

05679556

HYBRIS UK LIMITED



UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



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HYBRIS UK LIMITED

COMPANY INFORMATION

DIRECTORS	Mr A F Luedi Mr C O Thoma Mr M Zips
COMPANY SECRETARY	CR Secretaries Limited
REGISTERED NUMBER	05679556
REGISTERED OFFICE	New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ

HYBRIS UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Profit and loss account	4
Balance sheet	5 - 6
Notes to the financial statements	7 - 15

HYBRIS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

INTRODUCTION

It is the Company's goal to deliver enterprise software and on-demand solutions for multi-channel commerce, master data management and order management that helps retailers, manufacturers, distributors, telcos and publishers of software, games and digital media to innovate, sell more and create perpetual digital relationships with their customers

On 1 August 2013 Hybris AG Switzerland, including all subsidiaries, was acquired by SAP AG (now SAP SE)

BUSINESS REVIEW

As foreseen 2014 saw a very strong performance from Hybris UK Limited with the company drawing on SAP's prominence in the UK software industry landscape to increase its own market share in an improving UK economy. Turnover increased to £27.4m, a 60% YoY growth (2013 £17.1m) with profit before tax increasing more than fourfold

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's objectives. The principal risks faced by the company are as follows

Research and development in any software business, a primary risk is whether the software continues to develop to support the market needs. Accordingly, the Company is dependent on the research and development activities of its parent Company and its ability to develop leading software

Financial risks. The company's exposures to financial risks are explained in the director's report

FINANCIAL KEY PERFORMANCE INDICATORS

The company's key financial and other performance indicators during the year were as follows

	2014	2013	Change
Turnover	£27,438,000	£17,188,000	60%
Operating profit	£927,000	£206,000	350%
Profit before tax	£927,000	£206,000	350%
Current assets as % of current liabilities	134%	132%	2%
Shareholder's funds	£2,447,000	£1,775,000	38%
Number of employees	49	43	14%

HYBRIS UK LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

FUTURE DEVELOPMENTS

We expect an equally strong performance for H1 2015 with the business growing further both in terms of revenue and profitability

2015 will see Hybris UK Limited be fully integrated into SAP UK by way of an Asset Deal which will be executed on 1 August 2015. Hybris UK Limited will subsequently be de-registered early 2016

This report was approved by the board and signed on its behalf


Mr M Zips
Director

Date 04/08/2015

HYBRIS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's objectives. The principal risks faced by the Company are as follows:

Research and development in any software business, a primary risk is whether the software continues to develop to support the market needs. Accordingly, the company is dependent on the research and development activities of its parent company and its ability to develop market leading software.

Foreign Exchange because the majority of the company's sales are in the UK, the company has very minimal foreign exchange risk.

Interest Rates the company carries no significant external debt and is not subject to interest rate risk.

Credit Risk the company carries significant accounts receivable and the ability to collect these receivables is an important risk. Deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

DIVIDENDS

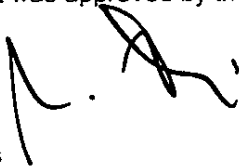
The directors have not recommended a dividend (2013 nil).

DIRECTORS

The directors who served during the year were:

Mr A F Luedi
Mr C O Thoma
Mr M Zips

This report was approved by the board and signed on its behalf:



Mr M Zips
Director

Date 04/08/2015

HYBRIS UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
TURNOVER	1,2	27,438	17,188
Cost of sales		<u>(12,487)</u>	<u>(6,279)</u>
GROSS PROFIT		14,951	10,909
Administrative expenses		<u>(14,024)</u>	<u>(10,703)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		927	206
Tax on profit on ordinary activities	6	<u>(255)</u>	<u>(151)</u>
PROFIT FOR THE FINANCIAL YEAR	17	<u><u>672</u></u>	<u><u>55</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account

