Registered number 02212202

NOKIA UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

NOKIA UK LIMITED

COMPANY INFORMATION

DIRECTORS	L Hintsanen G Silveroli C Pierce (appointed 19 March 2012) G Holton (appointed 16 March 2012)
COMPANY SECRETARY	Citco Management (UK) Limited
REGISTERED NUMBER	02212202
REGISTERED OFFICE	Nokia House Summit Avenue Farnborough Hampshire GU14 0NG
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Middlesex UB8 1EX
BANKERS	National Westminster Bank plc 23 Market Street Cambridge CB2 3PA
SOLICITORS	SNR Denton LLP One Fleet Place London EC4M 7WS

NOKIA UK LIMITED

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NOKIA UK LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

Nokia UK Limited's principal activities are the research, development, sales and marketing of mobile communication devices Nokia's aim is to bring complex technology to the consumer in a very human way The company employed an average of 2,230 individuals during 2011 (2010 2,798) across 7 locations in the UK Turnover in the financial year was £730,847,000 (2010 £1,196,984,000) with a reported operating profit of £20,913,000 (2010 £38,112,000)

Result and dividends

The profit and loss account is set out on page 10 The directors do not recommend the payment of a dividend in 2011 (2010 nil)

Directors

The directors who served during the year were

L Hintsanen
G Silveroli
C Pierce (appointed 19 March 2012)
G Holton (appointed 16 March 2012)
S Ainslie (resigned 14 March 2012)
S Cullen (resigned 14 March 2012)

Insurance of Directors

Following shareholder approval the company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

Business environment

It was a tough year for the UK mobile device industry in market volume terms, with a year-on-year decline of nearly 10%, driven by a severe weakness in the UK prepay market

The UK prepay market experienced a fundamental market shift in 2011 driven by the reduction of operator subsidies due to regulatory factors (the Ofcom mandated Mobile Termination Rate cuts) coupled with a generally weak economic and retail trading environment

The UK mobile device market value however, experienced robust growth of over 10% in 2011 due to the continued growth in Smartphones fuelled by heavily subsidised devices for consumers, typically on 24-month contracts

The main events for Nokia UK Limited during 2011 are summarised below

Devices

In 2011, our net sales and profitability were negatively impacted by the increasing momentum of competing smartphone platforms relative to our Symbian smartphones as we embarked on our platform transition to Windows Phone, as well as our pricing actions due to the competitive environment in both the smartphone and mobile phone markets

LUMIA Smartphones

Nokia Lumia 800 was the first Windows OS powered smartphone unveiled by the company on 26 October

2011 at Nokia World It is Nokia's first mobile phone to run the Windows Phone OS and marked the company's shift of focus in favour of Windows as its primary smartphone platform

The Lumia 800 device comes with a number of Nokia exclusive applications including, Nokia Drive, Nokia Music and App Highlights

The Lumia 800 device was presented along with Lumia 710 to target a different segment of the market Both handsets are stunning in design and style while offering differentiated consumer experience from previous Nokia phones

Asha A new family of smarter mobile phones

Nokia continues its mission to deliver high quality, stylish devices that provide the best access to social networks, the Internet and information, and offer the best overall experience and value proposition for the next billion mobile phone users These consumers want access to innovations such as easy-to-use dual-SIM, local services and content, and third-party apps, all with a superior user experience for which Nokia mobile phones are known

These devices comprise the new Asha family of Nokia mobile phones Derived from Hindi - meaning 'hope' - Asha signifies Nokia's focus on positive user experiences and connecting millions of people to new opportunities that help them reach their aspirations

The Asha mobile phone family includes Nokia Asha 303, Asha 300, Asha 200, and Asha 201

Services and Software
Nokia continues to focus on developing services in five core areas music, maps, media, messaging and games Recent new services include

Nokia Music and Mix Radio
Enjoy music from the world's most locally relevant catalogue (14 million tracks) 100 great radio channels with something for everyone Nokia Music Store available in 20 countries and Mix Radio in 12 countries

Nokia Maps
Location services designed to make every day better
With an aim to continuously improve its location-based offering, Nokia showcased the latest versions of Nokia Maps and Nokia Drive for Windows Phone These and other map-related applications introduced at Nokia World aim to make Nokia Maps relevant for commuters and to find interesting places in the city where people live In addition to its world-class, free walk-and-drive navigation for more than 100 countries worldwide, the Nokia Public Transport application tracks public transportation directly on a mobile device in more than 430 cities worldwide, including up-to-the-minute updates on bus and train routes for 45 cities Nokia also introduced Nokia Pulse, which allows location-tagged updates and photos to be sent privately, adding location to conversations with the people that matter most Nokia also showcased Nokia Live View, which turns the phone's camera view finder into a reality augmenting tool With Nokia Live View, a phone can be pointed to a building or street and the names of the places become superimposed over them, offering one click access to detailed information about businesses, restaurants or attractions

Nokia is developing location and commerce applications centred around a consumers journey The apps portfolio includes

Nokia Drive – Sat Nav

Nokia Transport – Get your optimum journey from A-B including all public transport options

Nokia Maps – Ability to see a topological map and get a route from A to B Does not include Sat Nav

Nokia City Scene – Augmented reality view using the camera and your location to super-impose information on the screen

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Research and development activities
Nokia UK Limited continues to act as a research and development centre for the Nokia Group on behalf of Nokia Oyj

The research and development organisation implements Nokia's device roadmap with talented and business-minded people The research and development projects lead technology innovation and maintain consistency in the technology architecture for devices In addition research and development activities also drive industry leading product quality for devices

These activities are supported by a global supplier base, skills in manufacturability, product marketing and customer care in order to create leading edge products for high volume manufacture and global sales

The work involves resolving the technological as well as system design and integration uncertainties inherent in small multi-radio multimedia devices All research and development costs in the UK are recharged to Nokia Oyj

Key performance indicators

The management of Nokia UK Limited monitors progress on the overall strategy by reference to five key performance indicators Performance during the financial year, together with historical comparisons is set out below

