Registered No 01630882

Dedicated Microcomputers Group Limited

Report and Financial Statements

30 June 2013

Directors
N Petrie
M J Newton
P Norstrom

Secretary
H Doroszkiewicz

Auditors
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Directors' report

The directors present their report and financial statements for the year ended 30 June 2013

Results and dividends

The profit before tax of the group for the year has increased to a profit of £1 0m (2012 loss of £0 8m)

Earnings before interest tax depreciation and amortisation (EBITDA) on continuing activities before exceptional items for the group has increased to £1 6m (2012 £ 1 0m)

	2013	*2012*
	£000	*£000*
Operating profit on continuing activities before exceptional items	1,370	510
Depreciation	271	500
Amortisation	-	-
Underlying EBITDA	1,641	1,010

With a further £0 3m of exceptional items and discontinued activities outlined below, this resulted in a profit before tax of £1 0m (2012 loss of £0 8m) based on a turnover of £24 8m (2012 – £28 2m)

The group ceased manufacturing at the Dennard facility during the year and the entity has subsequently ceased trading This business has been classified as a discontinued operation in the profit and loss account in the current year and prior year comparatives

The group profit for the year after taxation amounted to £0 9m (2012 – loss of £0 6m) The directors do not recommend a final dividend (2012 – £nil)

Principal activities and review of the business

The AD Group, head quartered in Daresbury, UK, is a Global video solutions provider, primarily to security, safety and video surveillance applications The Group primary activities are undertaken by AD Aerospace, AD Network Video, Dedicated Microcomputers Group, Remguard and TSS Of these entities, only Dedicated Microcomputers Group and TSS sit within the Dedicated Microcomputers Group

AD Group promotes its integrated video solutions directly to end customers and sells through a network of partners who in turn service both public and privately funded sectors Targeted vertical market sectors include banking, defence, education, healthcare, retail, industrial process, petrochemical and transport

All AD Group companies leverage the unique benefits gained from over 30 years of specialised experience in embedded video innovation, resulting in differentiated video solutions which exceed end user customer expectations and provide an exceptional return on investment

Principal risks and uncertainties

The Group and its diversified base of operations, continues to successfully evolve into one offering custom project video solutions serving end users in key vertical markets, through more diverse channels

The broader number of individual supply channels brought about by the project orientated selling has significantly mitigated the risk from individual key distributors failing, as occurred in 2012 with Norbain SD Ltd, and in 2013 with CCTV Center UK It is of note that the net impact of Norbain's failure was negligible and the impact of CCTV Center's was zero, whereas in previous years the negative impact would have been significant

Directors' report

Principal risks and uncertainties (continued)

Dedicated Microcomputers Group Limited remains the most significant revenue generator within the group globally, the TransVu mobile vehicle video solution and FireVu, video smoke and flame detection solutions continue to be a main focus of targeted direct selling and marketing activities

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability The group manages this risk by producing cash flow forecasts which are reviewed on a regular basis

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation Group policies are aimed at minimising such potential losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures

Liquidity risk

The group's treasury activities are managed to provide suitable, flexible funding arrangements to satisfy the group's trading requirements The group ensures it has sufficient liquidity to meet its foreseeable needs by managing its operating cash flows and working capital

Financial performance

The profit of the group before tax was £1 0m (2012 – loss of £0 8m) on a turnover of £24 7m (2012 – £28 2m) Retained profit for the year was £1 2m (2012 – loss of £0 6m)

Earnings before interest tax depreciation and amortisation (EBITDA) on continuing activities before exceptional items for the group has increased to £1 6m (2012 £ 1 0m)

	2013	*2012*
	£000	*£000*
Operating profit on continuing activities before exceptional items	1,370	510
Depreciation	271	500
Amortisation	-	-
Underlying EBITDA	1,641	1,010

The group loss was after charges of exceptional items including closure and restructuring costs of £255k due to the closure of the manufacturing plant in Dennard Limited These charges have been offset by receipt of a goodwill payment of £362k during the year

Net cash balances totalled £1 0m cash in hand at 30 June 2013 (2012 – £0 5m cash in hand) a decrease of £0 5m during the year

Directors' report

Key market strategies, products and technology innovations

Due to the Group's underlying NetVu Connected video server core and the Closed IPTV IP management layer, AD Group solutions can be managed and controlled safely and securely from a single NetVu user interface without incurring costly software licence charges, capabilities which are unique in the Industry

The benefits are at the heart of a set of Group offerings which can be integrated within and across vertical market applications This means that mobile assets such as buses and trains can be managed through TransVu mobile systems, static assets through Dedicated Micros systems, fire detection requirements through FireVu video smoke detection systems, emergency vehicle and first responder's mobile assets through TSS's systems and aircraft through AD Aerospace's in-flight video systems Closed IPTV provides trusted end point technology and auto configuration and management benefits when network security is a key requirement