The notes on pages 7 to 15 form part of these financial statements

HYBRIS UK LIMITED
REGISTERED NUMBER: 05679556

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Intangible assets	7		28		-
Tangible assets	8		237		237
			<u>265</u>		<u>237</u>
CURRENT ASSETS					
Debtors	9	6,910		3,952	
Cash at bank		1,985		2,396	
			<u>8,895</u>	<u>6,348</u>	
CREDITORS amounts falling due within one year	12	(6,660)		(4,810)	
NET CURRENT ASSETS			<u>2,235</u>		<u>1,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,500</u>		<u>1,775</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	10	(33)		-	
Other provisions	11	(20)		-	
			<u>(53)</u>		<u>-</u>
NET ASSETS			<u>2,447</u>		<u>1,775</u>
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Share premium account	17		2,447		2,447
Profit and loss account	17		-		(672)
SHAREHOLDERS' FUNDS	18		<u>2,447</u>		<u>1,775</u>

HYBRIS UK LIMITED

BALANCE SHEET (continued)
AS AT 31 DECEMBER 2014

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf


Mr M Zips
Director

Date 04/08/2015

The notes on pages 7 to 15 form part of these financial statements

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

As disclosed in the Strategic Report that is presented with these financial statements, the directors intend to integrate by way of an asset deal, the company's business into a fellow group company, SAP (UK) Limited on 1 August 2015 Hybris UK Limited will cease trading on that day, but its business will continue uninterrupted and its assets and liabilities will be transferred. The directors have considered the most appropriate basis on which to prepare the financial statements and have concluded that it is appropriate to adopt the going concern basis

1.3 Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement (see note 17)

1.4 Turnover

Revenue from the sale of indefinite software licences is recognised in full on the date the licence is granted. Revenue earned from customers who subscribe to use the Company's software for a limited period is recognised evenly over the subscription period

Revenue earned from the provision of software support and maintenance contracts is recognised evenly over the term of the contract for the provision of those services. Revenue arising from software support and maintenance provided other than in accordance with a fixed-term contract is recognised in the accounting period in which those services are provided

Revenue from project work and work undertaken on behalf of other group companies is recognised when the work is undertaken. Revenue which has not been invoiced by the balance sheet date is recognised based on a fair assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the project

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold Property	-	10 years straight line basis
Fixtures and fittings	-	5 and 8 years straight line basis
Equipment	-	4 years straight line basis

1.6 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1 7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1 8 Deferred taxation

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 have occurred at that date will result in an obligation to pay more, or a 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, and gain 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 charged to tax only where the replacement assets sold,

- 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

1 9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1 10 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.11 Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuation firm of Hybris Group using the Monte Carlo method as an option pricing model.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and Group management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2. TURNOVER

	2014 £000	2013 £000
United Kingdom	17,311	10,397
Overseas	10,127	6,791
	<u>27,438</u>	<u>17,188</u>

	2014 £000	2013 £000
Software licenses, maintenance and support sold to third parties	17,311	10,397
Services undertaken on behalf of hybris AG	10,127	6,791
	<u>27,438</u>	<u>17,188</u>

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3 PROFIT

The profit is stated after charging/(crediting)

	2014 £000	2013 £000
Depreciation of tangible fixed assets		
- owned by the company	56	35
Auditor's remuneration Audit of these financial statements	-	21
Operating lease rentals		
- other operating leases	253	201
Difference on foreign exchange	109	219
Amortisation of deferred research and development expenditure	5	-
	<u> </u>	<u> </u>

4 STAFF COSTS

Staff costs were as follows

	2014 £000	2013 £000
Wages and salaries	8,871	5,918
Social security costs	1,300	1,191
Other pension costs	-	211
Share-based payments	-	449
	<u>10,171</u>	<u>7,769</u>

The average monthly number of employees, including the directors, during the year was as follows

	2014 No.	2013 No
G&A staff	1	1
Product staff	3	4
Sales and Marketing staff	19	14
Services staff	26	24
	<u>49</u>	<u>43</u>

5. DIRECTORS' REMUNERATION

The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the remuneration between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies. The directors' remuneration is therefore disclosed in the accounts of the fellow subsidiaries that make the remuneration payments. No management charge has been levied for the directors' services in either the current or prior year.

