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## **Micros Retail and Manufacturing Limited**

Annual report and financial statements

Registered number 01281232

For the year ended 30 June 2013

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## Directors' report

The Directors present their annual report and the audited financial statements of the company for the year ended 30 June 2013

### Principal activity, business review and future developments

The principal activity of the company is the sale of computer software, hosted managed service solutions and other IT support, consultancy and implementation services to a wide range of major food and non-food retailers, manufacturers and other key parties in the supply chain of private label products in the UK, EAME and North America. The company has no overseas branches.

The company's loss for the financial year was £50,224 (2012: £356,113), which will be transferred to reserves. The Directors do not recommend the payment of a dividend (2012: £nil).

Our core market is focused on private label retail products which, over the last five years, have doubled in size to account for 45% of all consumer grocery buying in the UK. The US market is showing signs of a similar growth pattern over the last three years with over 70 retailers operating in this market. Out of the UK top ten retail grocery chains the company has solutions in eight of these establishments managing over 70,000 product lines.

To meet the growing demand of consumer and legislative requirements the company continues to invest in dynamic, scalable and configurable solutions to enable all levels and tiers of the supply chain to adopt modules to meet these requirements. This has led to the continued design and development of the company's third generation of Product lifecycle management applications.

It is envisaged that during the next two years the grocery retail market will continue to invest in IT to reduce costs and protect brands to survive. Market forces place pressure on price and return on investment justifications delaying decisions affecting our revenue and margins. This requires the company to evaluate and widen the choice of markets both geographically and vertically to increase the number of opportunities to maintain revenue.

### Key Performance Indicators

#### Revenue Growth

Revenue increased by 42% (2012: 4% decline) to £7,123,458 for the year ended 30 June 2013. The company continued to perform well within its domestic market and due to new product releases benefitted from strong expansion into the North American market. Revenue growth is in line with the directors' expectations.

An analysis of the sales mix is as follows:

	2013		2012	
	£'000	%	£'000	%
Hardware	5	0%	13	0%
Software	2,691	38%	1,152	23%
Service and maintenance	4,427	62%	3,848	77%
<b>Total</b>	<b>7,123</b>	<b>100%</b>	<b>5,013</b>	<b>100%</b>
 Total shareholder's deficit	 (234)		 (183)	

## Directors' report (continued)

### **Gross Profit Margin**

Gross profit increased by 51% to £2,230,504 (2012 £1,473,493) and the gross profit margin improved to 31% (2012 29%) driven up by new software sales into North America

### **Financial risk management**

#### **Foreign exchange risk**

The company is exposed to foreign exchange risks in the normal course of business, principally on purchases in euros and dollars. The company's policy on mitigating the effect of this currency exposure is to minimise the amount outstanding at any time. The company does not enter into forward exchange contracts.

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. To minimize the company's exposure to credit risk associated with financial instruments, the company places its temporary cash investments with high-credit-quality institutions.

#### **Interest rate and cash flow risk**

The company is not exposed to significant interest rate risk.

### **Directors**

The directors who held office during the year and up to the date of signing these financial statements, were as follows:

S Walder  
K Niroomand  
P Woodward  
Frank Ward (resigned 26 July 2013)

### **Political and charitable contributions**

The company made no political contributions or charitable donations during the year (2012: £nil).

### **Going concern**

The directors are of the opinion that the company remains a going concern due to financial support from MF UK FC Limited.

### **Post balance sheet events**

On 1 August 2013 the trade, assets and liabilities of the company were transferred to MICROS Systems UK Limited (formerly Micros-Fidelio UK Limited) as part of a group reorganisation. The company ceased to trade on that date. Consequently, all operating activities of the entity are presented as discontinued on the face of the Profit and loss account.

### **Directors' indemnities**

The company has granted indemnity to its directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the financial year and at the date of approving the Directors' report.

### **Principal risks and uncertainties**

Considering the company supplies its solutions primarily to major retailers, principal risks and uncertainties it faces relate to the general state of the UK, US and EU economies. However, given that the company ceased to trade on 1 August 2013, the risks and uncertainties facing the company are limited.