Continued investment into product development

Continued investment into product development has resulted in the following new products coming to market in 2012/13

- TransVu mobile security solution which is sold through the Group's transport focused divisions, was developed further to record and manage high definition IP cameras, both as a dedicated IP device and a hybrid analogue/IP version and to include integrated wireless transmission

- New TransVu 720 and 1080 transport IP cameras were introduced and have already gained significant traction with further projects rolling out in 2013/4 and beyond

- New SmartVu High definition IP cameras introduced through Dedicated Micros include 1080 resolution cameras and domes and a new 1080 resolution pan, tilt zoom (PTZ) dome with integrated IR illuminator

- NVR Media Server which incorporates the Layer 3 Enhanced CCTV switch creates an entry level, turn key Closed IPTV solution for up to 32 IP cameras, when combined with Dedicated Micros SmartVu and CamVu IP cameras

- High definition NetVu Console provide the viewing and control platform in order to enable users to deploy a full 1080 end to end, embedded CCTV solution

- Cloud NVR systems which are created as a result of combining the new Network and Storage controller with CamVu IP cameras, NVRs and near side/off site storage All managed through the embedded SQL database which runs on the Group's dedicated network appliances

- Archive Management System (AMS) has been extended to offer health monitoring and multiple system management of all NetVu Connected devices whether fixed or mobile, providing a single database of indexed video which can be seamlessly searched and retrieved regardless of the location of the DVR, NVR or camera

- The award winning FireVu video smoke detection products have been significantly developed over the last 12 months in order to cater for the most difficult and demanding operational conditions This has resulted in a set of products which surpass the performance of any other video smoke detection products on the market This is by reducing the incidence of false alarms caused by unwanted objects in a scene

Directors' report

Key market strategies, products and technology innovations (continued)

- FireVu works by enabling end users to protect areas which cannot be otherwise protected by conventional smoke detection systems The new developments serve to strengthen the reputation of the product in defence, petrochemical and manufacturing/process industries

- FireVu has been further developed utilising completely new and innovative techniques resulting in new Patent filings The FireVu takes the Group beyond security into commercial loss reduction where a significant return on investment can be achieved by the end user as a result of deploying a FireVu system This is achieved by ensuring continuous production and operation in a facility

- The AD Aerospace products have been developed to meet the needs of the evolving aerospace market including, Cargo hold video smoke detection products, and external surface, wing tip monitoring systems for ground manoeuvring of large aircraft

Going concern

The Group's activities, together with the factors likely to affect its future performance are set out above In addition, the financial statements include the Group's objectives and policies, its processes for managing its cash flow risk, and its exposures to credit and liquidity risk (see notes above)

The company is a subsidiary of the ultimate parent undertaking, Anglo Design Holdings Plc ('the group')

A letter of support has been provided to the directors of the company from the directors of Anglo Design Holdings Plc to confirm that the group will provide sufficient financial and other support to enable the company to discharge their liabilities as they fall due Despite the net asset position of £14 1m (2012 – net asset of £12 9k) at 30 June 2013 because the group has confirmed its intention to provide any necessary financial support to the company and not demand repayment of the intercompany debt for a period of at least 12 months from the approval of these financial statements, the directors consider it appropriate to prepare the financial statements on the going concern basis

The Group meetings its day-to-day working capital requirements through term loan and overdraft facilities repayable on demand, which do not expire until 31 March 2015

Based on the Directors' latest approved forecasts, the Group expects to be able to comply with its facility arrangements negotiated with the bank and meet its liabilities and attached facility terms as they fall due for a period of not less than 12 months from the date of signature of these financial statements Whilst acknowledging the uncertainties in the operating environment and their resultant impact on revenues, the Directors have identified a number of opportunities to manage working capital, some of which have already been actioned, to mitigate against any deteriorations and uncertainties in trading conditions

The directors have a reasonable expectation that with the continued support of the bank and shareholder, including the provision of additional funds if required, the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Fixed assets

The company leases, rather than owns its offices and major assets

Directors' report

Directors

The directors who served the company during the year were as follows

N F Petrie (Non Executive Chairman)
M J Newton (Chief Executive Officer)
P Norstrom (Chief Operating Officer)

Political and charitable contributions

Contributions during the year for charitable and political purposes totalled £nil (2012 – £nil)

Employment policies

The Group is committed to ensuring equal opportunities for all current and potential members of staff It is committed to the promotion of standards of personal conduct based on respect for and the dignity of individuals It is the company's policy to provide a working environment free from discrimination All employees in the Group are expected to support and contribute to the maintenance of this policy

