

DOCOMO Europe Limited

**Directors' report and financial
statements**

Registered number 4071751

31 December 2010

TUESDAY



L4ZJUWXU

LD2

23/08/2011

88

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of DOCOMO Europe Limited	4
Profit and Loss Account	5
Balance Sheet	6
Notes	7

Directors' report

The directors present their directors' report and financial statements of DOCOMO Europe Limited ("the Company") for the year ended 31 December 2010, which have been prepared on a going concern basis

Principal activities

The principal activity of the Company is the management of two European subsidiaries, whose activities are research into mobile telecommunication network infrastructure, support in the set-up and operation of wireless services and research regarding regulatory and market issues, and resultant public and investor relations brought in by these activities. The Company also operates an agency of Japanese MVNO (Mobile virtual network operator)

Other activities include supporting the further development of the NTT DOCOMO group within Europe, and gathering information regarding mobile telecommunication

Business review

The results for the year are shown on page 5. The Company profit for the year on ordinary activities after taxation was £134,413 (2009: £221,000), which has been transferred to reserves.

The directors expect the current level of activity to continue in the forthcoming year. The Company has met the requirements in Companies Act 2006 to obtain an exemption provided from the presentation of an Enhanced Business Review.

Proposed dividend

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

Directors

The directors who held office during the year and up to the date of this report were as follows:

Akio Matsuzaki (appointed 1st August 2010)
Seichi Ikeda (appointed 1st July 2010)
Tetsuya Taniguchi (appointed 1st August 2010)
Hiroyuki Takeuchi
Hiroshi Tamano (resigned 1st August 2010)
Tsutomu Sakai (resigned 1st July 2010)

Political and charitable contributions

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

Disclosure of information to auditors

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

Directors' report *(continued)*

Auditors

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

By order of the board



A Matsuzaki
Managing Director

1 Floor, Devon House
58-60 St Katharine's Way,
London E1W 1LB

8 August 2011

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for the period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of DOCOMO Europe Limited

We have audited the financial statements of DOCOMO Europe Limited for the year ended 31 December 2010 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

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



John Edwards (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

10th August 2011

Profit and Loss Account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	<i>1</i>	3,836	3,506
Cost of sales		(3,671)	(3,221)
Operating profit	<i>2</i>	165	285
Interest receivable and similar income	<i>5</i>	33	32
Profit on ordinary activities before taxation	<i>2-4</i>	198	317
Tax on profit on ordinary activities	<i>6</i>	(64)	(96)
Profit for the financial year		134	221

There are no recognised gains or losses for the current and prior year other than those presented. Accordingly, no statement of recognised gains or losses has been prepared.

The results for the current and prior years are derived from continuing operations.

The accounting policies and the notes on pages 7 to 15 form part of these financial statements.

Balance Sheet
at 31 December 2010

	<i>Note</i>	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Tangible assets	7		193		360
Investments	8		6,342		6,342
			<u>6,535</u>		<u>6,702</u>
Current assets					
Debtors	9	1,217		1,498	
Deferred tax asset	10	45		23	
Cash at bank and in hand		6,410		5,928	
Creditors: amounts falling due within one year	11	<u>(348)</u>		<u>(426)</u>	
Net current assets			<u>7,324</u>		<u>7,023</u>
Net assets			<u>13,859</u>		<u>13,725</u>
Capital and reserves					
Called up share capital	12		9,889		9,889
Profit and loss account	13		3,970		3,836
Shareholders' funds			<u>13,859</u>		<u>13,725</u>

The accounting policies and the notes on pages 7 to 15 form part of these financial statements

These financial statements on pages 5 to 15 were approved by the board of directors on 8 August 2011 and were signed on its behalf by


A. Matsuzaki
Managing Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

The Company has taken advantage of the exemption to prepare consolidated financial statements under Section 401 of the Companies Act 2006, on the grounds that it is a wholly owned subsidiary undertaking of NTT DOCOMO, Inc a company registered in Japan. These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

After making enquiries, the Directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future, and accordingly, the going concern basis continues to be adopted in the preparation of these financial statements.

Investments

Fixed asset investments are stated at cost less amounts written off in respect of any impairment.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Improvements on leasehold buildings	-	life of lease
Tools, furniture, fixture	-	4 years
Note book PC	-	3 years
Project related fixed assets	-	Over agency contracted period

Foreign currencies

Transactions in foreign currencies 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 contracted rate or 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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Notes (continued)

1 Accounting policies (continued)

Taxation

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

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences that have arisen but not reversed at the balance sheet date.

Turnover

The Company's turnover is principally derived from costs recharged to the parent company at a mark-up and is recognised when the related services are rendered.