## Directors' report (continued)

### Statement of directors' responsibilities

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 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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, 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 the 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' statement on disclosure of information to auditors

Each of the directors in office at the date the Directors' report is approved confirms that

- (a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of the board by



Stephen Walder  
Director

28/03/14

## **Independent auditors' report to the members of Micros Retail and Manufacturing Limited**

We have audited the financial statements of Micros Retail and Manufacturing Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, 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 5 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 Annual 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 30 June 2013 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.

### **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



Gregory Briggs (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge, Middlesex

28<sup>th</sup> March 2014

**Profit and loss account  
for the year ended 30 June 2013**

	Notes	2013 £	2012 £
<b>Turnover</b>	2	<b>7,123,458</b>	5,012,988
<b>Cost of sales</b>		<b>(4,892,954)</b>	(3,539,495)
<b>Gross profit</b>		<b>2,230,504</b>	1,473,493
<b>Administrative expenses</b>		<b>(2,240,186)</b>	(1,908,887)
<b>Operating loss</b>		<b>(9,682)</b>	(435,394)
<b>Interest payable and similar charges</b>	5	<b>(35,275)</b>	(23,658)
<b>Loss on ordinary activities before taxation</b>	4	<b>(44,957)</b>	(459,052)
<b>Tax on loss on ordinary activities</b>	6	<b>(5,267)</b>	102,939
<b>Loss on ordinary activities after taxation</b>		<b>(50,224)</b>	(356,113)

The results for both financial years are derived from discontinued operations

There are no recognised gains or losses other than as shown above. Accordingly, no statement of total recognised gains and losses is given.

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

The accompanying notes form part of these financial statements

**Balance sheet**  
**As at 30 June 2013**

	Notes	30 June 2013		30 June 2012	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		100,219		209,859
Intangible assets	8		3,166,661		3,648,750
			<u>3,266,880</u>		<u>3,858,609</u>
<b>Current assets</b>					
Debtors (including £50,192 due after more than 1 year, 2012 £49,130)	9	3,279,525		2,897,767	
Cash at bank and in hand		81,523		500	
		<u>3,361,048</u>		<u>2,898,267</u>	
<b>Creditors, amounts falling due within one year</b>	10	<u>(6,861,495)</u>		<u>(6,940,219)</u>	
<b>Net current liabilities</b>			<u>(3,500,447)</u>		<u>(4,041,952)</u>
<b>Total assets less current liabilities</b>			<u>(233,567)</u>		<u>(183,343)</u>
<b>Net liabilities</b>			<u>(233,567)</u>		<u>(183,343)</u>
<b>Capital and reserves</b>					
Called up share capital	12	1,000,000		1,000,000	
Profit and loss account	13	<u>(1,233,567)</u>		<u>(1,183,343)</u>	
<b>Total shareholder's deficit</b>	13		<u>(233,567)</u>		<u>(183,343)</u>

These financial statements of Micros Retail and Manufacturing Limited (registered number 01281232) on pages 7 to 16 were approved by the board of directors on 28/03/14 and were signed on its behalf by



**Stephen Walder**  
Director

28/03/14

The accompanying notes form part of these financial statements



## Notes to the financial statements

### 1 Accounting policies

The principal accounting policies, which have been applied consistently throughout the year except for changes arising on the adoption of new accounting standards, are set out below. These financial statements are prepared on a going concern basis given that MF UK FC Limited has confirmed its continued financial support for the period of at least 12 months from the signing of the financial statements and will not call for repayment any amounts owed to it by the company for the same period of time.

#### **Basis of preparation**

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

#### **Cash flow statement**

Under Financial Reporting Standard 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that Micros Systems Inc includes the company in its own published consolidated financial statements.

#### **Related parties**

As the company is a wholly owned subsidiary of Micros Systems Inc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transaction or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Micros Systems Inc, within which this company is included, can be obtained from the address given in note 17.

#### **Fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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:

Furniture, fittings and equipment	20% to 33% per annum
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#### **Turnover and revenue recognition**

Turnover represents amounts invoiced to customers (net of value added tax) for the provision of goods and services. Licence revenue is recognised upon despatch, when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue is accounted for using contract accounting principles. Where existing customers re-l licence software, the renewal licence revenue is recognised upon customer acceptance of the new licence terms.

Maintenance and support contracts are invoiced in advance with revenue recognised rateably over the period of the contract.

Services revenue, which is provided on a 'time and expense' basis, is recognised as the service is performed.