Disabled employees

The company and its subsidiaries give full and fair consideration to the application for employment made by disabled people, having regard to their particular aptitude and abilities Should employees become disabled, consideration would be given to appropriate training, including retraining for alternative work within the company

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

H DOROSZKIEWICZ
Secretary
20 December 2013

Directors' Responsibilities Statement

The directors are responsible for preparing the annual 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 elected to prepare 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 group and the company and of the profit or loss of the group for that 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 group and company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Dedicated Microcomputers Group Limited

We have audited the financial statements of Dedicated Microcomputers Group Limited for the year ended 30 June 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets and the related notes 1 to 23 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)

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 auditor

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

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 group's and the parent undertaking'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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent undertaking's affairs as at 30 June 2013 and of its group's profit 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 Dedicated Microcomputers Group 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 by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us, or

- the parent undertaking 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

Ernst + Young LLP

Gary Harding (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
20 December 2013

Group profit and loss account

for the year ended 30 June 2013

	Notes	*Before exceptional items 2013 £000*	*Exceptional items 2013 £000*	*Total 2013 £000*	*2012 £000*
Turnover	2	24,798	-	24,798	28,218
Cost of sales		(12,779)	-	(12,779)	(14,585)
Gross profit		12,019	-	12,019	13,633
Administration expenses	3,4				
Continuing operations		(10,649)	362	(10,287)	(13,847)
Discontinuing operations		(418)	(255)	(673)	(402)
		(11,067)	107	(10,960)	(14,249)
Operating profit / (loss)					
Continuing operations		1,370	362	1,732	(214)
Discontinuing operations		(418)	(255)	(673)	(402)
		952	107	1,059	(616)
Interest payable and similar charges	7	(50)	-	(50)	(157)
Profit / (loss) on ordinary activities before taxation		902	107	1,009	(773)
Tax	8	(36)	(25)	(61)	220
Profit / (loss) for the financial year	17	866	82	948	(553)

As discussed in the Directors report, the profit and loss account has been adjusted to disclose the results of both continuing and discontinued operations in the current and prior year

Group statement of total recognised gains and losses

for the year ended 30 June 2013

	Note	*2013 £000*	*2012 £000*
Profit / (loss) for the financial year		948	(553)
Actuarial gain / (loss) relating to pension scheme	20	423	(423)
Movement in deferred tax relating to pension liability		(163)	54
		1,208	(922)
Currency translation differences on foreign currency net investments		33	134
Total recognised gains and losses for the year		1,241	(788)

Group balance sheet

at 30 June 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Intangible assets	10	–	–
Tangible assets	11	1,513	1,975
		1,513	1,975
Current assets			
Stocks	13	6,782	7,702
Debtors	14	8,702	7,838
Cash at bank and in hand		950	465
		16,434	16,005
Creditors amounts falling due within one year	15	(3,211)	(4,003)
Net current assets		13,223	12,002
Net assets before pension liability		14,736	13,977
Pension liability	20	(627)	(1,109)
Net assets		14,109	12,868
Capital and reserves			
Called up share capital	16	217	217
Share premium account	17	436	436
Other reserves	17	103	103
Profit and loss account	17	13,353	12,112
Shareholders' funds	18	14,109	12,868

The financial statements were approved by the board of directors on 20 December 2013 and were signed on its behalf by

M J Newton

M J NEWTON
Director

Company balance sheet

at 30 June 2013

	Notes	*2013 £000*	*2012 £000*
Fixed assets			
Tangible assets	11	403	435
Investments	12	355	355
		758	790
Current assets			
Stocks	13	1,889	2,220
Debtors	14	6,958	7,446
Cash at bank and in hand		1,048	639
		9,895	10,305
Creditors. amounts falling due within one year	15	(2,627)	(3,781)
Net current assets		7,268	6,524
Net assets		8,026	7,314
Capital and reserves			
Called up share capital	16	217	217
Share premium account	17	436	436
Other reserves	17	48	48
Profit and loss account	17	7,325	6,613
Shareholders' funds	18	8,026	7,314

The financial statements were approved by the board of directors on [illegible] December 2013 and were signed on its behalf by

MJ NEWTON
Director

Notes to the financial statements

at 30 June 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards The accounting standards have been applied consistently throughout the year and the preceding year

Going concern

The company is a subsidiary of the ultimate parent undertaking, Anglo Design Holdings Plc ('the group')

