

**LIQUID DIGITAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**Company Registration Number 05700546**

**SATURDAY**



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**LIQUID DIGITAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

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**LIQUID DIGITAL LIMITED**

**COMPANY INFORMATION**

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**DIRECTORS**

G R Derby  
C R H McKay  
S D Edwards

**COMPANY SECRETARY**

V J Hawrych

**AUDITORS**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**BANKERS**

HSBC Plc  
31 Holborn  
London  
EC1N 2HR

**SOLICITORS**

Edwin Coe LLP  
2 Stone Buildings  
Lincoln's Inn  
London  
WC2A 3TH

**REGISTERED OFFICE**

Alma Park  
Woodway Lane  
Claybrooke Parva  
Lutterworth  
Leicestershire  
LE17 5FB

**LIQUID DIGITAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

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The Directors present their report and accounts for the year ended 30 June 2010

**PRINCIPAL ACTIVITY**

The Company's principal activity continued to be the development and supply of innovative retail solutions and in particular the supply of high technology digital database management and communication systems to the retail industry

**RESULTS AND DIVIDENDS**

The trading loss for the year after taxation amounted to £72,000 (2009 loss £98,000)

The Directors do not recommend the payment of a dividend (2009 £Nil)

**FINANCING**

The Company is financed by way of a loan from its parent company, Retec Digital PLC, and by means of an overdraft facility of £30,000 from HSBC

**RESEARCH AND DEVELOPMENT**

The Company continues to invest in research and development activities in relation to its product base

**DIRECTORS**

The Directors who served during the year were as follows

J Cole (resigned 1 July 2010)  
G R Derby (appointed 1 July 2010)  
C R H McKay  
S D Edwards

## **LIQUID DIGITAL LIMITED**

### **DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 30 JUNE 2010**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

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 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 Company and of the profit or loss of the Company for that year. 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,
- 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.

So far as each of the Directors is aware at the time the report is approved

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

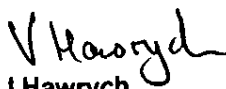
#### **CHARITABLE CONTRIBUTIONS**

The Company made charitable donations totalling £Nil (2009 £100) in the year

#### **AUDITORS**

The auditors, haysmacintyre, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006

**By order of the board**

  
**V J Hawrych**  
Company Secretary

12 November 2010

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIQUID DIGITAL LIMITED

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We have audited the financial statements of Liquid Digital Limited for the year ended 30 June 2010 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).

This report is made solely to the Company's shareholders, as a body, in accordance with Section 495 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 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 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.

### **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 2010 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.

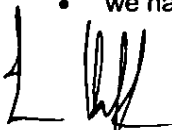
### **Opinion on other matters prescribed by the Companies Act 2006**

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.



*Ian Cliffe (Senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor*

12 November 2010

*Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY*

**LIQUID DIGITAL LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Turnover</b>	<b>2</b>	<b>380</b>	<b>416</b>
<b>Cost of sales</b>		<b>(31)</b>	<b>(42)</b>
<b>Gross profit</b>		<b>349</b>	<b>374</b>
<b>Other income</b>		<b>-</b>	<b>14</b>
<b>Administrative expenses</b>		<b>(413)</b>	<b>(486)</b>
<b>Operating loss</b>	<b>3</b>	<b>(64)</b>	<b>(98)</b>
<b>Interest payable</b>		<b>(8)</b>	<b>-</b>
<b>Loss on ordinary activities before taxation</b>		<b>(72)</b>	<b>(98)</b>
<b>Taxation</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Loss on ordinary activities after taxation</b>	<b>10</b>	<b>(72)</b>	<b>(98)</b>

Turnover and operating loss on ordinary activities are derived solely from continuing activities

All recognised gains and losses have been included in the profit and loss account

The notes on pages 7 to 11 form part of these accounts

**LIQUID DIGITAL LIMITED**

COMPANY REGISTRATION NUMBER 05700546

**BALANCE SHEET**

AS AT 30 JUNE 2010

	Notes	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	6	8	11
<b>CURRENT ASSETS</b>			
Debtors	7	36	76
Cash at bank and in hand		11	5
		<u>47</u>	<u>81</u>
Creditors' amounts falling due within one year	8	<u>(270)</u>	<u>(235)</u>
<b>Net current liabilities</b>		<u>(223)</u>	<u>(154)</u>
<b>Net liabilities</b>		<u>(215)</u>	<u>(143)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>(215)</u>	<u>(143)</u>
<b>Equity shareholders' deficit</b>	10	<u>(215)</u>	<u>(143)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 12 November 2010 and were signed below on its behalf by



**C R H McKay**  
Director

The notes on pages 7 to 11 form part of these accounts



# **LIQUID DIGITAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

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### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

#### **Basis of preparation and going concern**

The financial statements have been prepared on a going concern basis due to the ongoing support of its parent company, Retec Digital PLC

