK into one legal entity, the businesses and certain assets and liabilities of Nokia Mobile Phones (Sales) UK Limited, Nokia R&D (UK) Limited and Nokia Multimedia Network Terminals Limited were transferred to Nokia UK Limited (formerly Nokia Telecommunications Limited) at net book value on 1 January 1999.

Dividends

The directors do not recommend the payment of a dividend in respect of the ordinary shares for the year ended 31 December 1999 (1998: £Nil).

Change of name

At an Extraordinary General Meeting held by the shareholders, a change of name of the company from Nokia (UK) Limited to Nokia UK Holdings Limited was approved. The Certificate of Incorporation on Change of Name approving this change was issued by the Registrar of Companies and became effective as from 31 December 1998.

Directors

The directors of the company who held office during the year ended 31 December 1999 are listed on page 1.

Directors' interests

According to the register required to be kept under Section 325 of the Companies Act, no director in office at 31 December 1999 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.

Year 2000

In response to the year 2000 issue, the company undertook a risk based review of its computer systems and computer controlled processes to identify those which could be affected and developed an implementation plan to test and remediate these faults. The total cost of this work was not significant in the overall context of the financial statements, and no

Nokia UK Holdings Limited
(formerly Nokia (UK) Limited)

3

significant problems were encountered.

The introduction of the Euro did not significantly impact the business.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, consisting of a stylized 'C' followed by a series of loops and a final flourish.

Directors' responsibilities statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

A handwritten signature in black ink, appearing to be 'K. S. J.', is written over a faint circular stamp.

Auditors' report to the members of Nokia UK Holdings Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


Basis of 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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cambridge, 19 October 2000

Nokia UK Holdings Limited
(formerly Nokia (UK) Limited)

6

Profit and loss account
for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Net operating expenses	2	209	29
Operating loss		(209)	(29)
Interest receivable and similar income	5	29	72
Interest payable and similar charges	6	(163)	-
(Loss)/profit on ordinary activities before taxation	7	(343)	43
Tax on profit on ordinary activities	8	49	(17)
(Loss)/retained profit for the financial year	13,14	(294)	26

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

The group has no recognised gains and losses other than the profits 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
(formerly Nokia (UK) Limited)

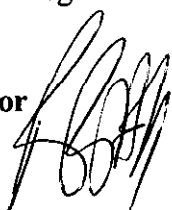
7

Balance sheet
at 31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	9	46,476	39,640
Current assets			
Debtors	10	34	1,029
		34	1,029
Creditors: amounts falling due within one year	11	(6,334)	(199)
Net current (liabilities)/assets		(6,300)	830
Total assets less current liabilities		40,176	40,470
Net assets		40,176	40,470
Capital and reserves			
Called-up share capital	12	32,654	32,654
Profit and loss account	13	7,522	7,816
Equity shareholders' funds	14	40,176	40,470

The financial statements on pages 6 to 14 were approved by the board of directors on 12 October 2000 and were signed on its behalf by:

Director



Notes to the financial statements for the year ended 31 December 1999

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 policies, which have been applied consistently, is set out below.

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

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

Pension scheme

There is a funded group pension scheme which provides both benefits based on final pensionable pay and benefits dependent upon contributions paid. Three subsidiaries, Nokia UK Limited (formerly Nokia Telecommunications Limited), Nokia Multimedia Network Terminals Limited and Nokia Mobile Phones (UK) Sales Limited have been participating companies of the Nokia Group (UK) Pension Scheme since 1 June 1990. Nokia R&D (UK) Limited also became a participating company during the year ended 31 December 1997. The assets of the scheme are held separately from those of the group, being invested with London & Manchester (Managed Funds) Limited.

Contributions to the defined benefit tier of the scheme are based upon pension costs across the group as a whole, whereas contributions to the defined contribution tier of the scheme are fixed. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the participating companies.

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.

Nokia UK Holdings Limited

(formerly Nokia (UK) Limited)

9

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 Oy Nokia Ab, a company incorporated in Finland, and its subsidiary undertakings are included by full consolidation in the consolidated accounts of that undertaking. Oy Nokia Ab 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 Oy Nokia Ab, in which the results of Nokia UK Holdings Limited (formerly Nokia (UK) Limited) and its subsidiaries are included, are available from the address given in note 17.