A letter of support has been provided to the directors of the company from the directors of Anglo Design Holdings Plc to confirm that the group will provide sufficient financial and other support to enable the company to discharge their liabilities as they fall due Despite the net asset position of £14 1m (2012 – net asset of £12 9k) at 30 June 2013 because the group has confirmed its intention to provide any necessary financial support to the company and not demand repayment of the intercompany debt for a period of at least 12 months from the approval of these financial statements, the directors consider it appropriate to prepare the financial statements on the going concern basis

The Group meetings its day-to-day working capital requirements through term loan and overdraft facilities repayable on demand, which do not expire until 31 March 2015

Based on the Directors' latest approved forecasts, the Group expects to be able to comply with its facility arrangements negotiated with the bank and meet its liabilities and attached facility terms as they fall due for a period of not less than 12 months from the date of signature of these financial statements Whilst acknowledging the uncertainties in the operating environment and their resultant impact on revenues, the Directors have identified a number of opportunities to manage working capital, some of which have already been actioned, to mitigate against any deteriorations and uncertainties in trading conditions

The directors have a reasonable expectation that with the continued support of the bank and shareholder, including the provision of additional funds if required, the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Group financial statements

The financial statements consolidate the results of the company and its subsidiaries up to 30 June each year

No profit and loss account of the company has been presented in accordance with the exemption allowed under section 408 of the Companies Act 2006

Statement of cash flows

Under FRS 1 'Statement of cash flows', the company is not required to prepare a statement of cash flows, being a wholly owned subsidiary of Anglo Design Holdings Plc, whose group financial statements are publicly available

Turnover

Turnover represents amounts receivable for goods and services, net of VAT and trade discounts Turnover is recognised at the point of despatch of goods to customers

Notes to the financial statements

at 30 June 2013

1. Accounting policies (continued)

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which is considered by the directors to be twenty years

Goodwill which arose on the acquisition of a business prior to the implementation of FRS 10, which was written off to the profit and loss reserve as a matter of accounting policy, remains eliminated in that reserve and will be charged or credited in the profit and loss account as appropriate on the subsequent disposal of the business to which it relates

Acquisitions

On the acquisition of a business, fair values are attributed to the group's share of net separable assets Where the cost of acquisition exceeds the fair value attributable to net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition The acquisition method of accounting is used

Tangible fixed assets

Depreciation is provided on cost or valuation, less their estimated residual values, in equal annual instalments, over the estimated useful lives of the assets The rates of depreciation are as follows

Freehold property	–	2% per annum
Plant and machinery	–	7 5% to 33% per annum
Motor vehicles	–	10% to 33% per annum
Fixtures, fittings, tools and equipment	–	7 5 to 33% per annum
Computer equipment	–	33% to 100% on cost

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value Cost includes all direct costs Net realisable value is based on estimated selling price, less all further costs to completion and all relevant selling and distribution costs

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end Gains and losses arising in the normal course of trading are dealt with in the profit and loss account The results of overseas operations are translated using the average rate for the year Unrealised exchange differences arising on the translation of overseas net assets are taken directly to reserves

Operating leases

Operating lease rentals are charged to income in equal annual amounts over the lease term

Research and development

Expenditure on research and development is written off in the year that it is incurred

Notes to the financial statements

at 30 June 2013

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Pensions

The group operates a defined contribution pension scheme for UK employees This scheme relates to Dennard Limited The expected costs of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the profit and loss account as to spread the cost over the service lives of the employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll

The scheme funds are administered by trustees and are independent of the group's finances

For the defined benefit pension scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other financial costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The defined benefit pension scheme is funded, with the assets held separately from those of the group, in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and updated at each balance sheet date

The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

Notes to the financial statements

at 30 June 2013

1. Accounting policies (continued)

Accounting reference date

The company's accounting reference date is 30 June As permitted by the Companies Act, the Directors have chosen to draw up the financial statements to the 30 June 2013 (2012 – to 1 July 2012)

2. Turnover

Turnover and pre-tax result represents amounts derived from the provision of goods and services which fall within the group's ordinary activities, net of trade discounts and VAT Revenue is recognised on despatch of goods

A geographical analysis, by destination, of turnover is as follows

	2013	*2012*
	£000	*£000*
United Kingdom	11,155	13,621
Rest of Europe	2,609	2,570
Rest of world	11,034	12,027
	24,798	28,218

The geographical analysis of revenue by origin is not materially different to the geographical analysis by destination

3. Operating profit before exceptional items

This is stated after charging/(crediting)

	2013	*2012*
	£000	*£000*
Depreciation of owned fixed assets	271	500
Research and development expenditure	582	851
Loss on disposal of fixed assets	–	203
Operating lease rentals – plant and machinery	106	147
– other	793	1,044

The audit and non audit fees for the group are disclosed in Anglo Design Holdings plc