	2011	2010	Definition, method of calculation and analysis
Growth in sales	-38 9%	-30%	Year on year sales decline within the devices business groups expressed as a percentage The decline in external sales during 2011 is a result of the challenging business environment facing the mobile industry
Market share	13 4%	26 3%	Nokia lost market volume share during 2011 as the company went through it's strategic transition Market volume share (as measured by GfK) declined steadily from 26 3% at the start of 2011 to a low of 12% in Oct 2011, before recovering slightly to reach 13 4% in Dec 11 after the launch of the first Nokia Windows Phone device , the Lumia 800
Number of devices in the market	60	72	Number of communication devices from which revenue was obtained during the year Nokia is continuously launching products with 30% of the devices sold in 2011 being new to the market
Staff attrition rate	23 10%	12 4%	Staff turnover expressed as a percentage of headcount Staff attrition rate was higher than the 2010 value The high rate is a result of restructuring programs driven by the global economic climate during both 2010 and 2011
Sales & marketing as a percentage of revenue	11 2%	6 7%	Sales, marketing and distribution expenditure expressed as a percentage of revenue This target is in line with strict guidelines set by the Nokia Group and is closely monitored The increase represents the increased focus on marketing and sales costs in a very competitive and difficult economic climate

Strategy, future developments and subsequent events

Strategy
On 11th February 2011 Nokia announced a new global strategy aimed at regaining Nokia's smartphone leadership, reinforcing Nokia's mobile device platform and realizing Nokia's investments in the future

Major elements of the new strategy include plans to form a broad strategic partnership with Microsoft to jointly build a new global ecosystem, with Windows Phone, which will serve as Nokia's primary smartphone platform The company will continue to invest and broaden this strategic alliance to bring several new Windows Phone handsets to different markets in the future

Symbian continues as a franchise platform

With Nokia's move to Windows Phone as its primary smartphone platform, Symbian will continue as a franchise platform, leveraging previous investments to harvest additional value Nokia expects to sell several million more units of Symbian devices in some key emerging markets

MeeGo supports future innovation

The renewed mission of MeeGo, an open-source mobile operating system project, places greater emphasis on longer-term market exploration While Nokia plans to ship a MeeGo-related, open-source product later this year, the MeeGo effort will transition into an ongoing exploration of innovative platform disruptions and next-generation devices, platforms and user experiences

Future developments and subsequent events

The company will continue the broad strategic parnership with Microsoft to futher develop and strengthen the global ecosystem that has become part its new strategy

At the UK Southwood site, the majority of Symbian software activities were transferred to Accenture and the rest of R&D activities were scaled down Other changes in Southwood include the reduction of work in Markets and Corporate Functions The site is expected to be closed by the end of 2012 The headcount reduction in the UK as a result of redundancies is estimated to be 700 people

A new location for Nokia employees has been found in Central London This new site will serve as a global hub for Markets and as a centre of expertise for selected Corporate Functions

Political and charitable contributions

The company has continued to make charitable contributions, donating a total of £58,740 (2010 £30,000) for good causes The donations are broken into £40,500 to UK Youth, £6,080 to St Michael's Hospice, £6,080 to The Children's Trust and a donation of £6,080 to Yateley Industries No contributions to any political party were made during the financial year

Principal risks and uncertainties

Employees
The company's performance depends largely on its managers and local staff The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely affect the company's results To mitigate these issues, the company has the following policies in relation to employees

Employees consultation
The company places considerable value on the involvement of its employees and keeps them informed on matters affecting them and on the various factors affecting the performance of the company Regular meetings are held with employees so that their views can be taken into account in the formulation of policy and in decisions which are likely to affect their interests

Eligible employees in the UK share in and contribute to the company's performance through performance related bonus schemes

Employees may also participate in employee share option schemes, which enable eligible employees to acquire share options over the shares of the parent company, Nokia Corporation

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of the other employees

Financial risk management
The operations of the company expose it to a number of financial risks including the effects of interest rate, cash flow and credit risk

In order to minimise the impact of finance risks, the Nokia Group has a central treasury function which manages the financial risks of the group All cash management for the company is handled via the central team

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made Each customer has an appropriate credit limit for their perceived risk A policy of sales blocking is used if a customer exceeds their credit limit

Interest rate and cash flow risk
The company has both interest bearing assets and interest bearing liabilities All of these are with other Nokia group companies and are subject to either fixed interest rates or variable interest rates determined by the central treasury team If the directors consider one of the intercompany assets to be at risk of default then a guarantee is sought from the parent company for the level of that risk

Company's policy for payment of creditors
It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods or services and to endeavour to adhere to those payment terms At the year end, trade creditors represented 57 days (2010 53 days)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities

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

Company law requires the directors to prepare audited financial statements for each financial year Under that law the directors have prepared 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 company and of the profit or loss of the company for that period In preparing these audited financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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,
- prepare the audited 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 audited financial statements comply with the Companies Act 2006 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

Disclosure of information to the auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on 25 July 2012 and signed on its behalf

C Pierce
Director
Nokia House
Summit Avenue
Farnborough
Hampshire
GU14 0NG

G Holton
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOKIA UK LIMITED

We have audited the financial statements of Nokia (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6 and 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the 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 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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOKIA UK LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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

Jaskamal Sarai (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date 25 JULY 2012

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Turnover	2	**730,847**	1,196,984
Cost of sales		**(597,749)**	(1,062,842)
Gross profit		**133,098**	134,142
Distribution costs		**(81,575)**	(79,915)
Administrative expenses		**(27,514)**	(8,903)
Other operating charges		**(3,096)**	(7,212)
Operating profit	3	**20,913**	38,112
Exceptional Item			
Impairment of Building	9	**(33,829)**	-
Profit on ordinary activities before interest		**(12,916)**	38,112
Interest receivable and similar income	6	**1,620**	1,113
Interest payable and similar charges	7	**(1,267)**	(1,014)
Other finance income/(expenses)		**410**	(885)
Profit on ordinary activities before taxation		**(12,153)**	37,326
Tax on profit on ordinary activities		**(3,133)**	(881)
		(15,286)	36,445

All amounts relate to continuing operations

The notes on pages 12 to 35 form part of these financial statements

There is no material difference between the profit on ordinary activities before taxation and the profit for the years stated above, and their historical cost equivalents