Hardware products revenue is recognised as units are delivered.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### **Taxation**

The charge for taxation is based on the profit or loss 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

#### **Leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### **Post retirement benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

#### **Foreign currencies**

Transactions in foreign currencies are converted to sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling 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

#### **Intangible assets and amortisation**

Development costs are capitalised as intangible assets where they meet the following criteria

- (a) there is a clearly defined project, and
- (b) the related expenditure is separately identifiable, and
- (c) the outcome of such a project has been assessed with reasonable certainty as to
  - (i) its technical feasibility, and
  - (ii) its ultimate commercial viability considered in the light of factors such as likely market conditions (including competing products), public opinion, consumer and environmental legislation, and
- (d) the aggregate of the deferred development costs, any further development costs, and related production, selling and administration costs is reasonably expected to be exceeded by related future sales or other revenues, and
- (e) adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital

Where these criteria are not met, development costs are expensed in the year of expenditure

Amortisation is provided to write off the cost, less the estimated residual value of capitalised development costs by equal instalments over their estimated useful economic of 4 years

## Notes to the financial statements (continued)

### 2 Turnover

	2013 £	2012 £
<b>Turnover by destination</b>		
North America	2,161,011	707,166
EAME	439,813	110,283
United Kingdom	4,522,634	4,195,539
<b>Total</b>	<b>7,123,458</b>	<b>5,012,988</b>
	2013 £	2012 £
<b>Turnover by type</b>		
Hardware	4,778	12,856
Software	2,691,016	1,152,423
Maintenance	2,575,092	2,124,922
Services, including training and development	1,852,572	1,722,787
<b>Total</b>	<b>7,123,458</b>	<b>5,012,988</b>

### 3 Information regarding directors and employees

The average monthly number of persons employed by the company during the year, analysed by category was as follows

	2013 Number of employees	2012 Number of employees
Programming and engineering	45	45
Sales and marketing	4	7
Administrative and management	6	8
	<b>55</b>	<b>60</b>
	£	£
<b>Staff costs during the year</b>		
Wages and salaries	2,350,032	2,459,898
Social security costs	265,511	278,056
Other pension costs (note 16)	41,929	41,517
	<b>2,657,472</b>	<b>2,779,471</b>

There is no recharge made to the company for the remuneration of certain directors who are also directors of other Micros Systems Inc Group companies. Their role is of non-executive nature and their remuneration is not borne by the company and is therefore excluded from the note above. The remuneration of directors that is recharged to the company, including social security costs and pension costs amounted to £182,797 (2012 £188,434) and is included in the note above.

## Notes to the financial statements (continued)

### 4 Loss on ordinary activities before taxation

	2013 £	2012 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation		
Owned assets	130,289	169,658
Amortisation of intangible assets	528,494	-
Rentals under operating leases		
Other operating leases	106,400	147,736
Land and buildings	135,000	136,971
Auditors' remuneration in respect of audit services	18,000	18,000

### 5 Interest payable and similar charges

	2013 £	2012 £
Interest paid	35,275	23,658

### 6 Tax on loss on ordinary activities

#### Analysis of tax charge/(credit) in the year

	2013 £	2012 £
<i>UK Corporation tax</i>		
Current tax on income for the year	6,330	(93,825)
	6,330	(93,825)
<i>Deferred tax (note 11)</i>		
Origination and reversal of timing differences	(1,063)	(9,114)
Tax charge/(credit) on loss on ordinary activities	5,267	(102,939)

#### Factors affecting the tax charge for the year

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.75% (2012 25.5%). The differences are explained below

	2013 £	2012 £
<i>Current tax reconciliations</i>		
Loss on ordinary activities before taxation	(44,957)	(459,052)
Current tax at 23.75% (2012 25.5%)	(10,677)	(117,058)
Effects of		
Capital allowances for the period below depreciation	11,736	10,543
Other timing differences	1,708	-
Expenses not deductible for tax purposes and other differences	3,563	12,690
Total current tax charge/(credit)	6,330	(93,825)

## Notes to the financial statements (continued)

### 6 Tax on loss on ordinary activities (continued)

#### Factors that may affect future tax charges

In addition to the changes in rates of Corporation tax disclosed further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would not be material.