Cash flow

The company is a wholly-subsiary of Oy Nokia Ab, a company incorporated in Finland, and the cash flows of the company are included in the consolidated cash flow statement of Oy Nokia Ab. Consequently the company is exempt from the requirement to publish a cash flow statement.

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

	1999	1998
	£'000	£'000
Administration expenses	209	29
<hr/>		
Net operating expenses	209	29
<hr/>		

3 Directors' emoluments

There were no emoluments paid or payable to either the chairman or the directors during the year (1998: £Nil).

Nokia UK Holdings Limited
(formerly Nokia (UK) Limited)

10

4 Employee information

Other than the directors, there were no employees during the year (1998: Nil).

5 Investment income

	1999 £'000	1998 £'000
Gains on foreign exchange transactions	29	72
	29	72

6 Interest payable and similar charges

	1999 £'000	1998 £'000
On bank loans, overdrafts and other loans	163	-
	163	-

7 Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for audit services	10	8

8 Taxation

	1999 £'000	1998 £'000
Tax on profit on ordinary activities		
United Kingdom corporation tax at 30.25% (1998: 31%):		
Current	45	(16)
Deferred	-	-
Under/(over) provision in respect of prior years		
Current	4	(1)
Deferred	-	-
	49	(17)

9 Fixed asset investments

£'000

Cost	
At 1 January 1999	39,640
Additions in year	6,836
Net book value	
At 31 December 1999	46,476

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 (formerly Nokia Telecommunications Limited) (Telecommunications systems and equipment)	England and Wales	£1 ordinary shares	100
Nokia Mobile Phones (UK) Sales Limited (Mobile cellular telephones)	England and Wales	£1 ordinary shares	100
Nokia Multimedia Network Terminals Limited (Satellite reception equipment)	England and Wales	£1 ordinary shares	100
Nokia R&D (UK) Limited (Research and development)	England and Wales	£1 ordinary shares	100
Fixed asset investments			
Aircom International Limited (Telecommunications software and consultancy)	England and Wales	£0.50 A shares £0.50 B shares £0.01 C shares	<9.9 100 100

Nokia UK Holdings Limited
(formerly Nokia (UK) Limited)

12

10 Debtors

	1999 £'000	1998 £'000
Amounts falling due within one year		
Amounts owed by fellow group undertakings	-	1,021
Other debtors	33	8
Prepayments and accrued income	1	-
	34	1,029

11 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank loans and overdrafts	270	16
Amounts owed to subsidiary undertakings	6,051	140
Amounts payable for group relief	-	31
Other creditors	-	12
Accruals and deferred income	13	-
	6,334	199

Bank borrowings are all payable within one year and are unsecured.

12 Called-up share capital

	1999 £'000	1998 £'000
Authorised		
50,000,000 (1998: 50,000,000) ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
32,653,500 (1998: 32,653,500) ordinary shares of £1 each	32,654	32,654

13 Reserves

	Profit and loss account £'000
At 1 January 1999	7,816
Loss for the year	(294)
At 31 December 1999	7,522

14 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
(Loss)/retained profit for the year	(294)	26
Net (decrease in)/addition to shareholders' funds	(294)	26
Opening shareholders' funds	40,470	40,444
Closing shareholders' funds	40,176	40,470

15 Pension scheme

The nature of the Nokia Group (UK) Pension Scheme is disclosed in note 1. The most recent actuarial valuation made by an independent qualified actuary was at 1 April 1999. This valuation showed that the market value of the Nokia Group (UK) Pension Scheme's assets was £37,897,000. The actuarial value of those assets represented 99% of the value of the benefits that had accrued to members after allowing for expected future increases in earnings.

The projected unit credit method has been applied by the actuary in arriving at his valuation. The main assumptions used are:

	Per annum
Pre-retirement investment return	6.5%
Post-retirement investment return	4.5%
Long term salary increases	4.5%
Pension increases	2.5%

The pension charge for the year was £Nil (1998: £Nil) for Nokia UK Holdings Limited and there was no prepayment or accrual in relation to pension costs.

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 were not 90% subsidiaries of the ultimate parent company.

17 Ultimate parent company

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

Copies of the financial statements of Oy Nokia Ab can be obtained from PO Box 226, FIN-00045 NOKIA GROUP, Helsinki, Finland.22