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Profit for the financial year	22	**(15,286)**	36,445
Actuarial gain / (loss) related to pension scheme	24	**(13,367)**	14,934
Deferred tax relating to FRS 17 pension asset	23	**3,427**	(3,905)
Effect of tax rate change on deferred tax relating to pension asset	23	**(85)**	61
Total recognised gains and losses relating to the financial year		**(25,311)**	47,535

The notes on pages 12 to 35 form part of these financial statements

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Intangible assets	11		**6,100**		10,864
Tangible assets	12		**32,009**		92,399
			38,109		103,263
Current assets					
Property held for sale	13	**9,934**		-	
Stocks	14	**116**		305	
Debtors	15	**210,086**		212,674	
Short term investments	16	**156,691**		197,370	
Cash at bank		**6,470**		5,507	
		383,297		415,856	
Creditors amounts falling due within one year	17	**(228,994)**		(277,805)	
Net current assets			**154,303**		138,051
Total assets less current liabilities			**192,412**		241,314
Provisions for liabilities	19		**(32,472)**		(62,788)
Net assets excluding pension scheme assets			**159,940**		178,526
Pension asset	24		**24,243**		29,159
Net assets including pension scheme assets			**184,183**		207,685
Capital and reserve					
Called up share capital	21		**20,000**		20,000
Profit and loss account	22		**164,183**		187,685
Total shareholders' funds	23		**184,183**		207,685

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
25 July 2012.

C Pierce
Director

G Holton
Director

The notes on pages 12 to 35 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 **Accounting policies**

1 1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies (set out below) have been consistently applied throughout the year

1.2 Cash flow

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 the exemption available under FRS 1 (Revised 1996) from publishing a cash flow statement

1.3 Turnover

Turnover represents the total invoice value of goods despatched to and accepted by customers Turover in relation to services is recognised when the service has been provided All turnover is stated excluding value added tax and after deducting trade discounts

1.4 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 the transaction

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

1.5 Research and development

Development costs are capitalised within intangible fixed assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition less any provision for impairment

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned The principal annual rates used for this purpose are shown below

Freehold buildings	2 5- 5%
Fixtures, fittings, tools and equipment	10 – 20%
Improvements to leasehold property	over the lease term
Computer equipment and software	20 – 33%

Freehold land is not depreciated Assets purchased during the financial year are depreciated by the relevant fraction of the above rates The rates used are designed to write the assets down to residual value over their expected useful lives

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making provisions for any obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.8 Short term investments

Cash deposits which are repayable on demand without penalty are treated as short-term investments in accordance with FRS 1 'Cash Flow Statements' Investments shown under current assets comprise fixed and immediate return deposits (revised 1996)

1.9 Impairment

Investments are assessed at each balance sheet date for impairment If the company continues to derive maximum economic value from the assets in the company, no impairment charge will be recognised in the financial statements Impairment losses are charged to the profit and loss account if the impairment review indicates that the maximum economic value is significantly lower than the carrying value of the asset

1.10 Current asset held for sale

During 2011 Nokia UK Limited commited to a plan to dispose of the its Southwood property Accordingly the property has been reclassified as held for sale at the end of the financial year December 31, 2011, with sales expected subject to recieving suitable offers

The amount classified as assets for sale include the total fair value after impairment charges

1.11 Pensions

Nokia UK Limited has been a participating company of the Nokia Group (UK) Pension Scheme since 1 June 1990 This is a funded group pension scheme that provides both benefits based on final pensionable pay and benefits dependent upon contributions paid The assets of the scheme are held separately from those of Nokia UK Limited, being managed by BlackRock, and Skandia Life

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

Under FRS 17 'Retirement Benefits', the amount charged to operating profit in the profit and loss account in respect of defined benefit pension costs is the current service cost of providing benefits accrued in the year as calculated by the scheme's actuary In addition, the profit and loss account includes a charge for costs in respect of the unwinding of the discount applied to the scheme's liabilities Actuarial gains and losses are included in the statement of total recognised gains and losses The pension fund balances are shown net of deferred tax, in accordance with FRS 17 'Retirement benefits'

Contributions to the defined contribution pension scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

1.12 Share options

The cost of share options awarded to employees under the company's share option schemes is measured by reference to their fair value at the date of grant This cost is recognised over the vesting period of the options based on the number of options, which in the opinion of the directors, will ultimately vest The charge is credited to reserves

1.13 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 " Related Party Disclosures" not to disclose related party transactions within the group headed by its ultimate parent company Nokia Corporation, whose consolidated financial statements are available to the public

1.14 Deferred income

The company has deferred income in respect of some of its service sales Deferred income is treated as a liability in the balance sheet and is released to the profit and loss when the economic benefit from these activities flows into the organisation

1.15 Cash pool arrangements

In order to minimise the impact of finance risks, the Nokia Group has a central treasury function which manages the financial risks of the group All cash management for the company is handled via the central team The cash balances on deposit with the treasury team are recognised within short term investments in the balance sheet

1 16 Goodwill

Amortisation of goodwill is calculated so as to write off the cost of the goodwill on a straight line basis over the expected useful economic life of the goodwill concerned The principal annual rate used for goodwill associated with the purchase of On Demand Distribution Ltd has been assessed at seven years This is based on the continually changing nature of the music industry and reflects the period for which the group is able to provide reasonable forecasting

2. Turnover

An analysis of turnover by class of business is as follows

	2011	2010
	£000	£000
Markets	**492,516**	1,047,651
Services & software	**52,546**	28,702
Devices	**185,785**	120,631
	730,847	1,196,984

A geographical analysis of turnover is as follows

	2011	2010
	£000	£000
United Kingdom	**389,334**	812,918
Rest of European Union	**341,513**	383,956
Rest of world	-	110
	730,847	1,196,984

In accordance with SSAP25 'Segment Reporting', information relating to net assets and results are not disclosed as this information is already included in the group financial statements As a result the directors have decided to apply the rule allowing Nokia UK Limited not to present this information in the company's financial statements

3. Operating profit

The operating profit is stated after charging/(crediting)

