

GN Great Britain Limited

**Directors' report and financial
statements**

Registered number 03199320

31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities and review of the year

The company acts as a property investment company and as a holding company.

During the year, the following 100% owned subsidiaries have been liquidated: GN Danavox (Great Britain) Limited and GN Investments Limited.

Results and dividends

Details of the profit for the year are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (2003: £nil).

Directors and their interests

The directors who served on the Board during the year and subsequent to the year end were as follows:

Stuart Canterbury
Carsten Buhl Nielsen

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Donations

The company made no political or charitable contributions during the year (2003: £nil).

Auditors

A resolution for the re-appointment of KPMG LLP, as auditors of the company, is to be proposed at the forthcoming AGM.

By order of the board



Carsten Buhl Nielsen
Director

18/4

2005

Statement of directors' responsibilities

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 of the profit or loss of the company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of GN Great Britain Limited

We have audited the financial statements on pages 4 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company 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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

*Chartered Accountants
Registered Auditor*

26th May 2005

Profit and loss account

for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Turnover	2	88,000	88,000
Cost of sales		(88,000)	(87,689)
Gross profit		-	311
Administrative expenses		(40,435)	(25,141)
Operating loss	6	(40,435)	(24,830)
Profit on liquidation of investments		30,506	-
Interest receivable and similar income	4	501,886	745,950
Interest payable	5	(226)	(172)
Profit on ordinary activities before taxation		491,731	720,948
Tax credit on loss on ordinary activities	7, 12	186,756	-
Profit on ordinary activities after taxation and profit for the financial year		678,487	720,948
Accumulated loss brought forward		(13,085,131)	(13,806,079)
Accumulated loss carried forward		(12,406,644)	(13,085,131)

All activities for the current and preceding financial year derive from continuing operations.

There are no recognised gains or losses or movements in shareholders' funds other than the profit for the current and preceding financial year as shown above.

There is no difference between the historical cost profit and that reported in the profit and loss account.

Balance sheet

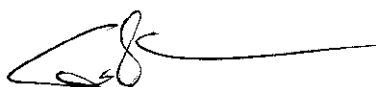
at 31 December 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Investments	8		-		37,000
			-		37,000
Current assets					
Debtors	9	8,807,990		8,143,996	
Cash at bank and in hand		16,417		7,400	
		8,824,407		8,151,396	
Creditors: amounts falling due within one year	10	(191,046)		(233,522)	
Net current assets			8,633,361		7,917,874
Total assets less current liabilities			8,633,361		7,954,874
Provisions for liabilities and charges	11	(40,000)		(40,000)	
Net assets			8,593,361		7,914,874
Capital and reserves					
Called up share capital	13	21,000,005		21,000,005	
Profit and loss account		(12,406,644)		(13,085,131)	
Equity shareholders' funds	14	8,593,361		7,914,874	

These financial statements were approved by the board of directors on signed on its behalf by:

18/4

2005 and were



Carsten Buhl Nielsen
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Companies Act 1985.

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Foreign currencies

Transactions in foreign currency are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Investments

Investments held as fixed assets are stated at the lower of cost and recoverable amount, where recoverable amount is the higher of net realisable value and value in use.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Cash flow statement

Under Financial Reporting Standard No.1 the company is exempt from the requirement of to prepare a cashflow statement as its cash flows are included with the consolidated cash flow statement of its ultimate parent company, GN Store Nord A/S.

2 Turnover

All turnover is derived from within the UK. Turnover represents amounts derived from the leasehold property net of value added tax. All turnover and profit before tax is derived from the properties and management of other investments.

3 Directors and employees

No directors received any emoluments (2003: £nil).

There were no employees during the year (2003: nil).

4 Interest receivable and similar income

	<u>2004</u> £	<u>2003</u> £
Receivable from group undertakings	327,990	437,418
Bank interest and similar income	39,163	13,649
Foreign exchange	134,733	294,883
	<hr/> 501,886	<hr/> 745,950

5 Interest payable

	<u>2004</u> £	<u>2003</u> £
On bank loans and overdrafts	226	172

Notes (continued)

6 Operating loss

	<u>2004</u>	<u>2003</u>
	£	£
<i>Operating loss is stated after charging:</i>		
Auditors' remuneration	14,447	15,628
Non-audit fees paid to auditors	20,637	5,191

Auditors' remuneration in the current year includes £6,947 in relation to the 2003 audit.