Notes to the financial statements

at 30 June 2013

4. Exceptional items

	2013	*2012*
	£000	*£000*
(Release of)/provision for bad debts	(362)	724
Loss on disposal of fixed assets in Dennard Limited	62	–
Redundancies in Dennard Limited	175	–
Impairment of property at Dennard Limited (note 11)	18	–
	(107)	724

On 29 June 2012, Norbain SD Limited, went into administration resulting in a bad debt provision of £724k being created During the current year the group received a goodwill gesture payment of £362k which has been recognised as exceptional income during the year

During the current financial year the Board determined that it was uneconomical to manufacture camera housings and accessories at the Company's Dennard facility and closed the site As a result the company has impaired and disposed of a number of fixed assets during the year and incurred employee redundancy costs associated with the closure

The tax effect for exceptional items is £25k (2012 – £185k)

The above items have been classified as exceptional by management and therefore shown separately on the face of the profit and loss account because due to their size they would have a material effect upon the other operating costs

5. Directors' remuneration

There was no remuneration paid to the directors in the current year or prior year from the company The directors are remunerated via Anglo Design Holdings Plc and their remuneration is disclosed within that entity

6. Staff costs

	2013	*2012*
	£000	*£000*
Wages and salaries	3,662	4,854
Social security costs	471	651
Other pension costs	139	156
	4,272	5,661

The average monthly number of employees during the year was made up as follows

	No	*No*
Production	113	149
Sales, distribution and administration	117	127
	230	276

Notes to the financial statements

at 30 June 2013

7. Interest payable and similar charges

	2013	*2012*
	£000	*£000*
Bank loans and overdrafts	26	14
Other finance costs (note 20)	24	143
	50	157

8. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge/ (credit) is made up as follows

	2013	*2012*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	–	–
Adjustments in respect of prior year	–	35
Overseas tax on profit for the year	–	–
Total current tax (note 8(b))	–	35
Deferred tax:		
Depreciation in excess of capital allowances	–	(75)
Other timing differences	43	2
Change in rate	14	–
Adjustments in respect of prior year	4	(182)
Total deferred tax (note 8(c))	61	(255)
Tax on profit / (loss) on ordinary activities	61	(220)

Notes to the financial statements

at 30 June 2013

8. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23 75% (2012 – 25 5%) The differences are explained below

	2013	*2012*
	£000	*£000*
Profit / (loss) on ordinary activities before tax	1,009	(773)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 75% (2012 – 25 5%)	240	(197)
Effects of		
Disallowable expenses	51	90
Income not taxable	(80)	–
Different rates of tax on overseas earnings	–	11
Capital allowances in excess of depreciation	(29)	130
Other timing differences	(7)	(96)
Adjustments in respect of prior year	–	35
Group relief surrendered for nil consideration	(124)	(235)
Differences to overseas tax rates	2	–
Pension provision	(53)	(26)
Losses utilised	–	323
Current tax for the year (note 8(a))	–	35

(c) Deferred tax

	£000
At 1 July 2012	(711)
Charge to the profit and loss account in the year	61
At 30 June 2013	(650)

The amounts recognised in the financial statements and the amounts not recognised are as follows

	Recognised 2013 £000	*Recognised 2012 £000*	*Not recognised 2013 £000*	*Not recognised 2012 £000*
Depreciation in excess of capital allowances	(647)	(704)	–	–
Short-term timing differences	(3)	(7)	–	–
	(650)	(711)	–	–

Notes to the financial statements

at 30 June 2013

8. Tax (continued)

(c) Deferred tax (continued)

Company	*£000*
Cost	
At 1 July 2012	(203)
Credit to the profit and loss account in the year	1
At 30 June 2013	(202)

	Recognised 2013 £000	*Recognised 2012 £000*	*Not recognised 2013 £000*	*Not recognised 2012 £000*
Depreciation in excess of capital allowances	(199)	(198)	–	–
Short-term timing differences	(3)	(5)	–	–
	(202)	(203)	–	–

(d) Factors that may affect future tax charges

Further reductions to the UK corporation tax rate from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015 were substantively enacted on 2 July 2013 and received Royal Assent on 17 July 2013 These further reductions had not been substantially enacted at the balance sheet date and are therefore not recognised in these financial statements

The effect of the reduction of the UK corporation tax rate to 20% on the Group and Company's deferred tax assets, as at 30 June 2013, would be to reduce the recognised deferred tax asset of the Group by approximately £85k and to reduce the recognised deferred tax asset of the Company by approximately £26k The effect on the Company of further changes to the UK tax system will be reflected in the financial statements of the Company in the year ended 30 June 2014 as the changes were substantially enacted during this accounting period