	2011 £000	2010 £000
Amortisation - intangible fixed assets (note 11)	**4,764**	4,764
Depreciation of tangible fixed assets		
- owned by the company (note 12)	**22,536**	25,575
Operating lease rentals		
- plant and machinery	**1,256**	1,132
- other	**8,063**	6,293
Difference on foreign exchange	**(2,567)**	2,068
Research and development expenditure	**176,938**	223,554
Loss on disposal of tangible fixed assets	**1,616**	1,769
Other operating expense	**7,212**	2,133

	2011 £000	2010 £000
Fees payable to company auditor for audit of the company	**149**	149
Non audit services	**91**	-
Total	**240**	149

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

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £000	2010 £000
Wages and salaries	**179,963**	185,689
Social security costs	**22,278**	23,665
Other pension costs (note 24)	**17,368**	20,635
	219,609	229,989

The average monthly number of employees, including the directors, during the financial year was as follows

	2011	2010
Administration	**310**	274
Marketing and customer services	**398**	429
Operations	**348**	339
Research and development	**1,174**	1,756
	2,230	2,798

5. Directors' remuneration

	2011 £000	2010 £000
Aggregate emoluments	**677**	922
Company pension contributions to money purchase schemes	**42**	50

During the financial year retirement benefits were accruing to 1 director (2010 1) in respect of defined contribution pension scheme, and 3 directors (2010 2) in respect of defined benefit pension scheme The highest paid director received remuneration of £366,338 (2010 £540,000) The value of the accrued pension for the highest paid director was £206,246 (2010 £1,234,077)

6 Interest receivables and similar income

	2011 £000	2010 £000
Interest receivable from group undertakings	**915**	1,113
Other interest receivable	**705**	-
	1,620	1,113

7. Interest payable and similar charges

	2011 £000	2010 £000
On loans from group undertakings	**1,267**	1,014

8. Other finance (income)/expense

	2011 £000	2010 £000
Interest on pension scheme liabilities (note 24)	**(410)**	885

9. Impairment

	2011 £000	2010 £000
Building Impairment	**33,829**	-

Nokia UK Limited intends to sell the premises in Southwood and it is anticipated that the proceeds on the sale will be less than the net book value of the assets on the Southwood property at the start of the year As a result the company decided to write down the book value of the asset based on the estimated market value of the building as at the end of the financial year

10 Tax on profit on ordinary activities

a) Analysis of tax for the financial year

	2011 £000	2010 £000
Current tax		
UK corporation tax	**6,460**	4,019
Adjustment in respect of previous years	**(2,291)**	(4,851)
Total current tax charge	**4,169**	(832)
Deferred tax:		
Origination and reversal of timing differences	**(1,335)**	2,424
Deferred tax provision written off relating to Symbian	**-**	(211)
Effect of change in tax rate	**(549)**	-
Adjustment in respect of previous years	**848**	(500)
Total deferred tax (note 18)	**(1,036)**	1,713
Tax on profit on ordinary activities	**3,133**	881

b) Factors affecting tax charge for the year

The tax assessed for the financial year differs from the standard rate in the UK of 26 5% (2010 28%) The differences are explained below

	2011 £000	2010 £000
Loss/ Profit on ordinary activities before taxation	**(12,153)**	37,326
Loss/ Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 5% (2010 28%)	**(3,221)**	10,451
Effects of		
UK Reseach and Development tax credits	**(3,184)**	(6,931)
Expenses not deductible for tax purposes	**2,086**	2,513
Capital allowance net of depreciation	**2,550**	1,859
Adjustment related to thin capitalisation within UK Group	**(1,939)**	(1,862)
Pension cost relief in excess of pension cost charge	**-**	(1,718)
Effect of pension spreading	**(311)**	(329)
Timing differences in respect of share based payments	**243**	18
Taxes paid on behalf of other companies	**9**	18
Disallowable impairment charge	**8,965**	-
Ammortisation	**1,262**	-
Adjustments to tax in respect of previous years	**(2,291)**	(4,851)
Current tax for the year (note 10a)	**4,169**	(832)

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011 A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements The impact of these proposed further reductions on the deferred tax balances would be c£1,136,000

11 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January 2011 and 31 December 2011	28,670
Accumulated amortisation	
At 1 January 2011	17,806
Charge for the year	4,764
At 31 December 2011	22,570
Net book value	
At 31 December 2011	6,100
At 31 December 2010	10,864

12. Tangible fixed assets

	Freehold property £000	Long term leasehold property £000	Fixtures & fittings £000	Total £000
Cost				
At 1 January 2011	79,499	23,330	102,381	205,210
Additions	746	528	13,746	15,020
Disposals	(49)	(2,772)	(15,375)	(18,196)
Cost transfered between classes to assets held for sale (note 13)	(46,367)	-	-	(46,367)
Impairment charge (note 9)	(33,829)	-	-	(33,829)
At 31 December 2011	-	21,086	100,752	121,838
Accumulated depreciation				
At 1 January 2011	35,131	11,748	65,932	112,811
Charge for the year	1,327	3,273	17,936	22,536
On disposals	(25)	(1,580)	(7,480)	(9,085)
Transfer between classes to assets held for sale	(36,433)	-	-	(36,433)
At 31 December 2011	-	13,441	76,388	89,829
Net book value				
At 31 December 2011	-	7,645	24,364	32,009
At 31 December 2010	44,368	11,582	36,449	92,399

12. Tangible fixed assets (continued)

Nokia UK Limited intend to sell the premises in Southwood and that it is anticipated that the proceeds on the sale will be less than the net book value of the assets on the Southwood property at the start of the year As a result the company recognised an impairment charge on the property of £33,829,000 for the financial year

The company has also decided to disclose the remaining net book value of its Southwood Premise as assets held for sale at the end of the financial year

13. Property Held for Sale

During 2011 Nokia UK Limited commited to a plan to dispose of the its Southwood property Accordingly the property has been reclassified as held for sale at the end of the financial year December 31, 2011, with sales expected subject to recieving suitable offers

The net book value of assets held for sale at the end of the financial year were £9,934,000 The company also recognised impairment of £33,829,000 on the property during the financial year in line with the expectation that the market value of the asset has declined