2 Profit on ordinary activities

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets	210	122
Hire of other assets - operating leases	369	379
<i>Auditors' remuneration</i>		
Audit of these financial statements	35	34
Other assurance services	23	22
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	2010 £000	2009 £000
Directors' emoluments	413	325

The aggregate of emoluments of the highest paid director was £104,114 (2009 £ 192,722)

4 Staff numbers and costs

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

	Number of employees	
	2010	2009
Operations	8	5
Administration	5	5
	13	10

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	1,406	1,077
Social security costs	14	16
Other pension costs	3	3
	1,423	1,096

5 Interest receivable and similar income

	2010 £000	2009 £000
Interest receivable	28	56
Net exchange gains/ (losses)	5	(24)
	33	32

Notes (continued)

6 Taxation

Analysis of charge in period

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax on income for the period	85	85
Adjustments in respect of prior periods	1	(10)
	<u>86</u>	<u>75</u>
Total current tax		
<i>Deferred tax</i>		
Reversal of timing differences (note 10)	(21)	11
Prior year adjustment (note 10)	(1)	10
	<u>(22)</u>	<u>21</u>
Total deferred tax		
	<u>64</u>	<u>96</u>
Tax on profit on ordinary activities		

Factors affecting the tax charge for the current period

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

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	198	317
Current tax at 28% (2009 28 %)	<u>56</u>	<u>89</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	8	7
Capital allowances for period in excess of depreciation	21	(11)
Adjustments to tax charge in respect of previous periods	1	(10)
	<u>86</u>	<u>75</u>
Total current tax charge (see above)		

Factors that may affect future tax charges

On 23 March 2011 it was announced that the rate of UK corporation tax will be reduced to 26% with effect from 1 April 2011

Notes (continued)

7 Tangible fixed assets

	Leasehold improvements £000	Fixtures, fittings, tools and equipment £000	Assets under construction £000	Total £000
<i>Cost</i>				
At beginning of year	209	737	84	1,030
Additions	-	127	(84)	43
Disposals	-	(300)	-	(300)
At end of year	209	564	-	773
<i>Depreciation</i>				
At beginning of year	209	461	-	670
Charge for year	-	138	-	138
On disposals	-	(228)	-	(228)
At end of year	209	371	-	580
<i>Net book value</i>				
At 31 December 2010	-	193	-	193
At 31 December 2009	-	276	84	360

Notes (continued)

8 Fixed asset investments

	DOCOMO Netherlands B.V. £000	DOCOMO Communication s Laboratories Europe GmbH £000	Total £000
<i>Cost</i>			
At beginning of year	1,538	4,804	6,342
At end of year	1,538	4,804	6,342
<i>Provisions</i>			
At beginning of year	-	-	-
At end of year	-	-	-
<i>Net book value</i>			
At 31 December 2010	1,538	4,804	6,342
At 31 December 2009	1,538	4,804	6,342

	Country of incorporation	Principal Activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
DOCOMO Communications Laboratories Europe GmbH	Germany	Research activities for next- generation platform technology based in Europe	Ordinary 100%
DOCOMO Netherlands B V	The Netherlands	Support for i-mode overseas development in Europe	Ordinary 100%

Notes *(continued)*

9 Debtors

	2010	2009
	£000	£000
Amounts owed by group undertakings	932	1,054
Other debtors	189	151
Prepayments and accrued income	96	100
Taxation	-	193
	1,217	1,498

10 Deferred tax asset

	2010	2009
	£000	£000
At beginning of year	23	44
Current year charge (note 6)	21	(11)
Adjustments in respect of previous periods (note 6)	1	(10)
	45	23

11 Creditors' amounts falling due within one year

	2010	2009
	£000	£000
Trade creditors	98	210
Amounts owed to group undertakings	88	48
Taxation	40	-
Other creditors	53	33
Accruals and deferred income	69	135
	348	426

Notes (continued)

12 Called up share capital

	2010	2009
	£000	£000
<i>Authorised</i>		
10,000,000 ordinary shares of £ 1 each	10,000	10,000
<hr/>		
<i>Allotted, called up and fully paid</i>		
9,888,694 ordinary shares of £1 each	9,889	9,889
<hr/>		

13 Profit and loss reserve

	Profit and loss account £000
At beginning of year	3,836
Profit for the year	134
<hr/>	
At end of year	3,970
<hr/>	

14 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2010	2010	2009	2009
	Land and	Other	Land and	Other
	buildings		buildings	
	£000	£000	£000	£000
Operating leases which expire				
Within one year	221	3	208	3
In the second to fifth years inclusive	-	-	-	3
Over five years	-	-	-	-
<hr/>				
	221	3	208	6
<hr/>				

Notes (continued)

15 Pension scheme

The Company does not operate an occupational pension scheme but makes a percentage contribution of qualifying salary on behalf of certain employees into the group defined contribution pension scheme. The outstanding contributions to the pension scheme as at 31 December 2010 were £ 371 (2009 £347).

16 Related party disclosures

The Company is controlled by its immediate parent undertaking NTT DOCOMO, Inc, incorporated in Japan. The ultimate controlling party is Nippon Telegraph and Telephone Corporation, incorporated in Japan, which is the Company's ultimate parent company.

The Company has entered into an office rental agreement with NTT Europe Limited, which has the same ultimate parent company, Nippon Telegraph and Telephone Corporation.

The license period is 12 months from 1 August 2010. The fee is £379,411 (2009 £356,584) payable by monthly instalments. There is no outstanding balance in relation to this agreement as at the balance sheet date.

NTT Europe Limited also provided IT maintenance work and IT equipment supply for the Company during the year. The whole year's cost is £300,610 (2009 £233,298), of which £35,776 is outstanding in relation to this transaction at the balance sheet date.

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

17 Cash Flow Statement

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

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

The Company is a subsidiary undertaking of Nippon Telegraph and Telephone Corporation, which is the ultimate parent company incorporated in Japan.

The largest group in which the results of the Company are consolidated is that headed by Nippon Telegraph and Telephone Corporation, incorporated in Japan. The smallest group in which they are consolidated is that headed by NTT DOCOMO, Inc, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from 1-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100-6150, Japan.