9. Profit for the year attributable to members of the parent undertaking

The parent undertaking results for the financial year includes a profit of £0 7 million (2012 – profit of £1 3 million) which is dealt with in the financial statements of the parent undertaking

Notes to the financial statements

at 30 June 2013

10. Intangible fixed assets

Group	*Goodwill*
	£000
Cost	
At 1 July 2012 and 30 June 2013	5,245
Amortisation	
At 1 July 2012 and 30 June 2013	5,245
Net book value	
At 30 June 2013	–
At 1 July 2012	–

11. Tangible fixed assets

Group	*Land and buildings freehold*	*Leasehold improvements*	*Plant and machinery*	*Fixtures, fittings, tools and equipment*	*Computer equipment*	*Motor vehicles*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost							
At 1 July 2012	1,153	1,090	6,317	1,271	1,518	129	11,478
Additions	–	3	9	1	4	5	22
Disposals	–	–	(1,754)	(174)	(291)	–	(2,219)
Foreign exchange	–	–	(3)	–	–	–	(3)
At 30 June 2013	1,153	1,093	4,569	1,098	1,231	134	9,278
Depreciation							
At 1 July 2012	111	594	5,983	1,179	1,518	118	9,503
Charge for the year	18	110	129	7	2	5	271
Impairment	18	–	–	–	–	–	18
Disposals	–	–	(1,563)	(170)	(291)	–	(2,024)
Foreign exchange	–	–	(3)	–	–	–	(3)
At 30 June 2013	147	704	4,546	1,016	1,229	123	7,765
Net book value							
At 30 June 2013	1,006	389	23	82	2	11	1,513
At 1 July 2012	1,042	496	334	92	–	11	1,975

Notes to the financial statements

at 30 June 2013

11. Tangible fixed assets (continued)

At the balance sheet date the Board have elected to transfer the investment properties held at 1 Hilton Square and 16 Hilton Square into freehold land and buildings as they consider that the properties no longer meet the criteria within SSAP 19 'Accounting for Investment Properties' to be held as investment properties

Company	*Land and buildings freehold* *£000*	*Investment property* *£000*	*Motor vehicles* *£000*	*Plant, machinery, fixtures, and fittings* *£000*	*Computer equipment* *£000*	*Total* *£000*
Cost						
At 1 July 2012	–	358	9	2,921	1,288	4,576
Additions	–	–	–	5	4	9
Transfers	358	(358)	–	–	–	–
At 30 June 2013	358	–	9	2,926	1,292	4,585
Depreciation						
At 1 July 2012	–	–	9	2,846	1,286	4,141
Charge for the year	–	–	–	38	3	41
At 30 June 2013	–	–	9	2,884	1,289	4,182
Net book value						
At 30 June 2013	358	–	–	42	3	403
At 1 July 2012	–	358	–	75	2	435

12. Investments

Company	*Subsidiary undertakings* *£000*
Cost	
At 1 July 2012 and 30 June 2013	405
Provisions	
At 1 July 2012 and 30 June 2013	50
Net book value	
At 30 June 2013	355
At 1 July 2012	355

Notes to the financial statements

at 30 June 2013

12. Investments (continued)

Principal subsidiaries	*Shares held*	*Percentage holding*	*Country of incorporation and operation*
	£	*£*	*£*
Dedicated Micros USA Inc	Ordinary	100%	USA
Dedicated Micros (Australia) Pty Limited	Ordinary	100%	Australia
Dedicated Micros (France) SARL	Ordinary	100%	France
Dedicated Micros (Malta) Limited	Ordinary	100%	Malta
Dedicated Micros (Slovenia) D O O	Ordinary	100%	Slovenia
Dedicated Micros (Germany) GmbH	Ordinary	100%	Germany
Dedicated Micros (Asia) Pte Limited	Ordinary	100%	Singapore
Dennard Limited	Ordinary	100%	United Kingdom
Traffic Safety Systems Limited	Ordinary	100%	United Kingdom
Anglo Design Mobile Limited	Ordinary	100%	United Kingdom

These subsidiaries are engaged in the design, manufacture and marketing of computerised systems used in the security industry

13. Stocks

		Group		*Company*
	2013	*2012*	*2013*	*2012*
	£000	*£000*	*£000*	*£000*
Raw materials and consumables	2,645	2,900	486	410
Work in progress	1,443	1,464	86	110
Finished goods and goods for resale	2,694	3,338	1,317	1,700
	6,782	7,702	1,889	2,220