#### **Cash flow statement**

The Directors have taken advantage of the provisions in Financial Reporting Statements No 1 not to prepare a Cash Flow statement

#### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows

Furniture, office and computer equipment - over 2 to 3 years

Leasehold improvements - over the term of the lease

#### **Related party transactions**

Under FRS8, as Liquid Digital Limited is wholly owned by Retec Digital PLC, and consolidated financial statements are produced and are publicly available, no related party disclosures are required for transactions and balances with entities which form part of the group

#### **Deferred tax**

The charge for taxation is based on the result 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Foreign currencies**

Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### **Operating leases**

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

#### **Pensions**

The company makes contributions to employees' personal pension schemes at rates agreed with individuals. These contributions are charged to the profit and loss account as they become payable.

### **2. TURNOVER**

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, all of which are continuing, stated net of value added tax.

All turnover arose in the United Kingdom.

**LIQUID DIGITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 30 JUNE 2010**

**3. OPERATING LOSS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>This is stated after charging:</b>		
Auditors' remuneration - as auditors	3	4
Directors' remuneration (Note 4)	70	178
Depreciation of owned fixed assets	4	10
Operating lease rentals	33	33
	<u>          </u>	<u>          </u>

**4. EMPLOYEES**

**The aggregate remuneration and associated costs of employees was:**

Wages and salaries	271	311
Social security costs	28	31
Pension costs	14	20
	<u>          </u>	<u>          </u>
	313	362
	<u>          </u>	<u>          </u>

**Number of employees**

The average number of people including executive Directors, employed within the company during the year was

	<b>No.</b>	<b>No</b>
Sales and marketing	-	1
Operations	1	1
Administration	5	5
	<u>          </u>	<u>          </u>
	6	7
	<u>          </u>	<u>          </u>

**Directors' remuneration**

	<b>£'000</b>	<b>£'000</b>
Emoluments	63	166
Pension contributions	7	12
	<u>          </u>	<u>          </u>
	70	178
	<u>          </u>	<u>          </u>

**5. TAXATION**

<b>Current tax</b>	<u>          </u>	<u>          </u>
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**LIQUID DIGITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 30 JUNE 2010**

<b>5. TAXATION (continued)</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Loss on ordinary activities before tax</b>	<b>(72)</b>	<b>(98)</b>
Tax on loss on ordinary activities at the UK standard rate of corporation tax of 28% (2009 28%)	(20)	(27)
<b>Factors affecting the charge for the year:</b>		
Expenses not deductible for tax purposes	-	2
Depreciation in excess of / (less than) capital allowances	1	(1)
Tax losses carried forward	19	26
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

The Company has trading losses of £223,000 (2009 £156,000) available for offset against future profits. No deferred tax asset has been recognised due to the uncertainty of future profitability.

<b>6. TANGIBLE FIXED ASSETS</b>	<b>Leasehold improvements £'000</b>	<b>Furniture, office and computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 July 2009	6	30	36
Additions	-	1	1
At 30 June 2010	6	31	37
<b>Depreciation</b>			
At 1 July 2009	-	25	25
Provided during the year	2	2	4
At 30 June 2010	2	27	29
<b>Net book value</b>			
At 30 June 2010	4	4	8
At 30 June 2009	6	5	11

<b>7. DEBTORS</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Trade debtors	26	46
Other debtors	-	15
Prepayments and accrued income	10	15
	<b>36</b>	<b>76</b>

**LIQUID DIGITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 30 JUNE 2010**

**8 CREDITORS' amounts falling due within one year**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Trade creditors	5	16
Other taxation and social security costs	14	14
Accruals and deferred income	11	12
Amounts owed to parent undertaking	208	64
Amounts owed to group undertaking	-	112
Other creditors	32	17
	<u>270</u>	<u>235</u>

**9. SHARE CAPITAL**

	<b>Allotted, called up and fully paid</b>	
	<b>£</b>	<b>£</b>
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**10 RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENTS ON RESERVES**

	<b>Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity shareholders' deficit £'000</b>
Balance 1 July 2009	-	(143)	(143)
Loss for the year	-	(72)	(72)
Balance at 30 June 2010	<u>-</u>	<u>(215)</u>	<u>(215)</u>

**LIQUID DIGITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 30 JUNE 2010**

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**11 PENSION COMMITMENTS**

The Company has made pension contributions to employees' personal pension schemes that do not form part of the Company's assets. During the year contributions payable amounted to £13,832 (2009 £20,000). There were outstanding pension contributions at 30 June 2010 of £1,154 (2009 £1,000).

**12 OTHER FINANCIAL COMMITMENTS**

At 30 June 2010 the Company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and Buildings</b>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases which expire -		
Within one year	-	30
	<u>          </u>	<u>          </u>

**13. CONTROLLING PARTY**

The ultimate controlling party is Retec Digital PLC, a company registered in England and Wales. Copies of that company's accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.