14. Stocks

	2011 £000	2010 £000
Finished goods and goods for resale	**116**	305

15. Debtors

	2011 £000	2010 £000
Trade debtors	**60,362**	91,463
Amounts owed by group undertakings	**135,479**	103,829
Other debtors	**1,999**	1,748
Prepayments and accrued income	**12,246**	13,493
Deferred tax asset (note 18)	**-**	2,141
	210,086	212,674

16. Short term investments

	2011 £000	2010 £000
Amounts owed by group undertakings	**156,691**	197,370

Short term investments are with Nokia Finance International BV under the company internal cash pool arrangement The credit risk associated with these investments is considered to be low because Nokia group has a central treasury function which manages the financial risks of the group Interest is applied at variable rates throughout the financial year

17. Creditors:
Amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	**28,948**	34,488
Amounts owed to group undertakings	**94,680**	83,747
Corporation tax	**3,752**	944
Social security and other taxes	**8,675**	10,610
Other creditors	**429**	-
Accruals and deferred income	**92,510**	148,016
	228,994	277,805

Amounts owed to group undertakings comprise a current account deposit with Nokia Finance International BV for £50,505,115 (2010 £68,440,127) at a floating interest rate and an unsecured loan of £13,271,792 (2010 £12,622,738) at an interest rate of 5 04% per annum with accrued interest of £678,103 (2010 £649,248) These amounts are repayable upon demand

The remaining balance comprise of £30,903,000 payable to Nokia Finance International B V

18. Analysis of movement in deferred tax

	2011 £000	2010 £000
Deferred tax liability brought forward	**2,023**	1,905
Deferred tax relating to pension spreading	**341**	353
Deferred tax asset on share based payments	**802**	2,268
Deferred tax assets	**3,166**	4,526
Deferred tax movement relating to accelerated capital allowances	**(1,780)**	(2,503)
Net deferred tax liability	**1,386**	2,023

Movements during the financial year in the net deferred tax position are as follows:

	2011 £000	2010 £000
At 1 January 2011	**2,023**	1,905
Movement on deferred tax relating to pension spreading	**341**	353
Movement on share based payment	**802**	2,268
Adjustments in respect of previous years	**848**	(500)
Deferred tax asset written off relating to Symbian	**-**	(211)
Capital allowances in excess of depreciation	**(2,628)**	(1,792)
At 31 December 2011	**1,386**	2,023

The amount of deferred taxation, including that relating to the pension asset, provided for in the financial statements is as follows.

	2011 £000	2010 £000
Deferred tax asset (note 15)	-	(2,141)
Deferred tax provision excluding deferred tax on pension surplus	1,386	4,164
Deferred tax excluding that relating to the pension surplus	1,386	2,023
Deferred tax on pension surplus (note 24)	8,081	10,785
Total provision for deferred tax	9,467	12,808

Movements during the year in deferred tax provision, inclusive of the deferred tax included in the pension asset are as follows.

	2011 £000
1 January 2011	12,808
Deferred tax charge in the statement of total recognised gains and losses	(2,305)
Deferred tax charged to the profit and loss (note 10)	(1,036)
Total	9,467

19. Provisions for liabilities

	Warranty £000	Restructuring provision £000	Deferred tax £000	Total £000
At 1 January 2011	58,624	-	4,164	62,788
Additions	21,567	1,307	-	22,874
Amounts used	(50,412)	-	(2,778)	(53,190)
At 31 December 2011	29,779	1,307	1,386	32,472

Warranty

The company makes provision for warranty costs which are expected to arise in future years in relation to the goods sold in the financial year These provisions are based on historical data regarding return rates and unit warranty costs, and are monitored closely each period

20. Share-based payments

The company participates in the Group equity-based incentive programs for employees The programs include performance share plans, stock option plans and restricted share plans Both executives and employees participate in these programs

The equity-based incentive grants are generally forfeited if the employment relationship with the Group terminates and they are conditional upon the fulfilment of such performance, service and other conditions, as determined in the relevant plan rules

All assumptions behind the global equity programs are derived in EUR in the Group consolidated financial statements For the purposes of the Nokia UK Limited financial statements these amounts have been converted to GBP at the exchange rate prevailing at the appropriate year end (2007 £1 = €1 3609, 2008 £1 = €1 0498, 2009 £1 = €1 142, 2010 £1 = €1 172 and 2011 £1 = €1 195)

Total Share based compensation
The share-based compensation expense for all equity-based incentive awards amounted to GBP £1,808,796 in 2011 (2010 £388,394)

Share options
Nokia's global stock option plans in effect for 2011, including their terms and conditions, were approved at the Annual General Meetings in the financial year when each plan was launched, i e , 2005 and 2007 Each stock option entitles the holder to subscribe for one new Nokia share The stock options are non-transferable All of the stock options have a vesting schedule with 25% of the options vesting one year after grant and 6 25% each quarter thereafter The stock options granted under the plans generally have

a term of five years

The exercise price of the stock options is determined at the time of grant on a quarterly basis The exercise prices are determined in accordance with a pre-agreed schedule quarterly after the release of Nokia's periodic financial results and are based on the trade volume weighted average price of a Nokia share on NASDAQ OMX Helsinki during the trading days of the first whole week of the second month of the respective calendar quarter (i e , February, May, August or November) Exercise prices are determined on a one-week weighted average to mitigate any short term fluctuations in Nokia's share price The determination of exercise price is defined in the terms and conditions of the stock option plan, which are approved by the shareholders at the respective annual general meeting The board of directors does not have right to amend the above described determination of the exercise price

The share option exercises are settled with newly issued Nokia Corporation shares which entitle the holder to a dividend for the financial year in which the subscription occurs Other shareholder rights commence on the date on which the shares subscribed for are registered with the Finnish Trade Register

Pursuant to the stock options issued, an aggregate maximum number of 640,605 (2010 920,416) new Nokia shares may be subscribed for, representing 0 4% of the total number of votes at December 31, 2011 There were no shares exercised during 2011

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20. Share-based payments (continued)

The table below sets forth certain information relating to the stock options outstanding at 31 December 2011