14. Debtors

		Group		*Company*
	2013	*2012*	*2013*	*2012*
	£000	*£000*	*£000*	*£000*
Trade debtors	3,418	3,989	2,033	2,176
Amounts owed by subsidiary undertakings	–	–	1,479	2,663
Amount owed by parent undertaking	3,017	2,197	3,017	2,197
Other debtors	1,136	426	1	4
Corporation tax	85	92	–	–
Deferred tax asset (note 8(c))	650	711	202	203
Prepayments and accrued income	396	423	226	203
	8,702	7,838	6,958	7,446

Notes to the financial statements

at 30 June 2013

15. Creditors: amounts falling due within one year

	Group		Company	
	2013	*2012*	*2013*	*2012*
	£000	*£000*	*£000*	*£000*
Amounts owed to subsidiary undertakings	–	–	1,487	2,579
Trade creditors	1,966	2,601	586	551
Other creditors	724	637	358	412
Accruals and deferred income	521	765	196	239
	3,211	4,003	2,627	3,781

16. Issued share capital

		2013		*2012*
Allotted, called up and fully paid	*No*	*£000*	*No*	*£000*
Ordinary shares of £1 each	216,889	217	216,889	217

17. Movements on reserves

Group	*Share premium account* *£000*	*Other reserves* *£000*	*Profit and loss account* *£000*
At 1 July 2012	436	103	12,112
Profit for the year	–	–	948
Actuarial gain, net of deferred taxation	–	–	260
Currency translation differences on foreign currency net investments	–	–	33
At 30 June 2013	436	103	13,353

Other reserves in the group comprise a capital redemption reserve of £47,852 (2012 – £47,852) and a statutory reserve in Dedicated Micros (Malta) Limited of £55,884 (2012 – £55,884)

Company	*Share premium account* *£000*	*Other reserves* *£000*	*Profit and loss account* *£000*
At 1 July 2012	436	48	6,613
Profit for the year	–	–	712
At 30 June 2013	436	48	7,325

The share premium account of £436,484 (2012 – £436,484) also arises in the company

The capital redemption reserve of £47,582 (2012 – £47,582) also arises in the company

Notes to the financial statements

at 30 June 2013

18. Reconciliation of shareholders' funds

Group	*2013*	*2012*
	£000	*£000*
Profit / (loss) for the year	948	(553)
Other recognised gain / (loss)	293	(235)
	1,241	(788)
Opening shareholders' funds	12,868	13,656
Closing shareholders' funds	14,109	12,868

Company	*2013*	*2012*
	£000	*£000*
Profit for the year	712	1,331
	712	1,331
Opening shareholders' funds	7,314	5,983
Closing shareholders' funds	8,026	7,314

19. Post balance sheet events

Since the balance sheet date the Board have sold the Dennard site at a value equivalent to its book value of £650k

Following the closure of DM offices in France in December 2012 the Board have decided to liquidate Dedicated Micros (France) SARL in October 2013 No adjustments have been required to be made to these financial statements as a result of this decision

20. Pensions

Defined contribution

	2013	*2012*
	£000	*£000*
Contributions payable by the company for the year	139	156

Notes to the financial statements

at 30 June 2013

20. Pensions (continued)

Defined benefit

Dennard Limited operates the Dennard Limited Staff Benefit Plan, a defined benefit pension scheme in the UK The scheme is closed to new members Dennard Limited is a subsidiary of Dedicated Microcomputers Group Limited, and was itself acquired on 12 May 2003 The most recent full actuarial valuation took place on 30 June 2012 and was updated to 30 June 2013 by a qualified actuary

	2013	*2012*	*2011*
	£000	*£000*	*£000*
The main financial assumptions are as follows			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	2 3	3 2	3 0
Discount rate	5 0	4 9	5 5
Inflation assumption	3 3	3 2	3 9

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes The individual return assumptions are based on investment market conditions in the UK, specifically with regards to yields on UK Government gilts, high quality AA rated corporate bonds, and interest rates set by the Bank of England Equity returns in well established global markets are generally expected to outperform the return on gilts by 3% pa or more in the long-term, and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments

The weightings used for the overall expected return are in line with the proportions invested in each of the major classes, and a deduction to allow for investment expenses has been made

	2013	*2012*	*2011*
	%	*%*	*%*
The long-term expected rates of return are as follows·			
Equities	7 1	6 5	7 0
Bonds	4 1	3 5	4 8
Other assets	0 5	0 5	0 5

	2013	*2012*	*2011*
	£000	*£000*	*£000*
The assets in the scheme are as follows:			
Equities	2,923	2,302	3,074
Bonds	2,360	2,277	1,331
Other assets	469	400	452
Present value of scheme assets	5,752	4,979	4,857
Present value of scheme liabilities	(6,566)	(6,438)	(5,996)
Deficit in scheme	(814)	(1,459)	(1,139)
Related deferred tax liability	187	350	296
Net pension liability	(627)	(1,109)	(843)