### 7 Tangible assets

	Furniture, fittings and equipment £
<b>Cost</b>	
At 1 July 2012	1,209,789
Additions	20,649
	<hr/>
At 30 June 2013	<b>1,230,438</b>
<b>Accumulated Depreciation</b>	
At 1 July 2012	999,930
Charge for the year	130,289
	<hr/>
At 30 June 2013	<b>1,130,219</b>
<b>Net book value</b>	
At 30 June 2013	<hr/> <b>100,219</b>
At 30 June 2012	<hr/> <b>209,859</b>

## Notes to the financial statements (continued)

### 8 Intangible assets

	<b>Capitalised development</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2012	3,648,750
Capitalised in year	46,405
At 30 June 2013	3,695,155
<b>Amortisation</b>	
Charge for the year	528,494
At 30 June 2013	528,494
<b>Net book value</b>	
At 30 June 2013	<u>3,166,661</u>
At 30 June 2012	<u>3,648,750</u>

The companies third generation of Product lifecycle management applications were launched in September 2012

### 9 Debtors

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,710,154	2,668,985
Deferred tax asset (note 11)	50,193	49,130
Corporation tax	-	32,894
Prepayments and accrued income	519,178	146,758
	<u>3,279,525</u>	<u>2,897,767</u>

Included within the trade debtors are receivables of £164,532 (2012 £702,028) which relate to items billed on behalf of the company's customers which were not paid at the year end. A corresponding liability is recognised within Accruals and deferred income (note 10)

## Notes to the financial statements (continued)

### 10 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	-	61,236
Trade creditors	518,023	460,187
Amounts owed to group undertakings	3,278,727	2,636,191
Corporation tax liability	19,978	-
Other taxation and social security	155,028	206,141
Accruals and deferred income	2,889,739	3,576,464
	<u>6,861,495</u>	<u>6,940,219</u>

No securities or guarantees have been given in respect of the above liabilities. Amounts owed to group undertakings bear no interest, are unsecured and payable on demand. The bank overdraft facility bears interest at 5%.

### 11 Deferred taxation asset

The elements of deferred taxation are as follows

	2013 £	2012 £
Depreciation in excess of capital allowances	<u>50,193</u>	<u>49,130</u>
Total deferred tax	<u>50,193</u>	<u>49,130</u>
At start of year	49,130	40,016
Deferred tax charge in the Profit and Loss Account	<u>1,063</u>	<u>9,114</u>
At end of year	<u>50,193</u>	<u>49,130</u>

The company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

### 12 Called up share capital

	2013 £	2012 £
<b>Authorised, allotted, called up and fully paid:</b>		
1,000,000 (2012 1,000,000) ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

On 29 July 2013 the company's members passed a written resolution to reduce the issued share capital of the company to one Ordinary share of £1 by cancelling and extinguishing 999,999 Ordinary shares of £1 each.

## Notes to the financial statements (continued)

### 13 Reconciliation of movement in shareholder's deficit

	Called up share capital £	Profit and loss account £	Shareholder's deficit £
At 30 June 2012	1,000,000	(1,183,343)	(183,343)
Loss for the financial year	-	(50,224)	(50,224)
<b>At 30 June 2013</b>	<b>1,000,000</b>	<b>(1,233,567)</b>	<b>(233,567)</b>

### 14 Commitments

The annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2013 £	2012 £
Leases which expire		
Within one year	45,000	-
Within two to five years	106,400	241,400
	<b>151,400</b>	<b>241,400</b>

### 15 Post balance sheet events

On 1 August 2013 the trade, assets and liabilities of the company were transferred to MICROS Systems UK Limited (formerly Micros-Fidelio U K Limited) as part of a group reorganisation. The company ceased to trade on that date. Consequently, all operating activities of the entity are presented as discontinued on the face of the Profit and loss account.

### 16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £41,929 (2012 £41,517). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 17 Ultimate parent company and group transactions

The immediate parent undertaking is MF Investments Holdings Ireland Limited.

The company's ultimate parent undertaking and controlling party is Micros Systems Inc, which is incorporated in the United States of America and is the parent company of the smallest and largest group to prepare consolidated accounts including the company. Copies of the consolidated financial statements of Micros Systems Inc are publicly available and may be obtained from Micros Systems Inc, 7031 Columbia Gateway Drive, Columbia, Maryland 21046-2289, USA.