Plan (year of Launch)	Shares under option	Option category	First vest date	Last vest date	Expiry date	Exercise price/share re GBP
2007	1,146,988	2007 2Q	01-Jul-08	01-Jul-11	31-Dec-12	17 52
		2007 3Q	01-Oct-08	01-Oct-11	31-Dec-12	20 82
		2007 4Q	01-Jan-09	01-Jan-12	31-Dec-12	26 22
		2008 1Q	01-Apr-09	01-Apr-12	31-Dec-13	23 00
		2008 2Q	01-Jul-09	01-Jul-12	31-Dec-13	18 25
		2008 3Q	01-Oct-09	01-Oct-12	31-Dec-13	16 96
		2008 4Q	01-Jan-10	01-Jan-13	31-Dec-13	11 84
		2009 1Q	01-Apr-10	01-Apr-13	31-Dec-14	8 59
		2009 2Q	01-Jul-10	01-Jul-13	31-Dec-14	8 76
		2009 3Q	01-Oct-10	01-Oct-13	31-Dec-14	9 76
		2009 4Q	01-Jan-11	01-Jan-14	31-Dec-14	7 67
		2010 1Q	01-Apr-11	01-Apr-14	31-Dec-15	8 62
		2010 2Q	01-Jul-11	01-Jul-14	31-Dec-15	7 55
		2010 3Q	01-Oct-11	01-Oct-14	31-Dec-15	6 22
		2010 4Q	01-Jan-12	01-Jan-15	31-Dec-15	6 47
2011	1,535,199	2011 2Q	01-Jul-14	01-Jul-15	27-Dec-17	5 04
		2011 3Q	01-Oct-14	01-Oct-15	27-Dec-17	3 15
		2011 4Q	01-Jan-15	01-Jan-16	27-Dec-17	4 05

The Group's current global stock option plans have a vesting schedule with a 25% vesting one year after grant, and quarterly vesting thereafter, each of the quarterly lots representing 6 25% of the total grant The grants vest fully in four years

The Group's global Stock Option Plan 2011 has vesting schedule with 50% of stock options vesting three years after grant date and the remaining 50% vesting four years from grant

20. Share-based payments (continued)

Total share options outstanding
The following table shows the movement in stock options which were held by employees of Nokia UK Limited

	Number of shares	Weighted average excersice price £
Shares under option at 1 January 2010	**1,601,756**	**15.41**
Granted	679,097	7 51
Forfeited	(245,215)	
Transfer out	(42,413)	
Shares under option at the 31 December 2010	**1,993,225**	11 60
Granted	1,535,199	**7 89**
Forfeited	(324,690)	
Transfers out	(521,907)	
Shares as at the 31 December 2011	**2,681,827**	**6 97**
Options exercisable at the 31 December 2010	**920,416**	12 16
Options exercisable at the 31 December 2011	**640,605**	**8 83**

There were no options exercised during the financial year (2010 no options excercised during the financial year) The weighted average grant date fair value per option granted was £1 27 (2010 £2 14)

The options outstanding by range of exercise price at 31 December 2011 are as follows

Excercise prices	Number of share options outstanding at the 31 December 2011	Weighted average remaining contractual life in years	Weighted average exercise price
3 15 - 9 36	2,325,052	4 98	5 63
10 40 - 14 90	4,140	2 00	14 09
15 08 - 16 03	347,868	1 49	15 71
18 29- 23 04	4,767	1 00	21 71
	2,681,827		

20 Share-based payments (continued)

Nokia calculates the fair value of stock options using the Black Scholes Option Pricing model The fair value of the stock options is estimated at the grant date using the following assumptions

	2011	2010	2009	2008
Weighted average expected dividend yield	7 37%	4 73%	3 63%	3 20%
Weighted average expected volatility	36 95%	52 09%	43 46%	39 92%
Risk-free interest rate	1 71%-2 86%	1 52%-2 49%	1 97%-2 94%	3 15%-4 58%
Weighted average risk-free interest rate	2 68%	1 78%	2 23%	3 65%
Expected life (years)	4 70	3 59	3 60	
Weighted average share price, GBP at grant date (£)	4 57	7 05	9 47	16 16

The expected life of those options is estimated by observing general option holder behaviour and actual historical terms of the Nokia Corporation share option plans

The expected volatility has been set by reference to the implied volatility of options available on Nokia Corporation shares in the open market and in light of historical patterns of volatility

20. Share-based payments (continued)

Performance shares

The performance shares represent a commitment by the Group to deliver Nokia shares to employees at a future point in time, subject to Nokia's fulfillment of pre-defined performance criteria No performance shares will vest unless the Group's performance reaches at least one of the threshold levels measured by two independent, pre-defined performance criteria the Group's average annual net sales growth for the performance period of the plan and earnings per share ("EPS") at the end of the performance period

The 2008, 2009, 2010 and 2011 plans have a three-year performance period with no interim payout The shares vest after the respective performance period The shares will be delivered to the participants as soon as practicable after they vest Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights associated with the performance shares The performance share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting

The following tables summarizes the performance share plan for Nokia UK Limited

Plan Name	Total plan size (threshold number)	Performance period	Final settlement
2008	-	2008-2010	2011
2009	-	2009-2011	2012
2010	744,046	2010-2012	2013
2011	1,058,797	**2011-2013**	**2014**

Shares under performance share plan 2009 vested on December 31, 2011 and are therefore not included in the outstanding numbers

The following table sets out the performance criteria of each global performance share plan, as well as the potential number of performance shares vesting if performance criteria are met

		Total threshold performance		Maximum Performance	
		EPS (£)	Average annual net sales growth	EPS (£)	Average annual net sales growth
2008	Performance period	1 638	4%	2 629	16%
	Number of shares vesting	327,715	327,715	1,310,860	1,310,860
2009	Performance period	0 88	(5%)	1 33	16%
	Number of share vesting	572,708	572,708	2,290,832	2,290,832
2010	Performance period	0 70	0%	1 23	13 5%
	Number of share vesting	744,046	744,046	2,976,184	2,976,184
2011	Performance period	0 42	2 5%	0 92	10%
	Number of share vesting	1,058,797	1,058,797	4,235,188	4,235,188