Notes to the financial statements

at 30 June 2013

20. Pensions (continued)

The actual return on scheme assets was a gain of £625,000 (2012 – loss £15,000)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £1,425,000 (2012 – £2,050,000)

Analysis of the amount charged to operating loss

	2013	*2012*
	£000	*£000*
Current service costs	–	–
Past service costs	–	–
	–	–

Analysis of the amount charged to finance costs

	2013	*2012*
	£000	*£000*
Expected return on pension scheme assets	(287)	(184)
Interest on pension scheme liabilities	311	327
Net finance costs	24	143

Analysis of the actuarial losses in the statement of total recognised gains and losses

	2013	*2012*
	£000	*£000*
Actual return less expected return on pension scheme assets	338	(215)
Experience gains and losses arising on the scheme liabilities	(21)	(82)
Changes in assumptions underlying the present value of the scheme liabilities	106	(126)
	423	(423)

Notes to the financial statements

at 30 June 2013

20. Pensions (continued)

History of experience gains and losses

	2013	2012	2011	2010	2009
Actual return less expected return on pension scheme assets					
Amount £000	338	(215)	307	513	(764)
Percentage of scheme assets	6 8%	4 3%	6 3%	12 4%	23 2%
Experience gains and (losses) arising on the scheme liabilities					
Amount £000	(21)	(82)	19	205	(29)
Percentage of the present value of scheme liabilities	0 3%	1 3%	0 3%	3 2%	0 5%
Total actuarial gain (loss)					
Amount £000	423	(423)	902	(250)	(1,190)
Percentage of the present value of scheme liabilities	6 4%	6 6%	15 0%	3 9%	22 4%

The estimated amounts of contributions expected to be paid to the scheme during the financial year is £246,000 (2012 – £246,000)

Reconciliation to amounts included in the balance sheet under FRS 17

	2013 £000	2012 £000
Deficit in scheme at 1 July	(1,109)	(843)
Movement in the year		
– contributions	246	246
– net finance costs	(24)	(143)
– actuarial gain / (loss)	423	(423)
– deferred tax	(163)	54
Deficit in scheme at 30 June	(627)	(1,109)

Reconciliation of change in defined benefit obligation

	2013 £000	2012 £000
Opening defined benefit obligation	6,438	5,996
Movement in year:		
– interest cost	311	327
– actuarial (gain)/loss on obligation	(85)	208
– benefits paid – including insurance premiums	(98)	(93)
Closing defined benefit obligations	6,566	6,438

Notes to the financial statements

at 30 June 2013

20. Pensions (continued)

Reconciliation of change in plan assets

	2013 £000	2012 £000
Fair value of plan assets at start of accounting period	4,979	4,857
Movement in year.		
– expected return on plan assets	287	184
– actuarial gain / (loss) on assets	338	(215)
– contributions paid by the employer	246	246
– benefits paid	(98)	(93)
Fair value of plan assets at end of accounting year	5,752	4,979

The plan ceased all future service benefit accrual with effect from 9 October 2003 so that all members' benefits are now paid up

The plan also provides benefits to spouses/ dependants in the event of a members' death before or after retirement

21. Other financial commitments

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as set out below

Group		*2013*		*2012*
	Land and buildings £000	*Other £000*	*Land and buildings £000*	*Other £000*
Operating leases which expire				
Within one year	137	–	158	33
In two to five years	217	74	329	107
Over five years	404	–	424	–
	758	74	911	140

Company		*2013*		*2012*
	Land and buildings £000	*Other £000*	*Land and buildings £000*	*Other £000*
Operating leases which expire				
Within one year	–	–	–	8
In two to five years	–	14	–	26
Over five years	222	–	207	–
	222	14	207	34

There are no contracted capital commitments at 30 June 2013 (2012 – £nil)

Notes to the financial statements

at 30 June 2013

22. Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 'Related Party Disclosures' in not disclosing details of transactions with other group companies

During the ordinary course of business, Dedicated Microcomputers Group Limited purchased equipment of £156k (2012 – £nil) from Mike Newton Racing Limited, a related party Mr M J Newton, the controlling party of Anglo Design Holdings Plc is also the controlling party There were no amounts outstanding at 30 June 2013 (2012 – £nil)

23. Ultimate parent undertaking and controlling party

The smallest and largest group in which the results of the Dedicated Microcomputers Group Limited are group is Anglo Design Holdings Plc

Anglo Design Holdings Plc, prepares group financial statements and copies can be obtained from Unit 1200 Daresbury Park, Daresbury, Warrington, Cheshire, WA4 4HS

The controlling party is Mr M J Newton by virtue of his shareholding in Anglo Design Holdings Plc