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

6. TAXATION

	2014	2013
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	17	-
Deferred tax (see note 10)		
Origination and reversal of timing differences	238	151
Tax on profit on ordinary activities	255	151

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below

	2014	2013
	£000	£000
Profit on ordinary activities before tax	927	206
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	200	48
Effects of:		
Expenses not deductible for tax purposes	21	7
Capital allowances for year in excess of depreciation	(3)	7
Utilisation of tax losses	(201)	-
Unrelieved tax losses carried forward	-	(166)
Share based payments	-	104
Current tax charge for the year (see note above)	17	-

Factors that may affect future tax charges

The UK corporation tax rate has decreased from 21% to 20% from 1 April 2015. The deferred tax balance has been adjusted in the current year to reflect a change to 20% as this was substantively enacted at the year end.

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. INTANGIBLE FIXED ASSETS

	Develop- ment £000
Cost	
At 1 January 2014	-
Additions	33
	33
At 31 December 2014	33
Amortisation	
At 1 January 2014	-
Charge for the year	5
	5
At 31 December 2014	5
Net book value	
At 31 December 2014	28
	28
<i>At 31 December 2013</i>	-

8 TANGIBLE FIXED ASSETS

	Leasehold Property £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost				
At 1 January 2014	249	18	52	319
Additions	-	-	51	51
	249	18	103	370
At 31 December 2014	249	18	103	370
Depreciation				
At 1 January 2014	58	8	16	82
Charge for the year	25	4	22	51
	83	12	38	133
At 31 December 2014	83	12	38	133
Net book value				
At 31 December 2014	166	6	65	237
	166	6	65	237
<i>At 31 December 2013</i>	191	10	36	237

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

9. DEBTORS

	2014	2013
	£000	£000
Trade debtors	4,890	3,565
Amounts owed by group undertakings	1,834	-
Other debtors	148	100
Prepayments and accrued income	38	82
Deferred tax asset (see note 10)	-	205
	6,910	3,952
	6,910	3,952

10. DEFERRED TAXATION

	2014	2013
	£000	£000
At beginning of year	205	356
Charged for year (P&L)	(238)	(151)
	(33)	205
	(33)	205

The deferred taxation balance is made up as follows

	2014	2013
	£000	£000
Accelerated capital allowances	(33)	(30)
Tax losses carried forward	-	235
	(33)	205
	(33)	205

11. PROVISIONS

	Provisions
	£000
At 1 January 2014	-
Additions	20
	20
At 31 December 2014	20

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. CREDITORS
Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	457	28
Amounts owed to group undertakings	1,788	698
Corporation tax	17	-
Other taxation and social security	648	1,040
Other creditors	2,036	1
Accruals and deferred income	1,714	3,043
	6,660	4,810
	6,660	4,810

13. SHARE BASED PAYMENTS

In 2012 hybris AG granted options to a number of hybris UK Limited employees, both returns-based options (which had a number of vesting conditions) and time-based options. Following the acquisition of hybris AG by SAP SE, all of the stock options previously granted by hybris AG vested. The vested options were cancelled and employees received cash compensation from SAP SE in 2013.

	2014	2013
Outstanding at 1 January	-	78,030
Granted during the year	-	-
Forfeited	-	(450)
Cancelled	-	(77,580)
Outstanding at 31 December	-	-

The total expense recognised for share based compensation in respect of employee services received during the year to 31 December 2014 is £0 (2013 £449,000)

14. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2014	2013	2014	2013
	£000	£000	£000	£000
Expiry date:				
Between 2 and 5 years	-	-	-	5
After more than 5 years	146	146	-	-
	146	146	-	5
Total	146	146	-	5

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions with members of its group

16. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
101 Ordinary shares of £1 each	101	101

17. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2014	2,447	(672)
Profit for the financial year		672
At 31 December 2014	2,447	-

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds	1,775	1,271
Profit for the financial year	672	55
Share based payment	-	449
Closing shareholders' funds	2,447	1,775

19. CONTROLLING PARTY

The immediate parent undertaking is Hybris AG and the ultimate parent undertaking is SAP SE

SAP SE prepares group financial statements and copies can be obtained from - Dietmar-Hopp-Allee 16,
69190 Walldorf, Germany