1 Both the EPS and Average Annual Net Sales Growth criteria have an equal weight of 50%

2 A performance share represents the grant at threshold At maximum performance, the settlement amounts to four times the number of shares originally granted at threshold

20. Share-based payments (continued)

Performance share:

	Number of performance shares at Threshold	Weighted average grant date fair value
Performance shares as at 1 January 2010	**1,040,190**	
Granted	744,046	5 08
Transfer out	(232,561)	
Performance shares as at the 31 December 2010	**1,551,675**	**7.34**
Granted	1,058,797	3 07
Transfer out	(661,783)	
Performance shares as at 31 December 2011	**1,948,689**	**4.61**

There wіll be no settlement under the Performance Share plan 2008 as neither of the threshold performance criteria of the EPS and the Average Annual Net Sales Growth of this plan was met

Restricted shares
During 2011, Nokia administered four global restricted share plans, the Restricted Share Plan 2008, 2009, 2010 and 2011, each of which, including its terms and conditions, has been approved by the Board of Directors

Restricted shares are used to recruit, retain, and motivate selected high potential and critical talent who are vital to the future success of Nokia Restricted shares are used only for key management positions and other critical talent

All of the Group's restricted share plans have a restriction period of three years after grant Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights, associated with the restricted shares The restricted share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting

Restricted Shares Outstanding

	Number of restricted shares	Weighted average fair value at grant date
Restricted shares as at 1 January 2010	**875,400**	**9.76**
Granted	882,900	
Transfer out	(251,900)	
Restricted shares as at 31 December 2010	**1,506,400**	**6.40**
Granted	764,114	2 81
Transfers out	(459,700)	
Restricted shares as at 31 December 2011	**1,810,814**	**4.79**

The fair value of restricted shares is estimated based on the grant date market price of the shares of Nokia Corporation less the present value of dividends expected to be paid during the vesting period

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21 Called up share capital

	2011 £000	2010 £000
Allotted and fully paid		
20,000,000 ordinary shares of £1 each	**20,000**	20,000

22 Profit and loss account

	2011 £000
At 1 January 2011	187,685
Profit for the financial year	(15,286)
Share based payment reserve (note 20)	1,809
Actuarial loss net of deferred tax	(10,025)
At 31 December 2011	**164,183**

23. Reconciliation of total movements in shareholders' funds

	2011 £000	2010 £000
Profit for the year	**(15,286)**	36,445
Actuarial gain/(loss) (note 24)	**(13,367)**	14,934
Current tax credit/(charge) on pension asset	**3,427**	(3,905)
Effect of tax rate change on deferred tax relating to pension asset	**(85)**	61
Share based payment reserve (note 20)	**1,809**	388
Net (decrease)/increase in shareholders' funds	**(23,502)**	47,923
Opening total shareholders funds	**207,685**	159,762
Closing total shareholders funds	**184,183**	207,685

24. Pensions

The group operates a defined benefit scheme in the UK A full actuarial valuation was carried out at 31 March 2010 and updated to 31 December 2011 by a qualified independent actuary

The assets of the scheme are held separately from those of Nokia UK Limited, being managed by BlackRock, and Skandia Life

No improvements in benefits were made in the financial year Company contributions in respect of future service were 31 1% of pensionable salaries in respect of executive members and 21 2% of Pensionable Salaries in respect of other members Deficit contributions of £360,000 per month were paid between January and August 2011

To develop the assumption for the expected long-term rate of return on assets, the company considered the current level of expected returns on government bonds and cash and the expectations for future returns of these asset classes The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio This resulted in the selection of a 3 2% assumption for 2012

24 Pension (continued)

Weighted average assumptions used to determine benefits obligations at:

	31 December 2011 (%p.a)	31 December 2010 (%p a)	31 December 2009 (%p a)
Rate of Compensation increase	**3.60%**	3 90%	4 60%
Discount rate	**4.80%**	5 30%	5 70%

Weighted average assumptions used to determine net pension cost for the year ended·

	31 December 2011	31 December 2010
Rate of Compensation increase per annum	**3.90%**	4 60%
Expected long-term return on plan asset	**4.26%**	4 42%
Discount rate per annum	**5.30%**	5 70%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31 December 2011 Male	31 December 2011 Female	31 December 2010 Male	31 December 2010 Female
Member age 65(current expectancy)	23 3	26 1	23 3	**26.1**
Member age 45 (life expectancy at age 65)	24 7	27 7	24 7	27 7

Amounts included in the fair value of assets for·	**Plan asset at 31 December 2011 £000**	Plan asset at 31 December 2010 £000
Bonds	**242,407**	185,428
Cash	**730**	1,820
	243,137	187,248

The amounts recognised in the Balance sheet are as follows:

	2011 £000	2010 £000	2009 £000
Total market value of assets	**243,137**	187,248	161,212
Present value of schemes liabilities	**(163,428)**	(144,805)	(142,338)
Surplus cap	**(47,385)**	(2,499)	-
Surplus in the scheme	**32,324**	39,944	18,874
Related deferred tax liability	**(8,081)**	(10,785)	(5,285)
Net pension assets	**24,243**	29,159	13,589

24 Pension (continued)

Change in benefit obligation	2011 £000	2010 £000
Benefit obligation at 1 January	**144,805**	142,338
Current service cost	**5,132**	5,868
Interest cost	**7,736**	8,185
Plan participants' contribution	**65**	62
Effect of any curtailment of settlement	**1,161**	-
Effect of contribution limit	**(1,161)**	-
Actuarial (gain) /losses	**11,748**	(8,248)
Benefits paid	**(2,880)**	(3,400)
Plan curtailment	**(3,178)**	-
Benefit obligation at 31 December	**163,428**	144,805

Change in plan assets	2011 £000	2010 £000
Fair value of the plan assets at 1 January	**187,248**	161,212
Expected return on plan assets	**8,146**	7,330
Actuarial gain	**40,089**	9,185
Employer contribution	**10,469**	12,859
Member contributions	**65**	62
Benefits paid	**(2,880)**	(3,400)
Fair value of plan assets at 31 December	**243,137**	187,248

The company expects to contribute £7,058,000 to the plan in 2012, in respect of the defined benefit section of the plan

Analysis of the amount charged to operating profit.