Non-audit fees in the current and prior year relate to the provision of accounting and taxation advice.

7 Tax credit on loss on ordinary activities

	<u>2004</u>	<u>2003</u>
	£	£
UK corporation tax at 30% (2003: 30%)	19,455	-
Received reimbursement of corporation tax	(206,211)	-
Tax withheld on interest paid	-	-
	<u>(186,756)</u>	<u>-</u>

Current year tax reconciliation

The tax credit for the year is lower than the standard rate of corporation tax in the UK at 30% (2003: 30%). The differences are explained below.

Profit on ordinary activities	491,731	720,948
Factors affecting the tax charge for the current year:		
UK corporation tax charge at 30%	147,519	216,284
Effect of:		
Permanent disallowable expenditure	11,985	-
Use of losses brought forward	(140,049)	(216,284)
Reimbursement of corporation tax for 1999	(206,211)	-
	<u>(186,756)</u>	<u>-</u>

Notes *(continued)*

8 Investments held as fixed assets

	<u>2004</u>	<u>2003</u>
	£	£
<i>Shares in group undertakings</i>		
<i>Cost</i>		
At beginning of year	37,000	37,000
Liquidation of investments	(37,000)	-
	<hr/>	<hr/>
At end of year	-	37,000

During the year GN Danavox (Great Britain) Limited and GN Investments Limited were put into liquidation. Consequently the investments have been written down to nil and inter-company balances with GN Great Britain forgiven. In connection with this the company realised a profit of £30,506.

9 Debtors

	<u>2004</u>	<u>2003</u>
	£	£
Amounts owed by group undertakings	8,737,498	8,057,348
Prepayments	34,749	34,749
Other debtors	35,743	51,899
	<hr/>	<hr/>
	8,807,990	8,143,996

Notes (continued)

10 Creditors: Amounts falling due within one year

	<u>2004</u>	<u>2003</u>
	£	£
Amounts owed to group undertakings	-	67,506
Prepayment	25,870	-
Reverse lease premium	133,221	161,016
Other creditors	31,955	5,000
	<hr/>	<hr/>
	191,046	233,522
	<hr/>	<hr/>

11 Provision for liabilities and charges

	<u>2004</u>	<u>2003</u>
	£	£
Balance at 1 January and 31 December	40,000	40,000
	<hr/>	<hr/>

The provision relates to potential dilapidation costs on the Swindon property that may become payable in May 2006 when the lease expires.

12 Deferred tax

The amounts of deferred tax provided in the financial statements and the potential amounts not provided for are:

	Provided	Provided	Not provided	Not provided
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Dilapidation provision (asset)	-	-	12,000	12,000
Operating losses (asset)	-	-	-	140,049
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	12,000	152,049
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Called up share capital

	<u>2004</u>	<u>2003</u>
	£	£
<i>Authorised</i>		
40,000,000 ordinary shares of £1 each	40,000,000	40,000,000
<i>Allotted, called up and fully paid</i>		
21,000,005 ordinary shares of £1 each	21,000,005	21,000,005

14 Reconciliation of movements in equity shareholders' funds

	<u>2004</u>	<u>2003</u>
	£	£
Shareholders' funds at beginning of the year	7,914,874	7,193,926
Profit for the year	678,487	720,948
Shareholders' funds at end of the year	8,593,361	7,914,874

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	<u>2004</u>	<u>2003</u>
	£	£
<i>Land and Buildings</i>		
Operating leases which expire:		
Within one year	115,796	115,796
In the second to fifth years inclusive	39,656	155,452

Notes *(continued)*

16 Related party transactions

The company has taken advantage of the exemption contained in FRS 8: Related Party Transactions, as more than 90% of the company's voting rights are controlled within the GN Store Nord A/S group of companies. The company has therefore not disclosed transactions or balances with other group companies or investees of the group qualifying as related parties.

There have been no other related party transactions outside the group during this year or the previous year.

17 Ultimate and immediate parent company

The immediate and ultimate parent company and controlling company of GN Great Britain Limited is GN Store Nord A/S, incorporated in Denmark. The largest group in which the results of the company are consolidated is that headed by GN Store Nord A/S, incorporated in Denmark. The consolidated accounts of this company are available to the public and may be obtained from GN Store Nord A/S, Maarkervej 2A, DK-2630, Taastrup, Denmark. No other group accounts include the results of the company.