	2011 £000	2010 £000
Current service cost	**5,132**	5,868

Analysis of the amount charged to other finance cost:	2011 £000	2010 £000
Expected return on pension scheme assets	**8,146**	7,330
Interest on pension scheme liabilities	**(7,736)**	(8,185)
	410	(855)

24. Pension (continued)

Analysis of amount recognised in the statement of total recognised gains and losses (STRGL):	2011 £000	2010 £000
Actual return less expected return on pension scheme assets	**40,089**	9,185
Experience gains and losses arising on the scheme liabilities	**5**	4,336
Change in the underlying present value of the scheme liabilities	**-**	(3,230)
Change of future assumption to Consumer Price Index	**(11,753)**	7,142
Actuarial gain/(loss)	**28,341**	17,433
Effect of surplus cap	**(41,708)**	(2,499)
Cumulative amount of the actuarial gains/(losses) recognised in the STRGL	**(13,367)**	14,934

Movement in surplus during the financial year:	2011 £000	2010 £000
Surplus in the scheme at 1 January	**39,944**	18,874
Movement in the financial year		
Current service cost	**(5,132)**	(5,868)
Contributions	**10,469**	12,859
Net interest charge	**410**	(855)
Actuarial gain/(loss)	**(13,367)**	14,934
Surplus in scheme at 31 December	**32,324**	39,944

24 Pension (continued)

History of experience gains and losses·	2011 £000	2010 £000	2009 £000	2008 £000
Benefits obligation at the end of the year	(163,428)	(144,805)	(142,338)	(113,309)
Fair value of plan assets at the end of the year	243,137	187,248	161,212	148,672
Surplus before cap	79,709	42,443	18,874	35,363
Difference between the expected and actual return on assets Amounts (£000)	40,089	9,185	(3,982)	13,901
% of scheme assets	16	5%	(2 47)%	9%
Experience gains and losses on scheme liabilities				
Amounts (£000)	(5)	4,336	-	(10,913)
% of scheme liabilities	0	3%	0	(10)%
Amounts recognised in the STRGL in the financial year				
Amount (£000)	(13,367)	14,934	(22,653)	21,515
% of scheme liabilities	8%	10%	(16)%	19%

The 1990 money purchase tier of the UK pension scheme has a defined benefit underpin due to its method of being contracted-out of the State Second Pension (so that in return for giving up some state pension benefits the scheme provides a minimum level of pension at retirement) FRS 17 requires that schemes with such an underpin are accounted for in the same way as defined benefit schemes

Investigations into this underpin have illustrated that it is expected to have some effect and so an additional liability needs to be included in the FRS 17 liabilities Any additional costs will be met from the Final Salary section and so the 1990 money purchase tier assets and liabilities are equal and have been excluded from the disclosure The additional liability included in respect of the underpin on the 1990 money purchase section is £5,811,000 as at 31 December 2011

The 2005 money purchase section of the UK pension scheme does not have a defined benefit underpin The assets and liabilities are equal for this section and both have been excluded from this disclosure If the 1990 and 2005 money purchase assets and liabilities were included, this would increase the assets of the overall scheme by £127,265,420 (31 December 2010 £123,344,000) and to increase the liabilities of the overall scheme by the same amount The actual return on pension assets is £48 23m for the financial years as per Mercer's report

24 Pension (continued)

The defined contribution pension cost (being the contributions payable) in the financial year of £11,937,969 (2010 £13,889,414) has been included in the staff cost (note 4) No net impact has been recognised in this note either on the financing section of the profit and loss account or on the statement of total recognised gains and losses, as the expected return on the scheme assets and the interest on the scheme liabilities and, similarly, the actual less expected return on the scheme assets and the experience gains and losses arising on the scheme liabilities, would have an equal and opposite effect There would only be an item in respect of a change in assumptions for the defined contribution scheme to the extent that such a change results in a liability being held in respect of the underpin

The company recognised a defered tax asset on the special contribution at the end of the financial year The total deferred tax relating to the special contribution was £1,974,084 and this will be spread over three years The special contribution arose because the maximum contribution for 2009 was greater than 110% of the previous year's contribution The amount due was £nil (2010 £nil) in respect of contributions due to the defined contribution pension fund at the year end As at the end of the financial year there is no remaining amount relating to deffered tax on speacial contribution and this was fully used during 2011

25. Contingent liabilities

The company has given a counter indemnity to National Westminster Bank plc in respect of a duty deferment bond in favour of H M Revenue and Customs for a sum of £20,000 (2010 £20,000) At 31 December 2011, the balance outstanding on the deferment account against which the bond could be offset was £1,000 (2010 £1,000)

The company is also liable under the following bonds £45,000 (2010 £45,000) (The County Council of Surrey), £250,000 (2010 £250,000) (NewlineUnderwriting Management Limited), £510,000 (2010 £510,000) (Hampshire City Council)

The directors consider that the likelihood of any loss arising from any of these arrangements is remote

26. Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Expiry date.				
Within 1 year	**548**	600	**231**	358
Between 2 and 5 years	**4,671**	4,267	**575**	488
After more than 5 years	**2,917**	-	**-**	-
Total	**8,136**	8,294	**806**	846

27 Related Parties

The company has taken advantage of the exemption offered under Financial Reporting Standard 8 'Related Party Disclosures' not to disclose related party transactions within the group headed by its ultimate parent company Nokia Corporation, whose consolidated financial statements are available to the public

28. Subsequent events

There were no subsequent events that came to the attention of the directors that could materially impact the financial statements

29. Ultimate and immediate parent companies and controlling party

The immediate parent company is Nokia UK Holdings Limited, a company registered in England and Wales The directors regard Nokia Corporation, a company incorporated in Finland, as the ultimate parent company and controlling party and head of the smallest group including Nokia UK Limited for which consolidated financial statements are prepared Copies of the consolidated financial statements of Nokia Corporation may be obtained from PO Box 226, SF00101, Helsinki, Finland